



BUFFALO CITY
M U N I C I P A L I T Y

Annual Report
2006/2007

DRAFT

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Chapter 1: Introduction and Overview

1.1. Executive Mayor's Foreword to the Annual Report 2006/2007 [to be completed]

Councillor N.C. Peter

EXECUTIVE MAYOR: BUFFALO CITY MUNICIPALITY

1.2. Executive Summary

Buffalo City Municipality (BCM) is proud to present its Annual Report for the 2006/2007 Financial Year.

The key strategic thrust for BCM remain unchanged since 2006. They are:

1. Drafting a clear, long term development strategy;
2. Improving financial viability;
3. Improving institutional capacity;
4. Reducing poverty and unemployment and boosting economic growth; and
5. Ensuring sustainable human settlements.

This has culminated in the development of six over-arching key objectives for BCM, which are detailed in the table below:

KEY ISSUES	BCM KEY OBJECTIVES
<i>Buffalo City lacks a clearly defined long-term development strategy, which negatively impacts on the ability of BCM & Buffalo City stakeholders to work towards the achievement of Buffalo City's vision.</i>	BCM1 Buffalo City has a clearly defined long-term development strategy, enabling BCM and stakeholders to work together to achieve Buffalo City's vision.
<i>The sustainability of BCM is dependent on expanding its revenue in relation to costs and its financial viability, whilst implementing its mandate.</i>	BCM2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.
<i>Inefficiencies exist within the institution, which compromise BCM's ability to deliver services.</i>	BCM3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.

<p><i>Low economic growth, high unemployment, low skills levels, high levels of poverty and high inequality exist within BCM.</i></p>	<p>BCM4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality.</p>
<p><i>Whilst BCM delivers basic services (water, sanitation, waste removal & electricity) to about 70% of households, many households still lack adequate transport, social services, economic opportunities and an enriching environment.</i></p>	<p>BCM5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural & psychological needs. (live, work & play)</p>
<p><i>Lack of sustainable development and inappropriate use of resources has a harmful impact on the health and well-being of present and future generations of BCM.</i></p>	<p>BCM6 BCM has a safe, healthy and sustainable environment protected for the benefit of present and future generations through securing ecologically sustainable development and use of natural resources, whilst promoting justifiable social and economic development.</p>

** Mandate: as per the objectives for local government (152 constitution): provision of democratic and accountable local government, ensuring the provision of services in a sustainable manner, promoting social and economic development, promoting a safe and healthy environment, encouraging the involvement of communities and community organisation in matters of local government.*

The thrust, under the political guidance of the Mayor, has been to ensure that the objectives of democratic and accountable local governance are upheld to at all times. Furthermore, to meet these objective, a Strategic Committee, Constituency, Community Participation and Special Programmes have been adopted to ensure that full community participation is entrenched in the day-to-day outcomes of the Municipality.

Yet, despite the progress detailed in the report, regarding service delivery performance, human resource, financial management; significant service delivery challenges still exist. For example the maintenance of the City’s fixed assets and the relatively weak institutional capacity still remains as key challenges for Council. In addition the sustainable economic development of the local economy requires high level of infrastructure investment especially with regards to the upgrading to the East London port.

These factors, combined with growing unemployment, slow economic growth, low education and skills levels, as well as high HIV/Aids levels exponentially impact on service delivery capacity of the Buffalo City Municipality.

1.3. Overview of the Municipality

1.3.1. Structure

In terms of section 9(d) of the Municipal Structures Act of 1998, Buffalo City Council has an Executive Mayoral System combined with a Ward Participatory System. The Executive Mayor has a ten-member Mayoral Committee, a Speaker, and eighty-nine elected Councillors. Forty-four Councillors were elected in terms of the system of proportional representation. In total, forty-five Councillors represent the Council's wards.

1.3.1.1. WARD COMMITTEES

In terms of section 72-78 of the Municipal Structures Act (117 of 1998), Council has established 45 Ward Committees. These committees are chaired by their respective Ward Councillors and each has ten elected representatives on the committee. Although Ward Committees have no formal powers, they are *consultative* community structures. This means that they are meant to broaden participation in the democratic process of Council and to assist the Ward Councillor with organising public meetings, disseminating information, and encouraging participation from residents in the ward. Ward Committees meet on a monthly basis to discuss ward issues.

1.3.1.2. STANDING COMMITTEES

In terms of section 80 of the Municipal Structures Act, as well as Section 160 of the Constitution of the Republic of South Africa, municipal standing committees have been established to assist the work of the Executive Mayor. In 2002, Council aligned the political and administrative structures of Buffalo City by aligning the standing committees with the new organisational structures and creating both operational and strategic standing committees. The following committees were created:

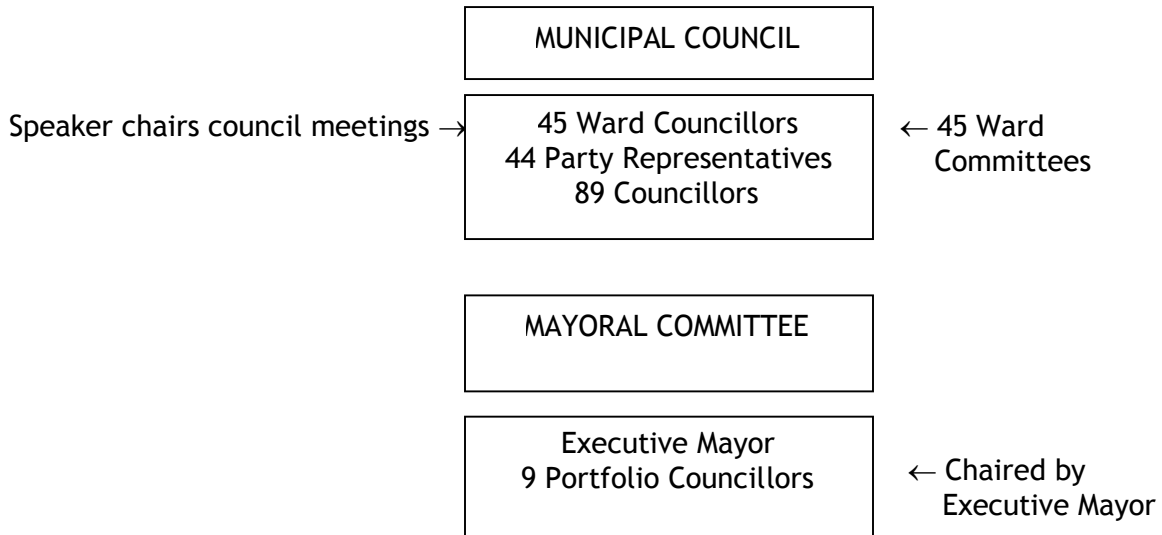
COMMITTEES (6)

STANDING COMMITTEES (3)

Corporate Services	IDP, Budget Policy, Performance Management and Integrated Environmental Management
Development Planning	Constituency, Community Participation and Special Programmes (previously Special Programmes)
Engineering Services and Infrastructure Development	LED, Tourism and Rural Development (previously Economic Development & Tourism)
Finance	
Housing	
Community Services, Public Safety, Health and Disaster Management (previously Social Services)	

The above standing committees are chaired by Mayoral Committee members and have members from all political parties. The Operational Committees are limited to a maximum of fourteen members and the Strategic Committees to a maximum of seven members. Each Councillor is requested to serve on at least one standing committee.

BUFFALO CITY: EXECUTIVE AND COUNCIL STRUCTURE



Cllr. N.C. Peter
Executive Mayor



Cllr. L. Simon
Speaker



Ald. J. Badenhorst
IDP, Budget, Performance Management & Integrated
Environmental Management



Cllr. L. Bobo
Engineering Services



Cllr. S. Dikimolo
Corporate Services



Cllr. D. Matika
Finance



Cllr. A. Ntoni
Constituency,
Community
Participation & Special
Programmes



Cllr. M. Pango
Social Services



Cllr. N. Sityi
Development Planning



Cllr. S. Tyilo
Housing



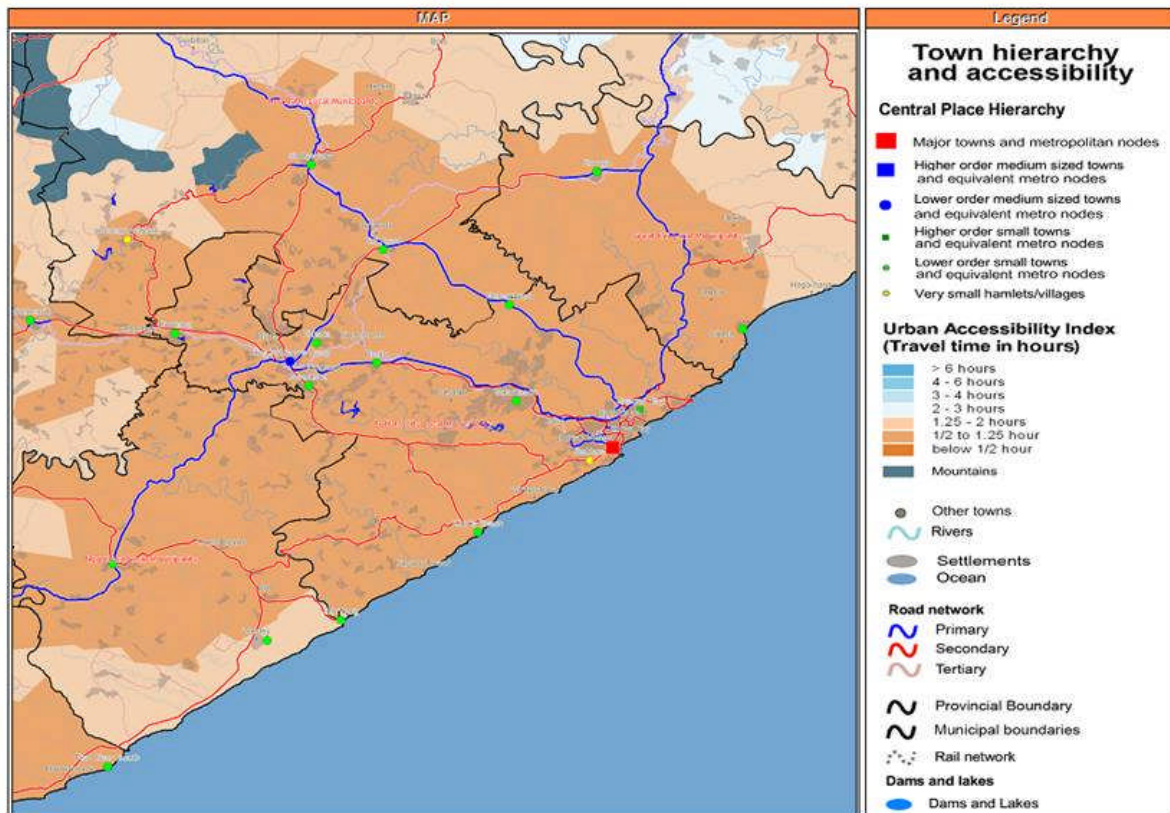
Cllr. V. Viljoen
LED, Tourism &
Rural Development

1.3.2. GEOGRAPHIC AND DEMOGRAPHIC PROFILE

Buffalo City is situated centrally in the Eastern Cape Province. The Province is the second largest in South Africa, covering some 169,580 square kilometres, or 13,9% of South Africa's total land area. The Eastern Cape has the third largest population of South Africa's provinces, approximately 6,4 million people (Census 2001), or 14,1% of South Africa's total population.

There are two major urban centres within the Province, namely Nelson Mandela Metropolitan and Buffalo City. Buffalo City is the key urban centre of the eastern part of the Eastern Cape. It consists of a corridor of urban areas, stretching from the port city of East London to the east, through to Mdantsane, and reaching Dimbaza in the west. Buffalo City's land area is approximately 2,515 km², with 68km of coastline. East London is the primary node of this corridor, while the King Williams Town area is the secondary node. This urban corridor also contains a wide band of rural areas on either side of the corridor (See Figure 1 below).

Figure 1: Town Hierarchy and accessibility



Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

Both King Williams Town and East London have important functions. King Williams Town serves as a Regional Service Centre, and, together with the city of Bhisho, is the Provincial Administrative Centre and thus contains the seat of the Provincial Government of the Eastern Cape Province. East London, on the other hand, is the dominant economic centre of the province.

In this regard, Buffalo City is broadly characterised by three main identifiable land use patterns. The first is the economic urban axis of East London - Mdantsane-King William's Town-Dimbaza - which dominates the industrial and service sector centres. This region tends to attract people from throughout the greater Amathole region in search of work opportunities and better access to urban service and facilities.

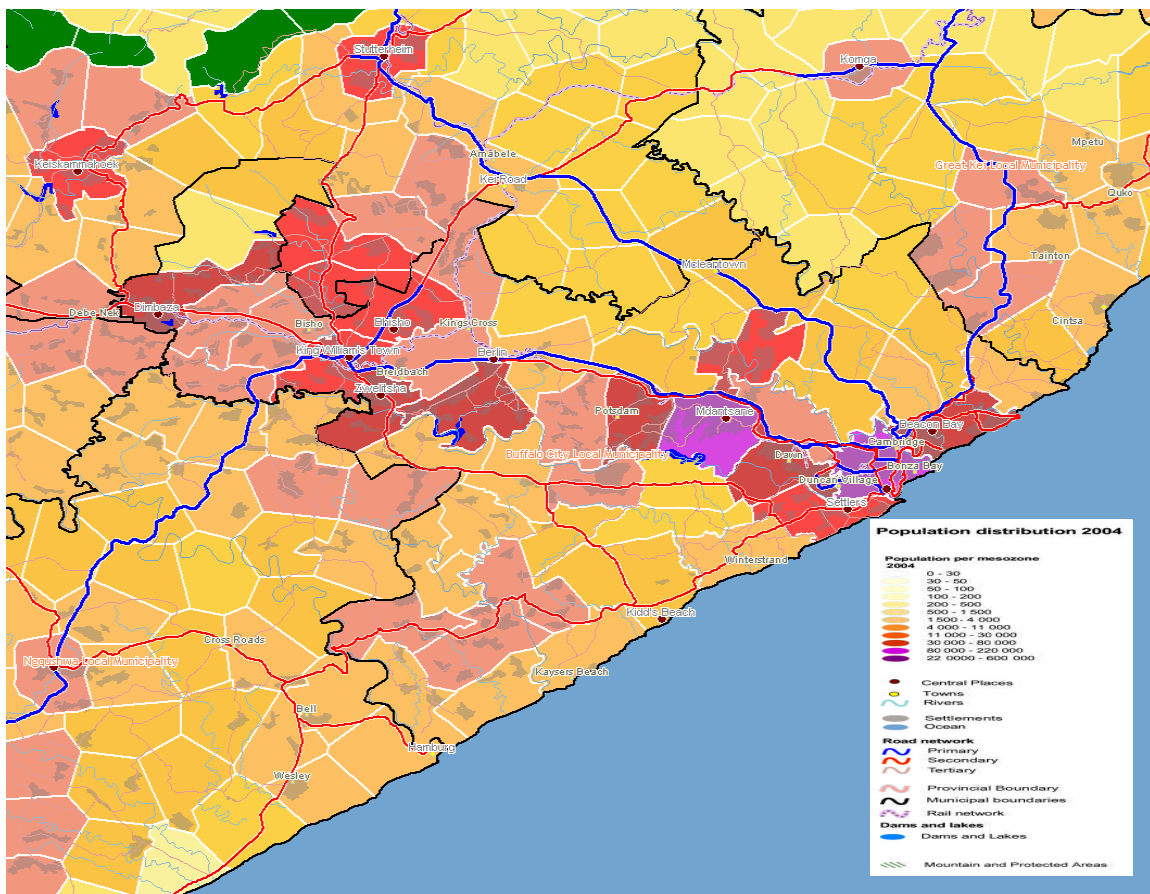
The second is the area comprising the fringe peri-urban and rural settlement areas, which, whilst remaining under the influence of the urban axis, is distinct in character and land use patterns. These include the Newlands settlements, the former Ciskei Bantustans settlements, and the Ncera settlements located west of East London.

The third is the commercial farming areas situated predominantly in the north-eastern and south-western coastal sectors of the Municipality. These areas are characterised by extensive land uses, with certain areas making use of intensive, irrigation-based farming.

1.3.2.1. Population

The 2001 Census still remains the official source of demographic statistical data in South Africa. In terms of the 2001 Census, Statistics South Africa (Stats SA), estimates that the total population of Buffalo City, was 701 890, however based on these official statistics, the Growth and Development Summit (2007) Socio-Economic Profile, estimates that Buffalo City accounts for about 42% of the total population of the Amathole District. The Buffalo City Development Strategy (2006), in turn estimates that the annual population growth of Buffalo City is 0.6%. Based on the official statistics and calculated at an annual growth rated of 0.6% over seven years, the current population of Buffalo City could be in the region of 995 600 people.

Figure 2: Population distribution



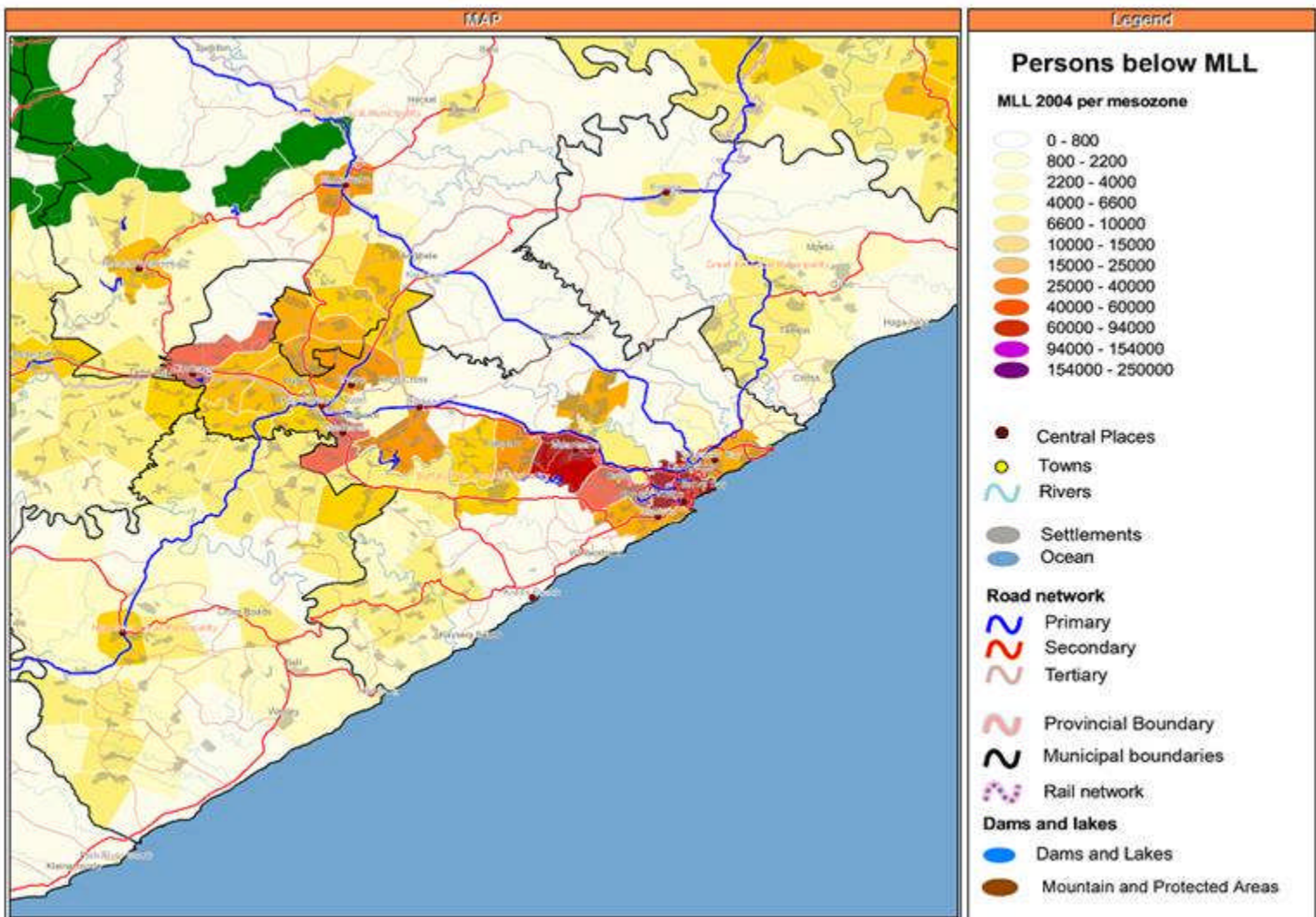
Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

Population distribution of the Buffalo City Municipality is illustrated in the Figure 2 above. The highest population concentrations are to be found in the Mdantsane, East London and Bisho areas which constitute the urban corridor.

A substantial portion of the population of Buffalo City Municipality, are living below the Minimum Living Level (MLL). The Minimum Living Level is defined in the National Spatial Development Perspective (NSDP) as “the minimum income needed to sustain a household”.

Figure 3 below provides an overview of the distribution of people living below the Minimum Living Level in Buffalo City. It would also appear from the diagram that the highest concentration of people living below the Minimum Living Level is located in the urban corridor. This however does not mean that poverty is limited to the urban areas of Buffalo City.

Figure 3: Persons below MLL



Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

In support of these statistics the Growth and Development Summit (2007) Socio-Economic Profile, states that 44.8% of the population in Buffalo City was unemployed

in 2005. A rapid assessment of service delivery and socio-economic survey of the Eastern Cape, which was concluded in 2006 indicated that 52.8% of households in Buffalo City have an income of less than R 1 500 per month. The same source also states that 15.8% of the population in Buffalo City are accessing social grants.

Poverty levels in Buffalo City, is also reflected in the fact that 16.1% of the population reside in informal housing, according to the 2007 Growth and Development Summit Socio-Economic Profile. The Department of Housing, Local Government and Traditional Affairs, however estimated in 2005 the housing backlog to be about 75 000 houses. This backlog represented 41.1% of the total provincial housing backlog.

These figures when viewed in conjunction with the official statistics indicates that Buffalo City has relative high levels of poverty, which appear to be concentrated in the urban axis of East London, Mdantsane, King William's Town and Dimbaza. The high concentration of poor people in this urban axis presents a number of service delivery and financial sustainability challenges to the municipality.

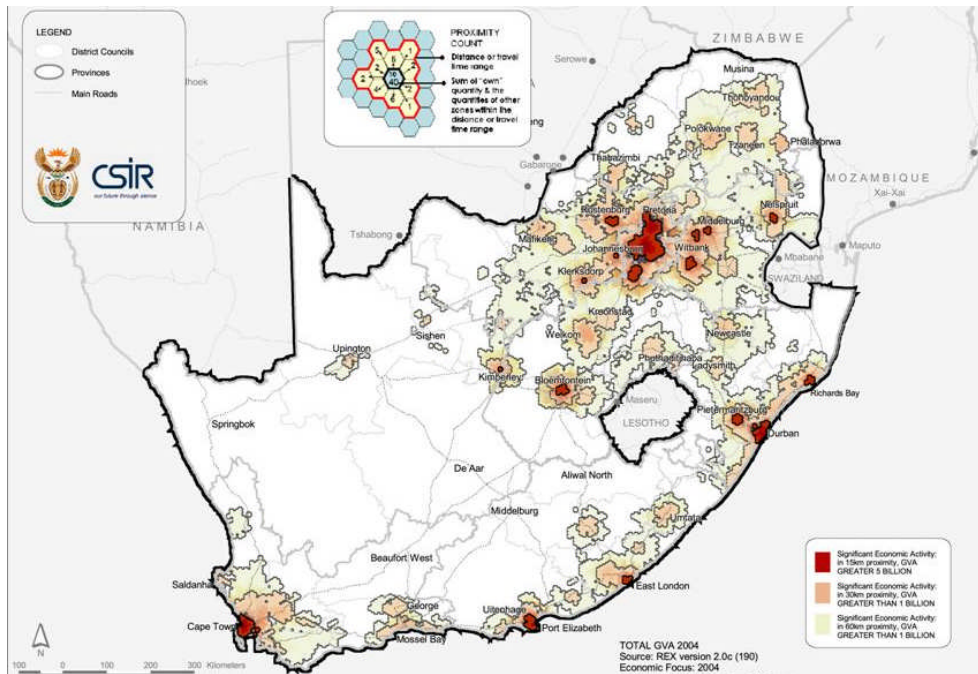
1.3.2.2. Economy

1.3.2.2.1. Regional and national context

Buffalo City is one of the key economic hubs of the Eastern Cape Province. In 2004, it was estimated that Buffalo City contributed 23% to the total GDP of the Province and provided 19% of the Provinces formal employment opportunities.

From a district perspective, Buffalo City accounts for 83% of the Amathole District Municipality's economic output and 72% of the districts formal employment. This notion is supported by the National Spatial Development Perspectives which indicates that Buffalo City is an area of significant economic activity both in the province and the region. The economic significance of Bufflalo City is illustrated in Figure 4 below. Figure 4 indicates that the area in and around East London generates in excess of ZAR 5 billion worth of economic activities, within a 15km radius. Secondary areas generate ZAR 1 billion worth of economic activities, within a radius of 30km and 60km respectively, making Buffalo City a major driver of economic development in the region and province.

Figure 4: BCM as an area of significant economic activity

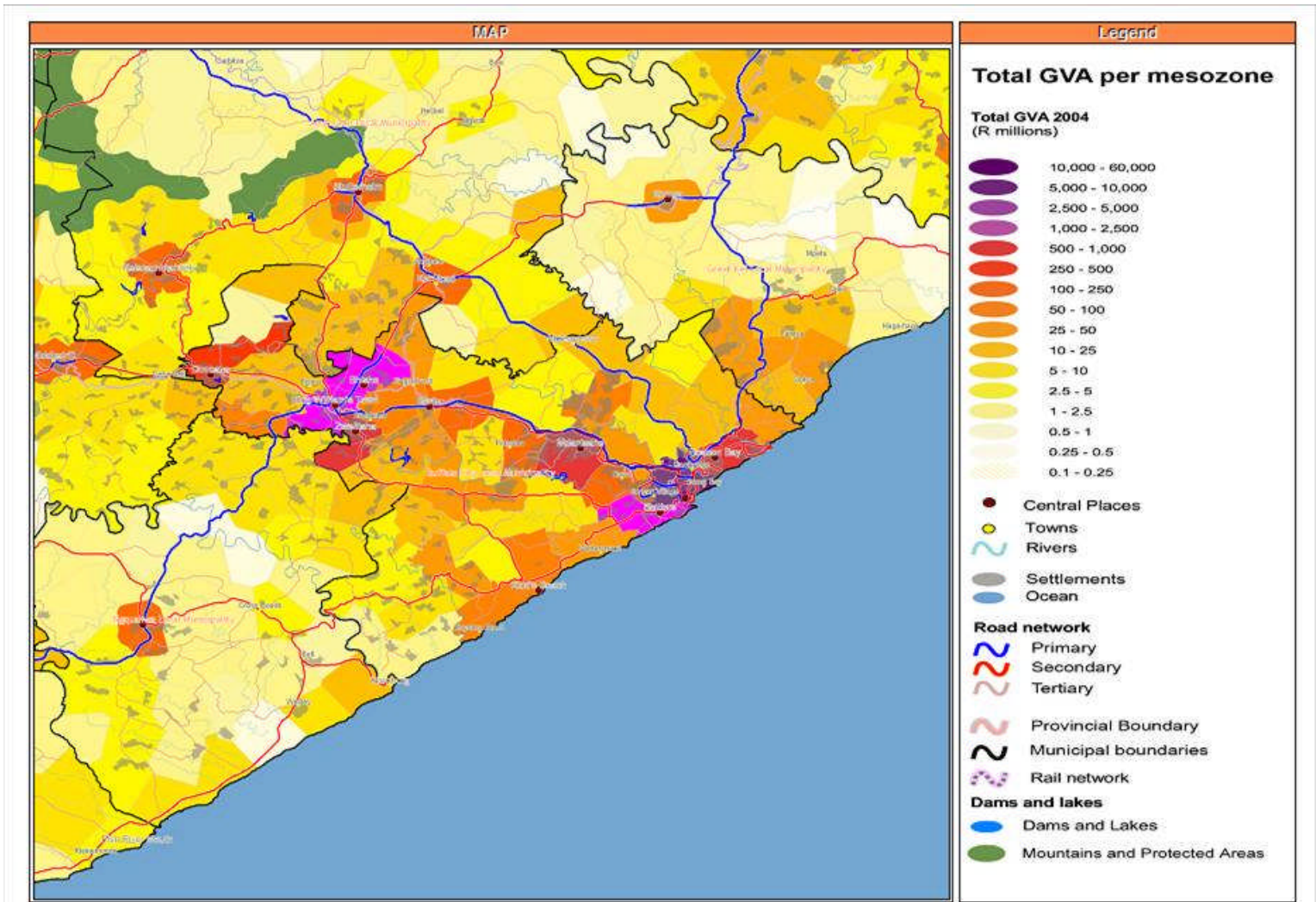


Source: NSDP: The Presidency 2006

The National Spatial Development Perspective (NSDP) measures the value contributed to the economy as Gross Value Add (GVA), based on the official census data and locating it within a geo-spatial context. GVA is calculated by determining the difference between the value of goods and services produced, and the cost of raw materials and other inputs that are used in production.

The Gross Value Add (GVA) generated in Buffalo City Municipality is illustrated in Figure 5 below. In terms of the 2006 NSDP data, BCM contributes 18.71% to the total GVA of the Eastern Cape Province and 1.21% to the national GVA.

Figure 5: BCM as an area of significant economic activity

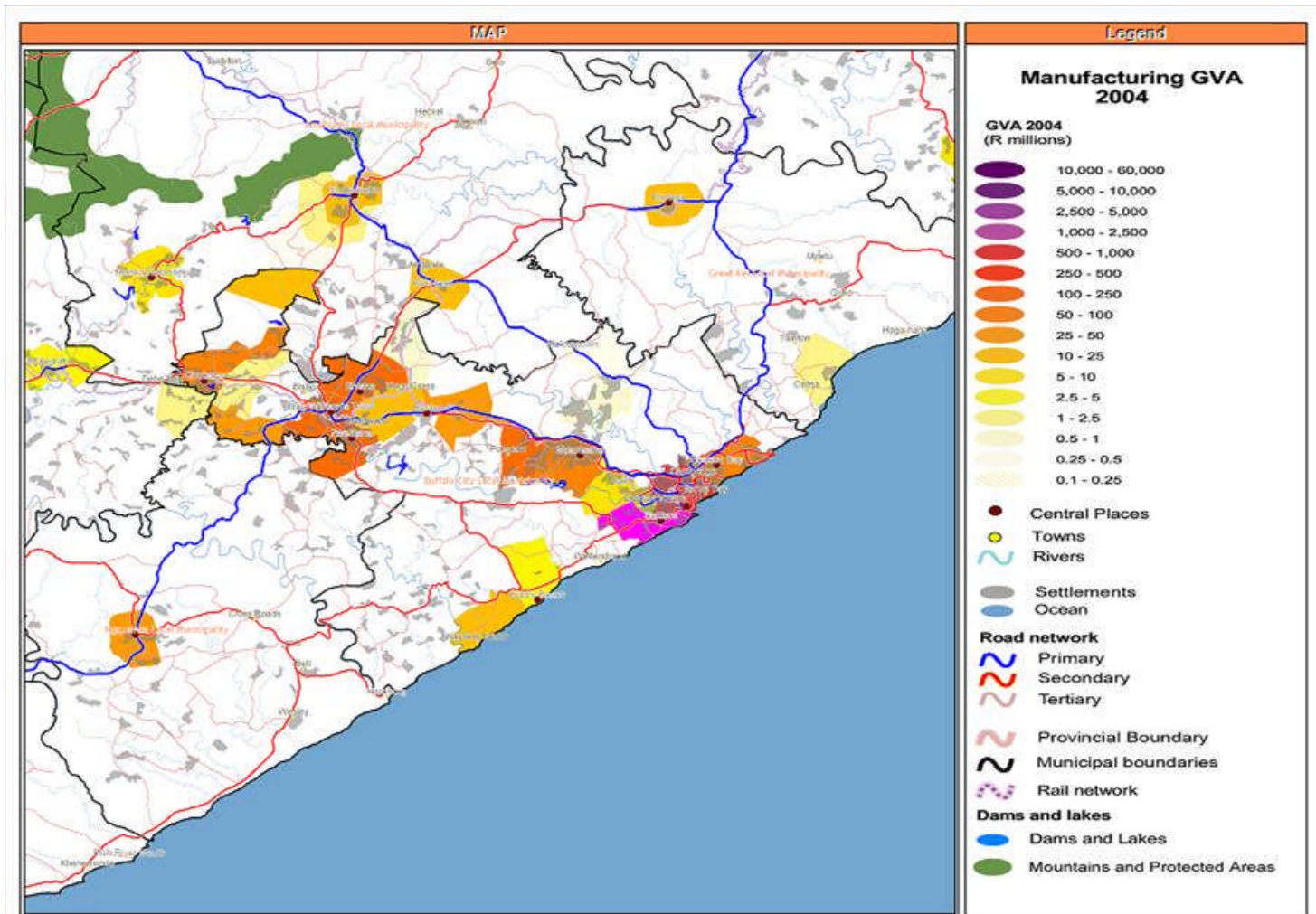


Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

1.3.2.2.2. Manufacturing

GVA contribution of the manufacturing sector to the spatial economy of Buffalo City is illustrated in Figure 6 below.

Figure 6: Manufacturing GVA



Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

The highest contribution to manufacturing GVA is being generated in the East London area. A substantial contributor to GVA in this area is the automotive and associated industries, which are located in and around the East London Industrial Development Zone (IDZ).

The East London IDZ has attracted ZAR 755 million worth of investment during the 2006/2007 financial year and it is estimated that these investments created

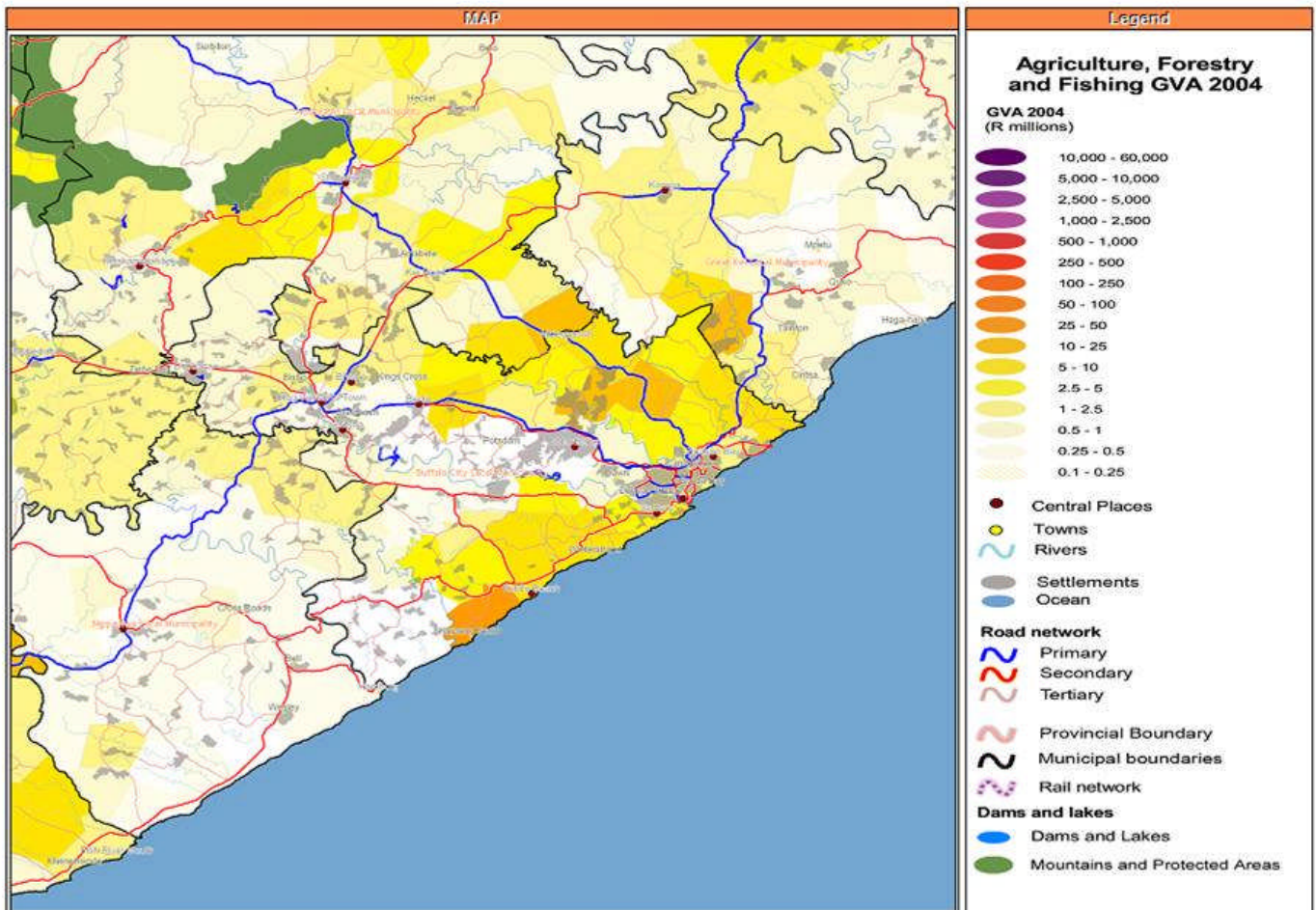
an additional 600 manufacturing jobs. In addition ZAR 550 million worth of contracts were awarded to local Small, Medium and Micro Enterprises (SMME) and empowerment companies, with an additional 4 000 jobs being created in the construction and 1 118 jobs in manufacturing sectors. These investments contributed to the GVA generated in Buffalo City.

The expansion of the East London port is however a prerequisite to maintain and/or increase GVA both in Buffalo City and the Amathole region.

1.3.2.2.3. Agriculture, Forestry and Fishing

Unlike the manufacturing sector, the agricultural, forestry and fishing sector has marginally contributed to the GVA generated in Buffalo City. According to available NSDP data the agricultural sector in Buffalo City only contributed 4.15% of the provincial agricultural GVA and 0.41% of the national agricultural GVA.

Figure 7: Agricultural GVA



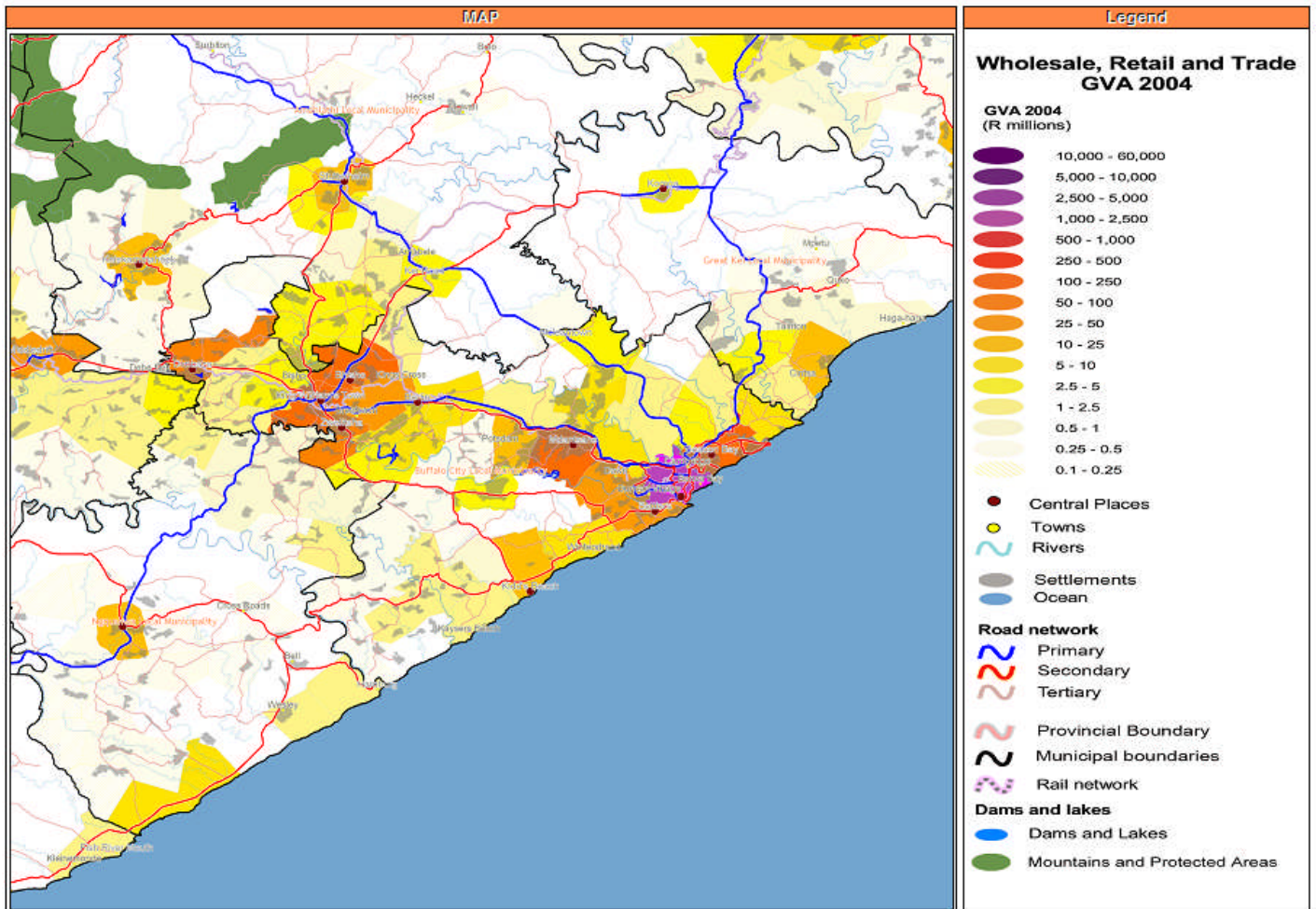
Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

1.3.2.2.4. Wholesale, Retail and Trade

GVA in the wholesale, retail and trade component of the local economy are concentrated in and around the urban areas of East London, Bhiso and Mdantsane, to the value of between ZAR 10 - 60 million.

Buffalo City contributed 16.56% and 20.83% respectively to the high value differentiated goods and services and retail GVA in the province. This translates into a 1.27% and 1.19% contribution to the above-mentioned national GVA categories. In addition tourism accounted for 15.64% of the provincial GVA and 9.5% of the national GVA generated in the tourism sector, which is substantial.

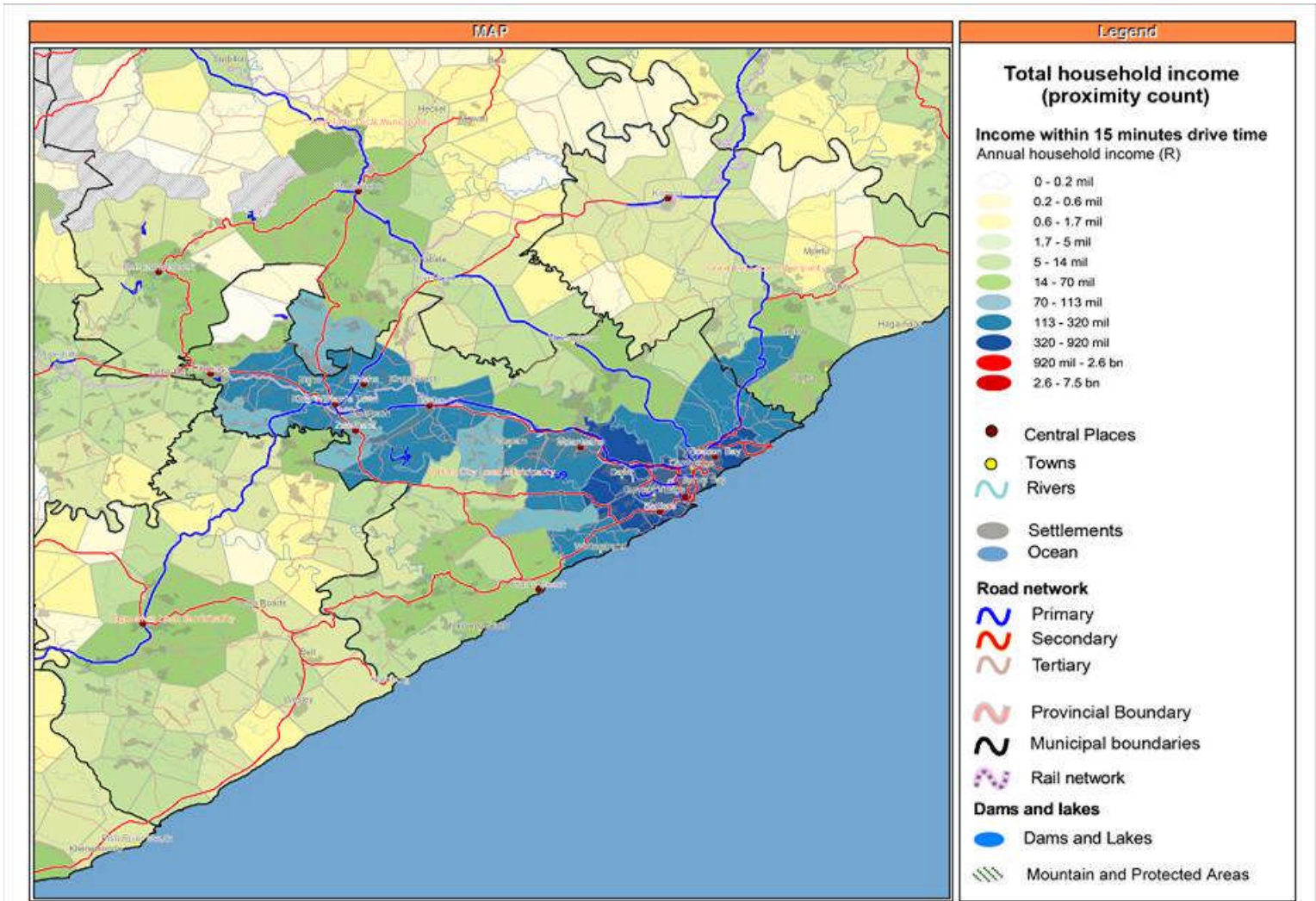
Figure 8: Wholesale, Retail and Trade GVA



Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

Closely related to the retail sector is the distribution of household income, which is illustrated in Figure 9 below. Figure 9 confirms the general geo-spatial pattern which sees a concentration of economic and retail activities along a corridor stretching from East London through Mdantsane to Bhisho.

Figure 9: Proximity count – Total Household Income



Source: Geospatial Analysis Platform (GAP) – The Presidency, dti and CSIR, July 2007

1.3.2.3. Conclusion

From the above-mentioned analysis it is clear that Buffalo City is an area which is characterised by areas of high economic development potential which overlap with areas of poverty and need. The efforts of Buffalo City Municipality are therefore focused on ensuring rapid economic growth and employment creation by leveraging the comparative and competitive advantages of Buffalo City as a location.

In dealing with the challenge of ensuring social and economic inclusion and addressing the associated spatial distortions created by apartheid, Buffalo City is focussing its efforts on the development and expansion of corridors and nodes. This will ensure that Buffalo City Municipality, as an exponent of the developmental state achieves maximum social and economic impact within the context of limited resources.

Chapter 2: Performance Highlights

2.1 INTRODUCTION

Achieving the service delivery objective of establishing Buffalo City Municipality as “a people-centred place of opportunity, where the basic needs of all are met in a safe, healthy and sustainable environment” has progressed substantially during the course of the current year under review, and as reported below, has added substantial value to the lives of those living in the city.

The performance highlights contained in this chapter serve as a record of these achievements. This chapter has been structured in accordance with the requirements of the Municipal Finance Management Act (MFMA), to provide a true, honest and accurate overview of the performance of the Municipality. Accordingly the information contained in this chapter has been obtained from the relevant Directorates and audited by the Auditor General.

Accordingly, this chapter consists of three components. The first component will provide a brief narrative overview of the performance highlights achieved by the Municipality. The performance highlights, have been arranged into three broad perspectives in accordance with the Institutional Review Scorecard for 2006/07. These three broad perspectives include resource management, governance and service delivery and development perspectives.

The second component reports on the current service level backlogs and the financial resources required to address and eradicate the backlogs in the key functional areas of water, electricity, sanitation, refuse removal and roads. The third component reports on the performance regarding the approval of zoning and building plans.

2.2 SERVICE DELIVERY HIGHLIGHTS

2.2.1 INSTITUTIONAL MANAGEMENT

The over-arching objective of the municipality in terms of institutional management is to ensure the effective, efficient and coordinated financial management of all assets under its control takes place, in order to increase its revenue and deliver on its mandate. In terms of its Institutional Review Scorecard, which verifies its audited performance, Buffalo City Municipality has achieved a number of substantial successes in the Key Performance Areas (KPA) of assets, financial and human resource management.

In terms of the effective and efficient management of its assets, the municipality has, in accordance with its fleet replacement policy replaced the required 10% of its fleet during the reported financial year, with Council approving the replacement of 176 units for the 2006/07 financial year. In addition a targeted downtime of 30% due to maintenance as a percentage of the overall production of was achieved.

In spite of these successes, the target of ensuring that 2.5% of the operational budget was available for the maintenance of the council vehicle fleet was only partially achieved. In this regard 2.3%, as oppose to the targeted 2.5%, of the operational budget was utilized for the maintenance of the council vehicle fleet.

In terms of ensuring coordinated financial management and increased revenue management substantial successes were achieved and include;

- Achieving the targeted 75% of project funding spent year to date.
- Ensuring that 80% of the municipality's capital budget was spent on capital projects in accordance with the Integrated Development Plan.
- Achieving a cost coverage performance of 3.4% and surpassing the target of 2.5%.
- Achieving 20.6% of the Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001), as opposed to the targeted 35%.
- Total capital debt to annual income of 31% as oppose to the targeted 35% was achieved.

However a number of targets were not completely achieved. These include:

- Achieving 23.5% of the Outstanding Service Debtors to revenue as defined in the Municipal Planning and Performance Management Regulations (2001), as opposed to the targeted 18%.
- Due to delays in handovers to attorneys, a collection rate of 94.3% as oppose to the targeted 97% was achieved.

From a Human Resource perspective, the over-arching objective of the Buffalo City Municipality is to ensure that the institution is appropriately capacitated and structured to ensure effective, efficient and sustainable service delivery. In striving towards achieving this objective a number of successes were achieved during the 2006/07 financial year. These include:

- Completion of the Employee Satisfaction Survey.
- Ensuring that 46% as opposed to the targeted 28% of the highest four levels of management in BCM is from the designated group in terms of gender.

- Ensuring that 66% opposed to the targeted 56% of the highest four levels of management in BCM is from the designated group in terms of race.
- Ensuring that 0.45% of BCM staff are from the designated group in terms of disability.
- Achieving the targeted 80% compliance with statutory requirements in respect of employee and organizational performance management systems.

A number of objectives however have not been completely achieved. These include:

- Not being able to spend the required percentage of the municipal budget on implementing the workplace skills plan.
- Not being able to cascade a performance management system to all employee levels due to staff shortages.
- Not being able to implement the Integrated Human Resource Strategy, as it has not yet adopted by Council.

2.2.2 GOVERNANCE AND PUBLIC PARTICIPATION

A number of governance and public participation processes and systems objectives were achieved during the 2006/07 Financial Year. These include:

- Completing the review of the communication strategy for Buffalo City.
- Achieving the planned 40% implementation of the ICT Strategy.
- Achieving 80% functionality of ward committees, which includes conducting of regular meetings with more than 80% attendance.
- Completed the development of Buffalo City's Disability Strategy.
- Developed Buffalo City's Gender Strategy.
- Completed the draft Comprehensive City Development Strategy.
- Adopted the Annual Budget Schedule in compliance with legislation.
- Achieved the 40% target for the implementation of the Municipal Properties Rates Act as planned.
- Implemented the Buffalo City Communications Strategy.
- Invested the targeted R6 mil capital investment into electrical infrastructure.
- Complete integration across all directorates of HIV/Aids prevention, mitigation and care programmes into their service delivery and business plans.
- Registered and disbursed Indigent Grants to the targeted 55 000 households.
- Ensured 85% availability of potable water within the municipal area.
- Ensured that 85% of the capital budget for transport infrastructure was spent
- Completion of the Public Transportation Plan.
- Ensured 100% spending of the capital Municipal Infrastructure Grant earmarked for water provision.
- Achieved a 33% reduction in the number of unlicensed operational landfill sites.

In the 2006/07 financial year the Executive Mayor launched the inaugural Mayoral Imbizo Project which involved active engagement with all 45 wards. The Mayoral Imbizo provided community input which informed the Mayoral Projects for the year under review. The total value of these projects was R 30 mil.

The municipality also undertook successful IDP and budget process hearings during the 2006/07 financial year, which involved the active participation of all 45 wards.

A number of objectives however have not been completely achieved. These include:

- The Disability Strategy was not adopted by Council during the 2006/07 financial year.
- The Gender Strategy was not adopted by Council during the 2006/07 financial year.
- Due to the fact that no training officer was available the targeted number of training sessions for professional, NGO's and support groups, pertaining to STI's, HIV, PMTC, VCT and ARV's was not achieved.

2.2.3 SERVICE DELIVERY AND DEVELOPMENT

2.2.3.1 Construction, Engineering and Maintenance

In terms of the construction of minor civil engineering works the following service delivery high lights were achieved:

- Completion of the construction of asphalt parking areas for the Electrical, Civic Centre, City Health and Amenities facilities totaling approximately 9 000m².
- Provision of gravel access to water and wastewater facilities and the completion of the construction of 2 concrete causeways of approximately 7 000m.
- Completion of the construction of taxi embayments, pedestrian facilities, traffic circles and approximately 100 speed humps/pedestrian tables, within the municipal area.

In spite of experiencing a challenging year, due to the lack of capital funding; numerous performance highlights were achieved regarding the maintenance, rehabilitation, upgrading and construction of the formal road network (both surfaced and gravel) of the Municipality. Some of these highlights include:

- The replacement of 400 railway sleepers.
- 66 000 m² of vegetation control carried out.
- Replacement of 4 806m² of sidewalks.
- 65 782 m² of premix resurfacing road maintenance carried out.
- 7 850 tons of premix used in the repair of potholes.
- 391km of gravel roads were bladed (constituting approximately 40% of the gravel road network contained in the municipal area).
- 220.3km of storm-water pipes were jet-cleaned.
- 915m of pipes were repaired.
- 5 252 catch-pits were cleared of debris.
- 1 249 catch-pits were repaired.
- 249 manholes were repaired.

In terms of the management and implementation of capital-funded engineering projects, the Municipality achieved a 100% expenditure rate of its Municipal Infrastructure Grant (MIG) funding allocation, which amounted to approximately R97 million for the period under review. Some of the performance highlights achieved in this regard includes:

- Completion of gravel reconstruction of 6km of roads in the rural areas at a project cost of R7.5 million.
- Upgrading of 29km gravel roads in Mdantsane at a project cost of R19.5 million.
- Training of 10 Contractors and 20 Supervisors in terms of the Expanded Public Works Programme (EPWP), with the first contracts of R350 000 per contractor already having been successfully completed.
- Implementation of the Meisie's Halt Elevated Reservoir at a project cost of R8 million.
- Provision of internal services to Reeston Phase 3 at a project cost of R22 million.

- Construction of additional storage reservoirs in Mdantsane at a project cost of R5.8 million.
- Provision of bulk water supply to Bufferstrip, Needscamp and Ncera: Phase 1 at a project cost of R12.8 million.
- Upgrading of Cambridge Crematorium at a project cost of R4.6 million.
- Completion of the Nxamkwana Sanitation project at a cost of R4.1 million.
- Completion of the Chalumna Sanitation project at a cost of R3.3 million.

2.2.3.2 Electricity Provision

The Municipality achieved the following results in respect to electricity provision:

- Electrification of 2 000 low income households.
- Electrification of 20 schools.
- Commencement of the construction of the new Reeston substation, which will provide electricity to future RDP houses which are to be built in the area.
- Installation of the new Automatic Meter Reading machine which allows customer to have their electricity usage measured with out inconveniencing them.
- Installation of the Demand Side Management Hot Water Load Controller which will ensure that electricity consumption during peak times is reduced, in order to prevent power outages.

2.2.3.3 Provision of Scientific Services, Water and Waste Water Management

For the period under review the following performance highlights were achieved regarding the provision of potable water, the management of waste water and the provision of scientific services in accordance with legal standards and regulations:

- Commissioned New Reservoir supplying Mdantsane Bufferstrip at a cost of R 7.6 million.
- Commissioned a new Reservoir supplying Mdantsane at a cost of R 6.8 million.
- Bulk Water Supply Feasibility study : Coastal Areas at a cost of R245 000.
- Fort Grey Rising Main Feasibility Study at a cost of R170 000.
- Reeston Phase 3 Bulk water Supply at a cost of R 2 million.
- Compilation of the Water Service Master Plan Phase 1 at a cost of R250 000.
- Commissioned the Quenera Interceptor Sewer at a cost of R2 million.
- Replacement of pitch fibre sewers in Mdantsane to the value of R2 million.
- Completed R1, 5 million refurbishment of City Pump station.
- Commissioned West Bank sewer infrastructure totaling R25 million for the IDZ.
- Chalumna Sanitation 900 VIP's completed in Phase 1 at a cost of R5,2 million
- Nxamkwana Sanitation 410 composting toilets completed under the EPWP – Phase 1 at a cost of R3, 5 million.

2.2.3.4 Development Planning and Spatial Development

In accordance with the objectives ensuring effective and efficient integrated development planning and spatial development the municipality recorded a number of significant performance highlights, which include:

- Six Settlement surveying projects were completed namely:
 - Reeston III phase 954 erven
 - Ilitha North 165 erven

- Dunga Street 10 erven
 - Mdantsane Infill 604 erven
 - Mdantsane Bufferstrip 692 erven
 - Sunny South 584 erven
- In terms of providing services to the public :
 - 4728 public counter enquiries dealt with
 - 2165 maps and digital data issued
 - 498 beacon handovers were facilitated
 - 254 miscellaneous surveys administered
 - 320 City Planning and Land Administration reports compiled
 - 544 conveyencing documents endorsed
 - 34 encroachment inspections carried out
- 1:30000 aerial photo-mapping was obtained for the City's up-coming General Valuation

2.2.3.5 Architectural Services

In terms of architectural projects the following performance highlights were achieved:

- Alterations were complete to the Auditorium at the Fleet Street Fire Station.
- KWT Electrical Depot and Waste Management Depot change rooms and ablutions were completed.
- Cambridge Clinic alterations and additions were completed.
- Design for the rehabilitation of the Munifin Centre Rates Hall was completed.
- Design for phase 1 of the Municipal Stores upgrade project was completed.

2.2.3.6 Building Control

Ensuring effective and efficient building control in accordance with relevant legal and regulatory frameworks resulted in the following achievements:

- Policy for the roll out of Building Control to rural areas was drafted.
- Working relationship established with the courts for the enforcement of the National Building Regulations and Building Standards Act.
- Plan copier scanner was installed at the submission counter - Plans can now be copied from scanned images
- 4 221 Building plans to the value of R 965 802 037 was approved.
- 1 834 buildings to the value of R355 089 103 was completed.
- 10 804 building inspections were carried out.

2.2.3.7 Building Maintenance

In terms of building maintenance the following were achieved:

- Renovations to various clinics.
- Conversion of Nahoon Tearoom to Amenities Offices.
- Upgrade of public ablutions, Duncan Village, (Mayoral Imbizo Project).
- 3 997 individual maintenance jobs were performed to a value of R14 871 880.

2.2.3.8 Signage Management

In accordance with its mandate to ensure compliant signage throughout the municipal area the following was achieved:

- Draft signage control by-law and policy was completed.
- 371 unauthorized signs were removed.
- Income of R905 640 was realised from advertising contracts for billboards, ID light street names, bus shelter advertising and Mdantsane taxi rank branding and big screen television.

2.2.3.9 Housing

Housing delivery in Buffalo City was characterized by a number of achievements, some of which include:

- The commencement of housing construction implementation in:
 - Reeston Phase 3, Stage 1: 796 units
 - Tyutyu Phase 2: 200 units.
 - Airport Phase 2(a): 626 units
 - Potsdam Unit P: 500 units
 - Amalinda Simanyene 93 units
 - Reeston Phase 1 and 2, stage 3: 2 164 units
- Approximately 1 900 new low cost houses were built in Buffalo City.
- The following high density pilot projects have been planned and approved in 2006/07 for implementation in the 2007/08 financial year:
 - Duncan Village : Competition Site: 130 units
 - Haven Hills South: 131 units
 - Meken Street: 46 units.
- The following rural housing projects have been approved for implementation with the use of private developers.
 - Tsholomnqa 500 units
 - Tshabo 1 and 2 500 units
- The following new housing projects have been planned for implementation in the financial year 2006/07 financial year for implementation during 2007/2008. These projects are waiting housing subsidy funding from the Department of Housing, Local Government and Traditional Affairs and include:
 - Reeston Phase 3: 1 000 units
 - Potsdam Unit P Stage 2: 1 000 units
 - Mdantsane Bufferstrip: Manyano and Tembelihle: 850 units
 - Mdantsane Zone cc: Phase 2: Stage 1: 850 units
- Approximately 350 jobs were created involving women, men, youths, and disabled.
- Buffalo City Municipality has been identified as one of the two Municipalities in the Eastern Cape that will be accredited in terms of the level 1 housing function.

- Both the Provincial and National Housing Departments has approved Buffalo City's business plan leading towards accreditation.
- Buffalo City Municipality has received approximately R 9 million from the National Housing Department for new capacity and other functions regarding housing implementation.
- Council has approved an integrated housing waiting list for the City.
- A task team of councilors and officials has been established to undertake the process.

2.2.3.10 Land Use Management

Ensuring the sound future development of Buffalo City Municipality and the effective and efficient land use in all existing urban and rural areas is a key objective of the municipality. In accordance with this objective the municipality has achieved the following:

- Formulated a draft Mount Coke Dimbaza Local Spatial Development Framework.
- Formulated a draft Duncan Village Local Spatial Development Framework.
- Formulated a draft Bonza Bay Road Local Spatial Development Framework.
- Formulated a draft Urban Edge Policy Framework.
- A number of major urban settlement planning projects were completed during 2006/07 including:
 - Greydell (1800 sites).
 - Mdantsane Bufferstrip Phase 1 (1760 sites).
 - Fynbos Informal Settlement Phase 1 & 2 (914 sites).
 - Potsdam Unit V (4000 sites).
 - Potsdam Ikhwezi block 2 (400 sites).
 - Ndancama – Scenery Park (700 sites).
- Major rural settlement planning projects completed during 2006/07 include :
 - Yellowwoods, Kei road, Eastern Node (1096 sites)
 - Yellowwoods, Kei road, Southern Node – Bhalassi (1041 sites)
 - Yellowwoods, Kei road, Southern Node – Skobeni (675 sites)
 - Clifton Location / Kwaklifu (537 sites)
- The Draft Buffalo City Zoning Scheme incorporating the Zoning Schemes for King William's Town, East London and the former Amathole District Municipality was approved by Council in September 2006.
- The Zoning Scheme has been submitted to the Department of Housing and Local Government (DHLG) for final approval.
- Draft Zoning Regulations for areas administered in terms of the Land Use Regulation Act 15 of 1987 and Proclamation R293 have been completed and a public participation process to workshop Ward Councilors and the affected communities commenced in September 2007.

2.2.3.11 Transport Services

A number of transport service delivery highlights were achieved during the year under review, they include:

- Completion of the Draft Integrated Transport Plan.
- Completion of the Qumza Highway Pedestrian Facilities.

- Completion of the Gonubie Main Road Pedestrian/Cycle Path.
- Conversion of traffic signals from Telkom to GPRS.
- Construction of traffic calming speed humps.
- Completion of cycle routes as part of the Nahoon Pilot Project.
- Completion of the Dimbaza Taxi Facility.
- Completion improvements to the Gillwell Taxi Rank.

2.2.3.12 Local Economic Development (LED)

2006/07 has seen significant achievements in the area of Local Economic Development (LED). These include

- Formulation of an over-arching Economic Development Strategy.
- Development of key sector strategies, including:
 - Integrated Agriculture and Rural Development Strategy
 - SMME Development Strategy
- Accelerated tourism growth through the implementation of the Tourism Master Plan in partnership with the National Department of Environmental Affairs and Tourism (DEAT). Some of the projects implemented include:
 - Completion of the Dimbaza Wall of Fame and Garden of Remembrance (R9m). A total of 239 people were employed in the project.
 - Completion of the King Williams Town Tourism Development and Interpretation center.
 - Khiwane Camp Site Upgrading.
 - Implementation of the Isongololo Program: The programme seeks to recruit and establish a formal structure and network forum of previously disadvantaged tourism products where opportunities for growth, access to the market and skills development are explored and exploited jointly by members. The program has during the 2006/07 financial year enrolled more than 40 emerging tourism enterprises to be part of the program to benefit from various training, marketing platforms and networking opportunities.
 - Three tourism awareness workshops were held in King Williams Town, Mdantsane and Duncan Village during the month of June 2007. The response received from communities was overwhelming with close to 400 participants in King William's Town and its surrounding rural areas.
 - BCM assisted a total of 60 SMME's to participate at the International Tourism Show (Indaba) held in Durban in May 2007.
 - Two of BCM SMME's were nominated and received awards for being the best performing SMME's in South Africa i.e. Tumie's Bed and Breakfast in the accommodation category and Imonti Tours in the travel and tour category.
- An LED Forum was established and its functions in conjunction with the Thematic Task Teams such as Tourism 2010, Auto Sector Development and Skills Development.
- A partnerships was established with DPLG focusing on:
 - LED in the Mdantsane urban renewal programme.
 - Implementation of a Red Tape Reduction Initiative.
- On Business Information Services (BIS) and Networking:

- Information Seminars held quarterly targeting women and youth.
 - Support and partnership with Small Enterprise Development Agency (SEDA), Umsobomvu Youth Fund (UYF) and Apex Fund.
 - Business to Business (B2B) Expo was held in partnership with Border Kei Chamber of Business.
 - SMME Database complete on CD format.
 - Business Skills Training Programme completed successfully with 42 Cooperatives trained and 12 Emerging Contractors trained on various aspects such as Tendering and Contract Management.
- The Agricultural Programme was expanded to areas such as dairy, macadamia nuts, organic crop production and include
 - Ongoing Support and Mentorship provided to sustain existing projects
 - Investment into key agricultural infrastructure such as Irrigation Equipment, dipping tanks, tractor and shed for sheep wool-shearing.

2.2.4 Community Services

Buffalo City Municipality is responsible for the provision of recreational, sporting, arts and cultural facilities, cleansing services and environmental services that are sustainable, accessible and affordable to all communities in Buffalo City, within the framework of existing legal standards and regulations.

During the year under review Buffalo City Municipality has achieved a number of performance highlights including:

- The completion of Nahoon Point and Nahoon Estuary Nature reserves.
- Completion of the Zoo Master Plan.
- The establishment of a rehabilitation- and environmental education facility at the East London Aquarium.
- The development of 2 parks in the inland region.
- Increasing the burial space in the Haven Hills Cemetery.
- Propagating 500 trees and planting 800 trees within the municipal area.
- Successfully hosted a two-day conference of the Institute for Environmental and Recreational Management.
- Competed in the National Garden and Leisure Show and winning a bronze medal.
- Piloting a waste information system.
- Twinning with Nelson Mandela Metro Municipality and The Swedish International Development Agency (SIDA) to provide support with regard to capacity building of both municipalities.
- Improvements to depots to decentralize the services to communities in the Zwelitsha, Dimbaza, Berlin and Bhisho areas.
- Permits for the operation of the Beacon Bay Temporary Transfer Station were obtained from the Department of Economic Development and Environmental.
- Fourteen refuse removal vehicles were purchased during the year these included twelve refuse freighters to collect refuse from different areas of the city and two load luggers to collect refuse from businesses and informal areas.
- Implementation of Mayoral Projects aimed at clearing illegal dumps and to avoid further dumping and to create an aesthetically pleasing environment.
- Upgrade of Duncan Village Communal Toilets

- A communication plan to ensure that communities are involved in and informed of the service they have to receive has been developed with the assistance of VNG (Netherlands). It encompasses Solid Waste issues integrated with other relevant environmental aspects, including sanitation environmental health and open spaces management issues.
- Development of an Integrated Waste Management Plan (IWMP) and implementation of pilot projects for recycling waste paper in Municipal Offices. Implemented pilot projects for recycling and composting at schools in Nompumelelo, Mdantsane and Dimbaza area.
- Development of Communication plan for Duncan Village and establishing of collection points in the Informal Settlement of Duncan Village.
- Providing institutional support to King Sabata Dalindyebo Municipality.
- Purchase of two bakkies to assist in improving supervision of staff in ensuring that services are rendered effectively and efficiently.

2.2.5 Public Safety, Health and Disaster Management

In terms of its mandate, to ensure the health and safety of communities, Buffalo City Municipal, has achieved a number of highlights during 2006/07 including:

- The extension of health support services to traditional circumcision practices, in order to reduce the number of hospitalisations, penis amputations and deaths.
- Consolidation of a partnership with the Paraffin Safety Association on the safe use of paraffin.
- The successful implementation of a polio and measles campaign which achieved 90% of the targets set by the National Department of Health, for children under the age of 5 years.
- Completion of extensions to the Moore Street and Cambridge clinics, as well as renovations to Berlin, Sweetwaters, John Dube, Gompo C, Ginsberg, Pefferville, Aspiranza-, Gonubie-, Braelynn-, Zanempilo-, Schornville-, West Bank-, Breidbach- and Petros Jobane clinics.
- During August 2006 the Easypay method was introduced to the general public, enabling them to pay traffic fines at any of the selected Easypay stores, as well as on the Easypay website. As a result a total of 3 376 receipts were collected, totaling R500 579.60 during 2006/07.
- The payment process of Section 341 fines was simplified and the general public are now enable to pay their fines at local supermarkets or on-line.
- During the period under review, A-grade play detectors or suspension testers as well as brake-tester software were installed at the Municipality's Vehicle Testing stations.
- NATIS equipment was also installed, making the Buffalo City Vehicle Testing Authorities fully compliant with national standards.
- A series of road safety lectures and programmes targeting public bodies and schools were undertaken by the Municipality, including:
 - Implementing bicycle training programmes for 10 schools.
 - Providing road safety education at 26 high schools and 25 primary schools within the Municipal boundaries.
 - Conducting Danny Cat shows at 12 pre-primary schools.
 - Providing driver training courses at historically disadvantaged schools.
 - In conjunction with the Department of Transport, 7 community meetings were held whereby Road Safety Awareness was promoted.

- During the period under review a Life Skills Orientation program was also introduced to 3 high schools in conjunction with the Department of Education.
- Peer education interventions were conducted at both schools and pre-schools to inform learners about the importance of reducing fires and false calls.
- 5 fire stations received new automated turnout doors, which greatly reduces response times.
- A standby generator was installed in Fleet Street building to ensure continues service provision.
- A number of key building plans and rational designs were evaluated for fire compliance including those of the Hemmingways Casino, Mdantsane Malls, Regent Hotel and Beacon Bay Hospital.
- A very successful paraffin safety campaign was launched in associated with the Paraffin Association of SA in Duncan Village and Cambridge informal settlements respectively.
- The training division obtained re-accreditation for courses presented at the Buffalo City Fire and Emergency Services Training Academy.
- All instructors have been approved by the LG Seta as assessors and half of the trained staff members are registered as moderators and verifiers.
- Approximately 300 external individuals and 80 internal staff members were trained at the training centre during the period under review.
- Buffalo City, together with the National Government, Eastern Cape Provincial Government and the Amathole District Municipality's Disaster Management Centers were selected as a pilot site for the roll-out of the National Disaster Management Framework in South Africa.
- 3 Councilors and 16 community members were also trained in Disaster Management.

In spite of significant progress that has been achieved in terms of Institutional Management, Governance, Public participation, Development and Service Delivery, a number of key challenges still confront Buffalo City Municipality. These challenges pertain to a number of service delivery backlogs which are contained in the next section of this report.

2.3 Service Delivery Backlogs

The following section contains a record of the current service delivery backlogs that are being experienced by Buffalo City Municipality. The data contained these tables have been provided by the relevant Directorates and has been audited by the Auditor General.

Water Backlog (6KL per month)	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	7671 (Rural within & outside Urban edge)	Data in the process of being verified.	Data in the process of being verified.
Backlog to be eliminated (Percentage – HH identified as backlogs/total HH in Municipality)	50%	Data in the process of being verified.	Data in the process of being verified.
Spending required to eliminate backlog associated with provision of new infrastructure (Rm) p.a.	ZAR 12,000,000	ZAR 600,000	ZAR 600,000
Expenditure required to renewal of existing infrastructure to eliminate backlog	ZAR 18,000,000	ZAR 500,000	ZAR 450,000
Total spending to eliminate backlog	ZAR 30,000,000	ZAR 1,100,000	ZAR 1,050,000
Spending required on maintenance to ensure that no new backlogs are created	ZAR 17,000,000	ZAR 450,000	ZAR 450,000
Minimum Service Standards required	RDP Rural Water Supply Design Criteria Guidelines in terms of which 6kl per month or a tap within 200m of every household is required.		
How are backlogs being addressed?	A Master Plan has been prepared to identify the backlogs and an application has been made via the PMU to MIG for funding to implement the projects.		

Sanitation Backlog	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	83 131	1 000	1 000
Backlog to be eliminated (as a percentage)	43.75%	0.53%	0.53%
Spending required to eliminate backlog associate with provision of new infrastructure	ZAR 160,000,000	ZAR 4,300,000	ZAR 4,300,000
Expenditure required to renewal of existing infrastructure to eliminate backlog	ZAR 631,100,000	ZAR 28,200,000	ZAR 28,200,000
Total spending to eliminate backlog	ZAR 791,100,000	ZAR 32,500,000	ZAR 32,500,000

Spending required on maintenance to ensure that no new backlogs are created	ZAR 81,300,000	ZAR 7,600,000	ZAR 7,600,000
Minimum Service Standards required	Designs based on SANS 10365-1: 2004		
How are backlogs being addressed?	A Master Plan has been prepared to identify the backlogs and an application has been made via the PMU to MIG for funding to implement the projects.		

Refuse Removal Backlog	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	150 000	111 000	111 000
Backlog to be eliminated (as a percentage house)	-	74 %	74 %
Spending required to eliminate backlog associate with provision of new infrastructure	ZAR 20,000,000	ZAR 12,000,000	ZAR 12,000,000
Expenditure required to renewal of existing infrastructure to eliminate backlog	ZAR 150,000,000	ZAR 96,000,000	ZAR 96,000,000
Total spending to eliminate backlog	ZAR 170,000,000	ZAR 108,000,000	ZAR 108,000,000
Spending required on maintenance to ensure that no new backlogs are created	ZAR 150,000,000	ZAR 96,000,000	ZAR 96,000,000
Minimum Service Standards required	Removal once per week		
How are backlogs being addressed?	Recapitalization of the Refuse fleet Contract let for management of waste sites.		

Electricity Backlogs (30KWH per month)	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	75 000	2 500	500
Backlog to be eliminated (as a percentage of total households)	71.43%	2.38%	0.0048%
Spending required to eliminate backlog associate with provision of new infrastructure	ZAR 81,250,000	ZAR 13,000,000	ZAR 3,000,000
Expenditure required to renewal of existing infrastructure to eliminate backlog	ZAR 90,000,000	ZAR 0	ZAR 0

Total spending to eliminate backlog	ZAR 171,250,000	ZAR 13,000,000	ZAR 3,000,000
Spending required on maintenance to ensure that no new backlogs are created	ZAR 19,500,000	ZAR 0	ZAR 0
Minimum Service Standards required	The minimum service standards for electricity provision are determined in terms of NRS standards, which are defined in terms of NRS 048 and NRS 049 guidelines. These standards relate to the minimum number of electricity interruptions, as well as required performance levels regarding safety of plant and personnel.		
How are backlogs being addressed?	A Master Plan has been prepared to identify the Backlogs and an application has been made via the PMU to MIG for funding to implement the projects before the end of 2008.		

Roads Backlog	Required	Budgeted	Actual
Backlog to be eliminated (No Km not providing minimum Standard of Service)	710	0	-
Backlog to be eliminated (as a percentage)	49%	0	-
Spending required to eliminate backlog associate with provision of new infrastructure	R1065m	0	-
Expenditure required to renewal of existing infrastructure to eliminate backlog	R256m	0	0
Total spending to eliminate backlog	R1321m	0	-
Spending required on maintenance to ensure that no new backlogs are created	R36m p a	0	0
Minimum Service Standards required	<p>It is difficult to define backlogs as far as roads are concerned. Conditions that can define a backlog are:</p> <ul style="list-style-type: none"> • Where is the area? • What traffic does it carry? • What is the importance of the road? • What surface is required? • What Storm water drainage is required? • What maintenance structures are available? 		
How are backlogs being addressed?	Depends on service standards required. The road maintenance system could be used to identify once standards are set.		

2.4 Building and Zoning Plans approved.

The table below provides an overview of the municipal performance relating to the approval of building and zoning plans.

Applications outstanding 1 July 2006	Category	Number of new applications received 2006/2007	Total value of applications received (ZAR)	Applications outstanding 30 June 2007
699	Residential new	2060	R 329,376,521.00	198
451	Residential additions	2353	R 355,124,506.00	244
15	Commercial	85	R 604,725,537.00	4
11	Industrial	33	R 41,626,731.00	4
18	Other (specify)	86	R 72,666,357.00	6

Chapter 3: Human Resource and other Organizational Management

3.1 HUMAN RESOURCES

The purpose of this function is to render a professional support service that is well aligned to the Municipality's Integrated Development Plan (IDP) as well as to the needs of the Municipality's stakeholders and customers.

The main objectives include:

- Development and implementation of an Integrated Human Resources Strategy;
- Design and implementation of organisational structure aligned to the municipality's IDP;
- Formulation and implementation of human resources programmes that are consistent with IDP;
- Development of the organisational human resources, including Councillors;
- Implementation of the HIV/AIDS strategy and employee wellness programme
- Motivation of employees and implementation of change management programmes;
- Development and implementation of retention and talent management strategies;
- Maintenance of a labour relations environment that is conducive to and that promotes organisational stability and harmony;
- Facilitation of employer-employee relationship to resolve disputes and to create a culture of healthy interactions and tolerance;
- Provision of management support and leadership on pertinent organisational issues; and
- Implementation of the Task Job Evaluation System

3.2 INTEGRATED HUMAN RESOURCE SYSTEM

An integrated Human Resources System (ARMS) was installed in 2006 incorporating payroll, leave administration, equity reporting modules, etc. Use of the system has helped to improve the accuracy of human resources administration and enhance the organisational capacity to meet the municipality's obligations relating to legislation, such as the Basic Conditions of Employment Act, Employment Equity Act, Skills Development Act, Occupational Health and Safety Act, etc.

3.3 EMPLOYMENT EQUITY

The Employment Equity Plan, developed in September 2006, intends to achieve equity at the workplace, making the municipal workforce more representative and ensuring fair and equitable employment practices for all employees. It is further intended to create an organisational culture that is non-discriminatory, and values diversity and legitimises the input of all employees. The plan was developed in a participatory way, with representatives drawn from the Unions and the Employment Equity and Training Steering Committee. Furthermore, an organisational audit has been undertaken to assess the municipality's employment policies, practices, procedures and the working environment.

The success and competitive standing of Council's core activities and service delivery hinge critically upon the quality of its human capital and continual development of a competent and motivated workforce. A 5-year Employment Equity Plan has been adopted by Council which guides the organisation's human resources practices in promoting: employment equity, the recruitment of employees from designated groups; and the advancement of appropriate gender representation in the organisation. Organisational equity targets have been set out in the Employment Equity Plan, which simultaneously ensures compliance with the requirements of the Department of Labour.

A range of human resources policies and strategies has been formulated to advance initiatives to address historical employment inequalities, as well as wider organisational transformation goals. The latest employment equity achievements are shown in the Equity Profile Table (below):

TOTAL WORKFORCE: PERMANENT STAFF AS AT OCTOBER 2007 (POST LEVELS 0 – 22)

Gender & Race	No. of Employees	Percentage
White males	364 /4 228	9%
White females	192 /4 228	5%
African males	1 313 /4 228	31%
African females	1 024 /4 228	24%
Coloured males	241 /4 228	6%
Coloured females	114 /4 228	3%
Indian males	38 /4 228	1%
Indian females	21 /4 228	0.5%

EMPLOYEES WITH DISABILITIES (POST LEVELS 0 – 22)

Gender & Race	No. of Employees	Percentage
White males	7 /20	35%
White females	1 /20	5%
African males	11 /20	55%

African females	1 /20	5%
Coloured males	0	0%
Coloured females	0	0%
Indian males	0	0%
Indian females	0	0%

EMPLOYMENT EQUITY TARGETS FOR FIRST 4 TOP MANAGEMENT LEVELS

Gender & Race	No. of Employees	Percentage
White males	23 /69	33%
White females	6 /69	9%
African males	19 /69	28%
African females	19 /69	28%
Coloured males	9 /69	13%
Coloured females	4 /69	6%
Indian males	5 /69	7%
Indian females	3 /69	4%

3.4 ORGANISATIONAL DEVELOPMENT AND RESTRUCTURING

A new municipal Council was elected in March 2006. This was followed by a comprehensive restructuring of the municipality, a move aimed at preparing, re-sourcing and re-positioning Buffalo City as a competent service delivery agent. In this regard, a new Municipal Manager, Gaster Sharpley, was appointed as the head of the Administration in November 2006.

PENSION AID

PENSION FUNDS	No of members
Cape Joint Pension Fund	71
Cape Joint Retirement Fund	1583
SAMWU National Provident Fund	958
SALA Pension Fund	53
Eastern Cape Local Authorities Provident Fund	778
Government Employees Pension Fund	17
Liberty Life Provident Funds	352
Beacon Bay Provident Fund	32
Sanlam Provident Fund	1

MEDICAL AID

MEDICAL AID FUNDS	No of members
Bonitas	268
LA Health	407
Global Health	146
SAMWUMED	301
MUNIMED	245
HOSMED	55
Resolution	3
Medshield	1
Gen Health	1
Medicover	1
Fedhealth	5

1433 staff members are members of medical aid funds (compared to 1709 in 2006) and 3845 belong to pension funds (compared to 4156 in 2006). We are unable to comment on any assessment of future risks or liabilities regarding these funds.

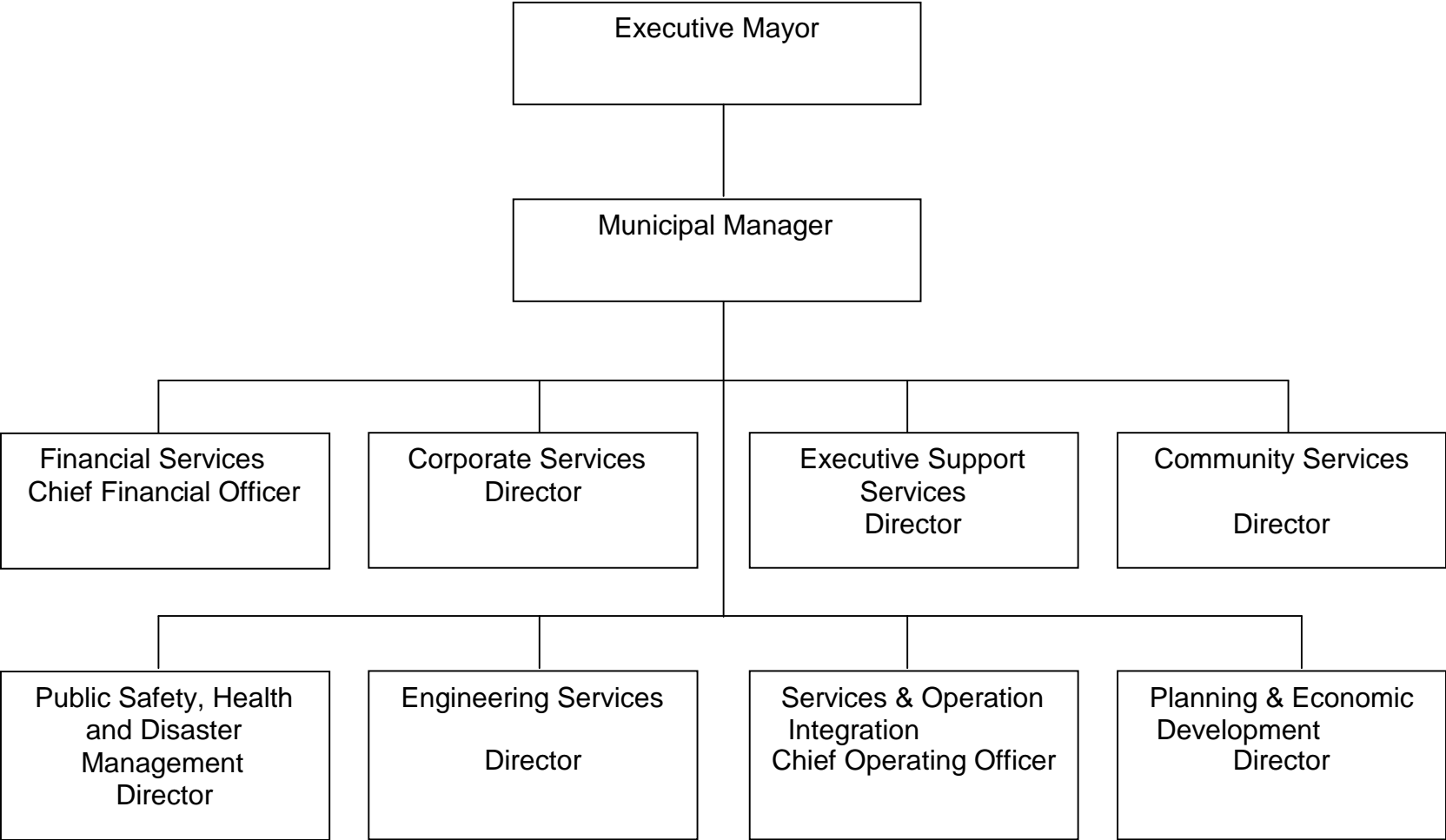
In addition to the above the following matters are of importance regarding the transformation of the institution:

- Council has approved a HR strategy linking Councils' IDP to its HR programmes designed to ultimately facilitate improved service delivery.
- An HIV/AIDS treatment strategy has been implemented with a view to addressing HIV/AIDS amongst staff members.
- Various skills development programmes have been implemented in order to provide employees with skills or update existing skills.

- Employee wellness interventions have been implemented to assist in improving service delivery.

3.5 ORGANISATIONAL STRUCTURE

The Organisational Structure of Buffalo City Municipality is contained in the diagram below.



STAFFING LEVELS AS AT 30 JUNE 2007

Directorate	Authorised complement	Actual	Vacancies
Directorate of Executive Mayor	77	63	14
Municipal Manager	27	22	5
Office of the Director of Finance	485	419	66
Directorate of Corporate Services	165	147	18
Directorate of Engineering Services	1412	1191	221
Directorate of Development & Planning	284	248	36
Directorate of Community Services	1656	1518	138
Directorate of Public Safety	691	618	73
Total	4797	4226	571

STAFF COSTS REFLECTED AS A PERCENTAGE OF TOTAL INCOME

Complement reduced due to change in complement.

As a result of a decision taken by SALGA to advise all local municipalities to reduce their staff costs to 30%, and also due to a requirement for the Restructuring Grant allocation from National Treasury that personnel expenditure be a maximum of 30% of total income, Buffalo City Municipality commenced a project to reduce staff costs. The reduction in staff costs as a percentage of total income is set out below:

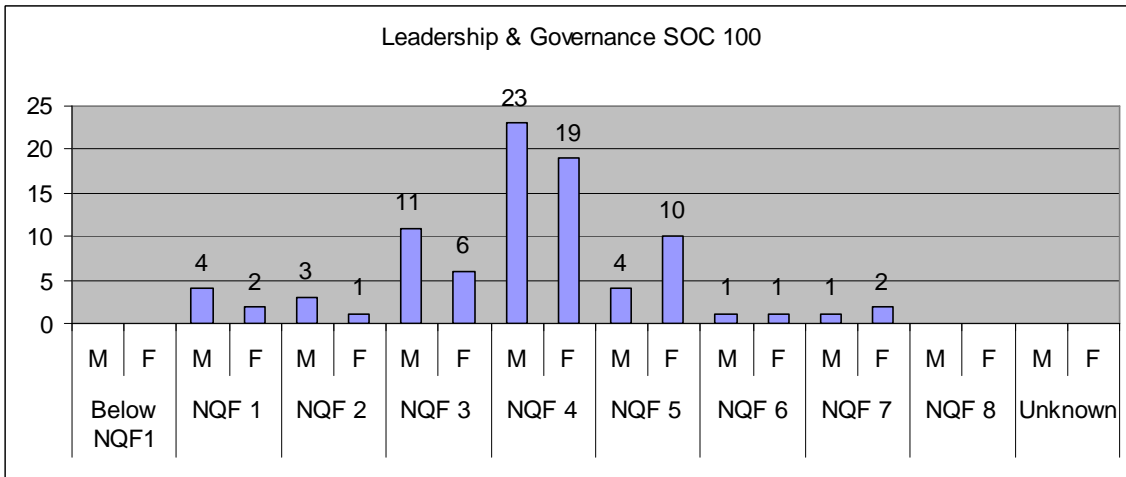
	2002/03 R	2003/04 R	2004/05 R	2005/06 R	2006/07 R
Salaries	360,716,999	409,091,379	437,831,280	462,044,162	514,182,464
Total Income	1,024,343,091	1,184,083,265	1,547,182,469	1,605,062,291	1,744,683,977
Salaries % of total income	35%	35%	28%	29%	29%

The percentage as at 31 December 2007 was 29%. This reduction has largely been achieved by non-filling of posts on a permanent basis.

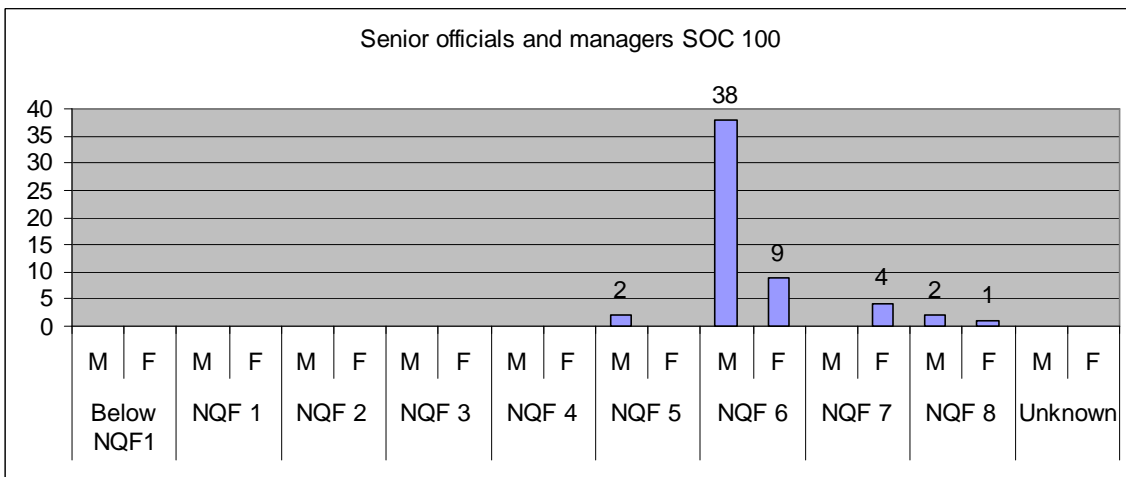
Employee qualification profile

Section 3.1: Employee qualification profile as at 30 June 2007

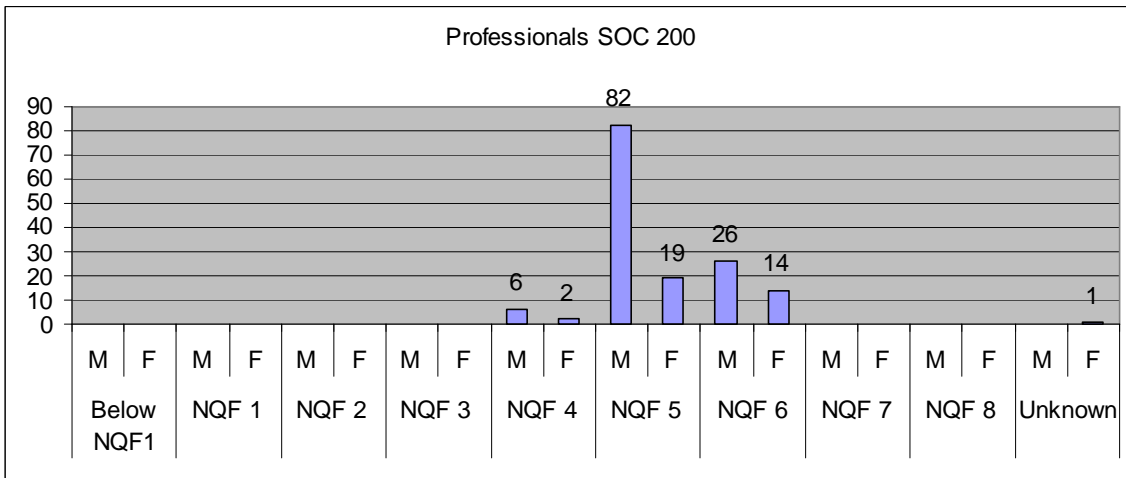
The graphs below provide a detailed breakdown of the employee qualifications profile of Buffalo City Municipality as of 30 June 2007.



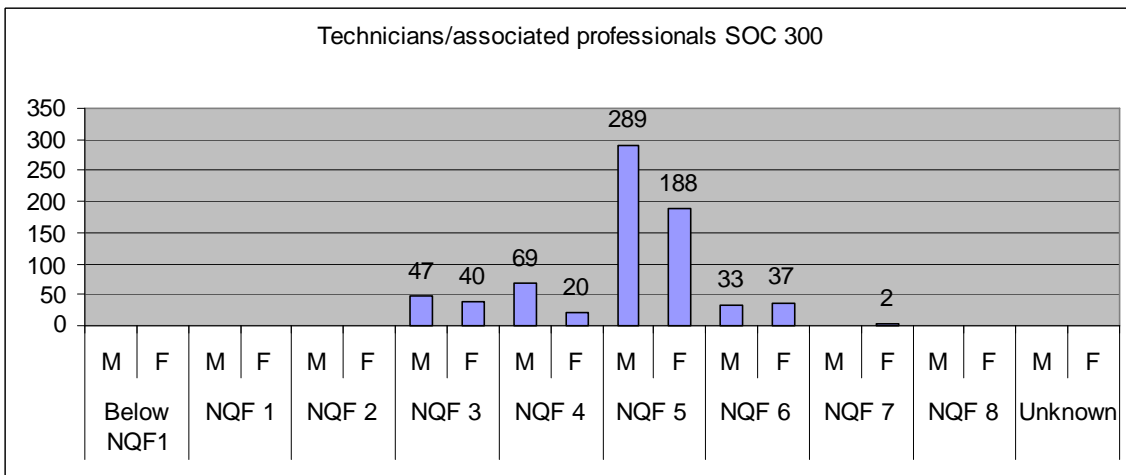
In the leadership and governance component the bulk of the staff are located in within the NQF 4 level band, followed by the NQF 3 and NQF 6 bands. The graph also indicates a substantial increase in women with NQF 5 to NQF 7 qualifications as compared to men.



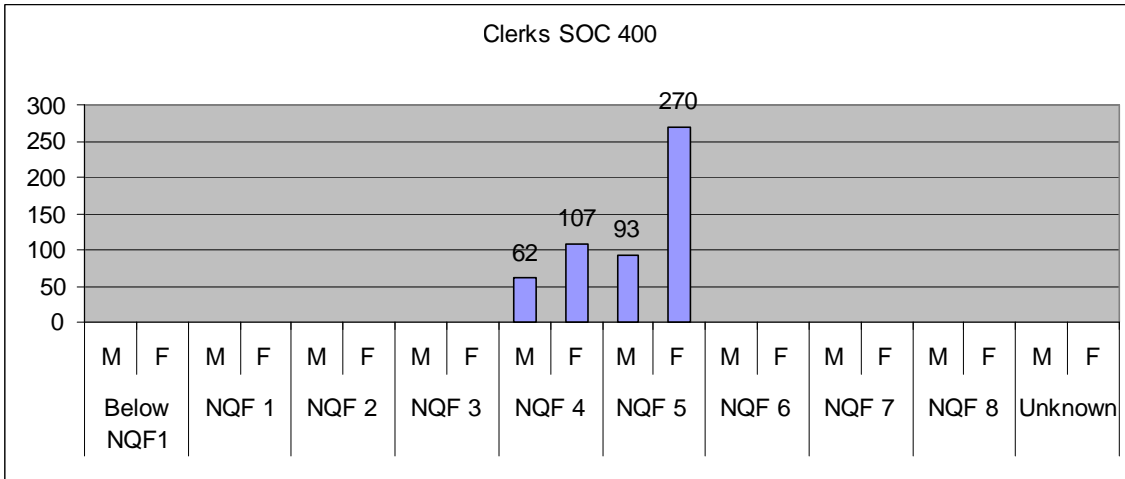
The majority of senior officials fall within the NQF 6 band. In terms of its gender profile the male dominate most of the levels, with the exception of NQF 7.



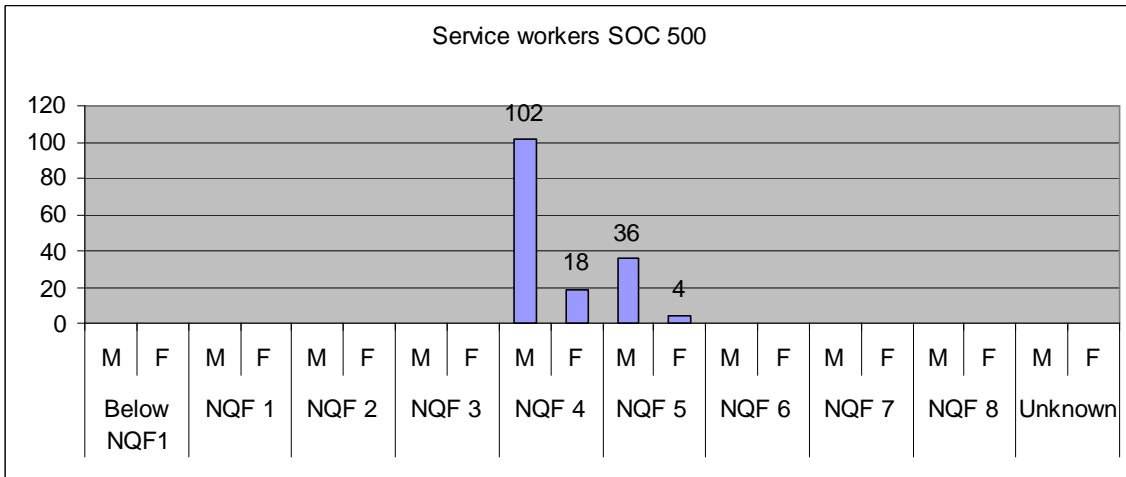
The majority of professions in this section fall within the NQF 5 level, which like the previous component, are dominated by males. In keeping with the emerging trend, females do however appear to proportionally increase their distribution towards the higher end of the qualifications spectrum. However in the case of professions it would appear that males still constitute the dominant grouping, thus requiring urgent future action to address this gender disparity.



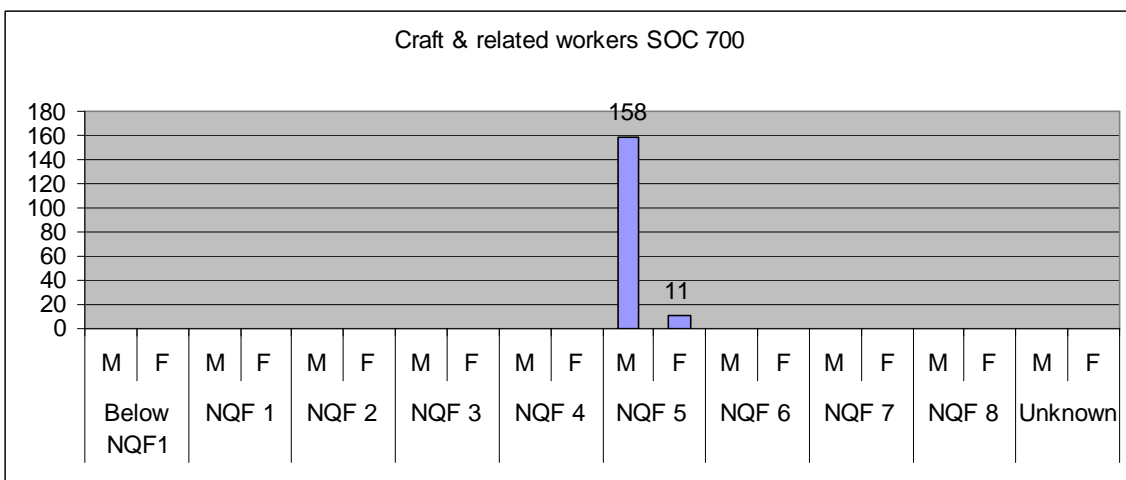
In the case of technicians and associated professionals there is still a relative high degree of male dominance. However it would appear the gender disparity is not as pronounced in NQF levels 3,4,6 and 7. As is the case with senior managers and professions it would appear that women tend to dominate the high range of the qualifications spectrum.



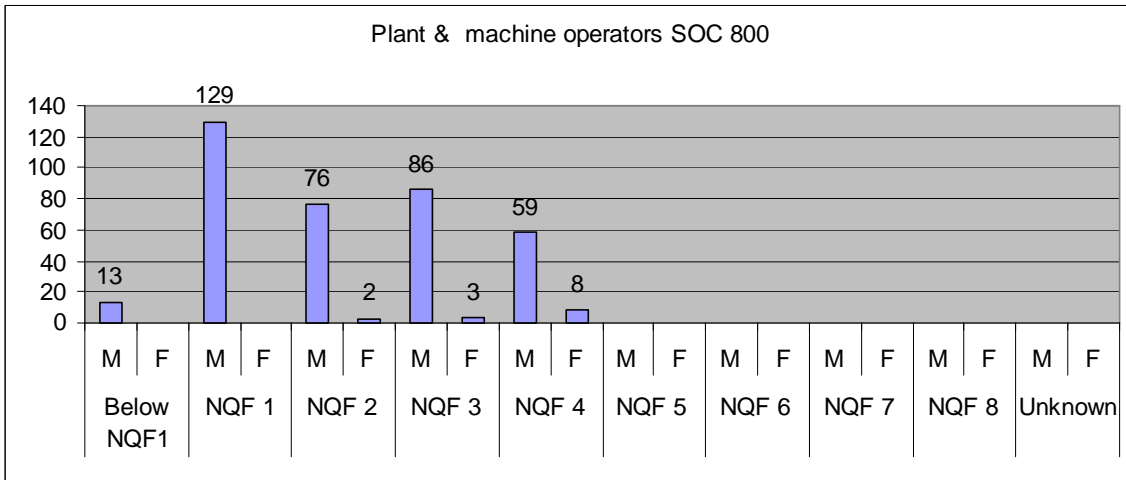
The educational qualifications profile of clerks indicated a very high dominance by females, which contradicts the general levels of gender disparity found at higher levels in the institution. As is the case with most of the other categories females tend to display the highest qualifications levels.



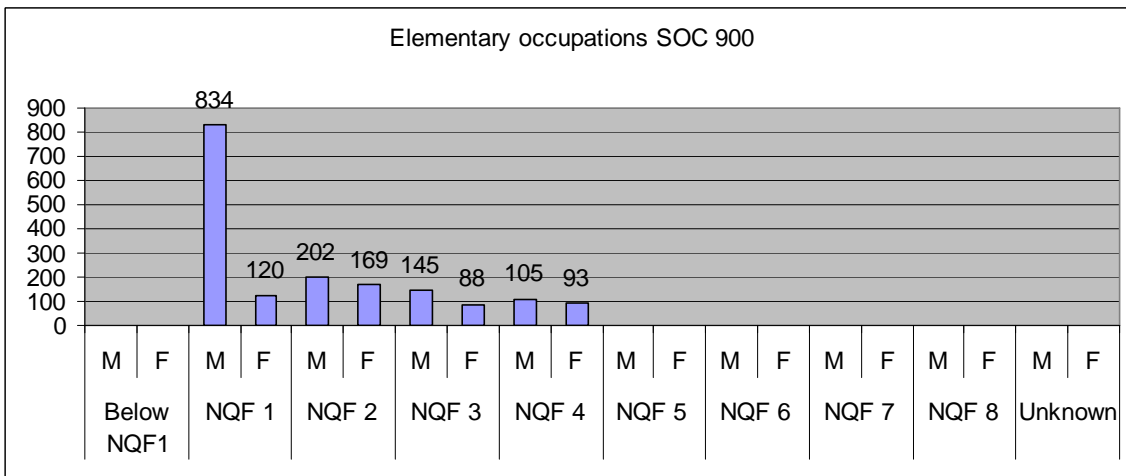
In the category of service workers, the bulk of staff is located within the NQF 4 band. In both the NQF 4 and NQF 5 bands, males display a numeric domination, which is not reflective of the gender profile at other levels of the institution.



All the craft and related workers fall within the NQF 5 level which is completely dominated by males. In this regard women only constitute 7% of the staff within this section of the organisation.



At the plant and machine operator level, males also dominate especially at the NQF 1 level where the bulk of the staff component is located. Substantial members of male staff are also located at the NQF 2,3 and 5 levels. The graph also indicates that females within this component tend to have higher qualifications levels compared to their male counterparts.



In terms bulk of elementary occupations are located at the NQF level 1, with females only constituting about 13% of the workforce at this level. The gender disparity is not as pronounced at NQF levels 2-4, which tend to support the notion that women generally appear to occupy the higher education categories compared to males.

Chapter 4: BCM Consolidated Annual Financial Statements

FOR THE YEAR ENDED - 30 JUNE 2007

1. Consolidated Statement of Financial Position
2. Consolidated Statement of Financial Performance
- 3a. Consolidated Statement of Changes in Net Assets - Municipality
- 3b. Consolidated Statement of Changes in Net Assets - Economic Entity
4. Consolidated Cash Flow Statement
5. Economic Entity Accounting Policies
6. Notes to the Consolidated Annual Financial Statements
7. Appendices to the Consolidated Annual Financial Statements:
 - A Schedule of External Loans - Municipality and Economic Entity
 - B (i) Analysis of Property, Plant and Equipment - Municipality
 - B Analysis of Property, Plant and Equipment - Economic Entity
 - C Segmental Analysis of Property, Plant and Equipment - Municipality and Economic Entity
 - D Segmental Statement of Financial Performance - Municipality and Economic Entity
 - E Actual vs Budget (Revenue and Expenditure) - Municipality and Economic Entity
 - F Actual vs Budget (Acquisition of Property, Plant and Equipment) - Municipality and Economic Entity
 - G Consolidated Conditional Grants and Receipts - Municipality and Economic Entity
 - H Disclosure of Consolidated Conditional Grants and Receipts

Annexures:

- A Implementation Plan - 31 October 2007

I am responsible for the preparation of these Consolidated Annual Financial Statements, which are set out on pages 50 to 130, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 23 of these Consolidated Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr G.G. Sharpley
Municipal Manager

BUFFALO CITY MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2006	2007		2007	2006
R	R	Note	R	R
NET ASSETS AND LIABILITIES				
1,061,575,695	1,457,181,939		1,457,599,167	1,062,139,196
6,850,830	7,360,372	1	7,360,372	6,850,830
15,710,413	38,029,758	2	38,029,758	15,710,413
21,269,882	21,667,079	2	21,667,079	21,269,882
206,747,434	189,258,468	2	189,258,468	206,747,434
810,997,136	1,200,866,262		1,201,283,490	811,560,637
402,403,255	599,331,975		599,331,975	402,403,255
402,403,255	479,914,507	3	479,914,507	402,403,255
-	119,417,468	4	119,417,468	-
408,568,173	501,808,852		502,815,163	411,093,650
22,254,393	23,218,144	5	23,218,144	22,254,393
566,057	1,489,480	6	1,547,026	566,057
175,688,311	196,459,966	7	196,740,901	175,893,073
193,130,040	242,868,365	8	243,464,402	195,383,838
-	-	7a	71,793	66,917
16,929,372	37,772,897	3	37,772,897	16,929,372
1,872,547,123	2,558,322,766		2,559,746,304	1,875,636,101
ASSETS				
1,029,833,919	1,566,058,252		1,566,264,957	1,030,033,899
1,009,073,333	1,520,126,859	10	1,520,318,793	1,009,273,313
3,805,257	6,302,574	10	6,302,574	3,805,257
-	974,150	10	974,150	-
10,693,315	31,737,148	11	31,737,148	10,693,315
5,172,373	6,488,079	11	6,488,079	5,172,373
-	-	7b	14,771	-
1,089,641	429,442	12	429,442	1,089,641
842,713,204	992,264,514		993,481,347	845,602,202
17,163,895	24,799,327	13	24,799,327	17,163,895
296,411,073	304,001,888	14	304,001,888	296,411,073
17,164,949	14,430,279	15	14,430,514	17,167,756
21,976,213	17,412,465	9	17,481,045	22,083,518
945,103	584,004	12	584,004	945,103
436,361,055	397,131,677	11	398,255,461	439,076,809
2,485,665	1,342,399		1,342,420	2,485,852
50,205,251	232,562,475	16	232,586,688	50,268,196
1,872,547,123	2,558,322,766		2,559,746,304	1,875,636,101
Total Assets				

BUFFALO CITY MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2006	2007		2007	2006
R	R		R	R
REVENUE				
271,161,157	293,684,994	Property Rates	293,684,994	271,161,157
204,917	217,391	Property Rates/Penalties Imposed	217,391	204,917
756,404,853	796,765,226	Service Charges	796,748,895	756,398,603
9,649,462	9,172,605	Rental of Facilities and Equipment	9,172,605	9,649,462
43,232,051	38,397,035	Interest Earned - External Investments	38,539,372	43,281,158
21,170,524	28,336,714	Interest Earned - Outstanding Debtors	28,336,714	21,170,524
163,327	-	Dividends Received	-	163,327
9,183,556	7,614,002	Fines	7,614,002	9,183,556
8,679,557	9,190,730	Licences and Permits	9,190,730	8,679,557
206,491,677	236,071,361	Government Grants and Subsidies	236,071,361	207,236,867
72,598,647	76,929,451	Other Income	77,000,488	72,601,752
57,243,243	114,015,429	Operating Project Grants	115,673,190	57,243,243
133,505,855	113,392,146	Government Grants - Property, Plant & Equipment	113,392,146	133,505,854
8,092,821	13,837,653	Donations & Public Contributions - Property, Plant & Equipment	13,837,653	8,092,821
7,280,644	5,204,437	Gains on Disposal of Property, Plant and Equipment	5,204,437	7,280,645
1,605,062,291	1,742,829,174	Total Revenue	1,744,683,978	1,605,853,443
EXPENDITURE				
462,044,162	513,010,130	Employee Related Costs	514,182,464	462,934,198
13,390,148	16,946,659	Remuneration of Councillors	17,003,259	13,464,248
52,405,457	63,183,457	Bad Debts	63,183,457	52,405,457
6,279,592	7,600,279	Collection Costs	7,600,279	6,279,592
70,833,674	100,396,246	Depreciation	100,458,245	70,867,534
71,473,689	84,025,171	Repairs and Maintenance	84,025,866	71,477,806
56,227,230	46,288,916	Interest Paid	46,288,916	56,232,102
289,517,973	319,878,510	Bulk Purchases	319,878,510	289,517,973
4,327,936	11,063,294	Contracted Services	11,063,294	4,327,936
4,494,997	3,499,079	Grants and Subsidies Paid	3,499,079	4,065,172
370,265,451	457,549,110	General Expenses - Other	458,169,561	369,907,655
-	246,943	Loss on disposal of Property, Plant and Equipment	249,365	-
1,401,260,309	1,623,687,794	Total Expenditure	1,625,602,295	1,401,479,673
203,801,982	119,141,380	SURPLUS	119,081,683	204,373,770
-	-	Taxation	86,576	47,153
203,801,982	119,141,380	SURPLUS AFTER TAXATION	118,995,107	204,326,617
203,801,982	119,141,380	SURPLUS ATTRIBUTABLE TO BCM MUNICIPALITY	118,995,107	204,326,617
1,418,115	1,315,706	Share of surplus of associate accounted for under the equity method	1,315,706	1,418,115
205,220,097	120,457,086	SURPLUS FOR THE YEAR	120,310,813	205,744,732

BUFFALO CITY MUNICIPALITY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007 - MUNICIPALITY

	<u>COID Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions</u>	<u>Self-Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R
2006									
Balance at 01 July 2005	5,979,312	9,288	69,070,999	235,728,500	74,994,102	17,783,069	192,063,916	190,749,695	786,378,881
Correction of Error (Note 36)	-	-	-	(1,784,322)	4,461,414	-	-	(1,652,308)	1,024,784
Reserves correction of error	-	-	(69,070,999)	(233,944,178)	(79,455,516)	-	-	382,470,693	-
Restated Balance	5,979,312	9,288	-	-	-	17,783,069	192,063,916	571,568,080	787,403,665
Surplus for the year	-	-	-	-	-	-	-	205,220,097	205,220,097
Transfer to CRR	-	62,031,475	-	-	-	-	-	(62,031,475)	-
Transfer to Revaluation Reserve	-	-	-	-	-	-	54,292,374	-	54,292,374
Property, Plant and Equipment Purchased	-	(46,330,350)	-	-	-	-	-	46,330,350	-
VAT Corrections	-	-	-	-	-	-	-	11,633,905	11,633,905
Donated/Contributed PPE	-	-	-	-	-	-	-	13,902,813	13,902,813
Depreciation on Donated PPE	-	-	-	-	-	-	-	(13,902,813)	(13,902,813)
Transfer to / from Provisions	-	-	-	-	-	-	-	1,524,378	1,524,378
Insurance Claims Processed	871,518	-	-	-	-	3,486,813	-	-	4,358,331
Offsetting of Depreciation	-	-	-	-	-	-	(7,589,099)	7,589,099	-
Balance at 30 June 2006	6,850,830	15,710,413	-	-	-	21,269,882	238,767,191	781,834,433	1,064,432,749
2007									
Balance at 01 July 2006	6,850,830	15,710,413	-	-	-	21,269,882	238,767,191	781,834,433	1,064,432,749
Correction of Error (Note 36)	-	-	-	-	-	-	(32,019,757)	29,162,703	(2,857,054)
Restated Balance	6,850,830	15,710,413	-	-	-	21,269,882	206,747,434	810,997,136	1,061,575,695
Surplus for the year	-	-	-	-	-	-	-	120,457,086	120,457,086
Transfer to CRR	-	58,701,865	-	-	-	-	-	(58,701,865)	-
Sanitation Assets ex Don & Pub Contrib w/outs	-	-	-	-	-	-	-	(22,662,474)	(22,662,474)
Sanitation Assets ex Cap Reserve w/outs	-	-	-	-	-	-	-	(17,704,636)	(17,704,636)
Sanitation Assets ex Government Grant Reserve	-	-	-	-	-	-	-	(36,435,067)	(36,435,067)
Property, Plant and Equipment Purchased	-	(36,382,520)	-	-	-	-	-	36,382,520	-
VAT Recovered	-	-	-	-	-	-	-	192,323	192,323
Sanitation Assets w/outs	-	-	-	-	-	-	-	(26,613,790)	(26,613,790)
Sanitation Assets taken-on	-	-	-	-	-	-	-	370,778,629	370,778,629
Transfers to / from Insurance Reserve	-	-	-	-	-	-	-	3,276,843	3,276,843
Transfers to / from Provisions	-	-	-	-	-	-	-	2,436,441	2,436,441
Asset Disposals	-	-	-	-	-	-	(599,210)	599,210	-
Revaluation of Agricultural Assets	-	-	-	-	-	-	-	974,150	974,150
Insurance Claims Processed	509,542	-	-	-	-	397,197	-	-	906,739
Offsetting of Depreciation	-	-	-	-	-	-	(16,889,756)	16,889,756	-
Balance at 30 June 2007	7,360,372	38,029,758	-	-	-	21,667,079	189,258,468	1,200,866,262	1,457,181,939

BUFFALO CITY MUNICIPALITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007 - ECONOMIC ENTITY

	<u>COID Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions</u>	<u>Self-Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R
2006									
Balance at 01 July 2005	5,979,312	9,288	69,070,999	235,728,500	74,994,102	17,783,069	192,063,916	190,933,817	786,563,003
Correction of Error (Note 36)	-	-	-	(1,784,322)	4,461,414	-	-	(1,672,073)	1,005,019
Reserves correction of error	-	-	(69,070,999)	(233,944,178)	(79,455,516)	-	-	382,470,693	-
Restated Balance	5,979,312	9,288	-	-	-	17,783,069	192,063,916	571,732,437	787,568,022
Surplus for the year	-	-	-	-	-	-	-	205,744,732	205,744,732
Transfer to CRR	-	62,031,475	-	-	-	-	-	(62,031,475)	-
Transfer to Revaluation Reserve	-	-	-	-	-	-	54,292,374	-	54,292,374
Property, Plant and Equipment Purchased	-	(46,330,350)	-	-	-	-	-	46,330,350	-
VAT Corrections	-	-	-	-	-	-	-	11,633,905	11,633,905
Other Transactions	-	-	-	-	-	-	-	(373,497)	(373,497)
Donated/Contributed PPE	-	-	-	-	-	-	-	13,902,813	13,902,813
Depreciation on Donated PPE	-	-	-	-	-	-	-	(13,902,813)	(13,902,813)
Transfer to / from Provisions	-	-	-	-	-	-	-	1,524,378	1,524,378
Insurance Claims Processed	871,518	-	-	-	-	3,486,813	-	-	4,358,331
Offsetting of Depreciation	-	-	-	-	-	-	(7,589,099)	7,589,099	-
Balance at 30 June 2006	6,850,830	15,710,413	-	-	-	21,269,882	238,767,191	782,149,928	1,064,748,244
2007									
Balance at 01 July 2006	6,850,830	15,710,413	-	-	-	21,269,882	238,767,191	782,149,928	1,064,748,244
Correction of Error (Note 36)	-	-	-	-	-	-	(32,019,757)	29,410,709	(2,609,048)
Restated Balance	6,850,830	15,710,413	-	-	-	21,269,882	206,747,434	811,560,637	1,062,139,196
Surplus for the year	-	-	-	-	-	-	-	120,310,813	120,310,813
Transfer to CRR	-	58,701,865	-	-	-	-	-	(58,701,865)	-
Sanitation Assets ex Don & Pub Contrib w/outs	-	-	-	-	-	-	-	(22,662,474)	(22,662,474)
Sanitation Assets ex Cap Reserve w/outs	-	-	-	-	-	-	-	(17,704,636)	(17,704,636)
Property, Plant and Equipment Purchased	-	(36,382,520)	-	-	-	-	-	36,382,520	-
Sanitation Assets ex Government Grant Reserve	-	-	-	-	-	-	-	(36,435,067)	(36,435,067)
VAT Recovered	-	-	-	-	-	-	-	192,323	192,323
Sanitation Assets w/outs	-	-	-	-	-	-	-	(26,613,790)	(26,613,790)
Sanitation Assets taken-on	-	-	-	-	-	-	-	370,778,629	370,778,629
Transfers to / from Insurance Reserve	-	-	-	-	-	-	-	3,276,843	3,276,843
Transfers to / from Provisions	-	-	-	-	-	-	-	2,436,441	2,436,441
Asset Disposals	-	-	-	-	-	-	(599,210)	599,210	-
Revaluation of Agricultural Assets	-	-	-	-	-	-	-	974,150	974,150
Insurance Claims Processed	509,542	-	-	-	-	397,197	-	-	906,739
Offsetting of Depreciation	-	-	-	-	-	-	(16,889,756)	16,889,756	-
Balance at 30 June 2007	7,360,372	38,029,758	-	-	-	21,667,079	189,258,468	1,201,283,490	1,457,599,167

BUFFALO CITY MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2006	2007		2007	2006
R	R		R	R
		CASH FLOW FROM OPERATING ACTIVITIES		
1,778,105,444	1,978,004,226	Cash Receipts from Ratepayers, Government and Other	1,979,058,604	1,627,043,431
(1,428,357,301)	(1,677,885,769)	Cash Paid to Suppliers and Employees	(1,680,672,408)	(1,274,903,416)
349,748,143	300,118,457	Cash Generated from Operations	298,386,196	352,140,015
1,418,115	1,315,706	Portion of Surplus from Associate	1,315,706	1,418,115
-	192,323	VAT Adjustment	192,323	-
65,747,296	38,397,035	Interest Received	38,539,372	65,796,403
(56,227,230)	(52,571,709)	Interest Paid	(52,571,709)	(56,232,102)
-	-	Taxation Paid	(96,471)	-
360,686,324	287,451,812	NET CASH FROM OPERATING ACTIVITIES	285,765,417	363,122,431
		CASH FLOWS FROM INVESTING ACTIVITIES		
(203,215,304)	(227,989,183)	Purchase of Property, Plant and Equipment	(228,045,557)	(203,425,890)
7,612,952	4,957,494	Proceeds on Disposal of Property, Plant and Equipment	4,957,494	7,612,952
2,067,074	1,021,298	Decrease in Non-Current Receivables	1,021,298	2,067,074
97,772,563	(22,359,538)	(Increase)/Decrease in non-current investments	(22,359,538)	97,772,563
(95,762,715)	(244,369,929)	NET CASH FROM INVESTING ACTIVITIES	(244,426,303)	(95,973,301)
		CASH FLOW FROM FINANCING ACTIVITIES		
(5,584,639)	98,354,778	New Loans Raised	98,354,772	(5,584,639)
1,995,816	963,751	Increase/(Decrease) in Consumer Deposits	963,751	1,995,816
-	-	Increase/(Decrease) in Refundable Deposits	152,500	-
12,864,026	-	Non-operating Income Receipted in Provisions/Reserves	-	12,864,026
(10,133,388)	(415,827)	Non-operating Expenditure Charged against Provisions/Reserves	(456,425)	(10,133,388)
(858,185)	98,902,701	NET CASH FROM FINANCING ACTIVITIES	99,014,598	(858,185)
264,065,424	141,984,584	NET INCREASE IN CASH AND CASH EQUIVALENTS	140,353,712	266,290,945
224,986,547	489,051,971	Cash and cash equivalents at the beginning of the year	491,830,857	225,539,911
489,051,971	631,036,555	Cash and cash equivalents at the end of the year	632,184,569	491,830,856

**THE ECONOMIC ENTITY
ACCOUNTING POLICIES TO THE
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and/or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted are disclosed below.

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2. BASIS OF CONSOLIDATION

The consolidated annual financial statements incorporate the financial statements of Buffalo City Municipality being the controlling entity and the Buffalo City Development Agency being the only municipal entity controlled by Buffalo City Municipality.

On acquisition, the assets and liabilities of a municipal entity are measured at their fair values at the date of commission.

Where necessary, adjustments are made to the annual financial statements of Buffalo City Development Agency to bring the accounting policies used into line with those used by the Economic Entity.

All significant transactions and balances between members of the Economic Entity are eliminated on consolidation.

3. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

4. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

5. COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (COID)

This fund has been established in accordance with the Compensation for Occupational Injuries and Diseases Act No 130 of 1993. Buffalo City Municipality has been issued a certificate of exemption from the Compensation Commissioner and has been given permission to administer its own internal COID fund.

Buffalo City Municipality is still bound by the Act and claims are still approved by the Compensation Commissioner. The employee may not be awarded lesser benefits than provided for in the Act.

Buffalo City Municipality has entered into self insurance for COID for the following reasons:

- Reduction of costs;
- To expedite claims and payments to Medical Practitioners;
- More favorable compensation to employees.

Monthly contributions are transferred to the Fund and claims are submitted to the Compensation Commissioner within 14 days after the accident becomes known.

Once confirmation has been received from the Compensation Commissioner the claim is settled by paying employees a full salary for the period not at work and settling all medical accounts as soon as received.

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External insurance cover has been taken out to recoup any differences in payment to employees and amounts paid by the Compensation Commissioner.

6. RESERVES

The Economic Entity creates and maintains Reserves in terms of specific requirements.

6.1 Capital Replacement Reserve (CRR)

In order to finance the purchase of items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus to the Capital Replacement Reserve (CRR) in terms of a Council resolution. A corresponding amount is transferred to a designated CRR investment account. The following conditions are set for the creation and utilisation of the CRR:

- The cash which backs the CRR is invested in a designated CRR investment account until utilised. The cash may only be invested in accordance with the investment policy of Buffalo City Municipality.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for Buffalo City Municipality and may not be used for the maintenance of these items.
- When items of property, plant and equipment are purchased from the CRR, the CRR is reduced by the amount of property, plant and equipment purchased from the CRR and the accumulated surplus is credited by a corresponding amount. The designated CRR investment account is adjusted accordingly.

6.2 Capitalisation Reserve

Policy 2005/06

The carrying value of property, plant and equipment financed by the former Consolidated Capital Development and Loans Fund (CCDLF) that was not balanced to external loans was transferred to the Capitalisation Reserve instead of the accumulated surplus. This transfer is in terms of a directive issued by National Treasury (MFMA circular No. 18 dated 23 June 2005). The purpose of this reserve is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on this reserve equals the carrying value of the items of property, plant and equipment financed from the former legislative funds. When these items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Capitalisation Reserve to the accumulated surplus.

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When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

Policy 2006/07

The Capitalisation Reserve has been transferred to the accumulated surplus retrospectively from the 2005/06 financial year.

6.3 Government Grant Reserve

Policy 2005/06

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grant Reserve equal to the value of the government grant recorded as revenue in the Statement of Financial Performance. This transfer is in terms of a directive issued by National Treasury (MFMA circular No. 18 dated 23 June 2005). When such items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

Policy 2006/07

The Government Grant Reserve has been transferred to accumulated surplus retrospectively from the 2005/06 financial year.

6.4 Donations and Public Contributions Reserve

Policy 2005/06

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus to the Donations and Public Contributions Reserve equal to the value of the donations and public contributions recorded as revenue in the Statement of Financial Performance. This transfer is in terms of a directive issued by National Treasury (MFMA circular No. 18 dated 23 June 2005). When such items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Donations and Public Contributions Reserve to the accumulated surplus. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over

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the useful lives of items of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

Policy 2006/07

The Donations and Public Contributions Reserve has been transferred to the accumulated surplus retrospectively from the 2005/06 financial year.

6.5 Self Insurance Reserve

A Self Insurance Reserve has been established to cover claims that may occur, subject to external insurance policy terms and conditions. Premiums are charged to the respective services taking into account claims history, the insured value of property, plant and equipment and number of fleet vehicles.

- Insurance premiums are paid from the expenditure accounts of the departments.
- Contributions by the departments to the insurance reserve are transferred from the contribution expenditure accounts of the departments to the insurance reserve according to amounts budgeted for in the operating budget. The budgeted contribution amounts relate to insurance claims paid that fall within the aggregate and are based on claims history of departments.
- Claim payments received from external insurers are utilised in the calculation of a gain or loss on the scrapping of damaged assets and are recorded in the Statement of Financial Performance.
- Claim payments received in respect of repairs, damages and/or losses to assets are receipted to the insurance cost centre income account and are then transferred from the insurance cost centre transfer expenditure account to the insurance reserve where it is reflected as income.
- Repair and replacement costs not fully covered by external insurance are paid from the insurance cost centre expenditure account that is then financed / reimbursed by a transfer from the insurance reserve to the insurance cost centre transfer income account. The repair and replacement cost is reflected as an expense in the insurance reserve.

6.6 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to the Revaluation Reserve. As revalued buildings are depreciated, the revaluation surplus is realised through a transfer of an equivalent amount from the revaluation reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

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7. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings, which are revalued as indicated below. 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. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment are acquired in exchange for non-monetary or monetary assets or a combination of both, property, plant and equipment are measured at their fair value.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded, or the further development of an asset so that its original life is extended, are examples of subsequent expenditure which should be capitalised.

Buffalo City Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold is currently R10, 000.

7.1 Depreciation of Property, Plant and Equipment

Policy 2005/06

Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

	<u>Years</u>
<u>Infrastructure</u>	
Electricity	10 – 30
Roads	10 – 30
Water	15 – 20
Sewerage	15 – 20
Pedestrian malls	20
Security	3 – 5
<u>Community</u>	

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Buildings	30
Recreational facilities	20
<u>Other</u>	
Buildings	30
Office equipment	3 – 5
Furniture and fittings	7 – 10
Bins and containers	5 – 10
Emergency equipment	5 – 15
Motor vehicles	3 – 20
Plant and equipment	2 – 15
Other	15
Investment Properties	30

Buffalo City Municipality has taken advantage of the transitional provisions set out in GAMAP 17. Buffalo City Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present, depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets using global historical costs recorded in the accounting records. Furthermore, Buffalo City Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

Policy 2006/07

Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets in terms of the exemptions published in Gazette 30013 dated 29 June 2007. Accordingly Buffalo City Municipality did not review the depreciation method or the estimated useful lives except for Sanitation assets.

The depreciation rates are based on the following estimated useful lives:

<u>Years</u>

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<u>Infrastructure</u>	
Electricity	10 – 30
Roads	10 – 30
Water	15 – 20
Sewerage	15 - 40
Pedestrian facilities	20
Security	3 – 5
<u>Community</u>	
Buildings	30
Landfill Sites	50
Recreational facilities	20
<u>Other</u>	
Buildings	30
Office equipment	3 – 5
Furniture and fittings	7 – 10
Bins and containers	5 – 10
Emergency equipment	5 – 15
Motor vehicles	3 – 20
Plant and equipment	2 – 15
Other	15
Investment Properties	30

Buffalo City Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. During 2006/07 sanitation assets were identified and taken-on at depreciated replacement value and the sanitation assets that were represented in the financial statements up to 30/06/2006 were adjusted in the statements together with the accumulated depreciation. At present, depreciation on the rest of the infrastructural and community assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets using global historical costs recorded in the accounting records. Furthermore, in terms of the exemptions published in Gazette

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30013 dated 29 June 2007, Buffalo City Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

7.2 Disposal of Property, Plant and Equipment

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7.3 Incomplete Construction Work

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

7.4 Impairment Losses

Policy 2005/06

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it will be written down to its recoverable amount and an impairment loss charged to the Statement of Financial Performance.

Policy 2006/07

In terms of the exemptions granted in Government Gazette No. 30019 dated 29 June 2007 no impairment of assets were tested and accounted for.

7.5 Investment Properties

In terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 no investment properties were identified and disclosed separately from property, plant and equipment in the financial statements.

8. REVALUATION OF LAND AND BUILDINGS

Land and Buildings are stated at cost or revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses on the buildings. In terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 no testing for impairment was done for the 2006/07 financial year.

9. INVESTMENTS

9.1 Financial Instruments

Financial Instruments, which may include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated as at cost.

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Investment in Associate

An associate is an entity over which Buffalo City Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

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 Buffalo City Municipality's share of operating surpluses/ (deficits) less any dividends received.

Where Buffalo City Municipality or its Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where Buffalo City Municipality is no longer able to exercise significant influence over the associate, the equity method of accounting is discontinued.

Investment in Municipal Entities

Investments in municipal entities under the ownership control of Buffalo City Municipality are carried at cost in Buffalo City Municipality's separate annual financial statements.

Buffalo City Municipality did not make use of the exemption as per Government Gazette No. 30013 dated 29 June 2007 which exempts municipalities from complying with section 122(2) of the MFMA to prepare consolidated financial statements for the 2006/07 financial year. In terms of the letter dated 15 August 2007, National Treasury has agreed that Buffalo City Municipality can deviate from this exemption and will accordingly present consolidated financial statements for 2006/07.

10. INVENTORIES

Inventories consist of consumables, raw materials, work in progress and finished goods which are valued at the lower of cost or net realisable value.

Unsold properties for the purpose of resale are accounted for in terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 and are accordingly disclosed as property, plant and equipment. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs if the costs occur frequently and are separately identifiable. Buffalo City Municipality did not make use of the exemption relating to the disclosure of water stock as per Government Gazette No. 30013 dated 29 June 2007. In terms of the letter dated 15 August 2007, National Treasury has agreed that Buffalo City Municipality can deviate from this exemption and will accordingly disclose the full value of water stock as at year end.

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Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

The basis of determining cost is the first-in-first-out method.

11. ACCOUNTS RECEIVABLE

Policy 2005/06

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

Accounts receivable were not discounted to reflect time value of money and the receivables were recognised at cost.

Policy 2006/07

Accounts receivable are carried at anticipated realisable value and no discounting was done in terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

12. ACCOUNTS PAYABLE

Trade and other creditors

Policy 2005/06

Trade Creditors are stated at their nominal value.

Policy 2006/07

Trade and other creditors excluding Leave pay have been accounted for in terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007. Accordingly the creditors were stated at nominal value and no discounting was accounted for.

Leave Pay creditors

Policy 2005/06

There was no separate policy for leave pay in 2005/06 and was deemed to be included in the Trade and other creditor's policy which indicated that leave pay was stated at nominal value.

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No discounting was accounted for.

Policy 2006/07

Leave pay is stated as a current liability and stated at nominal value. In terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 no discounting was accounted for.

13. REVENUE RECOGNITION

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Economic Entity and these benefits can be measured reliably.

13.1 Revenue from Rates

Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportionate basis.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers.

13.2 Service Charges

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 are made to account for consumption that took place during the last meter reading dates and the financial year end.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. The domestic charge is a fixed service charge and the business charge is based on the type of refuse bin and frequency of removal.

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Service charges relating to sewerage and sanitation are recognised on a monthly basis by applying the approved tariff to each property. For East London the domestic charge is based on the land size of the property and the business charge is based on the square root of the land size and the number of toilets on the property. For King Williams Town both the domestic and business charges are based on the number of toilets on the property.

13.3 Fines

Income in respect of spot fines and summonses is recognised when received.

13.4 Rentals

Rentals are recognised on a time proportion basis and are not “straight-lined”.

13.5 Approved Tariff of Charges

Revenue arising from the approved tariff of charges is recognised when the relative service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

13.6 Interest on Investments

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the CRR or the Insurance Reserve.

Interest earned on unutilised conditional grants is allocated directly to the Creditor: Unutilised Conditional Grants if the grant conditions indicate that interest is payable to the funder.

13.7 Sale of Goods

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

13.8 Interest on Outstanding Debtors

Interest on outstanding debtors is recognised on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

13.9 Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation or contribution is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

13.10 Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13.11 Deferred cash

In terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 the fair value of the consideration was not discounted and was stated at the nominal amount.

14. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that Buffalo City Municipality has complied with all 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 recognized.

15. PROVISIONS

Policy 2005/06

A provision is recognised when the Economic Entity has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Contributions are made to or from the provisions to reflect the current best estimate.

Expenditure relating to provisions is charged to the operating account when incurred.

The Economic Entity makes provision for performance bonuses unpaid at year end.

Policy 2006/07

A provision is recognised when the Economic Entity has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Contributions are made to or from the provisions to reflect the current best estimate.

Expenditure relating to provisions is charged to the operating account when incurred.

The Economic Entity makes provision for performance bonuses unpaid at year end. Buffalo City Municipality also makes provision for the rehabilitation of landfill sites.

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By making use of the exemptions published in Government Gazette No.30013 dated 29 June 2007, no provision for Employee Defined benefit plans was created and the current obligation was expensed.

16. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with registered banking institutions. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

17. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. 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), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. 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.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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.

20. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at Statement of Financial Position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise.

Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used.

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21. COMPARATIVE INFORMATION

21.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

21.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

22. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic Entity.

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight line basis over the estimated useful life.

Lease finance costs are expensed when incurred.

Operating leases are those leases which do not fall within the scope of the above definition. In terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 operating leases are not "straight lined" and are expensed as they become due.

23. VALUE ADDED TAX

The Economic Entity accounts for Value Added Tax on the payment basis.

24. GRANTS-IN-AID

Buffalo City Municipality transfers money to individuals, institutions and organisations. When making these transfers, Buffalo City Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend

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over more than one financial year they are then treated in accordance with the accounting policy on provisions outlined under 16 above.

25. UNUTILISED CONDITIONAL GRANTS

Unutilised conditional grants are reflected on the Statement of Financial Position as a Creditor - Unutilised Conditional Grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The cash which backs the creditor is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is Buffalo City Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an item of property, plant and equipment is purchased from a Creditor – Unutilised Conditional Grant, an amount equal to the purchase price is transferred from the Creditor - Unutilised Conditional Grant to the operating account on the Statement of Financial Performance as revenue.
- Whenever a non-asset is purchased from a Creditor - Unutilised Conditional Grant an amount equal to the purchase price is transferred from the Creditor - Unutilised Conditional Grant to the operating account on the Statement of Financial Performance to offset the expenditure which was expensed through the operating account.

26. INTANGIBLE ASSETS

Intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of Buffalo City Municipality are amortised according to the straight line method. By making use of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 Buffalo City Municipality only includes software as intangible assets.

27. IMPAIRMENT OF CASH GENERATING ASSETS

In terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 no impairment of cash generating assets were accounted for.

28. CHANGES IN ACCOUNTING STANDARDS

The Capitalization Reserve, the Donations and Public Contributions Reserve and the Government Grant Reserve were disclosed in the annual financial statements for the year ended 30 June 2006 in terms of guidelines issued by National Treasury (MFMA circular No.

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18 dated 23 June 2005). As there are no accounting standards supporting these reserves they were retrospectively transferred to the accumulated surplus as from 1 July 2005.

29. INCOME TAXES

Current taxes

Current taxes are measured at the amount expected to be paid to the tax authorities, using the tax rate and tax laws that have been enacted by balance sheet date.

Deferred taxes

Deferred tax is accounted for under the balance sheet liability method, in terms of which:

- a deferred tax liability is recognized for all taxable temporary differences, except for those arising from goodwill, or from the initial recognition of an item in a transaction which is not a business combination and which affects neither accounting profit nor taxable income, and
- a deferred tax asset is recognized for all deductible temporary differences, except for those arising from the initial recognition of an item in a transaction which is not a business combination and which affects neither accounting profit nor taxable income.

Deferred tax assets:

- are recognized only when it is probable that sufficient taxable income will be available in future against which the asset can be recovered, and
- are reviewed at each balance sheet date, and, if necessary, impairment write-downs or reversals are recognized.

Deferred tax is measured using the tax rate that is expected to apply to the period when the liability is settled (or the asset is recovered), based on the tax rate and tax laws that have been enacted or substantively enacted by balance sheet date. In addition, the measurement of deferred tax reflects the tax consequences that would follow from the expected manner of recovery or settlement of the relevant assets and liabilities.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2006	2007		2007	2006
R	R		R	R
1 COID FUND				
5,979,312	6,850,830	Balance at beginning of year	6,850,830	5,979,312
1,390,031	1,385,262	Contributions	1,385,262	1,390,031
398,811	535,046	Interest on Investment	535,046	398,811
547,513	210,749	Other Income	210,749	547,513
(1,464,837)	(1,621,515)	Expenditure Incurred	(1,621,515)	(1,464,837)
6,850,830	7,360,372	Balance at end of year	7,360,372	6,850,830

The COID Fund is fully invested in financial investment instruments.

2 RESERVES				
15,710,413	38,029,758	Capital Replacement Reserve	38,029,758	15,710,413
21,055,455	21,344,325	Self-Insurance Reserve	21,344,325	21,055,455
214,427	322,754	Self-Insurance Reserve - Cell Phone	322,754	214,427
206,747,434	189,258,468	Revaluation Reserve	189,258,468	206,747,434
243,727,729	248,955,305	Total Reserves	248,955,305	243,727,729

The Capital Replacement Reserve and Self-Insurance Reserve are fully invested in financial investment instruments.

Note : In terms of GRAP 1 - The Capitalisation Reserve, Donations and Public Contributions Reserve and the Government Grant Reserve have been transferred retrospectively from 30 June 2005 to the Accumulated Surplus. (Refer to Statement of Changes in Net Assets)

Note: 2006 - A Correction of Error adjustment was made to the Revaluation Reserve in the amount of R 32 232 682 - refer to Note 36.

3 LONG-TERM LIABILITIES				
18,160,000	18,160,000	Local Registered Stock Loans	18,160,000	18,160,000
401,113,054	499,527,404	Annuity Loans	499,527,404	401,113,054
59,573	-	Capitalised Lease Liability	-	59,573
419,332,627	517,687,404	Sub-Total	517,687,404	419,332,627
(16,929,372)	(37,772,897)	Less: Current Portion Transferred to Current Liabilities	(37,772,897)	(16,929,372)
16,869,799	37,772,897	Annuity Loans	37,772,897	16,869,799
59,573	-	Capitalised Lease Liability	-	59,573
402,403,255	479,914,507	Total External Loans	479,914,507	402,403,255

Refer Appendix A for more detail on long-term liabilities.

The capitalised lease liability is secured over the item of plant leased.

R 9 918 843 (2006: R 8 922 380) has been invested specifically in ring-fenced accounts for the repayment of long-term liabilities. These are ceded investments (collateral to service a bullet payment at the end of specific loans) Refer Note 30 for more detail. The reason for the increase from the prior year (R 8 922 380), is that interest earned and accrued to the investment has been capitalised to the investment account during the financial year under review.

Note: 2006 - A Correction of Error adjustment was made to Annuity Loans in the amount of R 27 928 - refer to Note 36.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2006	2007	2007	2006
R	R	R	R
-	119,417,468	119,417,468	-
-	119,417,468	119,417,468	-
4 NON-CURRENT PROVISIONS			
Provision for the Rehabilitation of Landfill Sites			
		119,417,468	-
Total Non-Current Provisions		119,417,468	-
<p>The amount of R119 417 468 represents the present value of the expenditure expected to be required to settle the obligation. The provision for the Rehabilitation of Landfill sites was created to provide for the cost of restoring the different legal and illegal sites at the end of their useful lives. It is expected that rehabilitation will take between 1 to 50 years. This obligation will be determined each year and the estimated present value should increase as the obligation nears its execution date. The level of rehabilitation of the landfill sites is unknown and the additional costs of such development are not taken into consideration.</p>			
<p>In terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 no provision for Post Retirement Benefits in respect of Medical Aid Contributions was made.</p>			
5 CONSUMER DEPOSITS			
8,413,515	9,039,767	9,039,767	8,413,515
13,840,878	14,178,377	14,178,377	13,840,878
22,254,393	23,218,144	23,218,144	22,254,393
7,364,148	7,672,588	7,672,588	7,364,148
Electricity		9,039,767	8,413,515
Water		14,178,377	13,840,878
Total Consumer Deposits		23,218,144	22,254,393
No interest is paid when deposits are refunded.			
6 CURRENT PROVISIONS			
566,057	1,489,480	1,547,026	566,057
566,057	1,489,480	1,547,026	566,057
Performance bonuses are paid to employees subject to certain conditions. The provision is a calculation of the amount due to employees at the reporting date.			
The movement in the current provision is reconciled as follows:-			
Performance Bonuses			
1,524,378	566,057	566,057	1,524,378
566,057	1,489,480	1,547,026	566,057
-	(150,230)	(150,230)	-
(1,524,378)	(415,827)	(415,827)	(1,524,378)
566,057	1,489,480	1,547,026	566,057
7 CREDITORS			
77,761,159	105,210,570	105,288,071	77,761,159
30,263,557	34,376,932	34,376,932	30,263,557
2,423,519	2,892,115	3,044,615	2,423,519
35,059,919	30,846,407	30,897,341	35,112,212
8,019,900	900	900	8,019,900
-	-	-	152,469
22,160,257	23,133,042	23,133,042	22,160,257
175,688,311	196,459,966	196,740,901	175,893,073
Trade Creditors		105,288,071	77,761,159
Payments Received in Advance		34,376,932	30,263,557
Other Deposits		3,044,615	2,423,519
Staff Leave		30,897,341	35,112,212
IDZ		900	8,019,900
Creditors Buffalo City Development Agency		-	152,469
Other Creditors		23,133,042	22,160,257
Total Creditors		196,740,901	175,893,073
Note: 2006 - A Correction of Error adjustment was made to Other Creditors in the amount of R 1 498 340 - refer to Note 36.			
In terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 Creditors were accounted for at nominal value and no discounting was done.			

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY
2006 **2007**
R **R**

ECONOMIC ENTITY
2007 **2006**
R **R**

7a TAXATION

South African Normal Tax

Current Tax	101,347	47,153
Deferred Tax	(14,771)	-
	<u>86,576</u>	<u>47,153</u>

Tax reconciliation

Accounting surplus (BCDA) before adjustment for Consolidated AFS.	350,829	-
	<u>350,829</u>	<u>-</u>

Tax at standard rate

101,740 47,153

Tax effects of:

Decrease in leave provision	(393)	-
Temporary differences on leave provision	(14,771)	-
	<u>86,576</u>	<u>47,153</u>

Taxation Payable

Balance b/d	66,917	19,764
Current year tax	101,347	47,153
Taxation paid	(96,471)	-
Taxation Payable	<u>71,793</u>	<u>66,917</u>

7b Deferred Tax

Deferred tax asset balance at 30 June 2007 arises due to the following:

Provision for leave deductible only when costs are actually incurred.	14,771	-
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Note: The deductible temporary difference of R52 293 in 2006 would have resulted in a debit to the deferred tax account. There was a pending decision from SARS as to whether the entity is liable for income tax. It was not probable that the asset will realise and therefore the deferred tax asset was not recognised. The recoverability of the unrecognised deferred tax is reassessed at the end of 2007 in terms of IAS 12.

B UNSPENT CONDITIONAL GRANTS AND RECEIPTS

177,185,623	232,230,523
132,016,086	170,210,124
45,169,537	62,020,399
15,944,417	10,637,842
<u>193,130,040</u>	<u>242,868,365</u>
193,130,040	242,868,365

Conditional Grants from Government

National Grants	170,210,124	132,016,086
Provincial Grants and Subsidies	62,020,399	45,169,537
Other Conditional Receipts	11,233,879	18,198,215
Total Conditional Grants and Subsidies	<u>243,464,402</u>	<u>195,383,838</u>

Amount received and invested until utilised (Note 11)	243,464,402	195,383,838
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Refer to Appendix G and Appendix H for a reconciliation of Conditional Grants and Receipts from National and Provincial Government and Other Donations and Public Contributions.

Note: 2006 - A Correction of Error adjustment was made to Other Conditional Receipts (Economic Entity) in the amount of R 248 006 - refer to Note 36.

9 VAT

<u>21,976,213</u>	<u>17,412,465</u>
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Vat Receivable	<u>17,481,045</u>	<u>22,083,518</u>
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VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Heritage R	Community R	Other R	Total R
Carrying Values at 01 July 2006	216,332,182	610,882,040	-	68,331,631	113,727,460	1,009,273,313
Cost	21,455,732	1,411,510,933	-	105,973,729	151,262,804	1,690,203,198
Capital Under Construction	(104,764)	88,042,383	-	-	3,188,340	91,125,959
Revaluation	334,682,168	1,654,919	-	8,759,960	-	345,097,047
BCDA	-	-	-	-	239,055	239,055
Accumulated Depreciation	(139,700,954)	(890,326,195)	-	(46,402,058)	(40,962,739)	(1,117,391,946)
- Cost	(3,164,927)	(890,197,339)	-	(44,616,595)	(40,923,664)	(978,902,525)
- Revaluation	(136,536,027)	(128,856)	-	(1,785,463)	-	(138,450,346)
- BCDA	-	-	-	-	(39,075)	(39,075)
Acquisitions / Write-Ons	3,595,510	477,765,389	559,356	9,294,800	165,785,947	657,001,002
- BCM	3,595,510	477,765,389	559,356	9,294,800	165,729,572	656,944,627
- BCDA	-	-	-	-	56,375	56,375
Capital Under Construction	1,703,442	32,021,992	-	11,111,806	11,458,600	56,295,840
- Current Year	1,703,442	73,736,618	-	11,218,168	11,482,671	98,140,899
- Capitalised	-	(41,714,626)	-	(106,362)	(24,071)	(41,845,059)
Increases / Decreases in Revaluation	-	-	-	-	-	-
Depreciation	(17,250,615)	(58,201,407)	-	(3,085,586)	(19,473,142)	(98,010,750)
- Based on Cost	(496,337)	(58,154,383)	-	(2,997,132)	(19,411,143)	(81,058,995)
- Based on Revaluation	(16,754,278)	(47,024)	-	(88,454)	-	(16,889,756)
- BCDA	-	-	-	-	(61,999)	(61,999)
Carrying Value of Disposals / Write-Offs	(599,211)	(103,415,966)	-	-	(225,435)	(104,240,612)
- Cost	(607,854)	(235,360,407)	-	-	(321,623)	(236,289,884)
- Cost BCDA	-	-	-	-	(3,544)	(3,544)
- Accumulated Depreciation	8,643	131,944,441	-	-	98,610	132,051,694
- Accumulated Depreciation BCDA	-	-	-	-	1,122	1,122
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2007	203,781,308	959,052,048	559,356	85,652,651	271,273,430	1,520,318,793
Cost	24,443,388	1,653,915,915	559,356	115,268,529	316,670,753	2,110,857,941
Capital Under Construction	1,598,678	120,064,375	-	11,111,806	14,646,940	147,421,799
BCDA	-	-	-	-	291,886	291,886
Revaluation	334,682,168	1,654,919	-	8,759,960	-	345,097,047
Accumulated Depreciation	(156,942,926)	(816,583,161)	-	(49,487,644)	(60,336,149)	(1,083,349,880)
- Cost	(3,652,621)	(816,407,281)	-	(47,613,727)	(60,236,197)	(927,909,826)
- Revaluation	(153,290,305)	(175,880)	-	(1,873,917)	-	(155,340,102)
- BCDA	-	-	-	-	(99,952)	(99,952)

INTANGIBLE ASSETS

30 June 2007

Reconciliation of Carrying Value	Computer Software R	R	R	R	R	Total R
Carrying Values at 01 July 2006	3,805,257	-	-	-	-	3,805,257
Cost	17,858,504	-	-	-	-	17,858,504
Capital Under Construction	-	-	-	-	-	-
Accumulated Amortisation	(14,053,247)	-	-	-	-	(14,053,247)
Acquisitions	4,669,811	-	-	-	-	4,669,811
Capital Under Construction	275,001	-	-	-	-	275,001
- Current Year	275,001	-	-	-	-	275,001
- Capitalised	-	-	-	-	-	-
Amortisation	(2,447,495)	-	-	-	-	(2,447,495)
Carrying Value of Disposals	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Amortisation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2007	6,302,574	-	-	-	-	6,302,574
Cost	22,528,315	-	-	-	-	22,528,315
Capital Under Construction	275,001	-	-	-	-	275,001
Accumulated Amortisation	(16,500,742)	-	-	-	-	(16,500,742)

Buffalo City Municipality did not recognise any Intangible Assets in the previous financial year and in terms of the exemption granted in Gazette No. 30013 Buffalo City Municipality has only recognised computer software as Intangible Assets in the 2006/07 financial year.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

AGRICULTURAL ASSETS

30 June 2007

Reconciliation of Carrying Value	Agricultural Assets	R	R	R	R	R	Total
	R						R
Values at 01 July 2006							
Valuation	-	-	-	-	-	-	-
Valuation Increase / Decrease	974,150	-	-	-	-	-	974,150
Values at 30 June 2007	974,150	-	-	-	-	-	974,150
Valuation	974,150	-	-	-	-	-	974,150

Property, Plant and Equipment Acquisitions / Write-Ons

PPE purchased	124,959,846
Sewerage assets take-on	370,778,629
Work in Progress 2006 capitalised	41,845,059
Landfill sites rehab capitalised	119,417,468
Total assets added on	<u>657,001,002</u>

Purchased assets

Property, Plant and Equipment	124,903,471
Work in Progress	98,415,900
Intangible Assets	4,669,811
Total assets capitalised - BCM	<u>227,989,182</u>
Total assets capitalised - BCDA	56,375
Total assets capitalised - ECONOMIC ENTITY	<u>228,045,557</u>

Buffalo City Municipality did not recognise any Agricultural Assets in the previous 2005/06 financial year. For the 2006/07 financial year only biological assets were identified and recorded as Buffalo City Municipality does not own any other Agricultural Assets. Valuations will be done at each financial year end and any differences will be adjusted to Accumulated Surplus.

Buffalo City Municipality is adhering to National Treasury's Guidelines as per MFMA Circular No. 18 dated 23 June 2005, which states that it is paramount to prepare a process map to obtain infrastructure asset information over a number of years. Buffalo City Municipality appointed a service provider to develop a detailed roadmap that is currently being implemented to enable the successful implementation of processes to identify, record, value and manage infrastructure assets during the next 2 years.

During 2006/07 the Sewerage infrastructural assets were identified and accounted for as follows:

Cost of Infrastructure Sewerage Assets at 30 June 2006 written out	235,369,048
Accumulated Depreciation of Infrastructure Sewerage Assets at 30 June 2006 written out	<u>(131,953,081)</u>
Carrying Value of Infrastructure Sewerage Assets at 30 June 2006 written out	<u>103,415,967</u>
Cost of Infrastructure Sewerage Assets identified and taken on at Depreciated Replacement Value at 01 July 2006	370,778,629
Depreciation of take-on Infrastructure Sewerage Assets for the 2006/07 financial year	<u>(15,068,821)</u>
Carrying Value of Infrastructure Sewerage Assets at 30 June 2007	<u>355,709,808</u>

At present, depreciation on these assets (except Sewerage Infrastructure Assets) is calculated on an averaging basis whereby average useful lives have been estimated for each category of Infrastructure and Community Assets using global historical costs recorded in the accounting records. Depreciation on Sewerage Infrastructure Assets is calculated using the sector standards. In terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 Buffalo City Municipality has not assessed whether items of Property, Plant and Equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

In terms of the exemptions the useful lives and depreciation methods of assets were not reviewed and recognised in the Annual Financial Statements. It is expected that an assessment in this regard will be done by 30 June 2009.

In terms of the exemptions investment properties have not been identified and are included as Land and Buildings within Property, Plant and Equipment. Investment Properties will only be able to be accounted for once all properties and the usage thereof have been identified and determined.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

30 June 2006

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Heritage	Community	Other	Total
	R	R	R	R	R	R
Carrying Values at 01 July 2005	239,864,770	526,620,547	-	53,519,082	90,869,048	910,873,447
Cost	16,870,156	1,264,725,875	-	81,185,504	113,319,405	1,476,100,940
Capital Under Construction	-	93,662,441	-	7,556,923	5,074,142	106,293,506
Revaluation	354,799,193	1,654,919	-	8,759,960	-	365,214,072
BCDA	-	-	-	-	28,469	28,469
Accumulated Depreciation	(131,804,579)	(833,422,688)	-	(43,983,305)	(27,552,968)	(1,036,763,540)
- Cost	(2,576,606)	(833,329,583)	-	(42,443,136)	(27,547,753)	(905,897,078)
- Revaluation	(129,227,973)	(93,105)	-	(1,540,169)	-	(130,861,247)
- BCDA	-	-	-	-	(5,215)	(5,215)
Acquisitions / Write-Ons	4,585,576	146,785,058	-	24,788,225	38,319,593	214,478,452
- Cost	4,585,576	146,785,058	-	24,788,225	38,109,007	214,267,866
- BCDA	-	-	-	-	210,586	210,586
Capital Under Construction	(104,764)	(5,620,058)	-	(7,556,923)	(1,885,802)	(15,167,547)
- Current Year	-	79,494,601	-	-	772,659	80,267,260
- Capitalised	(104,764)	(85,114,659)	-	(7,556,923)	(2,658,461)	(95,434,807)
Increases / Decreases in Revaluation	(20,117,025)	-	-	-	-	(20,117,025)
Depreciation	(7,896,375)	(56,903,507)	-	(2,418,753)	(13,453,660)	(80,672,295)
- Based on Cost	(588,321)	(56,867,756)	-	(2,173,459)	(13,419,800)	(73,049,336)
- Based on Revaluation	(7,308,054)	(35,751)	-	(245,294)	-	(7,589,099)
- BCDA	-	-	-	-	(33,860)	(33,860)
Carrying Value of Disposals / Write-Offs	-	-	-	-	(332,305)	(332,305)
- Cost	-	-	-	-	(376,194)	(376,194)
- Accumulated Depreciation	-	-	-	-	43,889	43,889
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2006	216,332,182	610,882,040	-	68,331,631	113,727,460	1,009,273,313
Cost	21,455,732	1,411,510,933	-	105,973,729	151,262,804	1,690,203,198
Capital Under Construction	(104,764)	88,042,383	-	-	3,188,340	91,125,959
Revaluation	334,682,168	1,654,919	-	8,759,960	-	345,097,047
BCDA	-	-	-	-	239,055	239,055
Accumulated Depreciation	(139,700,954)	(890,326,195)	-	(46,402,058)	(40,962,739)	(1,117,391,946)
- Cost	(3,164,927)	(890,197,339)	-	(44,616,595)	(40,923,664)	(978,902,525)
- Revaluation	(136,536,027)	(128,856)	-	(1,785,463)	-	(138,450,346)
- BCDA	-	-	-	-	(39,075)	(39,075)

Buffalo City Municipality appointed a service provider to develop a detailed roadmap to enable the successful implementation of processes to identify, record, value and manage Infrastructure Assets during the next 3 years. At present, depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, Buffalo City Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

Depreciation charged to the Statement of Financial Performance	70,833,674
Depreciation charged directly to the Statement of Changes in Net Assets	13,902,814
Total Depreciation Charged	84,736,488

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

INTANGIBLE ASSETS

30 June 2006

Reconciliation of Carrying Value	Computer Software					Total
	R	R	R	R	R	R
Carrying Values at 01 July 2005	3,998,913	-	-	-	-	3,998,913
Cost	13,954,105	-	-	-	-	13,954,105
Capital Under Construction	-	-	-	-	-	-
Accumulated Amortisation	(9,955,192)	-	-	-	-	(9,955,192)
Acquisitions	3,904,399	-	-	-	-	3,904,399
Capital Under Construction	-	-	-	-	-	-
- Current Year	-	-	-	-	-	-
- Capitalised	-	-	-	-	-	-
Amortisation	(4,098,055)	-	-	-	-	(4,098,055)
Carrying Value of Disposals	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated Amortisation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Carrying Values at 30 June 2006	3,805,257	-	-	-	-	3,805,257
Cost	17,858,504	-	-	-	-	17,858,504
Capital Under Construction	-	-	-	-	-	-
Accumulated Amortisation	(14,053,247)	-	-	-	-	(14,053,247)

AGRICULTURAL ASSETS

30 June 2006

Reconciliation of Carrying Value	Agricultural Assets					Total
	R	R	R	R	R	R
Values at 01 July 2005	-	-	-	-	-	-
Valuation	-	-	-	-	-	-
Valuation Increase / Decrease	-	-	-	-	-	-
Values at 30 June 2006	-	-	-	-	-	-
Valuation	-	-	-	-	-	-

Note: The 2006 Opening Balances were adjusted due to a re-classification of assets. There was no change to the overall Carrying Value as the Infrastructure Assets Carrying Value increased by R 118 514 and the Other Assets Carrying Value decreased by the same amount. The net effect of the movement of Community Assets was nil. Computer Software has also been separately categorised under Intangible Assets.

Refer to Appendix B for more detail on Property, Plant and Equipment, including those under construction.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
11 INVESTMENTS			
<u>Listed</u>			
BCM had no listed investments at the reporting date.			
<u>Unlisted</u>			
5,172,373	6,488,079	Shares in ELIDZ (PTY) LTD	6,488,079
<u>Financial Instruments</u>			
10,693,315	31,737,148	Fixed Deposits - Long-Term	31,737,148
15,865,688	38,225,227	Total Financial Instruments	38,225,227
<u>Call Investment Deposits</u>			
436,351,650	397,122,083	Other Deposits - Short-Term	398,245,867
9,405	9,594	Call Account Deposits	9,594
436,361,055	397,131,677	Total Call Investment Deposits	398,255,461
452,226,743	435,356,904	Total Investments	436,480,688

7% 9% Average rate of return on investments 9%

Allocation of External Investments

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

6,850,830	7,360,372	COVID Fund(Note 1)	7,360,372
21,269,882	21,667,079	Insurance Reserve(Note 2)	21,667,079
193,130,040	242,868,365	Conditional Grants and Receipts (Note 8)	243,464,402
15,710,413	38,029,758	Capital Replacement Reserve(Note 2)	38,029,758
566,057	1,489,480	Performance Bonuses Provision (Note 6)	1,547,026
204,527,945	112,668,750	Surplus Cash	112,668,750
442,055,167	424,083,804		424,737,387
10,171,576	11,273,100	External Financing Fund	11,273,100
-	-	BCDA	470,201
452,226,743	435,356,904	Total	436,480,688

The market value of Sanlam shares acquired upon demutualisation was R1 852 029 as at 30 June 2007 and R1 165 238 as at 30 June 2006.

The primary reason for the decrease in the investment portfolio is due to the fact that more funds were realised for increased budget commitments during the 2006/07 financial year.

INVESTMENT IN MUNICIPAL ENTITIES - BUFFALO CITY DEVELOPMENT AGENCY (BCDA)

-	-	Issued Share Capital	-
-	-	Percentage owned by Council (%)	-
-	-	Indebtness of Municipal Entity	-
-	-	Dividend Received	-
-	-	Management Fees Received	-
-	-	Administration Fees Received	-

Related party transactions as per note 38:

Buffalo City Municipality has issued grants of R1 000 000 to the development agency during the current financial year (2006: R1 429 825).

BCDA has paid consumer accounts of R16 331 during the current financial year (2006: R6 250).

12 LONG-TERM RECEIVABLES

186,287	138,678	Loans to Sporting Bodies	138,678
43,658	26,660	Other Loans	26,660
1,804,799	848,108	Motor Vehicle Loans	848,108
2,034,744	1,013,446		1,013,446
(945,103)	(584,004)	Less: Current Portion Transferred to Current Assets	(584,004)
1,089,641	429,442	Total Long-Term Receivables	429,442

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY

ECONOMIC

2006
R

2007
R

2007
R

Loans to Sporting Bodies

Council granted loans to Sporting bodies within its jurisdiction. This policy has since been abolished and no new loans are issued. The remaining loans are being phased out with the last loan being redeemable in 2016.

Other Loans

Council granted loans to other organisations & bodies within its jurisdiction. The remaining loans are being phased out with the last loan redeemable in 2009. The loans attract interest between 6% and 10%.

Motor Vehicle Loans

Senior staff obtain loans at 8% interest per annum repayable over a maximum period of 6 years. Essential users obtained loans at 10% repayable over a maximum period of 5 years. All loans are being phased out with the last loan being fully redeemed in 2008.

13 INVENTORY

8,224,926	9,984,164	Consumable Store - at cost	9,984,164
164,957	195,171	Workshop Store - at cost	195,171
516,383	411,984	Diesel - at cost	411,984
512,453	423,466	Petrol - at cost	423,466
2,791,884	5,729,830	Water Store - at cost	5,729,830
4,503,197	7,745,610	Electricity Store - at cost	7,745,610
502,970	543,808	Unsold water - at cost	543,808
17,316,770	25,034,033		25,034,033
(152,875)	(234,706)	Less: Provision for Obsolescence	(234,706)
17,163,895	24,799,327	Total Inventory	24,799,327

In terms of Gazette No. 30013 dated 29 June 2007 and National Treasury's letter dated 15 August 2007, National Treasury have agreed to Buffalo City Municipality deviating from the exemption relating to the disclosure of stock of water on hand at 30 June 2007. Stock of water on hand has therefore been recognised and disclosed for the 2005/06 and 2006/07 financial years.

Inventory is net of specific provisions for obsolescence.

Stock to the value of R152 875 was deemed to be redundant or obsolete and was written off during the 2006/07 financial year.

14 CONSUMER DEBTORS

MUNICIPALITY AND ECONOMIC

	Gross Balances	Provision for Bad Debts
As at 30 June 2007	437,644,953	(167,326,597)
Service Debtors		
Rates	99,699,410	(3,067,401)
Cleansing	77,802,376	(37,816,021)
Electricity	68,230,804	(33,809,262)
Sewerage	67,337,319	(32,729,456)
Water	124,575,044	(59,904,457)
Housing Rentals	1,537,590	(747,349)
Sub - Total	439,182,543	(168,073,946)
Sundry Debtors	64,001,237	(31,107,946)
Total	503,183,780	(199,181,892)
 As at 30 June 2006		
Service Debtors	432,411,715	(167,196,624)
Rates	100,450,200	(3,102,189)
Cleansing	76,725,945	(37,786,687)
Electricity	66,273,384	(33,706,814)
Sewerage	64,907,636	(31,966,299)
Water	124,054,550	(60,634,635)
Housing Rentals	3,971,641	(3,971,641)
Sub - Total	436,383,356	(171,168,265)
Sundry Debtors	61,468,588	(30,272,606)
Total	497,851,944	(201,440,871)

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
Rates: Ageing			
22,026,356	26,264,877	Current (0 - 30 days)	26,264,877
6,257,864	4,462,832	31 - 60 Days	4,462,832
3,585,869	3,504,314	61 - 90 Days	3,504,314
2,704,264	2,795,758	91 - 120 Days	2,795,758
23,405,718	20,127,417	121 - 365 Days	20,127,417
42,470,129	42,544,212	+ 365 Days	42,544,212
100,450,200	99,699,410	Total	99,699,410
Cleansing, Electricity, Sewerage & Water: Ageing			
64,518,876	99,543,561	Current (0 - 30 days)	99,543,561
14,047,421	12,800,190	31 - 60 Days	12,800,190
11,684,081	8,038,759	61 - 90 Days	8,038,759
9,920,288	8,093,640	91 - 120 Days	8,093,640
53,178,636	51,149,215	121 - 365 Days	51,149,215
140,924,939	158,320,178	+ 365 Days	158,320,178
37,687,274	-	Adjustment for Corrections (refer to Note 36)	-
331,961,515	337,945,543	Total	337,945,543
Housing Debtors: Ageing			
1,221,397	884,928	Current (0 - 30 days)	884,928
115,485	29,947	31 - 60 Days	29,947
72,139	31,312	61 - 90 Days	31,312
79,982	29,817	91 - 120 Days	29,817
362,744	258,095	121 - 365 Days	258,095
2,119,894	303,491	+ 365 Days	303,491
3,971,641	1,537,590	Total	1,537,590
Sundries: Ageing			
8,661,442	8,152,684	Current (0 - 30 days)	8,152,684
2,429,001	4,525,609	31 - 60 Days	4,525,609
1,768,686	1,539,114	61 - 90 Days	1,539,114
2,805,955	1,542,551	91 - 120 Days	1,542,551
11,282,826	12,332,030	121 - 365 Days	12,332,030
34,520,678	35,909,250	+ 365 Days	35,909,250
61,468,588	64,001,237	Total	64,001,237
Grand Total: Ageing			
96,428,071	134,846,050	Current (0 - 30 days)	134,846,050
22,849,771	21,818,578	31 - 60 Days	21,818,578
17,110,775	13,113,499	61 - 90 Days	13,113,499
15,510,489	12,461,766	91 - 120 Days	12,461,766
88,229,924	83,866,757	121 - 365 Days	83,866,757
220,035,640	237,077,131	+ 365 Days	237,077,131
37,687,274	-	Adjustment for Corrections (refer to Note 36)	-
497,851,944	503,183,780	Total	503,183,780

MUNICIPALITY AND ECONOMIC

Summary of Debtors by Customer Classification

	Consumers	Industrial/ Commercial	National and Provincial Gov	Other
30 June 2007				
Current (0 - 30 days)	76,271,779	50,807,468	3,864,288	3,902,514
31 - 60 Days	12,029,292	6,853,031	1,278,593	1,657,662
61 - 90 Days	8,955,805	2,563,035	440,370	1,154,289
91 - 120 Days	8,091,974	2,386,317	757,174	1,226,302
121 - 365 Days	62,709,114	13,836,524	1,370,549	5,950,570
+ 365 Days	193,526,257	33,884,564	828,346	8,837,964
Sub-Total	361,584,221	110,330,939	8,539,320	22,729,301
Less: Provision for Bad Debts	(145,601,609)	(44,427,719)	-	(9,152,564)
Total Debtors by Customer Classification	215,982,612	65,903,220	8,539,320	13,576,737
30 June 2006				
Current (0 - 30 days)	80,852,323	45,484,282	4,177,438	3,520,198
31 - 60 Days	16,801,807	3,302,924	1,686,282	1,058,759
61 - 90 Days	14,033,635	1,452,315	769,985	854,839
91 - 120 Days	11,804,786	1,253,762	506,499	1,945,443
121 - 365 Days	66,519,249	12,422,334	3,031,826	6,256,515
+ 365 Days	171,671,578	31,916,559	2,309,942	14,218,662
Sub-Total	361,683,378	95,832,176	12,481,972	27,854,416
Less: Provision for Bad Debts	(150,237,819)	(39,672,043)	-	(11,531,009)
Total Debtors by Customer Classification	211,445,559	56,160,133	12,481,972	16,323,407

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
185,212,838	201,440,870	Bad Debt Provision	
16,228,032	(2,258,978)	Balance at beginning of year	201,440,870
<u>201,440,870</u>	<u>199,181,892</u>	Contributions	<u>(2,258,978)</u>
		Balance at the end of the year	<u>199,181,892</u>
		Bad Debts	
16,228,032	-	Contribution to the bad debt provision from the operating account	-
36,177,425	60,315,878	Bad debt written off against the operating account-consumers	60,315,878
-	2,867,579	Bad debt written off against the operating account-other	2,867,579
<u>52,405,457</u>	<u>63,183,457</u>		<u>63,183,457</u>

Amounts totalling R63 183 457 (2005/06 : R36 177 425) were written off as bad debts against the operating account. This represents 3,6% (2005/06 : 2,25%) of the total operating income for the year.

Debtors were disclosed at nominal value net of provision for bad debts and no discounting in terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 was done.

15 OTHER DEBTORS

4,551,834	4,368,565	Sundry Debtors	4,368,565
11,679,461	9,109,093	Accrued Income	9,109,093
-	-	IDZ	-
933,654	952,621	Land Sale Debtors	952,621
-	-	BCDA	235
<u>17,164,949</u>	<u>14,430,279</u>	Total Other Debtors	<u>14,430,514</u>

Note: 2006 - A Correction of Error adjustment was made to IDZ in the amount of R10 050 839 - refer to Note 36.

Debtors were disclosed at nominal value net of provision for bad debts and no discounting in terms of the exemptions granted in Gazette No. 30013 dated 29 June 2007 was done.

16 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Current Account (Primary Bank Account)

Account Number: 521 201 117 44

Account Number: 081 221 495

First National Bank / Standard Bank

Oxford Street

East London

<u>44,455,780</u>	<u>49,224,704</u>	Cashbook balance at the beginning of the year	<u>49,224,704</u>
<u>49,224,704</u>	<u>231,338,901</u>	Cashbook balance at the end of the year	<u>231,338,901</u>
<u>145,342,831</u>	<u>109,141,105</u>	Bank statement balance at the beginning of the year	<u>109,141,105</u>
<u>109,141,105</u>	<u>300,128,298</u>	Bank statement balance at the end of the year	<u>300,128,298</u>

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
		<u>Current Account (Inter Authority Account)</u>	
		Account Number: 521 201 778 89	
		Account Number: 081 246 072	
		First National Bank / Standard Bank	
		Oxford Street	
		East London	
<u>6,585</u>	<u>1,210</u>	Cashbook balance at the beginning of the year	<u>1,210</u>
<u>1,210</u>	<u>838,642</u>	Cashbook balance at the end of the year	<u>838,642</u>
<u>6,585</u>	<u>19,674</u>	Bank statement balance at the beginning of the year	<u>19,674</u>
<u>19,674</u>	<u>840,344</u>	Bank statement balance at the end of the year	<u>840,344</u>
		Note: The balance of the Inter Authority account was previously disclosed under the Primary Bank account.	
		<u>Current Account (Collection Account)</u>	
		Account Number: 521 201 781 84	
		Account Number: 081 245 882	
		First National Bank / Standard Bank	
		Oxford Street	
		East London	
<u>541,991</u>	<u>792,217</u>	Cashbook balance at the beginning of the year	<u>792,217</u>
<u>792,217</u>	<u>132,876</u>	Cashbook balance at the end of the year	<u>132,876</u>
<u>541,991</u>	<u>792,217</u>	Bank statement balance at the beginning of the year	<u>792,217</u>
<u>792,217</u>	<u>132,876</u>	Bank statement balance at the end of the year	<u>132,876</u>
		<u>Current Account (Prism Account)</u>	
		Account Number: 620 179 770 52	
		Account Number: 081 246 048	
		First National Bank / Standard Bank	
		Oxford Street	
		East London	
<u>417,071</u>	<u>1,343,249</u>	Cashbook balance at the beginning of the year	<u>1,343,249</u>
<u>1,343,249</u>	<u>1,375,514</u>	Cashbook balance at the end of the year	<u>1,375,514</u>
<u>455,404</u>	<u>539,380</u>	Bank statement balance at the beginning of the year	<u>539,380</u>
<u>539,380</u>	<u>-</u>	Bank statement balance at the end of the year	<u>-</u>
		<u>Current Account (Market)</u>	
		Account Number: 521 201 778 89	
		Account Number: 081 246 072	
		First National Bank / Standard Bank	
		Oxford Street	
		East London	
<u>(1,780,014)</u>	<u>(1,156,129)</u>	Cashbook balance at the beginning of the year	<u>(1,156,129)</u>
<u>(1,156,129)</u>	<u>(1,123,458)</u>	Cashbook balance at the end of the year - overdrawn	<u>(1,123,458)</u>
<u>(756,251)</u>	<u>878,174</u>	Bank statement balance at the beginning of the year	<u>878,174</u>
<u>878,174</u>	<u>331,227</u>	Bank statement balance at the end of the year - overdrawn	<u>331,227</u>

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
		The Municipal Entity have separate bank accounts which are aggregated below:-	
		<u>Current Account (BCDA)</u>	
		Account Number: 52121575280	
		Deloitte & Touche Trust Account	
		First National Bank	
		East London	
		Cashbook balance at the beginning of the year	-
		Cashbook balance at the end of the year	-
		Bank statement balance at the beginning of the year	-
		Bank statement balance at the end of the year	-
		<u>Call Account (BCDA)</u>	
		Account Number: 62067767833	
		Deloitte & Touche Trust Account+B695	
		First National Bank	
		East London	
		Cashbook balance at the beginning of the year	-
		Cashbook balance at the end of the year	-
		Bank statement balance at the beginning of the year	-
		Bank statement balance at the end of the year	-
		<u>Current Account (BCDA)</u>	
		Account Number: 62098717899	
		First National Bank	
		East London	
		Cashbook balance at the beginning of the year	62,946
		Cashbook balance at the end of the year	24,213
		Bank statement balance at the beginning of the year	62,946
		Bank statement balance at the end of the year	26,090
		Which are disclosed in the Statement of Financial Position as Follows:-	
<u>43,734,828</u>	<u>50,205,251</u>	Cashbook balance at the beginning of the year	<u>50,268,196</u>
<u>50,205,251</u>	<u>232,562,475</u>	Cashbook balance at the end of the year	<u>232,586,688</u>

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
17 PROPERTY RATES			
		<u>Actual</u>	
143,361,443	155,272,077	Residential	155,272,077
103,035,888	111,529,555	Commercial	111,529,555
23,409,951	25,587,693	State	25,587,693
1,353,875	1,295,669	Municipal	1,295,669
<u>271,161,157</u>	<u>293,684,994</u>	Total Assessment Rates	<u>293,684,994</u>
		<u>Valuations</u>	
6,159,312,388	6,322,710,062	Residential	6,322,710,062
3,938,844,017	3,977,040,876	Commercial	3,977,040,876
1,175,038,455	1,183,526,646	State	1,183,526,646
253,496,847	252,913,775	Municipal	252,913,775
<u>11,526,691,707</u>	<u>11,736,191,359</u>	Total Property Valuations	<u>11,736,191,359</u>
<p>General valuations on land and buildings should be conducted every 10 years. The last valuations came into effect as follows: East London 1994, King William's Town 1990, Bhisho 1995, R293 Townships 1998, Amatole 1991. Interim valuations are processed once a year to take into account changes in individual property values due to alterations and subdivisions. Rebates of 20% and 40% are granted to state properties and pensioners respectively. Rates are levied on an annual basis on property owners with the final date of payment being 30 September 2006. Ratepayers are also given an option of paying their rates monthly on application. Interest at a standard rate as amended from time to time, is paid on any rate which remains unpaid after 30 September 2006, except in cases where the owner has applied to pay by instalment.</p>			
18 SERVICE CHARGES			
111,808,764	118,266,107	Sewerage Charges	118,266,107
88,079,654	94,773,097	Cleansing Charges	94,773,097
409,763,036	429,228,488	Sale of Electricity	429,212,157
144,345,924	152,326,004	Sale of Water	152,326,004
2,407,475	2,171,530	Other	2,171,530
<u>756,404,853</u>	<u>796,765,226</u>	Total Service Charges	<u>796,748,895</u>
19 GOVERNMENT GRANTS AND SUBSIDIES			
		<u>Government Grants</u>	
169,684,848	197,474,279	Equitable Share	197,474,279
3,771,294	-	Equitable Share Urban Renewal	-
-	-	IDZ (BCDA)	-
-	1,470,266	BCMETS Subsidy	1,470,266
-	1,408,016	DWAF	1,408,016
26,146,320	33,774,461	State Health Subsidy	33,774,461
1,650,201	1,944,339	MIG	1,944,339
<u>201,252,663</u>	<u>236,071,361</u>	Total Government Grants	<u>236,071,361</u>
		<u>Provincial Subsidies</u>	
367,257	-	Health Subsidy	-
120,525	-	Needs Camp	-
4,750,832	-	Subsidy	-
400	-	DHLGTA Grants	-
<u>5,239,014</u>	<u>-</u>	Total Provincial Subsidies	<u>-</u>
<u>206,491,677</u>	<u>236,071,361</u>	Total Government Grants & Subsidies Received and Allocated as Income	<u>236,071,361</u>
198,841,919	241,245,228	Transferred from Conditional Grant Creditors(Appendix G)	242,902,989
<u>405,333,596</u>	<u>477,316,589</u>	Total Conditional Grants and Subsidies reflected on the Statement of Financial Performance	<u>478,974,350</u>

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY
2006
R

2007
R

ECONOMIC
2007
R

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.

Other Grants and Subsidies

All other funds received in the income account were reimbursements for expenditure incurred and no balances were carried forward. All conditions were met and no funds were withheld.

National/Provincial Government Grant & Other Funding (Expenditure Reimbursement)

Conditional Grants and subsidies are receipted to the Conditional Grant Creditor accounts and all non-capital expenditure is expensed through the income and expenditure account. Once all conditions are met operating and capital expenditure financed from Conditional Grants and Subsidies is re-imbursed by a transfer from the Conditional Grant Creditor account to the operating account as revenue.

Refer Note 8, Appendix G and Appendix H for more detail on the Conditional Grant and Subsidy balances and transaction movements for 2006/07.

Conditions on the funding were complied with and no funds were withheld.

20 OTHER INCOME

8,993,690	9,765,018	Commission	9,765,018
2,808,979	3,109,079	Coupons & Clip Tickets	3,109,079
15,094,095	17,730,533	Fire Levy Charges	17,730,533
-	2,335,731	Insurance Recoveries	2,335,731
4,958,630	4,394,184	Plan Approval Fees	4,394,184
7,494,771	-	Reconnection Fees	-
2,287,571	2,915,445	Scrap Sales	2,915,445
-	2,304,985	Service Connections - Electricity Supplies	2,304,985
-	4,947,527	Service Connections - Business	4,947,527
14,204,651	14,630,416	Vehicle Registration Commission	14,630,416
16,756,260	14,796,533	Other	14,867,570
72,598,647	76,929,451	Total Other Income	77,000,488

All individual income categories exceeding R2 000 000 are stated separately.

21 GENERAL EXPENSES - OTHER

17,491,472	17,627,960	Consultants Fees	17,627,960
-	6,738,442	Chemicals and Disinfectant	6,738,442
5,701,135	6,430,588	DWAF	6,430,588
24,346,054	23,509,750	Electricity Lighting Department Charges	23,509,750
13,564,803	-	Transfer to Leave Creditors	-
5,780,307	7,514,910	Essential Users Cost	7,514,910
8,016,806	9,496,206	Fuel Oil	9,496,206
-	5,247,484	Hired Plant	5,247,484
6,702,052	11,789,303	Insurance	11,789,303
-	5,383,707	Licence Fee Department Charges	5,383,707
5,305,039	7,143,761	Machine Rental	7,143,761
8,550,857	8,900,512	Pensions Payable	8,900,512
5,422,432	7,051,593	Petrol	7,051,593
54,125,709	64,299,618	Poor Relief	64,299,618
7,824,213	8,778,285	Refuse Removal Department Charges	8,778,285
12,014,191	12,267,400	Security Guards	12,267,400
8,763,209	8,600,432	Spares - Automotive	8,600,432
11,911,473	11,699,158	Telephones	11,699,158
56,296,402	56,296,402	Conditional Grant Expenditure	56,296,402
21,435,506	50,917,661	Housing & Local Government projects	50,917,661
10,425,176	31,016,088	Restructuring Grant Projects	31,016,088
24,435,720	32,081,679	Other projects	32,081,679
118,449,296	121,054,572	Other	121,675,023
370,265,451	457,549,110	Total General Expenses - Other	458,169,561

All categories exceeding R5 000 000 are stated separately.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
22 EMPLOYEE RELATED COSTS			
384,874,388	429,426,984	Salaries and Wages	430,599,318
77,169,774	83,583,146	Social Contributions	83,583,146
462,044,162	513,010,130	Total Employee related costs	514,182,464
Remuneration of the Municipal Manager			
407,098	420,000	Basic Salary	420,000
148,137	-	Deferred Compensation	-
339,239	280,000	Other	280,000
894,474	700,000	Total	700,000
(Note: The above amounts are for the period 01 November 2006 to 30 June 2007. No bonus was paid but a provision of R 122 500 was made for the 2006/07 financial year.)			
Remuneration of the Chief Financial Officer			
495,302	521,869	Annual Remuneration	521,869
330,202	348,888	Other	348,888
82,550	-	Performance Bonus	-
908,054	870,757	Total	870,757
(Note: No bonus was paid but a provision of R 174 818 was made for the 2006/07 financial year.)			
Remuneration of the Director of Corporate Services			
495,302	521,869	Annual Remuneration	521,869
330,202	352,220	Other	352,220
82,550	-	Performance Bonus	-
908,054	874,089	Total	874,089
(Note: No bonus was paid but a provision of R 174 818 was made for the 2006/07 financial year.)			
Remuneration of the Director of Engineering Services			
495,302	523,729	Annual Remuneration	523,729
330,202	353,459	Other	353,459
82,550	-	Performance Bonus	-
908,054	877,188	Total	877,188
(Note: No bonus was paid but a provision of R 175 438 was made for the 2006/07 financial year.)			
Remuneration of the Director of Development Planning			
495,302	521,869	Annual Remuneration	521,869
330,202	352,220	Other	352,220
82,550	-	Performance Bonus	-
908,054	874,089	Total	874,089
(Note: No bonus was paid but a provision of R 174 818 was made for the 2006/07 financial year.)			
Remuneration of the Director of Social Services			
495,302	162,000	Annual Remuneration	162,000
330,202	127,297	Other	127,297
82,550	-	Performance Bonus	-
908,054	289,297	Total	289,297
(Note: The above amounts are for the period 01 November 2006 to 30 June 2007. No bonus was paid but a provision of R 57 859 was made for the 2006/07 financial year.)			
Remuneration of the Director of Community Services			
-	162,000	Annual Remuneration	162,000
-	127,297	Other	127,297
-	-	Performance Bonus	-
-	289,297	Total	289,297
(Note: The above amounts are for the period 01 March 2007 to 30 June 2007. No bonus was paid but a provision of R 57 859 was made for the 2006/07 financial year.)			

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
Remuneration of the Director of Mayoral Office			
For the period 01 July 2006 to 25 August 2006			
381,060	79,230	Annual Remuneration	79,230
254,040	52,820	Other	52,820
<u>635,100</u>	<u>132,050</u>	Total	<u>132,050</u>
For the period 03 May 2007 to 30 June 2007			
495,302	83,030	Annual Remuneration	83,030
330,202	55,353	Other	55,353
<u>825,504</u>	<u>138,383</u>	Total	<u>138,383</u>
(Note: No bonus was paid but a provision of R 27 677 was made for the 2006/07 financial year.)			
Remuneration of the Special Advisor to Executive Mayor			
-	521,869	Annual Remuneration	521,869
-	352,220	Other	352,220
-	86,242	Performance Bonus	86,242
<u>-</u>	<u>960,331</u>	Total	<u>960,331</u>
Remuneration of the Chief Executive Officer (BCDA)			
		Annual Remuneration	481,552
		Other	-
		Performance Bonus	-
		Total	<u>481,552</u>
Remuneration of Senior Management (BCDA)			
		Annual Remuneration	563,898
		Other	-
		Performance Bonus	-
		Total	<u>563,898</u>

23 REMUNERATION OF COUNCILLORS AND BOARD MEMBERS

287,088	317,210	Executive Mayor	317,210
229,671	253,767	Speaker	253,767
1,879,393	2,141,165	Mayoral Committee Members	2,141,165
5,647,923	7,416,587	Councillors	7,416,587
1,300,870	1,697,936	Councillors' Pension and Medical Contribution	1,697,936
4,045,203	5,119,994	Other	5,119,994
-	-	Chairman of the Board of Directors - BCDA	20,100
-	-	Board Members-Directors' Fee	36,500
<u>13,390,148</u>	<u>16,946,659</u>	Total Councillors' and Board Members Remuneration	<u>17,003,259</u>

(Note: The large variance in other is a result of the new upper limits of salaries, allowances and benefits of Councillor's as per SALGA's circular 14/2006.)

In-Kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of Council.

24 INTEREST PAID

5,380,250	3,053,640	Stock Loans	3,053,640
43,795,684	41,573,409	Annuity Loans	41,573,409
450,250	839	Finance Loans	839
6,601,046	1,661,028	Other	1,661,028
<u>56,227,230</u>	<u>46,288,916</u>	Total Interest on External Borrowings	<u>46,288,916</u>

During the 2006/07 financial year, the total interest paid has decreased due to the reduction of stock loans which were consolidated into an INCA loan in February 2006. However, this interest is expected to increase in future on acquisition of budgeted new loans.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
25 BULK PURCHASES			
226,951,707	247,773,872	Electricity	247,773,872
62,566,266	72,104,638	Water	72,104,638
<u>289,517,973</u>	<u>319,878,510</u>	Total Bulk Purchases	<u>319,878,510</u>
26 GRANTS AND SUBSIDIES PAID			
2,866,369	3,033,418	Grant in Lieu of Rates	3,033,418
1,628,628	465,661	Sundry Grants-in-Aid	465,661
<u>4,494,997</u>	<u>3,499,079</u>	Total Grants and Subsidies Paid	<u>3,499,079</u>

The Grant paid to BCM Tourism is paid quarterly.

Various institutions apply for Grants-in-aid. Mostly charity organizations and child care centres qualify for these grants.

27 TRAFFIC FINES			
<u>14,754,530</u>	<u>9,696,555</u>	Traffic fines issued but not yet recovered at year end.	<u>9,696,555</u>

Due to the uncertainty of the recoverability of outstanding traffic fines Buffalo City Municipality did not include the unpaid fines as Revenue and will only do so when the revenue is received.

28 CASH GENERATED BY OPERATIONS			
205,220,096	120,457,086	Net Surplus for the year	120,310,813
Adjustment for:			
(1,418,115)	(1,315,706)	Equity accounted share of associate's surplus	(1,315,706)
84,736,488	100,396,246	Depreciation	100,458,245
(7,280,645)	(4,135,271)	Gain on disposal of property, plant and equipment	(4,132,849)
566,057	1,489,480	Contributions to Provisions - Current	1,527,956
16,228,032	-	Contributions to Bad Debt Provision	-
1,602,403	4,183,582	Contributions to Reserves	4,183,582
(65,747,296)	(38,397,035)	Investment Income	(38,539,372)
56,227,230	52,571,709	Interest Paid	52,571,709
-	-	Taxation	86,576
11,633,905	-	Vat Recovered	-
<u>301,768,155</u>	<u>235,250,091</u>	Operating Surplus Before Working Capital Changes:	<u>235,150,954</u>
(1,809,294)	(7,717,263)	Increase in Inventories	(7,717,263)
-	81,831	Increase in Provision for Obsolete Stock	81,831
(35,913,466)	(5,331,836)	Increase in Service Debtors	(5,331,836)
-	27,234	Decrease in Bad Debt Provision	27,234
37,079,160	2,734,670	Increase/(Decrease) in Other Debtors	2,737,242
-	-	Increase in Taxation	-
41,462,748	49,738,325	Increase in Conditional Grants & Receipts	48,080,565
11,065,832	20,771,655	Increase in Creditors	20,754,997
(3,904,993)	4,563,751	Increase/(Decrease) in VAT	4,602,472
<u>47,979,987</u>	<u>64,868,367</u>	Working Capital Changes	<u>63,235,242</u>
<u>349,748,143</u>	<u>300,118,458</u>	Cash Generated from Operations	<u>298,386,196</u>
29 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:			
52,690,916	233,904,878	Bank balances and cash	233,929,108
436,361,055	397,131,677	Call investment deposits	398,255,461
<u>489,051,971</u>	<u>631,036,555</u>	Total Cash and Cash Equivalents	<u>632,184,569</u>

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION			
21,109,471	98,011,654	Long-Term Liabilities (Refer Appendix A)	98,011,654
(21,109,471)	(98,011,654)	Used to Finance Property, Plant and Equipment prior years	(98,011,654)
8,922,380	9,918,843	Cash Invested for Repayment of External Loans	9,918,843
<p>During the 2006/07 financial year, a new loan for the Capital Development Programme (CAP) was raised to the total value of R250 000 000, but only R98 011 654 has been claimed from the Development Bank of Southern Africa (DBSA). The CAP-loan of R98 011 654, includes different projects at different rates ranging from 5% to 8.904% p.a.</p> <p>All loans that are raised are only used for the financing of assets. No operating expenditure is financed from loan funding. All purchases against the capital budget are analysed and reconciled to individual asset values in order to eliminate any contravention of the MFMA, which stipulates that loan funding cannot be used to finance operating activities.</p>			
31 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT			
<u>Contributions to SALGA</u>			
-	-	Opening Balance	-
2,160,687	2,403,838	Council Subscriptions	2,403,838
(2,160,687)	(2,403,838)	Amount Paid - Current Year	(2,403,838)
-	-	Amount Paid - Previous Years	-
-	-	Balance Unpaid	-
<u>Contributions to SA Cities Network</u>			
-	-	Opening Balance	-
181,500	199,650	Council Subscriptions	199,650
(181,500)	(199,650)	Amount Paid - Current Year	(199,650)
-	-	Amount Paid - Previous Years	-
-	-	Balance Unpaid	-
<u>Audit Fees</u>			
-	-	Opening Balance	-
-	-	Over Provision Written Back	-
2,078,281	2,101,956	Current Year Audit Fee	2,189,997
(2,078,281)	(2,101,956)	Amount Paid - Current Year	(2,189,997)
-	-	Amount Paid - Previous Years	-
-	-	Balance Unpaid	-
<u>PAYE and UIF</u>			
-	-	Opening Balance	-
55,737,546	60,524,928	Current Year Payroll Deductions	60,524,928
(55,737,546)	(60,524,928)	Amount Paid - Current Year	(60,524,928)
-	-	Amount Paid - Previous Years	-
-	-	Balance Unpaid	-
<u>Pension and Medical Aid Deductions</u>			
-	-	Opening Balance	-
109,226,663	120,401,203	Current Year Payroll Deductions and Council Contributions	120,401,203
(109,226,663)	(120,401,203)	Amount Paid - Current Year	(120,401,203)
-	-	Amount Paid - Previous Years	-
-	-	Balance Unpaid	-
<u>Councillor's Arrear Consumer Accounts</u>			

Arrear accounts totalling R800 were outstanding at 30 June 2007 for more than 90 days for which mechanisms are in place to deduct amounts from the monthly allowances of each Councillor.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
32 CAPITAL COMMITMENTS			
Commitments in respect of capital expenditure:			
		- Approved and Contracted for	
112,323,367	81,764,552	Infrastructure	81,764,552
7,515,816	3,268,311	Community	3,268,311
10,860,119	3,609,378	Other	3,609,378
130,699,302	88,642,241		88,642,241
		- Approved but not yet Contracted for	
232,133,831	156,137,358	Infrastructure	156,137,358
31,110,068	24,701,168	Community	24,701,168
79,962,306	102,847,728	Other	102,847,728
343,206,205	283,686,254		283,686,254
473,905,507	372,328,495	Total Commitments	372,328,495
This expenditure will be financed from:			
115,923,288	102,157,536	- External Loans	102,157,536
285,941,195	201,189,474	- Government Grants	201,189,474
72,041,024	68,981,485	- Other	68,981,485
473,905,507	372,328,495		372,328,495

All commitments are in respect of Property, Plant and Equipment.
 No commitments exist for Intangible and Agriculture Assets in terms of IAS 38 and IAS 41 respectively.

33 CONTINGENT LIABILITIES

1,376,604	796,476	Guarantees by the Council in respect of building society and commercial bank housing loans for officials.	796,476
1,376,604	796,476		796,476

Flood damage to Vincent Park Centre has resulted in a possible claim of approximately R31 million. Although no court action has commenced Council's attorney's have been briefed and Council would defend the matter. Council's attorney's have also been instructed to investigate the possibility of recourse through it's Insurers. At present the matter is dormant as we have not heard from the claimants. If not interrupted the matter will prescribe in 2009.

The Department of Water Affairs and Forestry (DWAF) - Eastern Cape has requested payment of approximately R18 million for outstanding water accounts in respect of Noodlyn, Zwelitsha and Phakamisa townships. Council through it's attorney's, have advised DWAF that the payment of accounts prior to the take over of responsibilities by Buffalo City Municipality, vested with Provincial Government.

An arrest of a citizen by a traffic officer whereby a firearm was discharged injuring the accused has resulted in a possible civil claim of approximately R1,6 million. Council is of the opinion that the arrest was legal according to the Road Traffic Act and the Criminal Procedure Act.

The cancellation of a contract to lay a bulk sewer pipe due to non-performance by RJW Ikusasan JV resulted in Council being sued in the amount of R2,5 million. Council is defending the claim.

An ex-employee is claiming for benefits allegedly not paid and for unlawful dismissal in the amount of R1 million. Council is defending the matter.

34 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
- Cape Joint Retirement Fund
- Eastern Cape Local Authorities Provident Fund
- Government Employees Pension Fund
- SAMWU National Provident Fund
- SALA Pension Fund
- East London Municipal A Band Provident Fund
- Old Mutual Orion Provident Fund
- Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede

The Cape Joint Pension Fund's last actuarial valuation was at 30 June 2006 conducted by S. Neethling from Metropolitan Life Limited. The fund was in a sound financial position and the surplus could be attributed to the reduction of pension increase targets.

The Cape Joint Retirement Fund's last actuarial valuation was at 30 June 2006 conducted by S. Neethling from Metropolitan Life 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 2005 conducted by M. Hayler from Alexander Forbes Financial Services who certified that the fund was in a sound financial position in terms of the Pension Fund Act.

The Government Employees Pension Fund's last valuation was at 31 March 2004 conducted by J. Slawski, J. Geldenhuys and R. Maxwell from Alexander Forbes Financial Services. The fund was 96,5% funded at this date. The deficit in the Fund is provided for in the national accounts of Government.

SAMWU National Provident Fund's last actuarial valuation was at 30 June 2005 conducted by E. Potgieter from Fifth Quadrant Actuaries & Consultants (Pty) Ltd. The report stated that the fund was in a sound financial position.

The SALA Pension Fund's last valuation was at 30 June 2003 conducted by S. Feldman of Old Mutual Actuaries and Consultants. The fund was 93.2% funded as at valuation date.

The East London Municipal A Band and Old Mutual Orion Provident Funds as well as the Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede are fixed/defined contribution funds. It is therefore not necessary to perform actuarial valuations for these funds.

It is Council's policy to fund 70% of Pensioner's medical aid expenses. The current costs amount to approximately R 8.9 million.

An amount of R 83.6 million (2006: R 75,7 million) was contributed by Council, Councillor's and employee's in respect of Councillor and employee's retirement funding. These contributions have been expensed.

35 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance:

The services of 9 Officials from the Department of Housing, Local Government and Traditional Affairs have been made available to BCM for the implementation of the Enhanced Extended State Discount Benefit Scheme in Mdantsane w.e.f. 26 March 2007.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

BUFFALO CITY MUNICIPALITY			ECONOMIC
2006	2007		2007
R	R		R
36 CORRECTION OF ERROR			
During the year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods :			
32,232,682		Transactions affecting Revaluation Reserve(Incorrect revaluation of land and buildings)	
<u>(32,232,682)</u>		Transactions affecting PPE(Incorrect revaluation of land and buildings)	
-			
(212,925)		Transactions affecting Revaluation Reserve(Accumulated depreciation on buildings not adjusted)	
<u>212,925</u>		Transactions affecting PPE(Accumulated depreciation on buildings not adjusted)	
-			
1,498,340		Transactions affecting Creditors(2004-2006:Stale cheques written back)	
37,687,274		Transactions affecting Consumer Debtors(2006:Elec & Water usage July'06 written back)	
(10,050,839)		Transactions affecting Other Debtors(2006:IDZ Debtor account written-off)	
-		Transactions affecting Unspent Cond Grants(2006:BCDA-Opening balance overstated.This adj was not done in the 05/06 fin yr)	
-		Transactions affecting Unspent Conditional Grants(Prior year misallocation)	
27,928		Transactions affecting Long-Term Liabilities(2006:Annuity Loans overstated previous years)	
<u>29,162,703</u>		Net Effect on Accumulated Surplus	

37 INVESTMENT IN ASSOCIATE

Buffalo City Municipality holds 26% of the issued share capital in East London Industrial Development Zone (Pty) Ltd.

3,754,258	5,172,373	Opening balance of carrying value	5,172,373
1,418,115	1,315,706	Share of retained profit on the equity method for the period	1,315,706
<u>5,172,373</u>	<u>6,488,079</u>	Closing balance of carrying value	<u>6,488,079</u>

Investment carrying value is made up as follows:

260	260	26% of issued shares (26 000 shares at R0,01 each)	260
<u>5,172,113</u>	<u>6,487,819</u>	26% of retained portion of IDZ profit	<u>6,487,819</u>
<u>5,172,373</u>	<u>6,488,079</u>	Market value and Council's valuation of this investment	<u>6,488,079</u>
<u>5,172,373</u>	<u>6,488,079</u>		<u>6,488,079</u>

31/03/2007	30/06/2007	Summary of IDZ Financial Information:	30/06/2007
(22,050,417)	(24,953,154)	Equity	(24,953,154)
<u>(618,389,901)</u>	<u>(570,919,258)</u>	Liabilities	<u>(570,919,258)</u>
<u>(640,440,318)</u>	<u>(595,872,412)</u>	Total Equity and Liabilities	<u>(595,872,412)</u>
		Total Assets	<u>595,872,412</u>
<u>640,440,318</u>	<u>595,872,412</u>		

The Financial Statements of IDZ are prepared for the accounting period 01 April 2006 to 31 March 2007 and interim results for the quarter ending 30 June 2007 are also prepared.

No loans were made to or received from the associate.

No shares were sold during the period.

BUFFALO CITY MUNICIPALITY
2006 2007
R R

ECONOMIC
2007
R

38 RELATED PARTY TRANSACTIONS

Buffalo City Development Agency (BCDA) (a Section 21 company registration no 2004/016829/08)

The BCDA was incorporated on 18 June 2004 as a Municipal entity of BCM. BCDA is 100% controlled by BCM. BCM Council resolved to report all Agency related pre-incorporation financial transactions for the first time at 30 June 2005.

One of the envisaged corner-stones of the Agency's business model is the asset base of unutilised or underutilised public land and infrastructure that falls within the Agency's demarcated area, namely the extended waterfront and CBD area of East London.

In Buffalo City, this asset-base constitutes a resource of significant value that could be used as leverage to unlock beneficial synergies with other significant prospective investors, private and public.

The annual financial statements of BCDA, at 30 June 2007, were consolidated in terms of GAMAP 6, the Municipal Systems Act, as amended, and the Municipal Finance Management Act.

Buffalo City Municipality has issued grants of R1 000 000 to the development agency during the current financial year (2006: R1 429 825).

BCDA has paid consumer accounts of R16 331 during the current financial year (2006: R6 250).

There is no outstanding balances to BCM from BCDA or visa versa at 30 June 2007.

39 EXEMPTIONS GRANTED IN GAZETTE NO. 30013 DATED 29 JUNE 2007

Buffalo City Municipality is making full use of the exemptions granted except for the exemption relating to the preparation of consolidated statements and the disclosure of water stock on hand. Deviations from the exemptions were agreed with National Treasury who approved the deviations in a letter dated 15 August 2007.

Due to taking advantage of the exemptions granted the 2005/06 comparatives may not be consistent with the accounting policies applied and the information presented and disclosed in the 2006/07 year.

Buffalo City Municipality is in the process of preparing a detailed implementation plan to facilitate full compliance with the accounting standards. In terms of Gazette No. 30013 dated 29 June 2007 the detailed implementation plan will be submitted to National Treasury by 31 October 2007.

To achieve full compliance with the accounting standards the information in the Annual Financial Statements will need to be adjusted to make provision for:

- Presenting assets and liabilities at fair value.
- Providing for all obligations.
- Recapitalising the value of Infrastructure and Property assets.
- Straight lining leases and rental income and payments.
- Identifying and accounting for Investment assets.
- Identifying and accounting for Intangible assets.
- Determination of risk (credit and interest).
- Impairment.

40 EVENTS AFTER THE REPORTING DATE

At the time of preparing and submitting the Consolidated Annual Financial Statements there were no subsequent events to disclose.

41 OPERATING LEASES

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

3,791,287	4,881,500	No later than 1 year	5,085,175
19,335,911	14,855,125	Later than 1 year and no later than 5 years	15,069,880
-	-	Later than 5 years	-

: ENTITY
2006
R

5,172,373

10,693,315

15,865,688

439,067,404

9,405

439,076,809

454,942,497

7%

6,850,830

21,269,882

195,383,838

15,710,413

566,057

204,527,945

444,308,966

10,171,576

461,955

454,942,497

-

-

-

-

186,287

43,658

1,804,799

2,034,744

(945,103)

1,089,641

: ENTITY

2006
R

8,224,926
164,957
516,383
612,453
2,791,884
4,503,197
502,970
<hr/> 17,316,770
(152,875)
<hr/> 17,163,895

: ENTITY

Net Balance

270,318,356
96,632,009
39,986,355
34,421,542
34,607,863
64,670,587
790,241
<hr/> 271,108,597
32,893,291
<hr/> 304,001,888

265,215,091
97,348,011
38,939,258
32,566,570
32,941,337
63,419,915
-
<hr/> 265,215,091
31,195,982
<hr/> 296,411,073

: ENTITY

2006
R

22,026,356
6,257,864
3,585,869
2,704,264
23,405,718
42,470,129
100,450,200

64,518,876
14,047,421
11,684,081
9,920,288
53,178,636
140,924,939
37,687,274
331,961,515

1,221,397
115,485
72,139
79,982
362,744
2,119,894
3,971,641

8,661,442
2,429,001
1,768,686
2,805,955
11,282,826
34,520,678
61,468,588

-
96,428,071
22,849,771
17,110,775
15,510,489
88,229,924
220,035,640
37,687,274
497,851,944

: ENTITY

Total

R

134,846,049
21,818,578
13,113,499
12,461,767
83,866,757
237,077,131
503,183,781
(199,181,892)
304,001,888

134,034,241
22,849,772
17,110,774
15,510,490
88,229,924
220,116,741
497,851,944
(201,440,871)
296,411,073

: ENTITY
2006
R
185,212,838
16,228,032
201,440,870

16,228,032
36,177,425
-
52,405,457

4,551,834
11,679,461
-
933,654
2,807
17,167,756

44,455,780
49,224,704

145,342,831
109,141,105

: ENTITY
2006
R

<u>6,585</u>
<u>1,210</u>
<u>6,585</u>
<u>19,674</u>

<u>641,991</u>
<u>792,217</u>
<u>641,991</u>
<u>792,217</u>

<u>417,071</u>
<u>1,343,249</u>
<u>455,404</u>
<u>539,380</u>

<u>(1,780,014)</u>
<u>(1,156,129)</u>
<u>(756,251)</u>
<u>878,174</u>

: ENTITY
2006
R

322,997
-

322,997
-

230,367
-

230,367
-

-
62,946

-
62,946

44,288,192
50,268,196

: ENTITY
2006
R

143,361,443
103,035,888
23,409,951
1,353,875
271,161,157

6,159,312,388
3,938,844,017
1,175,038,455
253,496,847
11,526,691,707

111,808,764
88,079,654
409,759,911
144,342,799
2,407,475
756,398,603

169,684,848
3,771,294
745,191
-
26,146,320
1,650,201
201,997,853

367,257
120,525
4,750,832
400
5,239,014

207,236,867

198,841,919
406,078,785

: ENTITY
2006
R

8,993,690
2,808,979
15,094,095
-
4,958,630
7,494,771
2,287,571
-
-
14,204,651
16,759,365
<u>72,601,752</u>
17,491,472
-
5,701,135
24,346,054
13,564,803
5,780,307
8,016,806
-
6,702,052
-
5,305,039
8,550,857
5,422,432
54,125,709
7,824,213
12,014,191
8,763,209
11,911,473
56,296,402
21,435,506
10,425,176
24,435,720
118,091,502
<u>369,907,655</u>

: ENTITY
2006
R

385,764,424
77,169,774
462,934,198

407,098
148,137
339,239
894,474

495,302
330,202
82,550
908,054

495,302
330,202
82,550
908,054

495,302
330,202
82,550
908,054

495,302
330,202
82,550
908,054

495,302
330,202
82,550
908,054

-
-
-
-

: ENTITY
2006
R

381,060
254,040
635,100

495,302
330,202
825,504

-
-
-
-

536,446
-
-
536,446

152,162
-
-
152,162

287,088
229,671
1,879,393
5,647,923
1,300,870
4,045,203
-
74,100
13,464,248

5,380,250
43,795,684
450,250
6,605,918
56,232,102

: ENTITY
2006
R

226,951,707
62,566,266
289,517,973

2,866,369
1,198,803
4,065,172

14,754,530

205,744,732

(1,418,115)
84,770,348
(7,280,645)
566,057
16,228,032
1,602,403
(65,796,403)
56,232,102
-
11,633,905
302,282,416

(1,809,294)
-
(35,913,466)
-
37,076,353
47,153
43,217,557
11,251,594
(4,012,297)
49,857,600

352,140,016

52,754,047
439,076,809
491,830,856

: ENTITY
2006
R

21,109,471
(21,109,471)
8,922,380

-
2,160,687
(2,160,687)
-
-

-
181,500
(181,500)
-
-

-
-
2,167,541
(2,078,281)
(89,260)
-
-

-
55,737,546
(55,737,546)
-
-

-
109,226,663
(109,226,663)
-
-

: ENTITY
2006
R

112,323,367
7,515,816
10,860,119
130,699,302

232,133,831
31,110,068
79,962,306
343,206,205
473,905,507

115,923,288
285,941,195
72,041,024
473,905,507

1,376,604
1,376,604

: ENTITY
2006
R

: ENTITY
2006
R

32,232,682
(32,232,682)
-
(212,925)
212,925
-

1,498,340
37,687,274
(10,050,839)
373,497
(125,491)
27,928
29,410,709

3,754,258
1,418,115
5,172,373

260
5,172,113
5,172,373
5,172,373

31/03/2007

(22,050,417)
(618,389,901)
(640,440,318)
540,440,318

: ENTITY
2006
R

3,982,335
19,616,612
-

BUFFALO CITY MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2007 (MUNICIPALITY AND ECONOMIC ENTITY)

EXTERNAL LOANS							Carrying Value	Other Costs
Issued	Loan No.	Redeemable	Balance at 30/06/2006	Received during the year	Redeemed / written off during the year	Balance at 30/06/2007	of Property, Plant & Equipment	in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
<u>Local Registered Stock</u>								
1990 @ 16.50%	72	30/06/2010	8,000,000	-	-	8,000,000	4,212,509	-
1990 @ 17.05%	73	31/12/2011	10,000,000	-	-	10,000,000	5,265,637	-
1990 @ 17.90%	5/90	30/06/2010	160,000	-	-	160,000	84,250	-
Total Local Registered Stock			18,160,000	-	-	18,160,000	9,562,396	-
<u>Annuity Loans</u>								
1997 @ 16.60%	SCMB	14/06/2007	9,387,171	-	9,387,171	-	-	-
2020 @ 13.95%	INCA	30/06/2020	120,427,343	9,794,249	11,027,599	119,193,993	61,947,683	-
2001 @ 10.83%	13717-DBSA	30/06/2021	63,157,895	5,707,946	4,210,526	64,655,315	31,039,542	-
2002 @ 11.40%	100124-DBSA	30/06/2023	144,239,481	9,702,191	3,034,896	150,906,776	74,353,203	-
2004 @ 10.15%	100783-DBSA	30/06/2009	6,000,000	164,421	-	6,164,421	3,159,382	-
2004 @ 12.56%	101058-DBSA	31/12/2023	55,569,023	3,962,202	972,358	58,558,867	28,748,620	-
2004 @ 10.11%	101490-DBSA	31/12/2006	1,919,472	-	1,919,472	-	-	-
1977 @ 13.00%	SAN 1	30/09/2007	29,069	-	18,763	10,306	5,427	-
Annuity Loans carried forward			400,729,454	29,331,009	30,570,785	399,489,678	199,253,857	-

BUFFALO CITY MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2007 (MUNICIPALITY AND ECONOMIC ENTITY)

EXTERNAL LOANS							Carrying Value	Other Costs
Issued	Loan No.	Redeemable	Balance at 30/06/2006	Received during	Redeemed / written off	Balance at 30/06/2007	of Property,	in accordance
			R	R	R	R	R	R
Annuity Loans brought forward			400,729,454	29,331,009	30,570,785	399,489,678	199,253,857	-
1978 @ 13.00%	CJPF 4	30/06/2009	58,110	9,113	36,340	30,883	20,448	-
1980 @ 9.50%	CJPF 5	30/06/2005	46,626	16,963	31,086	32,503	13,904	-
2003 @ 9.05%	STAFF	27/07/2006	306,790	-	306,790	-	-	-
2007 @ 9.80%	102531-DBSA	VARIOUS	-	99,974,340	-	99,974,340	51,609,375	-
Total Annuity Loans			401,140,980	129,331,425	30,945,001	499,527,404	250,897,584	-
Financial Leases :								
2001 @ 13.50%	DCFS	18/09/2006	59,572	-	59,572	-	-	-
Total Financial Leases			59,572	-	59,572	-	-	-
Total External Loans			419,360,552	129,331,425	31,004,573	517,687,404	260,459,980	-

BUFFALO CITY MUNICIPALITY
APPENDIX B (i)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs		Closing Balance
LAND AND BUILDINGS											
Land	123,537,323	424,722	-	-	(17,469,685)	106,492,360	-	-	-	-	106,492,360
Buildings	306,905,212	3,170,788	-	1,703,442	(57,547,568)	254,231,874	178,929,225	17,250,615	(39,236,914)	156,942,926	97,288,948
Total Land and Buildings	430,442,535	3,595,510	-	1,703,442	(75,017,253)	360,724,234	178,929,225	17,250,615	(39,236,914)	156,942,926	203,781,308
INFRASTRUCTURE ASSETS											
Electricity											
Festive Lighting	249,990	258,736	-	-	-	508,726	149,994	62,935	-	212,929	295,797
High Mast Lighting	-	785,151	-	-	-	785,151	-	39,258	-	39,258	745,893
Load Control Equipment	302,823	70,790	-	-	-	373,613	302,823	1,770	-	304,593	69,020
Mains	46,876,987	10,332,123	(10,250,641)	-	-	46,958,469	27,307,689	1,590,779	-	28,898,468	18,060,001
Meters	21,087,537	198,979	-	-	-	21,286,516	11,470,755	660,651	-	12,131,406	9,155,110
Reticulation	245,506,215	633,964	-	6,740,778	-	252,880,957	119,375,121	7,452,742	-	126,827,863	126,053,094
Substations	34,391,417	13,952,478	-	-	-	48,343,895	22,662,130	1,171,214	(518,058)	23,315,286	25,028,609
Switchgear Equipment	-	4,228,486	-	-	-	4,228,486	-	105,712	-	105,712	4,122,774
Transformer Kiosks	59,604	3,817,016	-	-	-	3,886,620	9,280	65,937	-	75,217	3,811,403
	348,484,573	34,277,723	(10,250,641)	6,740,778	-	379,252,433	181,277,792	11,150,998	(518,058)	191,910,732	187,341,701
Roads											
Bridges, Subways and Culverts	4,592,733	937,900	-	-	-	5,530,633	331,217	160,909	-	492,126	5,038,507
Bus Terminals	154,909	-	-	-	-	154,909	23,236	7,745	-	30,981	123,928
Car Parks	298,082	-	-	-	-	298,082	207,364	6,968	-	214,332	83,750
Motorways	17,848,469	5,960,031	-	-	-	23,808,500	3,345,408	1,147,958	-	4,493,366	19,315,134
Other Roads	448,324,130	44,443,775	(22,827,073)	6,042,048	-	475,982,880	337,696,445	19,554,479	-	357,250,924	118,731,956
Parking Areas	5,711,421	805,512	(231,540)	39,761	-	6,325,154	4,439,809	143,981	-	4,583,790	1,741,364
Parking Meters	1,787,985	-	-	-	-	1,787,985	59,600	119,199	-	178,799	1,609,186
Pedestrian Facilities	2,821,241	1,141,566	(499,000)	-	-	3,463,807	299,314	256,621	-	555,935	2,907,872
Sidewalks	7,189,998	2,073,845	-	-	-	9,263,843	856,223	653,286	-	1,509,509	7,754,334
Stormwater Drains	604,143	-	-	-	-	604,143	410,943	14,261	-	425,204	178,939
Street Lighting	18,766,818	2,376,272	-	1,638,699	-	22,781,789	11,706,458	436,011	-	12,142,469	10,639,320
Taxi Facilities	3,002,505	2,647,984	-	-	-	10,650,489	774,952	458,004	-	1,232,956	9,417,533
Traffic Calming	428,516	1,315,846	-	-	-	1,744,362	21,426	108,644	-	130,070	1,614,292
Traffic Signals	650,327	263,566	-	-	-	913,893	366,797	28,822	-	395,619	518,274
Traffic Signs	1,584,201	592,282	-	-	-	2,176,483	740,709	122,541	-	863,250	1,313,233
	518,765,478	62,558,579	(23,557,613)	7,720,508	-	565,486,952	361,279,901	23,219,429	-	384,499,330	180,987,622
Sewerage											
Outfall Sewers	9,373,238	-	-	-	(6,373,238)	-	1,593,310	-	(1,593,310)	-	-
Purification Works	42,048,844	-	-	-	(35,841,920)	6,206,924	14,694,714	-	(14,694,714)	-	6,206,924
Sewer Mains	27,566,185	-	(3,660,397)	-	(14,053,895)	9,851,893	504,449	-	(504,449)	-	9,851,893
Sewerage Pumps	5,482,116	-	(1,760,000)	-	(3,472,116)	250,000	578,002	-	(578,002)	-	250,000
Sewers	175,769,228	-	-	-	(175,619,238)	149,990	114,573,966	-	(114,573,966)	-	149,990
Bulk Sewers	-	76,322,697	-	3,741,093	-	80,063,790	-	2,676,685	-	2,676,685	77,387,105
Oxidation Ponds	-	2,888,000	-	-	-	2,888,000	-	78,396	-	78,396	2,809,604
Connections	-	13,889,043	-	-	-	13,889,043	-	524,743	-	524,743	13,364,300
Pump Stations	-	15,285,418	-	1,336,186	-	16,621,604	-	967,472	-	967,472	15,654,132
Purification Works	-	57,364,815	-	12,601,985	-	59,966,800	-	3,122,623	-	3,122,623	66,844,177
Sewers	-	210,449,053	-	17,960,064	-	228,409,117	-	7,985,967	-	7,985,967	220,423,150
	257,239,611	376,199,026	(5,420,397)	35,639,328	(235,360,407)	428,297,161	131,944,441	15,355,886	(131,944,441)	15,355,886	412,941,275
Water											
Dams	15,665,087	-	-	-	-	15,665,087	14,948,555	45,266	-	14,993,821	671,266
Mains	54,752,201	-	-	170,901	-	54,923,102	8,814,704	2,955,976	-	11,770,680	43,152,422
Meters	7,579,769	1,276,467	-	-	-	8,856,236	2,584,987	463,017	-	3,048,004	5,808,232
Reservoirs	27,704,153	-	-	12,338,802	-	40,042,955	14,579,956	368,044	-	14,948,000	25,094,955
Reticulation	244,854,476	2,532,428	(2,485,975)	11,126,301	-	256,027,230	156,738,926	3,894,027	-	160,632,953	95,394,277
Treatment Works	23,185,111	-	-	-	-	23,185,111	16,209,735	446,348	-	16,656,083	6,529,028
	373,740,797	3,808,895	(2,485,975)	23,636,004	-	398,699,721	213,876,863	8,172,678	-	222,049,541	176,650,180
Infrastructure Assets carried forward	1,498,230,459	476,844,223	(41,714,626)	73,736,618	(235,360,407)	1,771,736,267	888,378,997	57,898,991	(132,462,499)	813,815,489	957,920,778

BUFFALO CITY MUNICIPALITY
APPENDIX B (i)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs		Closing Balance
Infrastructure Assets brought forward	1,498,230,459	476,844,223	(41,714,626)	73,736,618	(235,360,407)	1,771,736,267	888,378,997	57,898,991	(132,462,499)	813,815,489	957,920,778
Security											
Access Control Systems	43,910	-	-	-	-	43,910	14,062	8,782	-	22,844	21,066
Fencing	2,454,493	588,083	-	-	-	3,042,576	2,045,823	221,840	-	2,267,663	774,913
Lighting	6,585	-	-	-	-	6,585	6,585	-	-	6,585	-
Security Systems	472,788	333,083	-	-	-	805,871	301,388	71,794	-	373,182	432,689
	2,977,776	921,166	-	-	-	3,898,942	2,367,858	302,416	-	2,670,274	1,228,668
Total Infrastructure Assets	1,501,208,235	477,765,389	(41,714,626)	73,736,618	(235,360,407)	1,775,635,209	890,746,855	58,201,407	(132,462,499)	816,485,763	959,149,446
HERITAGE ASSETS											
Historical Buildings	-	520,356	-	-	-	520,356	-	-	-	-	520,356
Artworks	-	39,000	-	-	-	39,000	-	-	-	-	39,000
Total Heritage Assets	-	559,356	-	-	-	559,356	-	-	-	-	559,356
COMMUNITY ASSETS											
Buildings											
Agriculture	91,954	-	-	-	-	91,954	13,794	4,598	-	18,392	73,562
Aquariums	431,338	-	-	265,825	-	697,163	7,189	14,378	-	21,567	675,596
Beachfront Developments	26,293,225	-	-	-	-	26,293,225	23,424,241	104,442	-	23,528,683	2,764,542
Cemeteries	12,187,715	-	-	1,590,309	-	13,778,024	3,102,666	517,749	(100,870)	3,519,545	10,258,479
Clinics & Hospitals	3,391,369	1,108,200	(106,362)	145,225	-	4,538,432	225,245	120,490	(127,004)	218,731	4,319,701
Community Centres	9,537,674	1,871,825	-	5,173,580	-	16,583,079	3,920,393	211,167	(1,930,314)	2,201,246	14,381,833
Fire Stations	1,027,916	-	-	2,523,731	-	3,551,647	26,169	34,264	-	60,433	3,491,214
Libraries	936,167	231,250	-	320,567	-	2,087,984	280,862	26,875	-	307,737	1,780,247
Nature Reserves	1,189,638	312,507	-	518,631	-	2,020,776	19,827	44,863	-	64,690	1,956,086
Parks	7,205,111	116,646	-	80,300	-	7,402,057	4,370,209	126,758	-	4,496,967	2,905,090
Public Conveniences	1,093,654	-	-	-	-	1,093,654	139,589	35,336	-	174,925	918,729
Sports & Related Stadiums	24,261,386	1,684,608	-	-	-	25,945,994	5,067,457	692,517	-	5,759,974	20,186,020
Zoos	761,613	-	-	-	-	761,613	343,131	14,636	-	357,767	403,846
	88,408,760	5,325,036	(106,362)	11,218,168	-	104,845,602	40,940,772	1,948,073	(2,158,188)	40,730,657	64,114,945
Recreational Facilities											
Floodlighting	155,253	38,012	-	-	-	193,265	43,379	8,372	-	51,751	141,514
Outdoor Sports Facilities	21,112,983	2,397,219	-	-	-	23,510,202	4,781,776	973,157	(272,200)	5,482,733	18,027,469
Swimming Pools	4,745,327	1,334,383	-	-	-	6,079,710	2,986,132	139,369	-	3,125,501	2,954,209
Tennis Courts	311,366	200,150	-	-	-	511,516	113,968	16,615	-	130,583	380,933
	26,324,929	3,969,764	-	-	-	30,294,693	7,925,255	1,137,513	(272,200)	8,790,568	21,504,125
Total Community Assets	114,733,689	9,294,800	(106,362)	11,218,168	-	135,140,295	48,866,027	3,085,586	(2,430,388)	49,521,225	85,619,070
OTHER ASSETS											
Other Properties											
Caravan Parks	822,015	-	-	-	-	822,015	510,750	15,563	-	526,313	295,702
Compost Plant	182,353	-	-	-	-	182,353	27,354	9,118	-	36,472	145,881
General	24,071	-	(24,071)	-	-	-	-	-	-	-	-
Hawker Facilities	308,884	-	-	-	-	308,884	48,850	15,296	-	64,146	244,738
Markets	357,623	550,328	-	-	-	907,951	25,062	21,093	-	46,155	861,796
Nurseries	478,396	-	-	-	-	478,396	53,550	15,947	-	69,497	408,899
Recycling Centres	14,347,389	-	-	932,981	-	15,280,370	416,079	479,723	-	895,802	14,384,568
Tip Sites	47,244,281	119,417,468	-	10,549,690	-	177,211,439	7,632,391	1,525,657	-	9,158,048	168,053,391
Training Centres	160,331	-	-	-	-	160,331	37,410	5,344	-	42,754	117,577
Waste Cells	2,899,842	-	-	-	-	2,899,842	144,991	96,661	-	241,652	2,658,190
	66,825,185	119,967,796	(24,071)	11,482,671	-	198,251,581	8,896,437	2,184,402	-	11,080,839	187,170,742
Other Assets carried forward	66,825,185	119,967,796	(24,071)	11,482,671	-	198,251,581	8,896,437	2,184,402	-	11,080,839	187,170,742

BUFFALO CITY MUNICIPALITY
APPENDIX B (i)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007

	Cost						Accumulated Depreciation				Carrying Value
	Opening Balance	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	
Other Assets brought forward	66,825,185	119,967,796	(24,071)	11,482,671	-	198,251,581	8,896,437	2,184,402	-	11,080,839	187,170,742
Plant and Equipment											
Chlorination Equipment	87,765	-	-	-	-	87,765	87,765	-	-	87,765	-
Compactors	5,384,468	-	-	-	-	5,384,468	2,470,034	362,509	-	2,832,543	2,551,925
Compressors	1,722,723	-	-	-	-	1,722,723	1,033,634	344,545	-	1,378,179	344,544
Crementors	171,065	-	-	-	-	171,065	60,281	11,404	-	71,685	99,380
Electronic Equipment	2,615,683	1,394,391	-	-	-	4,010,074	794,253	676,365	-	1,470,618	2,539,456
Fire Hoses	199,138	-	-	-	-	199,138	25,439	39,828	-	65,267	133,871
General	806,686	596,790	-	-	-	1,403,476	456,677	175,628	-	632,305	771,171
Generators	301,692	-	-	-	-	301,692	170,778	116,615	-	287,393	514,299
Graders	158,718	1,044,516	-	-	-	1,203,234	7,936	68,098	-	76,034	1,127,200
Horticultural Equipment	2,104,125	1,564,617	-	-	-	3,668,742	888,835	425,106	-	1,313,941	2,354,801
Laboratory Equipment	224,194	26,100	-	-	-	250,294	127,749	46,144	-	173,893	76,401
Other Emergency Equipment	871,107	1,793,215	-	-	-	2,664,322	51,546	184,678	-	236,224	2,428,098
Pumps	2,742,865	-	-	-	-	2,742,865	1,610,111	166,160	-	1,776,271	966,594
Radio Equipment	380,021	55,000	-	-	-	435,021	156,139	162,599	-	318,738	616,283
Telecommunication Equipment	516,205	360,288	-	-	-	876,493	184,861	159,270	-	344,131	632,362
Tractors	1,283,580	4,121,793	-	-	-	5,405,373	190,582	343,277	-	533,859	4,871,514
Trailers	141,128	-	-	-	-	141,128	37,513	28,226	-	65,739	75,389
Watercraft	117,434	42,643	-	-	-	160,077	11,743	9,250	-	20,993	139,084
Workshop Equipment	643,525	158,682	-	-	-	802,207	179,447	144,573	-	324,020	478,187
	21,572,122	11,158,035				32,730,157	8,545,323	3,464,275		12,009,598	20,720,559
Office Equipment											
Air Conditioners	773,069	836,008	-	-	-	1,609,077	187,339	338,530	-	525,869	1,083,208
Computer Hardware	16,008,416	2,918,204	-	-	-	18,926,620	6,071,500	5,048,179	-	11,119,679	7,806,941
Office Machines	3,483,888	863,740	-	-	-	4,347,628	733,108	639,875	-	1,372,983	2,974,645
	20,265,373	4,617,952				24,883,325	6,991,947	6,026,584		13,018,531	11,864,794
Furniture and Fittings											
Cabinets and Cupboards	170,921	-	-	-	-	170,921	38,171	37,791	-	75,962	94,959
General	115,156	36,570	-	-	-	151,726	17,026	6,333	-	23,359	128,367
Tables and Desks	234,375	82,910	-	-	-	317,285	34,147	40,917	-	75,064	242,221
	520,452	119,480				639,932	89,344	85,041		174,385	465,547
Motor Vehicles											
Fire Engines	5,237,265	4,210,369	-	-	-	9,447,634	490,782	390,428	-	881,210	8,566,424
Mobile Libraries	41,568	-	-	-	-	41,568	12,471	4,157	-	16,628	24,940
Motor Vehicles	8,466,172	5,629,273	-	-	(69,995)	14,025,450	3,730,099	2,189,185	(11,666)	5,907,618	8,117,832
Refuse Vehicles	532,064	11,993,518	-	-	-	12,525,582	17,735	435,255	-	452,990	12,072,592
Tankers	434,870	-	-	-	-	434,870	86,973	28,991	-	115,964	318,906
Trucks and LDV's	20,302,334	8,033,149	-	-	(251,628)	28,083,855	4,932,136	4,602,825	(86,944)	9,448,017	18,635,838
	35,014,273	29,866,309				64,558,959	9,270,196	7,650,841		(98,610)	47,736,532
Capital leases											
Motor Vehicles	7,194,234	-	-	-	-	7,194,234	7,194,234	-	-	7,194,234	-
	7,194,234					7,194,234	7,194,234			7,194,234	
General											
Planning	3,059,505	-	-	-	-	3,059,505	-	-	-	-	3,059,505
	3,059,505					3,059,505					3,059,505
Total Other Assets	154,451,144	165,729,572	(24,071)	11,482,671	(321,623)	331,317,693	40,987,481	19,411,143	(98,610)	60,300,014	271,017,679
INTANGIBLE ASSETS											
Computer Software	17,858,504	4,669,811	-	275,001	-	22,803,316	14,053,247	2,447,495	-	16,500,742	6,302,574
Total Intangible Assets	17,858,504	4,669,811		275,001		22,803,316	14,053,247	2,447,495		16,500,742	6,302,574
AGRICULTURAL ASSETS											
Aquariums	-	306,000	-	-	-	306,000	-	-	-	-	306,000
Zoos	-	668,150	-	-	-	668,150	-	-	-	-	668,150
Total Agricultural Assets		974,150				974,150					974,150
TOTAL	2,144,284,708	662,588,588	(41,845,059)	98,415,900	(236,289,884)	2,627,154,253	1,131,406,118	100,396,246	(132,051,694)	1,099,750,670	1,527,403,583

Under Construction Balance

Opening Balance (incl. in Opening Balance - Cost)	91,125,958
Capitalised during the year	<u>(41,845,059)</u>
Under Construction 2005-06 carried forward (incl. in Opening Balance - Cost)	49,280,899
Under Construction - 2006-07	<u>98,415,900</u>
Year-End Under Construction Balance	<u>147,696,799</u>

BUFFALO CITY MUNICIPALITY
APPENDIX B (ii)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007 - ECONOMIC ENTITY

	Cost						Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance		
LAND AND BUILDINGS												
Land	123,537,323	424,722	-	-	(17,469,685)	106,492,360	-	-	-	-	-	106,492,360
Buildings	306,905,212	3,170,788	-	1,703,442	(57,547,568)	254,231,874	178,929,225	17,250,615	(39,236,914)	156,942,926	-	97,288,948
Total Land and Buildings	430,442,535	3,595,510	-	1,703,442	(75,017,253)	360,724,234	178,929,225	17,250,615	(39,236,914)	156,942,926	-	203,781,308
INFRASTRUCTURE ASSETS												
Electricity												
Festive Lighting	249,990	258,736	-	-	-	508,726	149,994	62,935	-	212,929	-	295,797
High Mast Lighting	-	785,151	-	-	-	785,151	-	39,258	-	39,258	-	745,893
Load Control Equipment	302,823	70,790	-	-	-	373,613	302,823	1,770	-	304,593	-	69,020
Mains	46,876,987	10,332,123	(10,250,641)	-	-	46,958,469	27,307,689	1,590,779	-	28,898,468	-	18,060,001
Meters	21,087,537	198,979	-	-	-	21,286,516	11,470,755	660,651	-	12,131,406	-	9,155,110
Reticulation	245,506,215	633,964	-	6,740,778	-	252,880,957	119,375,121	7,452,742	-	126,827,863	-	126,053,094
Substations	34,391,417	13,952,478	-	-	-	48,343,895	22,662,130	1,171,214	(518,058)	23,315,286	-	25,028,609
Switchgear Equipment	-	4,228,486	-	-	-	4,228,486	-	105,712	-	105,712	-	4,122,774
Transformer Kiosks	69,604	3,817,016	-	-	-	3,886,620	9,280	65,937	-	75,217	-	3,811,403
	348,484,573	34,277,723	(10,250,641)	6,740,778	-	379,252,433	181,277,792	11,150,998	(518,058)	191,910,732	-	187,341,701
Roads												
Bridges, Subways and Culverts	4,592,733	937,900	-	-	-	5,530,633	331,217	160,909	-	492,126	-	5,038,507
Bus Terminals	154,909	-	-	-	-	154,909	23,236	7,745	-	30,981	-	123,928
Car Parks	298,082	-	-	-	-	298,082	207,364	6,968	-	214,332	-	83,750
Motorways	17,848,469	5,960,031	-	-	-	23,808,500	3,345,408	1,147,958	-	4,493,366	-	19,315,134
Other Roads	448,324,130	44,443,775	(22,827,073)	6,042,048	-	475,982,880	337,696,445	19,554,479	-	357,250,924	-	118,731,956
Parking Areas	5,711,421	805,512	(231,540)	39,761	-	6,325,154	4,439,809	143,981	-	4,583,790	-	1,741,364
Parking Meters	1,787,985	-	-	-	-	1,787,985	59,600	119,199	-	178,799	-	1,609,186
Pedestrian Facilities	2,821,241	1,141,566	(499,000)	-	-	3,463,807	299,314	256,621	-	555,935	-	2,907,872
Sidewalks	7,189,998	2,073,845	-	-	-	9,263,843	856,223	653,286	-	1,509,509	-	7,754,334
Stormwater Drains	604,143	-	-	-	-	604,143	410,943	14,261	-	425,204	-	178,939
Street Lighting	18,766,818	2,376,272	-	1,638,699	-	22,781,789	11,706,458	436,011	-	12,142,469	-	10,639,320
Taxi Facilities	8,002,505	2,647,984	-	-	-	10,650,489	774,952	458,004	-	1,232,956	-	9,417,533
Traffic Calming	428,516	1,315,846	-	-	-	1,744,362	21,426	108,644	-	130,070	-	1,614,292
Traffic Signals	650,327	263,566	-	-	-	913,893	366,797	28,822	-	395,619	-	518,274
Traffic Signs	1,584,201	592,282	-	-	-	2,176,483	740,709	122,541	-	863,250	-	1,313,233
	518,765,478	62,558,579	(23,557,613)	7,720,508	-	565,486,952	361,279,901	23,219,429	-	384,499,330	-	180,987,622
Sewerage												
Outfall Sewers	6,373,238	-	-	-	(6,373,238)	-	1,593,310	-	(1,593,310)	-	-	-
Purification Works	42,048,844	-	-	-	(35,841,920)	6,206,924	14,694,714	-	(14,694,714)	-	-	6,206,924
Sewer Mains	27,566,185	-	(3,660,397)	-	(14,053,895)	9,851,893	504,449	-	(504,449)	-	-	9,851,893
Sewerage Pumps	5,482,116	-	(1,760,000)	-	(3,472,116)	250,000	578,002	-	(578,002)	-	-	250,000
Sewers	175,769,228	-	-	-	(175,619,238)	149,990	114,573,966	-	(114,573,966)	-	-	149,990
Bulk Sewers	-	76,322,697	-	3,741,093	-	80,063,790	-	2,676,685	-	2,676,685	-	77,387,105
Oxidation Ponds	-	2,888,000	-	-	-	2,888,000	-	78,396	-	78,396	-	2,809,604
Connections	-	13,889,043	-	-	-	13,889,043	-	524,743	-	524,743	-	13,364,300
Pump Stations	-	15,285,418	-	1,336,186	-	16,621,604	-	967,472	-	967,472	-	15,654,132
Purification Works	-	57,364,815	-	12,601,985	-	69,966,800	-	3,122,623	-	3,122,623	-	66,844,177
Sewers	-	210,449,053	-	17,960,064	-	228,409,117	-	7,985,967	-	7,985,967	-	220,423,150
	257,239,611	376,199,026	(5,420,397)	35,639,328	(235,360,407)	428,297,161	131,944,441	15,355,886	(131,944,441)	15,355,886	-	412,941,275
Water												
Dams	15,665,087	-	-	-	-	15,665,087	14,948,555	45,266	-	14,993,821	-	671,266
Mains	54,752,201	-	-	170,901	-	54,923,102	8,814,704	2,955,976	-	11,770,680	-	43,152,422
Meters	7,579,769	1,276,467	-	-	-	8,856,236	2,584,987	463,017	-	3,048,004	-	5,808,232
Reservoirs	27,704,153	-	-	12,338,802	-	40,042,955	14,579,956	368,044	-	14,948,000	-	25,094,955
Reticulation	244,854,476	2,532,428	(2,485,975)	11,126,301	-	256,027,230	156,738,926	3,894,027	-	160,632,953	-	95,394,277
Treatment Works	23,185,111	-	-	-	-	23,185,111	16,209,735	446,348	-	16,656,083	-	6,529,028
	373,740,797	3,808,895	(2,485,975)	23,636,004	-	398,699,721	213,876,863	8,172,678	-	222,049,541	-	176,650,180
Infrastructure Assets carried forward	1,498,230,459	476,844,223	(41,714,626)	73,736,618	(235,360,407)	1,771,736,267	888,378,997	57,898,991	(132,462,499)	813,815,489	-	957,920,778

BUFFALO CITY MUNICIPALITY
APPENDIX B (ii)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007 - ECONOMIC ENTITY

	Cost						Accumulated Depreciation				Carrying Value
	Opening Balance	Additions / Write-Ons	Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	
Infrastructure Assets brought forward	1,498,230,459	476,844,223	(41,714,626)	73,736,618	(235,360,407)	1,771,736,267	888,378,997	57,898,991	(132,462,499)	813,815,489	957,920,778
Security											
Access Control Systems	43,910	-	-	-	-	43,910	14,062	8,782	-	22,844	21,066
Fencing	2,454,493	588,083	-	-	-	3,042,576	2,045,823	221,840	-	2,267,663	774,913
Lighting	6,585	-	-	-	-	6,585	6,585	-	-	6,585	-
Security Systems	472,788	333,083	-	-	-	805,871	301,388	71,794	-	373,182	432,689
	2,977,776	921,166	-	-	-	3,898,942	2,367,858	302,416	-	2,670,274	1,228,668
Total Infrastructure Assets	1,501,208,235	477,765,389	(41,714,626)	73,736,618	(235,360,407)	1,775,635,209	890,746,855	58,201,407	(132,462,499)	816,485,763	959,149,446
HERITAGE ASSETS											
Historical Buildings	-	520,356	-	-	-	520,356	-	-	-	-	520,356
Artworks	-	39,000	-	-	-	39,000	-	-	-	-	39,000
Total Heritage Assets	-	559,356	-	-	-	559,356	-	-	-	-	559,356
COMMUNITY ASSETS											
Buildings											
Agriculture	91,954	-	-	-	-	91,954	13,794	4,598	-	18,392	73,562
Aquariums	431,338	-	-	265,825	-	697,163	7,189	14,378	-	21,567	675,596
Beachfront Developments	26,293,225	-	-	-	-	26,293,225	23,424,241	104,442	-	23,528,683	2,764,542
Cemeteries	12,187,715	-	-	1,590,309	-	13,778,024	3,102,666	517,749	(100,870)	3,519,545	10,258,479
Clinics & Hospitals	3,391,369	1,108,200	(106,362)	145,225	-	4,538,432	225,245	120,490	(127,004)	218,731	4,319,701
Community Centres	9,537,674	1,871,825	-	5,173,580	-	16,583,079	3,920,393	211,167	(1,930,314)	2,201,246	14,381,833
Fire Stations	1,027,916	-	-	2,523,731	-	3,551,647	26,169	34,264	-	60,433	3,491,214
Libraries	936,167	231,250	-	920,567	-	2,087,984	280,862	26,875	-	307,737	1,780,247
Nature Reserves	1,189,638	312,507	-	518,631	-	2,020,776	19,827	44,863	-	64,690	1,956,086
Parks	7,205,111	116,646	-	80,300	-	7,402,057	4,370,209	126,758	-	4,496,967	2,905,090
Public Conveniences	1,093,654	-	-	-	-	1,093,654	139,589	35,336	-	174,925	918,729
Sports & Related Stadiums	24,261,386	1,684,608	-	-	-	25,945,994	5,067,457	692,517	-	5,759,974	20,186,020
Zoos	761,613	-	-	-	-	761,613	343,131	14,636	-	357,767	403,846
	88,408,760	5,325,036	(106,362)	11,218,168	-	104,845,602	40,940,772	1,948,073	(2,158,188)	40,730,657	64,114,945
Recreational Facilities											
Floodlighting	155,253	38,012	-	-	-	193,265	43,379	8,372	-	51,751	141,514
Outdoor Sports Facilities	21,112,983	2,397,219	-	-	-	23,510,202	4,781,776	973,157	(272,200)	5,482,733	18,027,469
Swimming Pools	4,745,327	1,334,383	-	-	-	6,079,710	2,986,132	139,369	-	3,125,501	2,954,209
Tennis Courts	311,366	200,150	-	-	-	511,516	113,968	16,615	-	130,583	380,933
	26,324,929	3,969,764	-	-	-	30,294,693	7,925,255	1,137,513	(272,200)	8,790,568	21,504,125
Total Community Assets	114,733,689	9,294,800	(106,362)	11,218,168	-	135,140,295	48,866,027	3,085,586	(2,430,388)	49,521,225	85,619,070
OTHER ASSETS											
Other Properties											
Caravan Parks	822,015	-	-	-	-	822,015	510,750	15,563	-	526,313	295,702
Compost Plant	182,353	-	-	-	-	182,353	27,354	9,118	-	36,472	145,881
General	24,071	-	(24,071)	-	-	-	-	-	-	-	-
Hawker Facilities	308,884	-	-	-	-	308,884	48,850	15,296	-	64,146	244,738
Markets	357,623	550,328	-	-	-	907,951	25,062	21,093	-	46,155	861,796
Nurseries	478,396	-	-	-	-	478,396	53,550	15,947	-	69,497	408,899
Recycling Centres	14,347,389	-	-	932,981	-	15,280,370	416,079	479,723	-	895,802	14,384,568
Tip Sites	47,244,281	119,417,468	-	10,549,690	-	177,211,439	7,632,391	1,525,657	-	9,158,048	168,053,391
Training Centres	160,331	-	-	-	-	160,331	37,410	5,344	-	42,754	117,577
Waste Cells	2,899,842	-	-	-	-	2,899,842	144,991	96,661	-	241,652	2,658,190
	66,825,185	119,967,796	(24,071)	11,482,671	-	198,251,581	8,896,437	2,184,402	-	11,080,839	187,170,742
Other Assets carried forward	66,825,185	119,967,796	(24,071)	11,482,671	-	198,251,581	8,896,437	2,184,402	-	11,080,839	187,170,742

BUFFALO CITY MUNICIPALITY
APPENDIX B (ii)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007 - ECONOMIC ENTITY

	Cost						Accumulated Depreciation				Carrying Value
	Opening Balance	Additions / Write-Ons	Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	
Other Assets brought forward	66,825,185	119,967,796	(24,071)	11,482,671	-	198,251,581	8,896,437	2,184,402	-	11,080,839	187,170,742
Plant and Equipment											
Chlorination Equipment	87,765	-	-	-	-	87,765	87,765	-	-	87,765	-
Compacktors	5,384,468	-	-	-	-	5,384,468	2,470,034	362,509	-	2,832,543	2,551,925
Compressors	1,722,723	-	-	-	-	1,722,723	1,033,634	344,545	-	1,378,179	344,544
Cremators	171,065	-	-	-	-	171,065	60,281	11,404	-	71,685	99,380
Electronic Equipment	2,615,683	1,394,391	-	-	-	4,010,074	794,253	676,365	-	1,470,618	2,539,456
Fire Hoses	199,138	-	-	-	-	199,138	25,439	39,828	-	65,267	133,871
General	806,686	596,790	-	-	-	1,403,476	456,677	175,628	-	632,305	771,171
Generators	301,692	-	-	-	-	301,692	170,778	116,615	-	287,393	514,299
Graders	158,718	1,044,516	-	-	-	1,203,234	7,936	68,098	-	76,034	1,127,200
Horticultural Equipment	2,104,125	1,564,617	-	-	-	3,668,742	888,835	425,106	-	1,313,941	2,354,801
Laboratory Equipment	224,194	26,100	-	-	-	250,294	127,749	46,144	-	173,893	76,401
Other Emergency Equipment	871,107	1,793,215	-	-	-	2,664,322	51,546	184,678	-	236,224	2,428,098
Pumps	2,742,865	-	-	-	-	2,742,865	1,610,111	166,160	-	1,776,271	966,594
Radio Equipment	380,021	55,000	-	-	-	435,021	156,139	162,599	-	318,738	616,283
Telecommunication Equipment	516,205	360,288	-	-	-	876,493	184,861	159,270	-	344,131	632,362
Tractors	1,283,580	4,121,793	-	-	-	5,405,373	190,582	343,277	-	533,859	4,871,514
Trailers	141,128	-	-	-	-	141,128	37,513	28,226	-	65,739	75,389
Watercraft	117,434	42,643	-	-	-	160,077	11,743	3,250	-	20,993	139,084
Workshop Equipment	643,525	158,682	-	-	-	802,207	179,447	144,573	-	324,020	478,187
	21,572,122	11,158,035	-	-	-	32,730,157	8,545,323	3,464,275	-	12,009,598	20,720,559
Office Equipment											
Air Conditioners	773,069	836,008	-	-	-	1,609,077	187,339	338,530	-	525,869	1,083,208
Computer Hardware	16,095,931	2,943,582	-	-	-	19,039,513	6,097,015	5,080,976	-	11,177,991	7,861,522
Office Machines	3,523,339	874,622	-	-	-	4,397,961	735,883	648,672	-	1,384,555	3,013,406
	20,392,339	4,654,212	-	-	-	25,046,551	7,020,237	6,068,178	-	13,088,415	11,958,136
Furniture and Fittings											
Cabinets and Cupboards	170,921	-	-	-	-	170,921	38,171	37,791	-	75,962	94,959
General	227,245	56,685	-	-	(3,544)	280,386	27,810	26,739	(1,122)	53,427	226,959
Tables and Desks	234,375	82,910	-	-	-	317,285	34,147	40,917	-	75,064	242,221
	632,541	139,595	-	-	(3,544)	768,592	100,128	105,447	(1,122)	204,453	564,139
Motor Vehicles											
Fire Engines	5,237,265	4,210,369	-	-	-	9,447,634	490,782	390,428	-	881,210	8,566,424
Mobile Libraries	41,568	-	-	-	-	41,568	12,471	4,157	-	16,628	24,940
Motor Vehicles	8,466,172	5,629,273	-	-	(69,995)	14,025,450	3,730,099	2,189,185	(11,666)	5,907,618	8,117,832
Refuse Vehicles	532,064	11,993,518	-	-	-	12,525,582	17,735	435,255	-	452,990	12,072,592
Tankers	434,870	-	-	-	-	434,870	86,973	28,991	-	115,964	318,906
Trucks and LDV's	20,302,334	8,033,149	-	-	(251,628)	28,083,855	4,932,136	4,602,825	(86,944)	9,448,017	18,635,838
	35,014,273	29,866,309	-	-	(321,623)	64,558,959	9,270,196	7,650,841	(98,610)	16,822,427	47,736,532
Capital leases											
Motor Vehicles	7,194,234	-	-	-	-	7,194,234	7,194,234	-	-	7,194,234	-
	7,194,234	-	-	-	-	7,194,234	7,194,234	-	-	7,194,234	-
General											
Planning	3,059,505	-	-	-	-	3,059,505	-	-	-	-	3,059,505
	3,059,505	-	-	-	-	3,059,505	-	-	-	-	3,059,505
Total Other Assets	154,690,199	165,785,947	(24,071)	11,482,671	(325,167)	331,609,579	41,026,555	19,473,143	(99,732)	60,399,966	271,209,613
INTANGIBLE ASSETS											
Computer Software	17,858,504	4,669,811	-	275,001	-	22,803,316	14,053,247	2,447,495	-	16,500,742	6,302,574
Total Intangible Assets	17,858,504	4,669,811	-	275,001	-	22,803,316	14,053,247	2,447,495	-	16,500,742	6,302,574
AGRICULTURAL ASSETS											
Aquariums	-	306,000	-	-	-	306,000	-	-	-	-	306,000
Zoos	-	668,150	-	-	-	668,150	-	-	-	-	668,150
Total Agricultural Assets	-	974,150	-	-	-	974,150	-	-	-	-	974,150
TOTAL	2,144,523,763	662,644,963	(41,845,059)	98,415,900	(236,293,428)	2,627,446,139	1,131,445,192	100,458,246	(132,052,816)	1,099,850,622	1,527,595,517

Under Construction Balance

Opening Balance (incl. in Opening Balance - Cost)	91,125,958
Capitalised during the year	(41,845,059)
Under Construction 2005-06 carried forward (incl. in Opening Balance - Cost)	49,280,899
Under Construction - 2006-07	98,415,900
Year-End Under Construction Balance	147,696,799

BUFFALO CITY MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2007 (MUNICIPALITY AND ECONOMIC ENTITY)

Fixed Assets Description	Historical Cost						Accumulated Depreciation				Carrying Value
	Opening Balance Cost	Additions / Write-Ons	Under Construction Capitalised	Under Construction	Disposals / Write-Offs	Closing Balance	Opening Balance	Additions / Write-Ons	Disposals / Write-Offs	Closing Balance	
Executive and Council	7,983,477	884,764	-	5,857,628	-	14,725,869	2,331,209	981,139	-	3,312,348	11,413,522
Finance and Administration	327,990,954	27,329,009	-	275,001	(599,214)	354,995,751	142,092,409	24,367,084	-	166,459,493	188,536,257
Planning and Development	89,085,194	1,539,587	-	349,126	-	90,973,908	16,498,661	1,222,359	-	17,721,020	73,252,888
Health	8,741,392	2,889,926	(337,902)	-	-	11,293,416	1,500,177	1,151,861	-	2,652,038	8,641,378
Community and Social Services	31,568,502	3,940,691	-	2,788,001	-	38,297,193	7,853,704	2,120,633	-	9,974,337	28,322,856
Housing	7,524,062	-	-	3,795,787	-	11,319,849	161,814	20,357	-	182,171	11,137,678
Public Safety	21,881,538	24,188,185	(523,071)	3,857,854	-	49,404,507	5,414,811	3,657,388	-	9,072,199	40,332,308
Sport and Recreation	69,403,868	6,659,237	-	39,761	-	76,102,866	37,423,128	2,147,391	-	39,570,519	36,532,348
Environmental Protection	14,857,363	1,188,254	-	69,000	-	16,114,617	6,337,640	975,096	-	7,312,736	8,801,880
Waste Management	232,985,895	504,519,534	(5,420,397)	43,441,815	(235,439,043)	540,087,803	136,467,109	20,169,172	(131,964,747)	24,671,534	515,416,269
Road Transport	501,892,365	44,717,833	(22,827,074)	6,953,381	-	530,736,505	345,794,274	20,796,347	-	366,590,621	164,145,884
Water	379,163,556	6,619,791	(2,485,975)	22,838,507	(137,074)	405,998,806	219,418,311	10,114,298	(41,122)	229,491,487	176,507,319
Electricity	380,845,123	36,951,535	(10,250,641)	8,150,039	(114,554)	415,581,502	198,377,421	12,536,785	(45,825)	210,868,381	204,713,121
Other	70,361,419	1,160,242	-	-	-	71,521,661	11,735,450	136,336	-	11,871,786	59,649,875
BCDA	239,055	56,375	-	-	(3,544)	291,886	39,075	61,999	(1,122)	99,952	191,934
TOTALS	2,144,523,763	662,644,963	(41,845,059)	98,415,900	(236,293,428)	2,627,446,138	1,131,445,193	100,458,245	(132,052,816)	1,099,850,622	1,527,595,517

BUFFALO CITY MUNICIPALITY

APPENDIX D

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007
(MUNICIPALITY AND ECONOMIC ENTITY)**

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
17,960,185	66,434,857	(48,474,672)	Executive Mayor	21,868,378	78,364,050	(56,495,672)
33,176,405	44,705,574	(11,529,169)	Municipal Manager	36,457,368	55,256,367	(18,798,999)
405,824,372	153,423,819	252,400,553	Finance	451,127,676	52,967,357	398,160,319
73,233,798	84,920,827	(11,687,029)	Corporate Services	87,177,096	82,730,755	4,446,341
822,809,640	948,927,215	(126,117,575)	Engineering Services	858,295,881	1,153,205,186	(294,909,305)
50,798,531	123,510,819	(72,712,288)	Planning and Econ. Dev	76,310,071	174,488,707	(98,178,636)
198,087,904	437,656,789	(239,568,885)	Social Services	211,576,377	507,215,162	(295,638,785)
797,402	1,696,342	(898,940)	BCDA	1,871,135	3,001,078	(1,129,943)
<u>1,602,688,237</u>	<u>1,861,276,242</u>	<u>(258,588,005)</u>	Sub-Total	<u>1,744,683,982</u>	<u>2,107,228,662</u>	<u>(362,544,680)</u>
-	(462,914,622)	462,914,622	Less: Inter-Departmental charges	-	(481,539,788)	481,539,788
<u>1,602,688,237</u>	<u>1,398,361,620</u>	<u>204,326,617</u>	TOTAL	<u>1,744,683,982</u>	<u>1,625,688,874</u>	<u>118,995,108</u>
		1,418,115	Add: Share of Associate			1,315,706
		<u>205,744,732</u>				<u>120,310,813</u>

BUFFALO CITY MUNICIPALITY
APPENDIX E
ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007
(MUNICIPALITY AND ECONOMIC ENTITY)

	Actual 2007 R	Budget 2007 R	Variance R	Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	293,902,385	294,547,603	645,218	0	
Service Charges	796,748,895	795,230,535	(1,518,360)	(0)	
Rental of Facilities and Equipment	9,172,605	10,319,893	1,147,288	11	In the Directorate of Planning and Economic development the budget for Housing Rentals was not realised.
Dividends Received	-	45,750	-	-	
Fines	7,614,002	6,650,983	(963,019)	(14)	The Traffic Department campaigned to collect all outstanding fines during the current financial year which has resulted in the actual income exceeding the budget.
Government Grants and Subsidies	350,086,790	397,452,249	47,365,459	12	The variance is due to Operating Projects and Operating Housing grants not yet received.
Licences and Permits	9,190,730	7,605,377	(1,585,353)	(21)	There has been an increase in the commission received and in the registration of new vehicles during the financial year.
Other Income	76,929,451	96,489,534	19,560,083	20	The budgeted revenue for sundry income in the electricity department was not realised.
Profit on Sale of Asset	5,204,437	-	-	-	
Donations & Public Contribution- PPE	7,910,511	10,506,333	2,595,822	25	The transfer of income from Donations & Public Contributions was lower than expected.
Government Grants- PPE	119,319,288	134,617,735	15,298,447	11	The variance is due to less projects being completed than that was anticipated.
Interest Earned - External Investments	38,397,035	18,860,870	(19,536,165)	(104)	Cashflow increased dramatically over the last year. Surplus cash has not been used on capital projects as anticipated, hence the above average growth.
Interest Earned - Outstanding Debtors BCDA	28,336,715 1,871,135	28,336,716	1	-	
Total Revenue	1,744,683,979	1,800,663,578	55,979,599	3	
EXPENDITURE					
Executive Mayor	56,351,373	58,705,018	2,353,645	4	
Municipal Manager	37,148,579	43,821,969	6,673,390	15	The Department of Local Economic Development has underspent on their Operational Projects.
Finance	130,990,440	125,791,082	(5,199,358)	(4)	
Corporate Services	71,547,654	74,967,682	3,420,028	5	
Engineering Services	767,642,148	761,821,794	(5,820,354)	(1)	
Planning & Economic Development	141,161,550	165,510,486	24,348,936	15	The variance is due to under expenditure of the Operating Housing Projects.
Social Services	404,399,840	400,437,311	(3,962,529)	(1)	
Net Transfers to Other Reserves	13,446,213	16,391,733	2,945,520	18	No actual contribution was made for Water, Refuse and Sewerage during the current financial year.
BCDA	3,001,077	-	-	-	
Total Expenditure	1,625,688,873	1,647,447,075	21,758,202	1	
NET SURPLUS FOR THE YEAR	118,995,107	153,216,503	34,221,397	22	

BUFFALO CITY MUNICIPALITY

APPENDIX F

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

Description	2007 Additions / Write-Ons R	2007 Under Construction Capitalised R	2007 Under Construction R	2007 Total Additions R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances versus Budget
Executive and Council	884,764	-	5,857,628	6,742,392	10,627,879	(3,885,487)	(37)	Take-on of Sewerage & Tip Sites Assets which amounted to R 434 196 097.
Finance and Administration	27,329,009	-	275,001	27,604,010	36,017,018	(8,413,008)	(23)	
Planning and Development	1,539,587	-	349,126	1,888,714	4,751,381	(2,862,667)	(60)	
Health	2,889,926	(337,902)	-	2,552,024	3,656,260	(1,104,236)	(30)	
Community and Social Services	3,940,691	-	2,788,001	6,728,691	13,668,935	(6,940,244)	(51)	
Housing	-	-	3,795,787	3,795,787	8,429,125	(4,633,338)	(55)	
Public Safety	24,188,185	(523,071)	3,857,854	27,522,969	32,726,564	(5,203,595)	(16)	
Sport and Recreation	6,659,237	-	39,761	6,698,998	6,638,640	60,358	1	
Environmental Protection	1,188,253	-	69,000	1,257,253	2,957,669	(1,700,416)	(57)	
Waste Management	504,519,534	(5,420,397)	43,441,815	542,540,952	62,604,544	479,936,408	767	
Road Transport	44,717,833	(22,827,074)	6,953,381	28,844,140	42,405,081	(13,560,941)	(32)	
Water	6,619,791	(2,485,975)	22,838,507	26,972,323	34,445,495	(7,473,172)	(22)	
Electricity	36,951,535	(10,250,641)	8,150,039	34,850,933	37,994,449	(3,143,516)	(8)	
Other	1,160,242	-	-	1,160,242	1,352,880	(192,638)	(14)	
BCDA	56,375	-	-	56,375	-	56,375	-	
TOTALS	662,644,963	(41,845,059)	98,415,900	719,215,803	298,275,920	420,939,883	141	

BUFFALO CITY MUNICIPALITY

APPENDIX G

CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007 (MUNICIPALITY AND ECONOMIC ENTITY)

	UNSPENT BALANCE 01/07/2006	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2007
NATIONAL GOVERNMENT							
Transitional Grant	95,799	-	7,721	-	-	-	103,520
Financial Management Grant	1,470,729	500,000	153,934	(1,264,576)	(39,830)	-	820,258
Land Affairs	49,649,234	-	786,839	(548,868)	-	-	49,887,206
Restructuring Grant	50,208,174	35,000,000	1,324,625	(31,016,088)	(7,625,419)	-	47,891,291
IMEP	-	15,200,000	558,113	-	(13,903,523)	(1,854,590)	-
CMIP	441,046	99,805,225	2,243,134	(3,978,952)	(76,254,661)	(2,944,642)	19,311,149
MSIG	-	-	-	-	(256,579)	256,579	-
KWT:Grants Government	2,053	-	-	-	-	-	2,053
Project Consolidated-Billing System-MSIG	3,369,531	4,000,000	347,839	(3,414,338)	-	-	4,303,032
Equitable Share Grant	9,156,497	15,869,481	-	(7,076,231)	(9,050,342)	1	8,899,406
Energy Efficient Technology	5,812,829	-	507,003	(664,028)	-	-	5,655,804
Dwarf Funded Projects-Sewerage	4,789,618	1,430,973	1,023,755	(5,438)	(552,392)	-	6,686,516
Dwarf Funded Projects-Water	7,020,577	2,062,830	609,026	(945,280)	(387,262)	-	8,359,891
European Commission (MURP)	-	18,290,000	-	-	-	-	18,290,000
	132,016,086	192,158,509	7,561,990	(48,913,798)	(108,070,009)	(4,542,652)	170,210,124
PROVINCIAL GOVERNMENT							
Gompo Survey	123,029	-	9,097	(39,000)	-	-	93,126
Upgrade Water Supply	20,241	-	1,631	-	-	-	21,873
Mdantsane Upgrade - Water & Sewerage	98,287	-	4,410	-	-	-	102,697
Local Government Housing	27,169,194	69,417,855	3,250,873	(50,917,661)	-	(3,795,787)	45,124,474
Compost Waste Management	51,062	-	4,115	-	-	-	55,177
Disaster Relief Fund	2,635,384	500,000	224,216	(511,905)	(521,131)	-	2,326,563
Local Economic Development Fund	2,787,005	240,000	-	(386,191)	-	-	2,640,813
Map Preparation & Planning	-	-	6,398	121,941	-	(42,560)	85,778
Gompo & Mdantsane Art Centres	17,139	-	1,381	-	-	-	18,521
Environmental Project John Dube	116,646	-	9,401	-	-	-	126,047
Pilot Housing Project	150,259	-	12,110	-	-	-	162,369
Reeston Development - Land Affairs	1,153,859	-	83,260	-	(953,433)	-	283,686
Leiden Trust Account - Redevelop Duncan Village	184,054	-	14,834	-	-	-	198,888
Mdantsane Urban Renewal Project (Mnt Ruth Node)	5,137,201	-	333,811	-	-	-	5,471,012
Ikhwezi Block 1 Development	97,988	-	7,897	-	-	-	105,886
Mdantsane Upgrade - MD/PD:Area Planning	117,707	-	9,487	-	-	-	127,194
Mdantsane Upgrade - PD: Survey	5,113	-	1,326	-	-	-	6,439
Mdantsane Upgrade - MD Assessment Study	105,477	-	8,501	-	-	-	113,978
Provincial Government carried forward	39,969,645	70,157,855	3,982,750	(51,732,817)	(1,474,565)	-	57,064,521

BUFFALO CITY MUNICIPALITY

APPENDIX G CONTINUED

CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007 (MUNICIPALITY AND ECONOMIC ENTITY)

	UNSPENT BALANCE 01/07/2006	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2007
Provincial Government brought forward	39,969,645	70,157,855	3,982,750	(51,732,817)	(1,474,565)	-	57,064,521
Mdantsane Upgrade - Art Centre	55,840	-	3,833	(59,672)	-	-	-
Planning and Map Preparation	196,573	-	6,012	(121,941)	-	-	80,644
Upgrade Kwaklifu Settlement - Phakamisa	126,600	-	9,289	-	-	-	135,889
Needscamp Planning	913,659	-	-	-	-	-	913,659
Potsdam Village - Plan Survey & Upgrade	35,460	-	2,858	(5,016)	-	-	33,302
Ilitha Informal Settlement Upgrade	89,777	-	6,143	(61,112)	-	-	34,808
Kwa Tshatshu Settlement Upgrade - Zwelitsha	36,239	-	2,921	-	-	-	39,160
Local Government Housing	-	-	-	-	(3,795,787)	3,795,787	-
Mdantsane Human Settlement Program	43,851	-	3,534	-	-	-	47,385
Planning Kanana Settlement	20,480	-	1,676	-	-	-	22,156
Kwa Tshatshu Survey	168,395	-	7,253	(157,435)	-	-	18,213
Mahlangu Village :Panning and Survey	35,847	-	2,889	-	-	-	38,736
Mdantsane Infill Areas:Planning and Survey	208,737	-	16,823	-	-	-	225,560
Phakamisa Clifton PH2:Bongweni:Plan and Survey	97,236	-	7,837	-	-	-	105,073
Health Management System	148,515	-	11,519	-	-	-	160,033
Aids Training and Info Centre-ATIC	823,045	-	123,296	-	-	-	946,340
Yellowwoods-Kei road-survey	572,008	-	46,102	-	-	-	618,110
Yellowwoods-Kei road planning	627,630	-	31,695	-	-	-	659,325
Dept of Sports , Recreation, Arts & Culture	1,000,000	-	53,788	(494,362)	(51,785)	-	507,641
Upgrade Mdantsane buffer strip-phase	-	-	-	-	-	-	-
Dept of Economic Affairs & Tourism (DEAT)	-	775,803	-	(405,961)	-	-	369,842
	45,169,537	70,933,658	4,320,216	(53,038,315)	(5,322,136)	(42,560)	62,020,399
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	177,185,623	263,092,167	11,882,206	(101,952,113)	(113,392,146)	(4,585,213)	232,230,523
DONATIONS AND PUBLIC CONTRIBUTIONS							
ADM Funding	-	2,771,790	-	(92,853)	-	(2,029,855)	649,083
IDZ Funding - BCDA	2,253,798	-	-	(1,657,761)	-	-	596,037
BCMET Funding	-	5,832,635	-	(235,485)	(5,017,443)	-	579,707
Public Funding	1,161,044	1,113,967	100,197	(70,628)	(686,129)	-	1,618,450
DBSA	-	924,983	-	(498,880)	(59,192)	206,727	573,637
SIDA Development Trust	7,586,768	2,043,879	724,451	(5,688,654)	(6,211,757)	1,545,312	-
SETA Fund	901,696	2,684,976	271,888	(3,335,748)	-	-	522,812
Housing & Infrastructure Development Award	223,204	-	17,989	-	-	-	241,193
LOTTO Contribution	753,244	-	23,669	(689,308)	(1,464,182)	1,464,182	87,604
VUNA Award	1,268,593	-	115,078	(96,932)	(398,950)	-	887,788
Aquarium	3,299	-	266	-	-	-	3,564
Felzoo	8,600	-	693	-	-	-	9,293
Athletic Track	25,747	-	2,075	-	-	-	27,822
F.E.L.A.	5,673	-	457	-	-	-	6,130

Donations & Public Contributions carried forward	14,191,664	15,372,230	1,256,762	(12,366,250)	(13,837,653)	1,186,367	5,803,121
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BUFFALO CITY MUNICIPALITY

APPENDIX G CONTINUED

CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007 (MUNICIPALITY AND ECONOMIC ENTITY)

	UNSPENT BALANCE 01/07/2006	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2007
Donations & Public Contributions brought forward	14,191,664	15,372,230	1,256,762	(12,366,250)	(13,837,653)	1,186,367	5,803,121
Community Development	1,776,102	-	149,949	-	-	-	1,926,051
Art Gallery	41,052	-	1,609	(33,840)	-	-	8,822
Municipal Revenue Enhancement Programme	1,125,400	-	90,703	-	-	-	1,216,103
Climate Protection Implementation	136,269	-	10,983	-	-	-	147,251
ADM: Township Ext 1: Kidds Beach	57,532	-	4,637	-	-	-	62,169
ADM: Water Dist. Grant-Eureka	21,875	-	1,763	-	-	-	23,638
ADM: Special Grant-Macleantown	8,761	-	706	-	-	-	9,467
ADM: Special Grant-Ext 3: Kaysers	38,266	-	3,084	-	-	-	41,351
ADM: Community Hall: TRC-KWT	695	-	56	-	-	-	751
ADM: Income Generating Project: TRC-KWT	39,508	-	3,184	-	-	-	42,692
ADM: Community Hall: TRC-EL	17,546	-	1,414	-	-	-	18,960
ADM: Income Generating Project: TRC-EL	43,949	-	3,542	-	-	-	47,491
ADM: Tribal Trust: Kwelerha	10,048	-	810	-	-	-	10,857
ADM: Tribal Trust: Nxaruni	116,960	-	9,427	-	-	-	126,387
A.T. Taylor	51,605	-	4,159	-	-	-	55,764
C.H.T. Peplar	41,287	-	3,328	-	-	-	44,614
One stop centre(BCM Leiden Platform)	111,278	-	8,969	-	-	-	120,247
Ward Committee Training-(Stitching cordaid)	316,080	-	25,475	-	-	-	341,555
Leiden	-	308,403	1,636	(695,227)	-	385,188	-
Eastern Cape Development Agency (ECDC)	-	670,879	-	-	-	-	670,879
Umsobomvu Youth Fund	-	825,000	33,110	(625,760)	-	-	232,350
PADF Contributions: EX Public	-	226,805	-	-	-	-	226,805
HIV AIDS Toolkit	52,337	-	4,218	-	-	-	56,555
TOTAL DONATIONS & PUBLIC CONTRIBUTIONS	18,198,215	17,403,318	1,619,523	(13,721,076)	(13,837,653)	1,571,554	11,233,879
TOTAL CONDITIONAL GRANTS & RECEIPTS	195,383,838	280,495,484	13,501,729	(115,673,190)	(127,229,799)	(3,013,659)	243,464,402

BUFFALO CITY MUNICIPALITY

APPENDIX H

DISCLOSURE OF CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007

	EXECUTIVE MAYOR	MUNICIPAL MANAGER	FINANCE	CORPORATE SERVICES	ENGINEERING SERVICES	PLANNING AND ECON. DEV	COMMUNITY SERVICES	PUBLIC SAFETY & HEALTH	TOTAL
TRANSFER TO REVENUE - CAPITAL EXPENDITURE									
NATIONAL GOVERNMENT									
Financial Management Grant	-	-	39,830	-	-	-	-	-	39,830
Restructuring Grant	-	-	578,495	3,941,346	3,105,579	-	-	-	7,625,420
IMEP	-	-	-	-	13,903,523	-	-	-	13,903,523
MIG	-	587,585	-	-	65,687,111	394,452	7,479,610	2,105,901	76,254,659
MSIG	-	-	-	256,579	-	-	-	-	256,579
Equitable Share Grant	-	183,686	-	139,009	4,362,149	1,880,384	2,485,116	-	9,050,344
Dwaf Funded Projects-Sewerage	-	-	-	-	552,392	-	-	-	552,392
Dwaf Funded Projects-Water	-	-	-	-	387,262	-	-	-	387,262
	-	771,271	618,325	4,336,934	87,998,016	2,274,836	9,964,726	2,105,901	108,070,009
PROVINCIAL GOVERNMENT									
Department of Sports, Recreation, Arts & Culture	-	51,785	-	-	-	-	-	-	51,785
Land Affairs	-	-	-	-	953,433	-	-	-	953,433
Local Government Housing	-	-	-	-	-	3,795,787	-	-	3,795,787
Disaster Relief Fund	-	-	-	-	-	-	-	521,132	521,132
	-	51,785	-	-	953,433	3,795,787	-	521,132	5,322,137
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT									
	-	823,056	618,325	4,336,934	88,951,449	6,070,623	9,964,726	2,627,033	113,392,146
DONATIONS AND PUBLIC CONTRIBUTIONS									
BCMET Funding	-	-	-	98,895	-	4,918,548	-	-	5,017,443
Public Funding	-	-	-	-	-	663,360	-	22,769	686,129
DBSA	-	-	59,192	-	-	-	-	-	59,192
SIDA Development Trust	-	972,602	-	4,842,680	-	353,832	42,643	-	6,211,757
LOTTO	-	-	-	-	-	-	1,464,182	-	1,464,182
VUNA Award	-	-	-	-	-	-	398,950	-	398,950
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS									
	-	972,602	59,192	4,941,575	-	5,935,740	1,905,775	22,769	13,837,653
TOTAL CONDITIONAL GRANTS & RECEIPTS									
	-	1,795,658	677,517	9,278,509	88,951,449	12,006,363	11,870,501	2,649,802	127,229,799

BUFFALO CITY MUNICIPALITY

APPENDIX H CONTINUED

DISCLOSURE OF CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2007

	EXECUTIVE MAYOR	MUNICIPAL MANAGER	FINANCE	CORPORATE SERVICES	ENGINEERING SERVICES	PLANNING AND ECON. DEV	COMMUNITY SERVICES	PUBLIC SAFETY & HEALTH	TOTAL
TRANSFER TO REVENUE - OPERATING EXPENDITURE									
NATIONAL GOVERNMENT									
Financial Management Grant	-	-	1,264,576	-	-	-	-	-	1,264,576
Land Affairs	-	-	-	-	-	548,868	-	-	548,868
Restructuring Grant	1,232,329	4,829,881	1,971,379	7,535,150	7,668,735	1,596,859	5,071,821	109,933	31,016,088
CMIP	-	-	-	-	1,928,374	-	1,457,262	593,315	3,978,951
Project Consolidated - Billing System-MSIG	10,915	-	2,357,141	1,046,282	-	-	-	-	3,414,338
Equitable Share Grant	-	1,764,313	-	-	1,483,256	942,469	1,717,589	1,168,604	7,076,231
Energy Efficient Technology	-	664,028	-	-	-	-	-	-	664,028
DWAF Funded Projects - Sewerage	-	-	-	-	5,438	-	-	-	5,438
DWAF Funded Projects - Water	-	-	-	-	945,280	-	-	-	945,280
	1,243,244	7,258,222	5,593,096	8,581,433	12,031,082	3,088,196	9,246,672	1,871,852	48,913,797
PROVINCIAL GOVERNMENT									
Gompo Survey	-	-	-	-	-	39,000	-	-	39,000
Mdantsane upgrade Art Centre	-	-	-	-	-	-	59,672	-	59,672
Local Government Housing	-	-	-	-	-	50,917,661	-	-	50,917,661
Disaster Relief Fund	-	-	-	-	-	-	-	511,905	511,905
Local Economic Development Fund	-	386,191	-	-	-	-	-	-	386,191
Postdam Village Plan Survey - Zwelitsha	-	-	-	-	-	5,016	-	-	5,016
Dept of Sports, Recreation, Arts & Culture	-	-	-	-	-	-	494,362	-	494,362
Ilitha Informal Settlement Upgrade	-	-	-	-	-	61,112	-	-	61,112
Kwa Tshatshu Survey	-	-	-	-	-	157,435	-	-	157,435
Deept of Economic Affairs & Tourism (Deat)	-	405,961	-	-	-	-	-	-	405,961
	-	792,152	-	-	-	51,180,224	554,034	511,905	53,038,315
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	1,243,244	8,050,375	5,593,096	8,581,433	12,031,082	54,268,420	9,800,706	2,383,757	101,952,112
DONATIONS AND PUBLIC CONTRIBUTIONS									
ADM Funding	-	92,853	-	-	-	-	-	-	92,853
BCMET Funding	-	-	-	-	-	235,485	-	-	235,485
Public Funding	-	61,888	-	-	-	-	42,580	-	104,468
DBSA	-	9,576	-	489,304	-	-	-	-	498,881
SIDA Development Trust	1,005,622	1,188,067	-	1,445,465	453,123	1,355,151	241,226	-	5,688,655
SETA Fund	-	-	-	3,335,748	-	-	-	-	3,335,748
LOTTO Contribution	-	-	-	-	650,247	-	-	39,062	689,308
VUNA Award	96,932	-	-	-	-	-	-	-	96,932
Umsobomvu Youth Fund	-	-	-	625,760	-	-	-	-	625,760
One stop centre (BCM Leiden Platform)	-	-	-	695,227	-	-	-	-	695,227
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS	1,102,555	1,352,384	-	6,591,504	1,103,370	1,590,636	283,806	39,062	12,063,317
TOTAL CONDITIONAL GRANTS & RECEIPTS	2,345,799	9,402,758	5,593,096	15,172,937	13,134,452	55,859,057	10,084,512	2,422,818	114,015,429

REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL OF THE BUFFALO CITY MUNICIPALITY AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE BUFFALO CITY MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying group financial statements of Buffalo City Municipality which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the accounting officer's report, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit
4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of financial statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by Buffalo City Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.

Basis for qualified opinion

Property, plant and equipment

10. Paragraph 15 of GAMAP 17: Property, plant and equipment requires that, where appropriate, the total expenditure on an asset should be allocated to its component parts and account for each component separately, specifically where the assets have different useful lives or provide benefits to the entity in a different pattern, thus necessitating the use of different depreciation rates and methods. Management is in the process of updating the asset register and accompanying records with regard to infrastructure assets and heritage assets as disclosed in note 10 to the annual financial statements. In the absence of such records it was not possible to verify the existence and completeness of infrastructure assets of R546,3 million and heritage assets of R559 356 as disclosed in the annual financial statements.

Furthermore, the municipality expensed all items of property, plant and equipment with a cost of R10 000 or less. Such assets should have been capitalised and depreciated over their estimated useful lives as required by GAMAP 17. Consequently the cost and accumulated depreciation of property, plant and equipment as disclosed in note 10 to the financial statements is understated by R2,8 million (2006: R3,6 million). In addition, the classification of expenditure between depreciation and general expenses is misstated by the same amount.

Provision for the rehabilitation of landfill sites

11. The entity has raised a provision and corresponding asset amounting to R119,4 million for the rehabilitation of landfill sites. Reliable supporting documentation

regarding the total amount included in the provision was not provided for audit purposes. It was therefore not possible to determine the correct valuation of the provision.

Furthermore, the retrospective treatment of the provision was not included in the 2005-06 figures of the annual financial statements as required by GRAP 3: Accounting policies, changes in accounting estimates and errors. Due to the lack of adequate supporting documentation I was unable to quantify the misstatement for the prior year.

Investments

12. During the audit of investments a significant deviation was noted between the investment register, general ledger and bank confirmations/investment statements.

The difference was due to a ceded investment of R17,7 million having been omitted from the 2005-06 annual financial statements resulting in a prior period error. This error was not corrected retrospectively as required by GRAP 3: Accounting policies, changes in accounting estimates and errors, due to the uncertainty surrounding the contra entry. The comparative amount for investments in the statement of financial position was therefore understated by R17,7 million. However, this investment was corrected directly against the accumulated surplus and included in the 2006-07 investment closing balance at 30 June 2007.

Qualified opinion

13. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements of Buffalo City Municipality and group as at 30 June 2007 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1 to the annual financial statements and in the manner required by the MFMA.

Emphasis of matters

I draw attention to the following matters:

Basis of accounting

14. As set out in accounting policy note 1, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of *General Notice 552 of 2007*, issued in *Government Gazette No. 30013 of 29 June 2007*.

Standard no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of <i>General Notice 552 of 2007</i> , issued in <i>Government Gazette No. 30013 of 29 June 2007</i> , that has/have been adopted early
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors	<ul style="list-style-type: none"> ▪ Identification and impact of GRAP Standards that have been issued but are not yet effective (GRAP 3.30 – 31) ▪ Changes to accounting policies (GRAP 3.14, 19)
GAMAP 9	Revenue	<ul style="list-style-type: none"> ▪ Initial measurement of fair value; discounting all future receipts

Standard no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of <i>General Notice 552 of 2007</i> , issued in <i>Government Gazette No. 30013 of 29 June 2007</i> , that has/have been adopted early
		using an imputed rate of return (GAMAP 9.12 and SAICA circular 9/06)
GAMAP 12	Inventories	<ul style="list-style-type: none"> ▪ The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17 ▪ The entire standard to the extent that it relates to water stock that was not purchased by the municipality
GAMAP 17	Property, Plant and Equipment	<ul style="list-style-type: none"> ▪ Review of useful life of items of PPE recognised in the financial statements (GAMAP 17.59 – 61, 77) ▪ Review of depreciation method applied to PPE recognised in the financial statements (GAMAP 17.62, 77) ▪ Impairment of non-cash generating assets (GAMAP 17.64 – 69, 75(e)(v) – (vi)) ▪ Impairment of cash generating assets (GAMAP 17.63, 75(e)(v) – (vi))
IAS 11 (AC 109)	Construction Contracts	<ul style="list-style-type: none"> ▪ Entire standard
IAS 14 (AC 115)	Segment Reporting	<ul style="list-style-type: none"> ▪ Entire standard
IAS 17 (AC 105)	Leases	<ul style="list-style-type: none"> ▪ Recognising operating lease payments/receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51, SAICA circular 12/06.8 – 11)
IAS 19 (AC 116)	Employee Benefits	<ul style="list-style-type: none"> ▪ Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q))
IAS 20 (AC 134)	Accounting for Government Grants and Disclosure of Government Assistance	<ul style="list-style-type: none"> ▪ Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, GAMAP 17.25 and GAMAP 9.42 – 46.
IAS 36 (AC 128)	Impairment of Assets	<ul style="list-style-type: none"> ▪ Entire standard
IAS 38 (AC 129)	Intangible Assets	<ul style="list-style-type: none"> ▪ The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement	<ul style="list-style-type: none"> ▪ Initially measuring financial assets and liabilities at fair value (IAS 39.43, AG 79, AG 64 – AG 65 and SAICA circular 9/06)
IAS 40 (AC 135)	Investment Property	<ul style="list-style-type: none"> ▪ The entire standard to the extent that the property is accounted for in terms of GAMAP 17 ▪ Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard (IAS 40. 79(e)(i) – (iii))
IFRS 3 (AC 140)	Business Combinations	<ul style="list-style-type: none"> ▪ Entire standard
IFRS 5 (AC 142)	Non-current Assets Held for Sale and Discontinued Operations	<ul style="list-style-type: none"> ▪ Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)
IFRS 7 (AC 144)	Financial Instruments: Disclosures	<ul style="list-style-type: none"> ▪ Entire standard to be replaced by IAS 32 (AC 125) issued in August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998

15. As indicated in paragraph 10 above and as per note 10 of the financial statements, the municipality has commenced with the infrastructure asset componentisation. Adjustments to the accumulated surplus are affected in the current year as a result of this componentisation and consequent differences in residual values and estimated useful lives of the individual components compared to the assets stated in previous years.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Environmental Conservation Act, 1989 (Act No. 73 of 1989)

16. The municipality has not complied with the permits' conditions which were legislated by the Environmental Conservation Act, 1989 (Act No. 73 of 1989) with respect to the East London Regional Waste Disposal site and King Williams Town Waste Disposal site.

Permit conditions such as methane gas monitoring and detection monitoring of water quality were not complied with during the year under review. There were no quality internal audit reports and no annual external audit reports as required by the permit for the King William's Town Waste Disposal site. Furthermore, quantity/type of waste and chemical information as required by annexures IV and V, respectively, of the permits had not been prepared or submitted to the regional director for both disposal sites.

Furthermore, in terms of part IV, section 20 of the above act no person may establish, provide or operate a disposal site without a permit issued by the minister and a person who wishes to provide a disposal site must apply for a permit on the prescribed form. During the audit it was noted that various disposal sites were in use, however, no evidence could be provided to ensure that a permit had been granted by the minister for the establishment, development and operation of these sites.

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

17. Non-compliance with the procurement procedures of the supply chain management policy has resulted in irregular expenditure to the value of R1,9 million. This was identified during the audit of capital commitments where there were several contracts on which the expenditure to date exceeded the council's approved resolution regarding the contract/project value. By inspecting the relevant contract files, it was identified that there were no additional supporting documentation to validate the authorisation of the excess payments or additional funding.

Material corrections made to the financial statements submitted for auditing

18. The financial statements, approved by the accounting officer and submitted for auditing on 28 September 2007, have been significantly revised in respect of the following material misstatements identified during the audit:

- An amount was erroneously included in the disclosure of contingent liabilities amounting to R14 million.
- Long-term liabilities were incorrectly recognised as expenditure, resulting in long-term liabilities and expenditure being overstated by R6,3 million.
- The long-term liabilities were incorrectly recognised as sundry creditors, resulting in long-term liabilities being understated and sundry creditors overstated by R29,4 million.
- The current portion of long-term liabilities were not fully disclosed, resulting in it being understated and long-term liabilities overstated by R20,2 million.
- Bad debts were incorrectly written off directly against the accumulated surplus in the statement of changes in net assets instead of in the statement of financial performance, resulting in the surplus for the year and expenditure in the statement of performance being understated by R38,8 million
- Government grants (PPE) were overstated by R5,9 million and donations and public contributions (PPE) understated by the same amount.
- Debtors: electricity were incorrectly classified due to an incorrect coding on the system, resulting in the debtor: electricity being overstated and other service debtors being understated by R9 million.
- Disclosure note 14, consumer debtors, was not disclosed correctly, resulting in various changes with the following net effect:
 - i. Gross debtors were understated by R62,3 million (2005-06: R61,5 million) (disclosure note).
 - ii. Provision for impairment of accounts receivable was understated by R24,9 million (2005-06: R30,3 million) (disclosure note).
 - iii. Sundry ageing, note 14 – summary of debtors by service category was understated by R64 million (2005-06: R64,5 million).
 - iv. Summary of debtors by service category, note 14, was understated by R6,3 million for consumers (2005-06: R55 million), by R7,7 million (2005-06: R8,6 million) for industrial/commercial and by R13,6 million (2005-06: R16,3 million) for other.
- Disclosure note 15, other debtors was not disclosed correctly, resulting in the overstatement of other debtors by R39,7 million (2005-06: R11,7 million) .
- The provision for leave accrual was overstated and employee benefits expenditure understated by R2 million due to the incorrect report being run from the Payday system.
- The disclosure note 32 of capital commitments in respect of capital expenditure – approved and contracted for infrastructure, community and other was overstated by R122,7 million, R8,8 million and R11,2 million respectively. Commitments in respect of capital expenditure – approved but

not yet contracted for infrastructure, community and other respectively was understated by R122,7 million, R8,8 million and R11,2 million.

- The presentation and disclosure requirements of IAS 17: Leases, was omitted from the annual financial statement notes, resulting in the municipality amending the notes to include the relevant presentation and disclosure.
- The Provision for the rehabilitation of landfill sites have been adjusted by a further R56 million for sites that were not previously included in the calculation.
- A deferred income account was incorrectly created to eliminate the government grant reserve. Thus the accumulated surplus was understated and deferred income was overstated by R45 million (2006: R350,3 million). Furthermore note 8 “Deferred Income” was removed from the accounting policies.

Internal control

19. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The paragraphs below depict the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies existed in more than one internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for qualification opinion					
Property plant and equipment					✓
Provision for the rehabilitation of landfill sites			✓		
Investments			✓		
Emphasis of matter					
Applicable basis of accounting – departures and deviations					✓
Other matters					
Non-compliance with applicable laws and regulations: Environmental			✓		

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Conservation Act, 1989 (Act No. 73 of 1989)					
Non-compliance with applicable legislation: MFMA					✓
Material corrections to the financial statements					✓

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

20. I have audited the performance information as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the performance information

21. In terms of section 121(3)(c) of the MFMA the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

22. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 646 of 2007*, issued in *Government Gazette No. 646 of 25 May 2007* and section 45 of the MSA.

23. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

24. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit finding

Adoption of the performance management system

25. During the audit of performance information it was determined that the performance management system (PMS) was recommended for adoption on 7 August 2007. The process of setting the key performance indicators (KPIs) and

the target was, however, started on 29 March 2007 when the IDP/budget and PMS Representative Forum meeting was held.

This indicated that the KPIs and the targets were set before the PMS was adopted by the council which is in contravention of the above legislation.

APPRECIATION

26. The assistance rendered by the staff of Buffalo City Municipality during the audit is sincerely appreciated.

Auditor - General

Auditor-General

East London

12 December 2007



AUDITOR - GENERAL

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Name of municipality:	Buffalo City Municipality	Demarcation Code:	EC125
Name of preparer:	Craig Weston	Date completed:	31/10/07
Contact Details:	043-7053095	Financial period:	2007-2009

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
Property, plant and equipment (GRAP 17)	Review of useful life of items of PPE recognised in the annual financial statements <i>[paragraphs 59 – 61, and 77]</i>	<ul style="list-style-type: none"> Preparation and maintenance of a detailed Fixed Assets Register. Identification of the useful lifecycle of each identified item. Establishment of procedures for the revision of all lifecycles <p><u>Key stumbling blocks</u> Asset identification. Useful lifecycle allocation. Availability and supply of information.</p>	All Directorates	30/06/2008
	Review of depreciation method applied to PPE recognised in the annual financial statements <i>[paragraphs 62 and 77]</i>	<ul style="list-style-type: none"> Determination of the method that will best describe the usage of particular assets. <p><u>Key stumbling blocks</u> Asset identification. Availability and supply of basic usage information.</p>	All Directorates	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
		Lack of historical records.		
	Impairment of non-cash-generating assets <i>[paragraphs 64 – 69 and 75(e)(v) – (vi)]</i>	<ul style="list-style-type: none"> • Identification of non cash assets. • Establishment of procedures to identify physical impairment. • Establishment of procedures to determine the recoverable asset amount i.e. the service amount. • Establishment of procedures to determine other circumstances of impairment. • Establishment of procedures to test for the possible change in impairment status. <p><u>Key stumbling blocks</u> Asset identification. Availability and supply of information.</p>	All Directorates	30/06/2008
	Impairment of cash-generating assets <i>[paragraphs 63 and 75(e)(v) – (vi)]</i>	<ul style="list-style-type: none"> • Identification of cash generating assets • As per the above. <p><u>Key stumbling blocks</u> Asset identification. Availability and supply of information.</p>	CFO	30/06/2008
Impairment of Assets (IAS 36/AC 128)	Entire Standard	<ul style="list-style-type: none"> • As per above. 	All Directorates	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
Inventories (GAMAP 12)	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17	<ul style="list-style-type: none"> • Identification of all items of PPE that should be recognised and disclosed as inventory. • Establishment of procedures for the provision of the necessary information for disclosure purposes. <p><u>Key stumbling blocks</u> Asset identification Asset usage information. Availability and supply of information.</p>	All Directorates	30/06/2008
	The entire standard to the extent that it relates to water stock that was not purchased by the municipality	Not applicable as BCM applied for a deviation from this exemption.		
Investment Property (IAS 40/AC 135)	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	<ul style="list-style-type: none"> • Identification of all municipal properties. • Determination of the use of all municipal properties. • Identification of all Investment properties. • Determination of the most suitable measurement model to be applied. <p><u>Key stumbling blocks</u></p>	Directorate of Planning and Economic Development CFO	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
		Asset identification Asset usage information. Availability and supply of information.		
	Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of the standard <i>[paragraphs 79(e)(i) – (iii)]</i>	<ul style="list-style-type: none"> • Determination of fair value. • Determination of the disclosure requirements. <p><i>Key stumbling blocks</i></p> Asset identification Asset usage information. Availability and supply of information.	Directorate of Planning and Economic Development CFO	30/06/2008
Leases (IAS 17/AC 105)	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement. <i>[SAICA circular 12/06 paragraphs 8 – 11 and paragraphs 33, 34, 50, 51 of IAS 17/AC 105]</i>	<ul style="list-style-type: none"> • Determination of all finance and operational leases. • Compilation of a centralized lease register. • Determination of lease and rental payment requirements. • Calculation of the individual average lease payments for straight lining purposes. • Determination of procedures and processes to cater for the control and disclosure requirements of all leases. 	All Directorates	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
		<p><u>Key stumbling blocks</u></p> <p>Availability and supply of lease information.</p> <p>Lack of procedures relating to the control of leases.</p>		
Intangible Assets (IAS 38/AC 129)	The entire standard except for the recognition, measurement and disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed	<ul style="list-style-type: none"> Establishment of procedures to identify all intangible assets. Valuation of identified assets that have not yet been valued. Determination of the most suitable measurement model to be applied. <p><u>Key stumbling blocks</u></p> <p>Identifying intangible assets.</p> <p>Valuation of identified assets.</p> <p>Availability and supply of information.</p>	All Directorates CFO	30/06/2008
Employee Benefits (IAS 19/AC 116)	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. <i>[paragraphs 29, 48 – 119, 120A(c)-(q)]</i>	<ul style="list-style-type: none"> Identification of all defined benefit plans. Appointment of an actuary to calculate the defined benefit obligation. Determination of the phase in period. Determination of the financial effect on the budget. 	CFO	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
		<u>Key stumbling blocks</u> Impact of the cost factor on the budget.		
Revenue (GAMAP 9)	Initial measurement of fair value discounting all future receipts using an imputed rate of interest. <i>[SAICA circular 09/06 and paragraph 12]</i>	<ul style="list-style-type: none"> Establishment of procedures to recognise this deferred cash flow and determine how to calculate the imputed rate of interest taking into consideration the interest charged on arrears. <u>Key stumbling blocks</u> <ul style="list-style-type: none"> Determination of the imputed rate of interest. 	CFO	30/06/2008
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	Initially measuring financial assets and financial liabilities at fair value. <i>[SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/ AC 133]</i>	<ul style="list-style-type: none"> Identification of all financial instruments and the classification of those assets and liabilities into applicable groupings. Determination of an effective interest rate. Determination of an amortised cost. Determination of fair value. <u>Key stumbling blocks</u> Inadequacy of financial and computer systems. Determination of an effective interest	CFO	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
		rate. Determination of fair value.		
Non-current Assets held for Sale and Discontinued Operations (IFRS 5/AC142)	Classification, measurement and disclosure of non-current assets held for sale. <i>[paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 38 – 42]</i>	<ul style="list-style-type: none"> • Identification of all items of PPE that should be recognised and disclosed as assets to be sold. • Establishment of procedures for the provision of the necessary information for disclosure purposes. <p><u>Key stumbling blocks</u> Asset identification Asset usage information. Availability and supply of information.</p>	All Directorates	30/06/2008
Financial Instruments: Disclosures (IFRS 7/AC 144)	Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	<ul style="list-style-type: none"> • Identification of all financial instruments and the classification of those assets and liabilities into applicable groupings. • Determination of the various risk factors applicable to financial instruments. • Determination of any financial instruments pledged as collateral. • Establishment of procedures to determine gains and losses for each financial instrument classification.. 	CFO	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
		<ul style="list-style-type: none"> • Development of accounting policies for each classification. • Establishment of procedures to gather information relating to the fair values for each class of financial assets and financial liabilities. • Establishment of procedures to determine the qualitative disclosures as per the standard. • Establishment of procedures to determine the applicable credit risk. • Establishment of procedures to determine the applicable liquidity risk. <p><u>Key stumbling blocks</u> Same as applicable to IAS 39/AC 133 above whereby the measurement of financial instruments needs to be determined and performed before the necessary disclosures can be made.</p>		
Construction Contracts (IAS 11/AC 109)	Entire Standard	<ul style="list-style-type: none"> • Establishment of procedures if necessary to comply with the provisions relating to the construction of assets in the other asset standards e.g. GAMAP 17, GAMAP 12, IAS 40/AC 135 and IAS 38/AC 129. 	CFO	30/06/2008

Annexure A

FORMAT OF IMPLEMENTATION PLAN FOR HIGH CAPACITY MUNICIPALITIES (for 30 October 2008)

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption <i>[include the key challenges to be overcome]</i>	Person responsible	Estimate date of compliance <i>[cannot extend beyond 31 June 2008]</i>
		<u>Key stumbling blocks</u> None identified as standard probably not applicable for BCM.		
Business Combinations (IFRS 3/AC 140)	Entire Standard	<ul style="list-style-type: none"> • Identification of any business combinations that might be applicable. • Establishment of procedures if necessary to account for and disclose any identified combinations according to the standard. <u>Key stumbling blocks</u> None identified as standard probably not applicable for BCM.	CFO	30/06/2008
Accounting for Government Grants and disclosure of Government Assistance (IAS 20/AC 134)	Entire Standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9	Establishment of procedures if necessary to comply with the standards regarding Government Grants. <u>Key stumbling blocks</u> None identified.	CFO	30/06/2008

Chapter 5: Performance Management & SDBIP

FRAMEWORK FOR THE PERFORMANCE MANAGEMENT SYSTEM

1. Introduction

1.1 *Strategic Objectives of a Performance Management System*

Many of South Africa's municipalities, including Buffalo City, continue to endure the legacy of under-development, poverty, infrastructure backlogs and inequitable access to basic services. In response to these, Government is putting in place various mechanisms and measures to fight poverty and unemployment.

In the local government context, a comprehensive and elaborate system of monitoring performance of municipalities has been legislated. This system is intended to continuously monitor the performance of municipalities in fulfilling their developmental mandate. Central to this is the development of key performance indicators as instruments to assess performance. These indicators help to translate complex socio-economic development challenges into quantifiable and measurable outputs. They are therefore crucial if a proper assessment is to be done of the impact of government in improving the quality of life of all.

In this regard, the Municipal Planning and Performance Management Regulations (2001) stipulate that a "Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

1.2 *Policies and Legislative Framework for Performance Management*

The framework for Performance Management is informed by the following policy and legislation on performance management:

- The Constitution (1996)
- The Batho Pele White Paper (1998)
- The White Paper on Local Government (1998)
- The Municipal Systems Act, Act 32 of 2000
- Municipal Planning and Performance Management Regulations (2001)
- Municipal Financial Management Act 56 of 2003 (MFMA)

The Municipal Systems Act, No. 32 of 2000, states that a Municipality must:

1. Develop a Performance Management System.
2. Set targets, monitor and review performance based on indicators linked to their Integrated Development Plan (IDP).
3. Publish an Annual Report on performance for the Councillors, staff, the public and other spheres of Government.
4. Conduct an internal audit of performance before tabling the report.
5. Have their annual performance report audited by the Auditor-General.
6. Involve the community in setting indicators and targets and reviewing municipal performance.

The Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 7(2) require that the Municipality, in developing its Performance Management System, must ensure that the system:

1. Complies with all the requirements set out in the Municipal Systems Act;
2. Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
3. Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
4. Clarifies the processes of implementing the system within the framework of the Integrated Development Planning process;
5. Determines the frequency of reporting and the lines of accountability for performance;
6. Relates to the Municipality's Employee Performance Management processes.

Furthermore, Section 43 of the Regulations prescribes the following seven general key performance indicators:

1. The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.
2. The percentage of households earning less than R1100-00 per month with access to free basic services.
3. The percentage of the Municipality's capital budget actually spent on capital projects in terms of the IDP.
4. The number of local jobs created through the Municipality's local, economic development initiatives, including capital projects.
5. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a Municipality's approved employment equity plan.
6. The percentage of a Municipality's budget actually spent on implementing its workplace skills plan.
7. Financial viability with respect to debt coverage; outstanding debtors in relation to revenue and cost coverage.

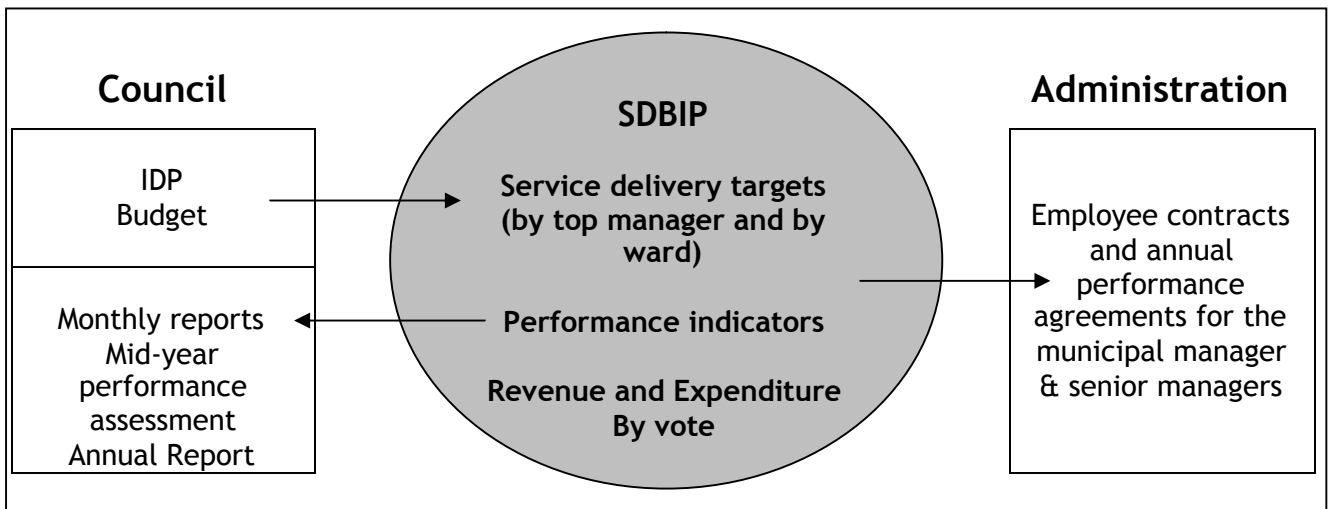
The objective of institutionalising a Performance Management System (PMS), beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the Municipality's IDP. In doing so, it should fulfil the following functions:

- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programmes
- Creating a culture of best practice, share learning among Municipalities
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of a Local Government system

2. Individual Levels (IPMS)

Individual or staff Performance Management deals with **performance on the level of the individual employee**. Individual performance targets are also formulated during this business planning process. Measuring staff performance provides Council and management with appropriate information on the behaviour of staff and outcomes in the workplace. Reviewing staff performance at regular intervals will provide the Council and management with appropriate information performance gaps or excellence.

By cascading performance measures from strategic to operational level, both the IDP and the Service Delivery and Budget Implementation Plan (SDBIP), forms the link to individual performance management. This ensures that performance management at the various levels relate to one another which is a requirement of the Municipal Planning and Performance Regulations and the MFMA. The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP of a municipality and the measurable performance objectives approved with the budget (circular 13 of the MFMA). The SDBIP in essence becomes the main operational tool to translate and manage the performance objectives as formulated in the IDP. This process is illustrated by the diagram below and as described in circular 13.



2.1 Scorecards

A Scorecard is a logical and visually powerful method of representing performance management information, at both the Organizational/Institutional (Municipal and Directorate) and Individual (Manager and Employee) levels.

Scorecards must be:

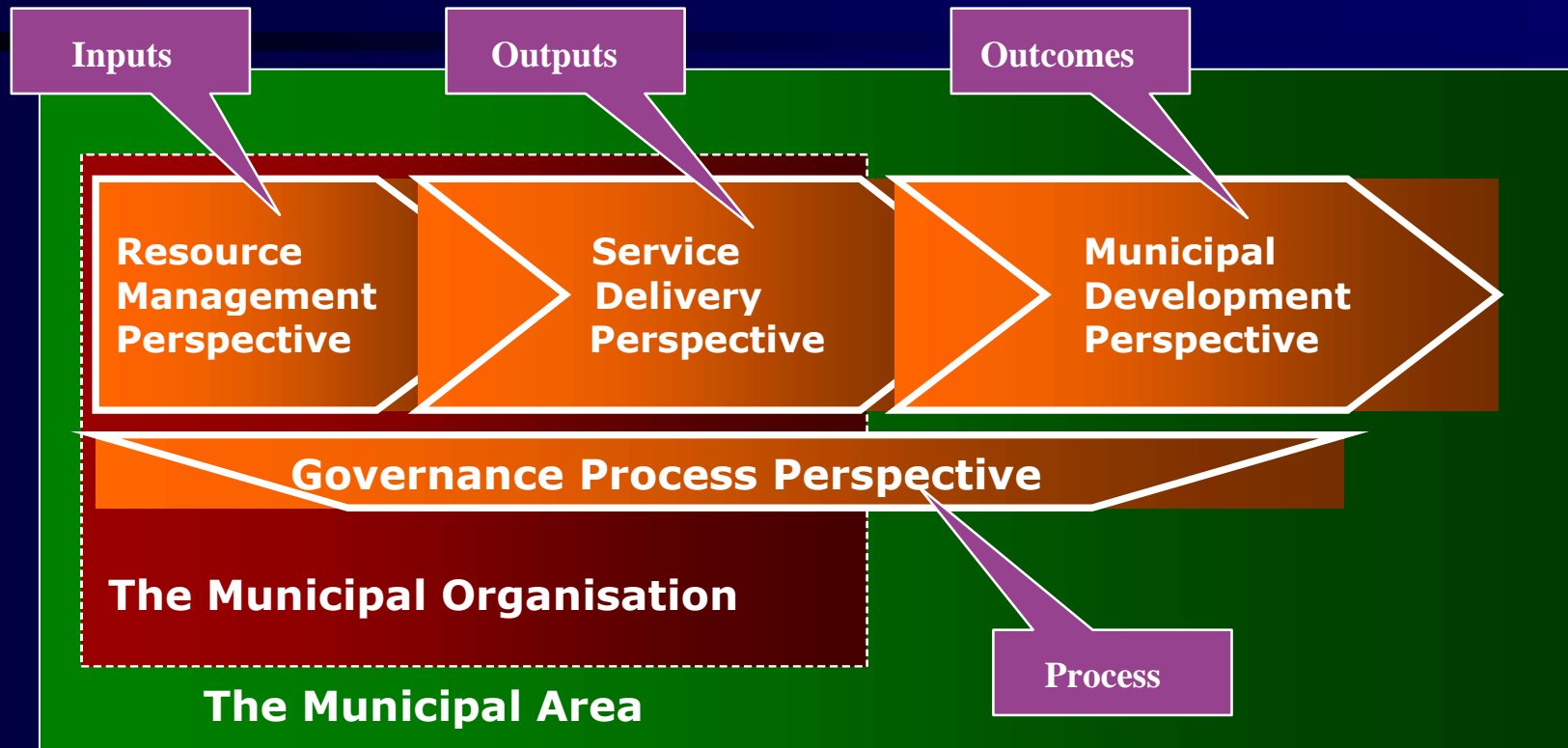
1. Tightly aligned to the strategic planning and IDP processes.
2. Directly relevant to the notion of developmental local government.
3. A balanced view of performance based on inputs, outputs, outcomes and process.
4. A simple portrayal of municipal performance, where inter-relations can be mapped.

There are two levels of scorecards for BCM, i.e. the Institutional Scorecard and Directorate Scorecards.

2.1.1 Municipal Scorecard

A number of performance models are available and any of them could be applied by the Buffalo City Municipality. Some of the available models include the Municipal Scorecard, Balanced Scorecard and the Key Performance Area Model. However, the Municipality has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model, all indicators are grouped together into four perspectives as depicted in the figure below, e.g. inputs, process, outputs and outcomes.

The Municipal Scorecard



Source : Palmer Development Group (2001)

2.1.2 Institutional Scorecard

BCM has an Institutional Scorecard to be finalised by the Executive Mayor which will reflect its 6 strategic priorities; namely:

KEY ISSUES	BCM KEY OBJECTIVES
<i>Buffalo City lacks a clearly defined long-term development strategy, which negatively impacts on the ability of BCM & Buffalo City stakeholders to work towards the achievement of Buffalo City's vision.</i>	BCM1 Buffalo City has a clearly defined long-term development strategy, enabling BCM and stakeholders to work together to achieve Buffalo City's vision.
<i>The sustainability of BCM is dependent on expanding its revenue in relation to costs and its financial viability, whilst implementing its mandate.</i>	BCM2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.
<i>Inefficiencies exist within the institution, which compromise BCM's ability to deliver services.</i>	BCM3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.
<i>Low economic growth, high unemployment, low skills levels, high levels of poverty and high inequality exist within BCM.</i>	BCM4 BCM creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality.
<i>Whilst BCM delivers basic services (water, sanitation, waste removal & electricity) to about 70% of households, many households still lack adequate transport, social services, economic opportunities & an enriching environment.</i>	BCM5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural & psychological needs. (live, work & play)
<i>Lack of sustainable development and inappropriate use of resources has a harmful impact on the health and well-being of present and future generations of BCM.</i>	BCM6 BCM has a safe, healthy and sustainable environment protected for the benefit of present and future generations through securing ecologically sustainable development and use of natural resources, whilst promoting justifiable social and economic development.

** Mandate: as per the objectives for local government (152 constitution): provision of democratic and accountable local government, ensuring the provision of services in a sustainable manner, promoting social and economic development, promoting a safe and healthy environment, encouraging the involvement of communities and community organisation in matters of local government.*

Service Delivery & Budget Implementation Plan 06/07 (Quarterly)

Directorate: All Directorates

Community Services											
Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Insufficient community facilities and poor conditions of existing facilities (halls, sports facilities, libraries, galleries, parks)	S4 BCM citizens experience enhanced access to libraries, halls, arts facilities and sports facilities	% Progress made in upgrading existing Community Halls, Libraries, Galleries, Sports Fields and Halls as provided for in the approved Capital Budget.	Expenditure of Capital Allocated - Financial Reports	Yearly	0	50%	10%	20%	30%	50%	Community Services
	i) Formulate and implement a Community Facilities Policy and Programme.	Formulation, adoption and implementation of a new Community Halls Policy	Adoption of IPAPH	Yearly	0	100%	25%	50%	100%		Community Services
		Formulation, adoption and implementation of a Cultural Heritage policy	Completed policy document	Yearly	0	25%	0%	10%	0%	25%	Community Services
	ii) Reinstate existing community facilities to an optimum level within the next 3 years.	Facilities reinstated in accordance with programme (Sportsfields, Parks).	capital expenditure report	Monthly	inadequate sports facilities	2	0	1	1	2	Community Services
		Upgrading of existing Community Halls and Libraries as provided for in the approved Capital Budget	Expenditure of capital allocated	Yearly	0	50%	0%	10%	25%	50%	Community Services
	iii) Negotiate a fully funded Service Level Agreement for libraries with Province.	Progress made with concluding a service level agreement.	Correspondence	Yearly	0	50%	20%	30%	50%		Community Services
	iv) Establishment of basic sports facilities in rural communities	Basic Sports facilities established in accordance with programme.	capital expenditure report	Monthly	inadequate basic facilities	2	1	1	2	2	Community Services
	v) Enhance the range and quality of social support services and utilisation thereof by residents of Mdantsane.	Number and range of community support services used by residents of Mdantsane	Annual survey of community support services	Yearly	Mdantsane Baseline Study	5%	0%	0%	0%	5%	Development Planning & Economic Development
		Proceed with the renovation of Libraries and Halls as provided for in the approved Capital Budget	Expenditure of Capital Budget	Yearly	0	50%	10%	20%	30%	50%	Community Services
		Residents, particularly vulnerable groups, report an improved range and quality of social support services.	Capital expenditure report	Monthly	Inadequate basic sports facilities	1	0	0	0	1	Community Services
	vi) Enhance the participation of Mdantsane youth in health & wellness recreational and social activities.	Youth's participation in health and wellness social and recreational activities in Mdantsane	Gender at Risk Study	Yearly	Mdantsane Baseline Study	5%	0%	0%	0%	5%	Development Planning & Economic Development

Insufficient cemeteries, fragmented service delivery and poor maintenance of cemeteries and crematoria	S6 BCM provides an acceptable standard of service and has sufficient, well-maintained, regulated cemeteries and crematoria.	Number of operational cemeteries within 12km of residents. Ratio of municipal cremations to burials is increased.	Cemetry and crematorium registers	Yearly	29 -cemetery 1- crematorium	29	2%	5%	7%	10%	Community Services
	i) Develop a policy and a regulatory framework for interment.	Progress made with the development of the policy and regulatory framework for interment.	Policy	Yearly	0	100%	25%	50%	75%	100%	Community Services
	ii) Develop and implement an Integrated and Sustainable Interment Plan.	Formulation of Interment Plan with adequate Cemeteries	Report to Standing Committee	Half-yearly	10	10%	2%	5%	7%	10%	Community Services
	iii) Develop a computerized burial system.	Establishment of computer system with adequate resources and linked to the Geographical Information Systems and Internet	Report to Standing Committee	Quarterly	10	20%	5%	10%	15%	20%	Community Services
	iv) Establish new regional cemeteries.	Identification of land suitable for regional cemeteries and should be distributed throughout our area of jurisdiction.	Zoning of suitable land for 3 regional cemeteries	Half-yearly	0	3%	0%	1%	2%	3%	Community Services
	v) Promote other burial techniques and alternatives to burials.	Conducting community awareness programmes to inform of options of disposing human remains.	Report to Standing Committee	Yearly	20	50%	5%	10%	20%	50%	Community Services
	vi) Develop and undertake community awareness programmes.	Community acceptance of alternative to burials	Standing Committee	Yearly	0	5%	0%	0%	2%	5%	Community Services

Electricity

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Restructuring of the Electricity Department	I&S24 BCM Electricity Department ready for integration into the Regional Electricity Distributor.	Independent due diligence report confirms BCM elect can proceed in joining the RED.	EDI Due Diligence Report	Quarterly	MSA Section 78 Assessment	25%	5%	10%	15%	25%	Engineering Services
	i) Complete MSA Section 78 process.	Completed Ringfencing and Assets evaluation	Council minute	Yearly	MSA Section 78 (3) assesment	50%	10%	20%	30%	50%	Engineering Services
		EDIH Due Diligence Complete	EDIH Due Diligence Report	Yearly	MSA Section 78 (3) assesment	50%	15%	20%	40%	50%	Engineering Services
Non-compliance with National Electricity Regulators (NER) licence conditions and directives	I&S25 Compliance with NER licence conditions	Full NER Audit indicates BCM Compliance	NER Audit Report	Yearly	2003 NER Audit Report - Non compliance to Power Quality Directive	25%	5%	10%	15%	25%	Engineering Services
	i) Install power quality monitoring equipment.	Power Quality Meters installed in BCM Network	NER report on meters installed	Yearly	No meters currently installed	50%	15%	30%	40%	50%	Engineering Services

SDBIP Report

	ii) Ensure compliance with the Occupational Health & Safety Act.	Compliance with the Occupational Health & Safety Act	Report from Municipality's Safety Officer	Yearly	80% Compliance	80%	80%	80%	80%	80%	Engineering Services
Electricity infrastructure is in a deteriorated condition due to insufficient maintenance	I&S26 A safe, efficient, functioning and well-maintained electricity infrastructure network.	Rand value of capital investment into electrical infrastructure.	capital budget	Quarterly	R5 million	6	1	2	4	6	Engineering Services
		Annual High Voltage Outages	Outage Reports	Quarterly	50	50	50	50	50	50	Engineering Services
	i) Develop & implement a routine and preventative 5-year electricity infrastructure maintenance programme throughout BCM.	5 Year Planned Maintenance Programme in Place	Maintenance Programmes Approved by GM Electricity	Yearly	20 %	100%	100%				Engineering Services
	ii) Refurbish or repair electricity infrastructure in accordance with resource availability & priority.	Annual Plan Implemented	Report submitted to GM	Quarterly	50% of annual plan for 05/06 implemented	100%	25%	50%	75%	100%	Engineering Services
	iii) Repair and replace non-functional street lights in accordance with the available budget.	Reduce Response time to repair Street Lights	Number of Days to Repair from Receipt of Outage Report	Quarterly	7 Days	7	7	7	7	7	Engineering Services
Current electricity infrastructure has exceeded power carrying capacity	I&S27 Sufficient electricity infrastructure capacity to safely, sustainably and reliably meet existing electricity load and future development needs (household & business).	Load flows studies reveal loading of at most 90% on transformers and cables.	Load Flow report	Half-yearly	2002 Load Flow Report	5%	1%	2%	3%	5%	Engineering Services
	i) Complete study on electricity network powerflow and identify network constraints.	Completed Load Flow studies and identify network constraints.	Load Flow report	Yearly	2002 Load Flow Study report	50%	10%	20%	30%	50%	Engineering Services
	ii) Upgrade overloaded cables and sub-stations.	Cables and Transformers are loaded at 90%	Load Flow report	Yearly	2002 Load Flow report	20%	5%	10%	15%	20%	Engineering Services
	iii) Develop and implement a network strengthening and development plan.	Develop Network Strengthening Plan	Council Minute	Yearly	No plan currently exists	25%	5%	10%	15%	25%	Engineering Services
		Implement Network Strengthening Plan	Report on Network strengthening projects	Yearly	2005 Network strengthening projects	3	0	0	1	3	Engineering Services
	iv) Continuously monitor electricity load growth due to development and strengthen electricity networks accordingly.	Updated Load Flow studies	Load Flow Report	Half-yearly	2002 Load Flow Report	2	0	0	1	2	Engineering Services

Backlog in electrical connections for low-income households and street lights for low-income settlements	I&S28 All low-income settlements are electrified	Percentage of households with access to the minimum basic standard of electricity provision.	INEP Report	Yearly	80%	85%	80%	80%	80%	85%	Engineering Services
	i) Electrify all low-income households, according to the BCM housing programme.	% of available funding spent.	DME agreement	Yearly		95%	10%	20%	50%	95%	Engineering Services
	ii) Provision of street lights in conjunction with the programme for the electrification of low-income households.	% of available funding spent.	MIG Funding	Yearly		95%	10%	20%	40%	95%	Engineering Services
Some schools in BCM do not have electricity	I&S29 All schools electrified.	90% utilisation of the INEP schools electrification annual allocation.	DME agreement and monthly reports	Yearly		95%	10%	20%	40%	95%	Engineering Services
	i) Electrify schools according to application and the allocated funding from the Integrated National Electrification Programme (INEP).	Demand and funding driven.	DME agreement	Yearly		95%	10%	20%	50%	95%	Engineering Services
Electricity losses	I&S30 Electricity losses reduced	% reduction in overall losses (purchases less sales).	Report from DOF	Quarterly	14 % Electricity Losses in 05/06	12%	14%	13%	12%	12%	Engineering Services
	i) Develop a model to identify and quantify technical losses within the network.	Install Statistical Metering According to Developed Model	Available Statistical Meter Readings	Quarterly	None	20	0	10	15	20	Engineering Services
	ii) Implement revenue protection measures.	Conduct physical meter audits/ installation visits	Audit Register	Quarterly	Conduct meter audits & measurement of losses	10%	10%	10%	10%	10%	Engineering Services
	iii) Replace dysfunctional metering.	Replace Electromechanical meters	Number of Mechanical meters Replaced	Quarterly	50% of Electromechanical Commercial meters replaced	50%	20%	30%	40%	50%	Engineering Services

Environmental Protection

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Use and management of resources towards achieving sustainable development	E2 BCM understands and responds to the environmental challenges and opportunities within Buffalo City in an integrated manner.	Environmental Management Plan core principles are contained in all municipal sector plans (16).	Report submitted to relevant sector department	Yearly	0	16	4	8	12	16	Community Services
	i) Review & implement the Integrated Environmental Management Plan (IEMP).	IEMP Reviewed.	Council minute	Yearly	IEMP completed 2006.	100%	30%	40%	80%	100%	Community Services

		Progress with respect to the implementation of IEMP	Reports to Strategic Committe & minutes	Quarterly	0	100%					Community Services
	ii) Ensure that Integrated Environmental Management principles and policies are incorporated into BCM's Spatial Development Framework and Land Use Management.	Development of Spatial Guidelines for Environment	Completion of Guidelines	Yearly	None	100%	85%	100%			Community Services
	iii) Develop, review and implement environmental by-laws as per legal register.	The development one critical environmental by-law facilitated & supported by IEM Unit (per annum).	Council minute - adoption of by-law	Yearly	IEMP, CZMP detail key areas of focus.	100%	25%	30%	75%	100%	Community Services
	iv) Develop a Metropolitan Open Space Management Plan that enhances the value of biological resources.	A Metropolitan Open Space Management Policy Strategy developed.	Council minute.	Yearly	0	50%	5%	10%	30%	50%	Community Services
Lack of institutional understanding of economic development and lack of mainstreaming of economic activities	E3 Improved environmental management capacity in all BCM Departments.	Departmental Environment Register, indicating environmental roles & responsibilities signed off by all Departments.	Council minute	Yearly	No Departmental Register 06/06.	70%	10%	30%	50%	70%	Community Services
	i) Develop & implement an Environmental Management System.	Environmental Management System Framework developed	council minute	Yearly	None	0	0	0	0	0	Community Services
		Number of modules/streams implementing EMS	Implementation of EMS	Yearly	0	0					Community Services
	ii) Develop a general and job specific environmental awareness & capacity-building training in BCM operational departments, especially those with high environmental risks	Number of training workshops held	Training workshops held	Yearly	5	2	1		2		Community Services
	iv) Implement a plan for staffing and resourcing the strategic Integrated Environmental Management Unit.	Unit fully staffed according to organogram	Number of posts filled		2	5	0	0	4	5	Community Services
	v) Create councillor & community awareness of the implications of unsustainable environmental practices.	Workshops held	No of workshops	Yearly	None	4	1	2	3	4	Community Services

None	E4 Prevent loss & enhance the value of BCM's biological diversity and resources in order to achieve a significant reduction in the current loss by 2010.	Key variables identified in the state of the Environment reports (SOE/SOS CZMP) show improvement	State of Environment Report	Yearly	None	50%	10%	15%	30%	50%	Community Services
	i) Implement an Alien Species Management & Eradication Programme to prevent loss of biological diversity.	Completion of Alien Eradication Management Plan	Council Minute	Yearly	0	50%	10%	20%	35%	50%	Community Services
		Size of area covered with respect to alien species eradication	Council minute	Yearly	0	50%					Community Services
None	E5 Sustainable use of coastal resources (including estuaries).	% compliance with recreational water quality guidelines.	Water quality reports	Yearly	State of the Coast Report	50%	10%	20%	30%	50%	Community Services
		Key variables identified in the state of Environment reports show improvement	Strategic Report	Yearly	State of the coast report adopted by Council 2005	100%	0%	0%	25%	50%	Community Services
		% compliance with the biodiversity act.	Reviewed State of the Coast Report	Yearly	State of the Coast Report	50%	10%	20%	40%	50%	Community Services
	i) Successful implementation of Nahoon Point & Nahoon Estuary Nature Reserve Pilot Projects.	Nature Reserves fully operational	Report to standing committee - project complete	Yearly	50%	80%	55%	60%	70%	80%	Community Services
	ii) Review and implement the Coastal Zone Management Plan (CZMP).	Review of CZMP completed (State of Coastal Zone)	Report to standing committee on completion of CZMP review.	Yearly	CZMP completed in December 2005	20%	5%	10%	15%	20%	Community Services
		CZMP action plans implemented	Reports submitted to standing committee	Yearly	Action plans prepared to be implemented	2	1	0	0	2	Community Services
	iii) Promotion of community and stakeholder participation.	Number of consultation workshops	Minutes of public meetings held.	Yearly	Public consultation meetings held in preparation of the CZMP	1	1	1	1	1	Community Services
	iv) Establish dedicated coastal management capability within Social Services.	Appointment of trained staff according to organogram	appointments made	Yearly	3 of 7 coastal conservation posts filled.	7	5	7	7	7	Community Services
	v) Establish coastal community forums.	Establish forums	Number of coastal stakeholder groups engaged	Yearly	2 coastal forums	3	3				Community Services
	vi) Maintain established partnerships.	Meet quarterly with identified partners.	Minutes of quarterly meetings.	Quarterly	Currently meeting quarterly	4	1	2	3	4	Community Services
	vii) Ensure that Coastal Zone Management Policy incorporated into Spatial Development Framework and Land Use Management.	Study development proposals submitted to Development planning Directorate - ensure compliance with Coastal Zone Management plan.	Agendas and minutes of Council meetings	Monthly	Council resolutions approving development proposals as at 30 June 2006.	80%	20%	40%	60%	80%	Community Services

None	E6 Utilize BCM's natural resources in sustainable manner.	% utilization of raw water	Monthly report	Monthly	50%	60%	50%	60%	60%	60%	Engineering Services
		Per capita consumption of energy within BCM declines	State of Energy Report	Yearly	None	0%	0%	1%	1%	2%	Community Services
	i) Develop and implement a Water Conservation Plan.	Reduction in unaccounted for water	Financial report	Monthly	40 %	35%	40%	38%	36%	35%	Engineering Services
	ii) Develop and implement an Energy Conservation Plan.	Completion of Energy Efficiency Policy & Strategy Plan.	Completion of Plan	Yearly	0	10%	5%	5%	5%	10%	Community Services
None	E7 Reduction in the negative impact of sanitation on the environment.	E-Coli and nutrient levels discharged from Waste Water treatment works	Lab results	Monthly	70 %	75%	70%	72%	74%	75%	Engineering Services
	i) Ongoing monitoring of state of sanitation (SoSR).	Review of State Sanitation Report completed	Review of SoSan Report		SoSan Report	0	0	0	0	0	Community Services
		Quarterley reporting on state of sanitation									Community Services
	ii) Ensure the Water Services Development Plan incorporates issues of environmental sustainability.	WSDP includes environmentally sustainable sanitation practices	WSDP	Yearly	None	100%	25%	50%	75%	100%	Community Services
		Revised WSDP encompassing environmental issues	Revised WSDP	Yearly	50%	100%	55%	65%	85%	100%	Engineering Services
	iii) Investigate alternative sustainable methods of sanitation and effluent disposal.	Report on alternative methods of sanitation & effluent disposal produced	State of Sanitation Report	Yearly	None	100%				100%	Community Services
	iv) Implement a programme of awareness regarding environmental impacts of sanitation.	Develop and operationalisation of Sanitation Resources Centre	council minute		none	75%	20%	45%	65%	75%	Community Services
None	E8 BCM has aesthetically pleasing green environments (including settlements).	Landscaping of all wards in BCM	Number of wards outstanding	Yearly	20%	40%	10%	20%	30%	40%	Community Services
	i) Develop & implement environmental beautification plans for all new settlements.	Establish and maintain community parks	Provide a park and playground facilities	Yearly	20%	20%	5%	10%	15%	20%	Community Services
	ii) Develop and implement plans to enhance the green environment within existing settlements, especially previously disadvantaged areas.	Enhance previously disadvantaged areas of BCM with trees.	Total number of trees per area	Yearly	20%	20%	5%	10%	15%	20%	Community Services

	iii) Support tourism through the environmental beautification of the city.	Rendering an efficient and professional Environmental Services through the beautification of all areas (wards).	Provide horticultural an aboricultural services in all areas	Half-yearly	10%	10%	2%	5%	7%	10%	Community Services
None	E9 Realization of economic opportunities offered by environmental assets.	Number of sustainable livelihoods supported by natural environmental assets	No. of feasibility studies undertaken	Yearly	none	2	0	1	1	2	Community Services
	i) Identify sustainable economic opportunities from environmental assets.	Numbrner of opportunities identified	No. of feasibility studies undertaken	Yearly	none	2	0	1	1	2	Community Services
None	E10 Respond to climate change.	Implmentation of emission avoidance and green house gas projects	No. of emission avoidance and green house gas projects implemented	Yearly	Individual projects have been implemented without coordination	1	0	0	0	1	Community Services
	i) Implement a Climate Change Programme.	to achieve the 5 ICLEI milestones	Acknowledgement & assessment by the Cities & Climate Protection	Yearly	Individual projects have been implemented without coordination	33%	10%	17%	25%	33%	Community Services
Pollution impacts on the health and well-being of residents of BCM.	E11a Contribute to the minimization of water pollution.	% of anti water pollution activities completed	legislation compliance	Monthly	70%	80%	70%	74%	78%	80%	Engineering Services
	i) Implementation of Water Evaluation Monitoring & Enforcement Programme, in line with National Policy & Legislation.	Control, monitor and advise programme as per legislation	Lab results	Monthly	60%	70%	60%	64%	68%	70%	Engineering Services
	ii) Accreditation of the BCM laboratories, by June 2008.	A accredited BCM lab	Feasibility study and budget requirements	Yearly	none	50%	10%	20%	30%	50%	Engineering Services
Pollution impacts on the health and well-being of residents of BCM.	E11b Minimize air pollution	Air Quality Forum established & functional (internal & external role-players).	Minutes of Air Quality Forum	Half-yearly	No forum in 05/06	1	1				Public Safety, Health & Disaster Management
		2 fully functional air quality monitoring stations in BCM	presence of air quality monitoring stations	Yearly	1 partially functioning air quality monitorin station	2			1	2	Public Safety, Health & Disaster Management
	i) Implementation of Air Evaluation Monitoring & Enforcement Programme, in line with National Policy & Legislation.	Emmission Inventory	An Emmission Data-base.	Yearly	No Emmission Inventory	50%	10%	20%	35%	50%	Public Safety, Health & Disaster Management
		Established & functioning Air Monitoring Network.	Digital air quality data.	Yearly	Procurement partially completed.	25%	10%	15%	20%	25%	Public Safety, Health & Disaster Management
Pollution impacts on the health and well-being of residents of BCM.	E11c Minimize noise pollution	Finalisation of Draft By- Laws	Council approved Noise By-Laws	Yearly	Non existing By-Laws	100%	25%	50%	75%	100%	Public Safety, Health & Disaster Management

	i) Implementation of Noise Evaluation Monitoring & Enforcement Programme, in line with National Policy & Legislation.	Documented research report on Noise Management procedures in terms of National trends, Noise Control Policy	Compiled document	Yearly	Fragmented enforcement/ No policy guidelines.	20%	5%	10%	15%	20%	Public Safety, Health & Disaster Management
None	E12 Reduction in commercial and industrial pollution.	Inter-departmental Industrial Pollution Control Forum	Forum established - minutes	Quarterly	No Forum in place	100%	25%	50%	75%	100%	Engineering Services
	i) Promote environmental awareness among medium & small enterprises.	Industrial site visits and permit renewals	Site audit reports and database	Quarterly	Draft by-laws and existing permits	20%	5%	10%	15%	20%	Engineering Services
	ii) Develop and implement an audit programme for assessing pollution risks associated with activities in all industry in BCM (water, air & noise pollution).	Trade effluent environmental management system	Internal audit report on environmental aspects of management system	Quarterly	Fragmented management system	20%	5%	10%	15%	20%	Engineering Services

Executive & Council

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Improving participatory democracy	I&F14 BCM provides democratic and accountable Local Government.	Report attendance by Councillors of Council and Portfolio Committee meetings.	Report to Council	Quarterly	0	4	1	2	3	4	Corporate Services
		Council resolutions circulated to all Directorates and reported to Mayoral Committee and Council.	Council Reports	Half-yearly	0	2	0	1	0	2	Corporate Services
	i) Ensure efficiency of council processes and systems.	Implement an electronic system for Mayoral Committee meetings	Management Report	Quarterly	60%	100%	70%	80%	90%	100%	Corporate Services
	ii) Support the development of fully functional Ward Committees - capacity building for Ward Committees.	% of fully functional ward committees (regular meetings with formal agenda, minutes and 80% attendance rate.	minutes & attendance registers	Monthly	60%	80%	40%	70%	80%	80%	Executive Support Services
	iii) Implementation of e-governance processes and solutions.	Developed and Approved e Governance Strategy	Management Report	Quarterly	Non - existent	20%					Corporate Services
	iv) Residents in Mdantsane increasingly participate in decision-making and project implementation.	Fully functional public meetings in BCM's 45 wards (meeting with formal agenda, minutes 98% attendance rate	minutes & attendance registers	Quarterly	70%	80%	20%	40%	60%	80%	Executive Support Services

Finance & Admin

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
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Finance for economic growth	I&F1 Increase BCM's revenue.	Revenue collection rate	monthly financial report	Monthly	96%	97%	96%	96%	96%	97%	Financial Services
		%increase in actual revenue from the previous financial year above CPIX Council responsibility.	Financial Statements	Yearly	2005/2006 financial statements	1.5%	0%	0%	0%	1.5%	Financial Services
		The rand value (%increase in the Municipal Valuation roll.	valuation roll	Yearly	valuation roll	4%	0%	0%	0%	4%	Financial Services
		Outstanding Service Debtors to Revenue as defined in the Municipal Planning & Performance Management Regulations (2001)	Financial Statements	Half-yearly	Outstanding service debtors to billing	18%	18%	18%	18%	18%	Financial Services
	i) Review & implement a Credit Control Policy.	Reviewed approved Credit Control Policy.	Council minute	Yearly	Approved Credit Control Policy Dec 2003.	100%	25%	50%	75%	100%	Financial Services
	ii) Review & implement an Indigent Policy.	Reviewed approved Indigent Policy	Council minute	Yearly	Approved Policy	100%	25%	50%	75%	100%	Financial Services
	iii) Develop & implement a Uniform Tariff Policy.	Review of Tariff Policy	Council Resolution	Yearly	Approved Policy - June	100%	10%	25%	75%	100%	Financial Services
	iv) Develop & implement Property Rates policy & Valuation Roll.	Progress made with the implementation of the Municipal Property Rates Act.	Progress Reports	Quarterly	0%	40%	0%	0%	0%	50%	Financial Services
	v) Project consolidate - free basic services, billing systems and municipal services arrears.	All consumers will receive accurate monthly accounts in terms of Councils Uniform Tariff Policy	Monthly Reports/Data Clean up meetings	Monthly	2005/6 Reports	100%	25%	50%	75%	100%	Financial Services
	vi) Review & implement an improved Payment Strategy.	Implement an Improved Payment Strategy	Monthly Targets	Monthly	Annual Targets	100%	100%	100%	100%	100%	Financial Services
	vii) Increase the methods of payments.	Council minute	New payment method or facility	Yearly	Existing methods of payment	100%	25%	50%	75%	100%	Financial Services
None	I&F2 Efficient management of BCM's assets.	Development of City Wide Maintenance Management System	Progress reports to Council	Yearly	None	45%	25%	30%	40%	45%	Engineering Services
		Progress made with the development of a Municipal Asset Management Policy & Strategy.	Council Minutes	Yearly	0	100%	25%	50%	75%	100%	Financial Services
	i) Develop an Infrastructural Asset Action Plan.	none		Yearly			50%	100%			Financial Services
		Water Services Management System	Reports from Water Services Management System	Monthly	none	100%	50%	60%	80%	100%	Engineering Services
		Implementation of the Citywide Infrastructure Maintenance Management System (CwIMMS)	Implementation thereof	Yearly	Zero	75%	15%	25%	50%	75%	Engineering Services
		Develop Detailed Assets Register and Assets Maintenance Plans	ES&ID Report	Yearly	Existing available assets register	50%	10%	20%	30%	50%	Engineering Services

		Development of an Immovable Capital Assets Management & Maintenance Business Process Plan (ICAMMBP).	i) Terms of Reference for appointment of Service Provider to develop the ICAMMBP. ii) Adverts for Procurement of Service Provider to produce plan for integration with other Municipal systems used for Asset Management.	Half-yearly	To conduct an audit of the B.C. M.'s current data & systems regarding immovable capital assets.	50%	0%	25%	35%	50%	Public Safety, Health & Disaster Management
		Electricity Network Development Master Plan	Report on Network strengthening projects	Yearly	No plan currently exists	10%	2%	4%	6%	10%	Engineering Services
	ii) Implement Infrastructural Asset Plan.	An Infrastructural Asset Register developed.	Infrastructural Asset Register	Yearly	Zero	30%	5%	10%	20%	30%	Financial Services
	iii) Develop an institutional strategic plan on data disaster recovery.	Developed institutional strategic plan for disaster recovery for electronic data	Management report	Quarterly	20%	50%	5%	15%	30%	50%	Corporate Services
	iv) Development of a comprehensive Asset and Risk Insurance Policy.	Asset and Risk Insurance Procedure Manual.	Procedure Manual	Yearly	Draft Asset and Risk Insurance Procedure Manual	100%	25%	50%	75%	100%	Financial Services
	v) Review Asset Management Policy.	Asset Management Procedure Manual.	Procedure Manual	Yearly	Draft Asset Management Procedure Manual	100%	25%	50%	75%	100%	Financial Services
None	I&F3 Efficient and effective financial systems and procedures, compliant with legislation.	Meeting all Finance MFMA requirements	Auditor General's Report	Yearly	Met all Finance MFMA deadlines for 2005/2006	100%	100%	100%	100%	100%	Financial Services
	i) Review of the computerised accounting system.	Systems specification and recommendation report.	Report	Yearly	0	100%	25%	30%	50%	100%	Financial Services
	ii) Integration of all computerized systems and acquisition of hardware and software required.	Appears to be a duplication of I&F13 according to Johan Gauche									Corporate Services
	iii) Development of a GRAP compliant MTREF budget.	Compliant Budget	MTREF Budget adopted by Council and approved by NT	Yearly	2006/07	100%	25%	50%	75%	100%	Financial Services
	iv) Develop and implement budget development process in accordance with legislated requirements.	Budget process plan (budget schedule) developed and approved by council	Council resolution approving the budget process plan	Yearly	0	100%	100%				Financial Services
	v) Develop and implement uniform budget reporting framework.	MFMA and National Treasury guidelines compliant.	Monthly, Quartely and Mid-year Statutory reports	Monthly	2005/06 Monthly, Quartely, Mid-year Statutory Reports	100%	25%	50%	75%	100%	Financial Services
	vi) Review of post-GRAP implementation accounting policies and updating as required	Accounting Policy completed.	Council Approved Accounting Policy	Yearly	Council Approved Accounting Policy 2005/06	100%	25%	50%	75%	100%	Financial Services
	vii) Training and development of financial and other staff.	Achievement of KPA and train interns	Output achieved and evaluate performance	Monthly	Staff and interns needing training and development	15	3	7	11	15	Financial Services
		% increase in trained staff as per Budget & Treasury(priority areas) skills gap analysis	Report	Quarterly	0	40%	15%	20%	30%	40%	Financial Services

		% increase in number of staff trained.	Report	Yearly	Staff Trained 2005/6	100%	25%	50%	75%	100%	Financial Services
	viii) Enhance budgetary controls and timeliness of financial data.	Reviewed approved budget policy	Council resolution	Yearly	Approved budget policy by council - May 2006	100%	10%	25%	75%	100%	Financial Services
		Budget procedure manual developed.	Budget procedure manual	Yearly	Approved Budget policy	100%	20%	50%	95%	100%	Financial Services
None	I&F4 Improved access to capital.	Gross transfer payments by BCM increase at rate greater than inflation.	Capital and Operating budget - monthly reports	Quarterly	Inflation rate	0%	0%	0%	0%	0%	Financial Services
		Debt coverage as defined in the Municipal Planning & Performance Management Regulations (2001)	Financial Statements	Half-yearly	External interest and redemption as % of total operating revenue.	35%	35%	35%	35%	35%	Financial Services
		Total capital debt to annual income.	Financial Statements	Half-yearly	2005/2006 financial statements	35%	35%	35%	35%	35%	Financial Services
	i) Develop and implement a debt capacity policy.	Completed debt capacity policy.	Council resolution	Yearly	No current debt policy	100%	10%	25%	75%	100%	Financial Services
None	I&F5 Operating budget efficiently and effectively structured to support service delivery.	Cost coverage as defined in the Municipal Planning and Performance Management Regulations (2001)	Financial Statements	Half-yearly	Monthly fixed cost	2.5	2	2	2	2	Financial Services
		% of project funding spent year to date.	Grant Expenditure Reports	Quarterly	66%	75%	15%	25%	60%	75%	Municipal Manager
		% of Municipality's capital budget actually spent on capital projects in terms of the IDP	IDP & Capital Budget	Quarterly	75%	80%	20%	55%	75%	80%	Municipal Manager
	i) Investigate service delivery options and public/ private partnerships.	Section 78 assessments completed	Reports approved by Council	Yearly	0	1	0	0	1	1	Development Planning & Economic Development
		Investigate options for provision of IT services to BCM	Management & Council Report	Half-yearly	None	30%	0%	0%	0%	30%	Corporate Services
		Service delivery reviews	Reports to Standing Committee	Half-yearly	0	2	0	0	1	2	Financial Services
		Investigate options of upgrading infrastructure through Public Private Partnerships	Progress reports to Council	Yearly	None	1	1	1	1	1	Engineering Services
		Number of signed SLA's entered into in respect of agency functions.	signed SLA's	Yearly	0	5	1	2	4	5	Municipal Manager
		Number of initiatives for alternative service delivery undertaken in terms of section 78 of MSA	Section 78 Reports	Yearly	0	5	0	0	2	5	Municipal Manager
		Objective not belonging to Public Safety, Health & Disaster Management									Public Safety, Health & Disaster Management
		Investigation in terms of section 78 to be initiated	Reports to Council	Half-yearly	Not existing at present	3	1	1	1	3	Community Services

Widespread poverty in BCM - limited access to agricultural land, under-developed infrastructure and services to support livelihoods.	I&F6 All households, earning less than R1640 per month, that have access to basic services access the indigent grant.	The % of households earning less than R1640 per month with access to free basic electricity.	Indigent Register	Half-yearly	100% of registered indigents	100%	100%	100%	100%	100%	Financial Services
		% of registered indigent households entitled to basic services that are registered and receive the grant.	indigent register	Monthly	55 000	100%	100%	100%	100%	100%	Financial Services
	i) Implement & review strategy to ensure all qualifying serviced households have free basic services grants .	Number of indigent Households that qualify receive free basic services	monthly reports	Monthly	June 2006	100%	100%	100%	100%	100%	Financial Services
None	I&F7 BCM has a business model that supports the implementation of its mandate.	A report submitted to council detailing the most effective, efficient and economical manner for the City to implement its core business	Report to council	Quarterly	0	100%	25%	50%	75%	100%	Executive Support Services
	i) Review and develop a business model for BCM.	Annual review of business model done in accordance with IDP process plan.	IDP report to council	Yearly	0	100%	25%	50%	75%	100%	Executive Support Services
	ii) Review and amend the organisational structure, so that the organisation is structured to support the implementation of BCM's strategy.	Report to Council setting out all organisational amendments submitted by depts and approved by Executive Mayor in terms of delegated authority.	Council report	Yearly	Organisational amendments actioned and implemented	20%	25%	50%	75%	100%	Corporate Services
	iii) Review systems & processes.	Submit an Annual Review Report on Systems and Processes in organisational support functions rendered	Council minute	Yearly	None	100%	25%	50%	75%	100%	Corporate Services
	iv) Coordinate, review and ensure the development of applicable corporate policies for BCM.	Policy database maintenance	Reports to Management	Monthly	System in place, database populated	70%	70%				Corporate Services
None	I&F8 BCM has the practical and physical infrastructure to enable staff to undertake their work efficiently.	100% of budget spent.	Management Reports	Quarterly	100% actual budget spent	100%	10%	20%	70%	100%	Corporate Services
	i) Audit & develop plans	Office Space Audit and plan completed.	Schedule of office space available and needed	Yearly	0	100%	50%	100%			Public Safety, Health & Disaster Management
		Office furniture audit and plan completed.	Plan submitted to CFO	Half-yearly	No plan	100%	50%	100%			Executive Support Services

		Ascertain furniture and equipment requirements from all Directorate of Development Planning departments/ divisions.	Approval by Director of furniture and equipment requirements from the various departments/ divisions.	Yearly	None.	100%	90%	100%	100%	100%	Development Planning & Economic Development
		Implementation of Building Maintenance Policy and Program	Architectural Division Report	Yearly	Initial draft in formulation	50%	15%	30%	45%	50%	Development Planning & Economic Development
		% architectural design and construct projects for municipal buildings completed within project programmes and project budgets.	Architectural Project reports	Quarterly	80%	80%	80%	80%	80%	80%	Development Planning & Economic Development
		Ascertain Furniture and Equipment requirements for the Directorate of engineering Services	Approval by Director of departmental requirements	Yearly	None	100%	10%	20%	70%	100%	Engineering Services
		i) Development of an integrated Divisional Work Management Plan.	i) Recovery Plan. ii) Strategic Plan. iii) Divisional Work Plans.	Monthly	Divisional Strategic Plan. (Processes, Procedures, Systems and Policies).	100%	50%	60%	80%	100%	Public Safety, Health & Disaster Management
		Plan completed	Plan submitted to Director	Yearly	0	100%	0%	25%	55%	100%	Corporate Services
		Appears to be duplication of I&F13 no.III									Corporate Services
None	I&F9 Effective, efficient & coordinated Human Resources Management.	% progress made with the implementation of an integrated HR strategy.	Management Report	Quarterly	to be determined once plan adopted	0	0	0	0	0	Corporate Services
		% progress made with the development of an integrated HR strategy	Council minutes	Yearly	HR Strategy in progress	100%	25%	50%	75%	100%	Corporate Services
	i) Develop and implement an Integrated Human Resources Strategy.	Implementation and reviewal of Integrated HR Strategy	Implementation report and reviewed strategy	Yearly	Draft Strategy	40%	25%	50%	75%	100%	Corporate Services
	ii) Build HR capacity .	the number of performance optimisation project introduced to the directorates	Management report	Half-yearly	1 directorate with Performance optimisation project	3	1	2	3	3	Corporate Services
Address the health and well-being of employees	I&F10 Improved health & well-being of all BCM employees.	100% implementation of the employee wellness programme.	Management report and treatment statistics	Half-yearly	20% implementation of the employee wellness programme	30%	5%	15%	20%	30%	Corporate Services
	i) Develop and implement an Employee Wellness Programme.	An approved Employee Wellness policy	Council minute	Yearly	Employee Wellness Strategy in place, Draft policy	100%	75%	100%	100%	100%	Corporate Services
	ii) Implement the HIV/Aids workplace programme linked to the employee wellness programme (as per HIV/Aids Cross-cutting Strategy).	100% implementation of the HIV/ AIDS Peer Education programme	Implementation Report	Quarterly	10% implementation	50%	20%	45%	50%	50%	Corporate Services

None	I&F11 Transform organizational culture to be developmental and performance oriented, thus enabling BCM to realize its vision & mission.	Compliance with statutory and regulatory requirements in respect of personnel & organizational performance. % of municipal budget actually spent on implementing the workplace skills plan.	Implementation Plan; HR Strategy; Audit Reports; Annual Report	Yearly	Draft strategy document; Risk Assessment Reports; Workplace Skills Plan	20%	5%	10%	15%	20%	Corporate Services
		Extent of compliance with statutory requirements in respect of employee & organisational performance management systems as assessed by the GM Internal Audit.	Internal Audit Reports	Half-yearly	60%	80%	60%	60%	70%	80%	Executive Support Services
		Ensure that BCM has an approved Institutional scorecard	Scorecard approved	Yearly	previous year scorecard	100%	25%	50%	75%	100%	Executive Support Services
i) Develop and instill a knowledge management based culture.	Progress made with the KM education and awareness programmes throughout BCM.	Knowledge Management Programme; Training Stats; Management Report	Yearly	5% implementation	10%	5%	6%	7%	10%	Corporate Services	
		Audit Report; Management Report	Yearly	0	50%	5%	10%	25%	50%	Corporate Services	
	ii) Review and implement the Workplace Skills Plan.	% implementation of Council Approved WSP per year	WSP and implementation report	Half-yearly	0	100%	25%	50%	75%	100%	Corporate Services
		% of municipal budget actually spent on implementing the workplace skills plan.	management report	Quarterly	0.18%	0.18%	0.1%	0.15%	0.18%	0.18%	Corporate Services
	iii) Review and implement the Employment Equity Plan.	100% Development of Employment Equity plan.	Council Minutes	Quarterly	Draft Plan	100%	0%	0%	75%	100%	Corporate Services
		% of staff in BCM that are from the designated groups in terms of disability (all staff levels).	EE plan	Yearly	0.43 %	0.49%	0%	0%	0.45%	0.49%	Corporate Services
		% of the highest 4 levels of management in BCM that are from the designated group in terms of gender.	Employment Equity plan	Yearly	24.21%	28.4%	0%	0%	26%	28%	Corporate Services
		% of the highest 4 levels of management in BCM that are from the designated group in terms of race.	Employment Equity Plan	Yearly	54.12	56%	0%	0%	54%	56%	Corporate Services
	iv) Improve internal customer care.	Employee satisfaction survey conducted	Survey (every second year)	Yearly	Outdated climate survey	0%	0%	30%	70%	100%	Executive Support Services
	v) Implement an Integrated Performance Management System.	Institutional Scorecard approved by Council	Council Resolution	Yearly	0	100%	25%	50%	75%	100%	Executive Support Services
Institution monitors against scorecard		quarterly report to council	Quarterly	0	100%	25%	50%	75%	100%	Executive Support Services	

vi) Roll-out individual Performance Management in BCM.	Employee PMS rolled out to all BCM employees	Management report	Half-yearly	PMS implemented from CM to staff level 9	50%	10%	20%	35%	50%	Corporate Services	
	Progress made with cascading a performance management system to all employee levels.	HR records and quarterly reports	Yearly	post level 9	12	2	4	9	12	Executive Support Services	
vii) Develop and monitor Service Delivery & Budget Implementation Plans (SDBIP).	% of Capital budget spent	SDBIP report to council	Monthly	0	100%	25%	50%	75%	100%	Executive Support Services	
	SDBIP components 1, 2 and 5 developed in terms of Circular 13 of the MFMA	Council rminute	Yearly	0	100%	0%	0%	50%	100%	Financial Services	
viii) The improvement of the overall control and corporate governance environment.	A reduction in the number of audit queries raised by both external and internal auditors	External & internal reports	Half-yearly	existing reports	40%	10%	20%	30%	40%	Corporate Services	
	A reduction in the number of audit queries raised by both external & internal auditors	External & internal reports	Half-yearly	Existing reports	40%					Corporate Services	
	10% reduction in audit queries	Audit report	Yearly	10 queries	90%	90%	90%	90%	90%	Development Planning & Economic Development	
	Number of internal controls reviewed	Reports to Director	Quarterly	6	12	3	6	9	12	Financial Services	
	Conduct of internal audits in accordance with the approved internal audit plan.	Approved internal audit plan.	Quarterly	Approved plan	50%	0	2	4	5	Corporate Services	
	Adhearance to Policies and development of Policies to control improvement to overall control within Directorate	Policy Documents	Half-yearly	Existing Policy Documents	50%	100%	50%	50%	50%	Engineering Services	
None	I&F12 Research, policy, knowledge management processes undertaken in BCM are coordinated, credible and linked to the information and knowledge requirements of the municipality.	Provide a support service to the directorates i.r.o. research and policy formulation.	Management Report	Quarterly	5% implementation	10%	5%	10%	15%	20%	Corporate Services
i) Update and monitor the implementation of the research coordinating guidelines.	Establish partnership with strategic roleplayers. Establishment of Research and Knowledge Management Forums.	Research Process & Policy formulation	Quarterly	Knowledge Management Forum establishment with South African Cities Network (SACN) Member Cities	1	20%	60%	70%	100%	Corporate Services	
	ii) Maintain data on the research programmes and projects commissioned by BCM.	Database maintainance	Management reports	Quarterly	Database in place	100%	25%	50%	100%	100%	Corporate Services

	iii) Establish partnerships with strategic role-players.	Establish partnership with strategy roleplayers. Establishment of research and knowledge management forum.	Establish forum, minutes and memorandum understanding signed	Quarterly	Knowledge management forum established in 2005 (external)	50%	10%	20%	40%	50%	Corporate Services
None	I&F13 BCM has an efficient, integrated information management system.	Fully integrated and modernized ICT infrastructure and systems based on good governance practices.	Management Report, General Audit	Quarterly	Non Integrated IS applications	20%	5%	10%	15%	20%	Corporate Services
	i) Modernise the ICT infrastructure.	Adequate ICT infrastructure that meet the minimum standard	Management Report	Quarterly	Non resilient Radio Data Network, no management tools, No Data Radio Services for crime prevention initiative, No Data Radio Services for meter reading.	50%	10%	30%	40%	50%	Corporate Services
	ii) Implement information systems integration strategies.	Develop information system integration strategies	Management Report	Quarterly	No Enterprise Information Architecture and/or MSP, No Municipal Wide Data warehouse	20%	5%	10%	15%	20%	Corporate Services
	iii) Implement good ICT governance practices.	%progress made with the implementation of ICT Strategies.	Management Report	Quarterly	20%	40%	25%	30%	35%	40%	Corporate Services
	iv) Continuous development and updating of a sustainable and integrated Geographic Information System.	Development of a long term GIS development strategy	Acceptance by Standing Committee	Half-yearly	Revision of outdated GIS strategy	50%	25%	50%	75%	100%	Executive Support Services
		20% Implementation of a new GIS strategy	Progress reports against accepted GIS strategy.	Half-yearly	20% Carried over from outdated strategy	30%	12%	25%	35%	50%	Executive Support Services
Ineffective systems and procedures of communication	I&F15a Effective communication and access to information within BCM	Progress made with the review of the communication strategy for BCM.	reviewed document	Yearly	100%	100%	25%	50%	75%	100%	Executive Support Services
		Progress made with the implementation of the communication strategy for BCM	Production tools - Mayoral Outreach Programmes, Newspaper Inserts etc.	Quarterly	100%	100%	50%	60%	75%	100%	Executive Support Services
		Progress made with the review of information access procedures.	management & council minutes	Quarterly	approved procedure	100%	20%	40%	80%	100%	Corporate Services
Ineffective systems and procedures of communication	I&F15b Effective communication and access to information for external customers of BCM.	Integrated and standardised document management system	Document management system and Management Reports	Quarterly	5 % of document management system implemented	20%	5%	10%	15%	20%	Executive Support Services
	i) Implement the Communication Strategy.	Internal publications produced monthly	Publications	Monthly	Newsletters published 6 times a year	25%	100%	100%	100%	100%	Executive Support Services
		External Publications produced	Published publications	Quarterly	External Newsletters published 4 times a year.	40%	25%	50%	75%	100%	Executive Support Services

	ii) Improve systems and processes for internal communication.	An effective records management strategy implemented.	Council minutes	Quarterly	Records Management draft policy document	30%	0%	0%	15%	30%	Corporate Services
		An approved filing system implemented.	filing system	Monthly	implementation of filing system by all departments	30%	5%	10%	20%	30%	Corporate Services
		Develop an internal communications strategy	Reports to management	Quarterly	20% approval of Internal Communications Strategy	40%	40%	40%	40%	40%	Executive Support Services
	iii) Improve public participation & communication.	% participation rate by members of the public	Use of loudhailing & posters in rural areas, flyers & posters in urban areas, advertisements via radio & newspapers	Monthly	80%	100%	0%	0%	0%	100%	Executive Support Services
		Integrated and standardised document management system developed	Document Management System and Management Reports	Quarterly	5% of document management system implemented.	20%	5%	10%	15%	20%	Corporate Services
		Review Grant-in-Aid Policy	Policy Document and Management Reports	Quarterly	Draft Policy Document	100%	0%	0%	0%	100%	Corporate Services
Inadequate Customer Care throughout the organisation	I&F16 BCM is a Customer focused organization.	Development of Customer Care Strategy	Strategy Document and Management Reports	Quarterly	40 % Draft document	85%	20%	60%	80%	80%	Executive Support Services
	i) Implement an Integrated Customer Care Strategy.	Conduct annual customer satisfaction survey	Survey report and management report	Yearly	0%	100%	20%	65%	90%	100%	Executive Support Services
		Development and implementation of BCM in touch	Reports to management and BCM in touch system	Quarterly	0%	5%	10%	20%	30%	30%	Executive Support Services
HIV/Aids pandemic	I&F17 Address the HIV/Aids pandemic & mitigate the negative impact on Buffalo City.	Review and implement the HIV/Aids Cross-cutting Strategy	Council approved updated HIV/Aids Cross-cutting Strategy plan of action	Yearly	0 Council approved updated HIV/Aids Cross-cutting Strategy plan of action in 05/06	1					Executive Support Services
	i) Directorates plan and implement HIV workplace prevention and mitigation programmes as integral component of their operations	Number of BCM departments report implementation of workplace HIV/AIDS Programmes.									Corporate Services
		Number of BCM directorates which report succesful implementation of the HIV/Aids Workplace Programme	Quarterly project reports as submitted by HIV/Aids Workplace Programme service provicer	Quarterly	0 BCM directorates have succesfully implemented HIV/Aids Workplace Programme	2				2	Executive Support Services
	ii) Directorates are provided with a comprehensive support service to assist them to plan and implement HIV workplace prevention and mitigation programmes	Still to be completed.									Corporate Services

	iii) Directorates are provided with a comprehensive support service to assist them to plan and implement HIV/AIDS prevention mitigation and care programmes as part of their external service delivery to the citizens of BCM	Number of BCM Directorates that have integrated HIV/Aids prevention, mitigation and care programmes into their service delivery and business plans, i. e. mainstreaming as assessed by the Department: Special Programmes.	Cross cutting HIV strategies	Yearly	100%	100%	25%	50%	75%	100%	Executive Support Services
		Number of GM's Forums where HIV/Aids is an item on their agenda.	General Managers Forum - minutes of meetings	Yearly	0 HIV/Aids standing agenda items at GM Forum meetings in 05/06	2		1		2	Executive Support Services
	iv) External institutions are provided with services that assist them to develop and implement HIV/AIDS prevention, mitigation and care programmes.	Number of sustainable HIV/Aids impact mitigating initiatives entered into by BCM.	HIV/Aids initiatives partnership agreements	Yearly	1 HIV/Aids initiatives partnership agreements 05/06	2	2				Executive Support Services
Management of municipal properties and land	I&S5 Efficient, productive and sustainable management of municipal properties & land	Increase in the rental and disposal of municipal property.	Fixed Asset Register, Land Sales Register, Lease Register, Land Sales & Leases Application Register. Registration & Transfers Register.	Monthly	Market Valuations (Valuation Report).	50%	10%	20%	40%	50%	Public Safety, Health & Disaster Management
	i) Develop systems & procedures to ensure the improved use and management of properties.	Integrate Land Administration Fixed Asset Management with Local Economic Development (LED) & Building Maintenance.	Lease Register, Fixed Asset Register, Property Inspection Register. S.L.A.'s.	Monthly	Number of vacant properties (e.g. farms released to LED) & instructions issued to Building Maintenance.	20%	10%	10%	10%	20%	Public Safety, Health & Disaster Management
	ii) Develop & implement a comprehensive maintenance programme for municipal buildings.	Comprehensive maintenance programme for Municipal Buildings Completed.	Inspection Reports.	Monthly	Number of inspected Municipal properties for maintenance.	5%	0%	0%	2%	5%	Public Safety, Health & Disaster Management
	iii) Improve the accessibility of Municipal buildings and structural environment (disabled).	Develop an audit of buildings needing access structural facilities.	Fixed Asset Register. (Buildings of B.C.M. with or without access of structural facilities).	Yearly	Building with or without access of structural facilities.	50%	10%	20%	20%	50%	Public Safety, Health & Disaster Management
	iv) Develop and implement the land acquisition and disposal policy.	Land Acquisition & Disposal Policy developed.	Report submitted to Council for approval on 5 December 2006. Workshop all stakeholders on policy.	Monthly	Review current policy	80%	20%	40%	60%	80%	Public Safety, Health & Disaster Management
	v) Develop & implement a Land Management Policy.	Land Management Policy developed.	Report submitted to Council for approval. Workshop all stakeholders on policy.	Monthly	Review existing Policy.	100%	30%	40%	60%	100%	Public Safety, Health & Disaster Management
BCM has limited resources to implement its service delivery mandate	I&S12 Sustainable Service Delivery.	%overall satisfaction with the rendering of municipal services as expressed by residents in the quality of life survey.	report - quality of life survey	Yearly	50%	60%	0%	0%	0%	80%	Municipal Manager
		Customer Satisfaction	Customer Satisfaction Survey	Yearly	2004/2005 statistics	5%	5%	5%	5%	5%	Engineering Services

i) Investigate alternative sources of funding.	Investigate a funding mechanism to develop BCM's WS Infrastructure	Report to Council	Quarterly	none	100%	0%	20%	40%	100%	Engineering Services	
	Investigate and secure alternate funding for infrastructure projects	Approved funding	Yearly		1	1	1	1	1	Engineering Services	
	Negotiations with Funding Agents	ES&ID Report	Yearly	No alternative Funding Source exists	3	3	3	1	3	Engineering Services	
ii) Support economic development through infrastructure provision.	Develop Electricity Network Development Plan	Development Plan	Yearly	No Plan currently exists	25%	5%	10%	15%	25%	Engineering Services	
	Development of road and stormwater infrastructure	km of new works	Yearly	current infrastructure	1%	1%	1%	1%	1%	Engineering Services	
	Development of WS Infrastructure to support development if funds are available	Availability of Infrastructure	Quarterly	none	40%	10%	20%	30%	40%	Engineering Services	
iii) Formulation of a services charter to establish levels of services to be provided.	Service Charter with levels of service for WS completed	Council minute	Yearly	No Service Charter in place.	100%	10%	20%	50%	100%	Engineering Services	
	Develop Electricity Customer Service Level Agreements	Service Level Agreements	Yearly	Current Eskom SLA	30%	5%	10%	20%	30%	Engineering Services	
	Service Charter with levels of service for roads completed.	Council minute	Yearly	No Service Charter in place.	100%	30%	60%	75%	100%	Engineering Services	
Implement and manage projects.	I&S15 All grant/ capital infrastructure funding, for service delivery, is expended in the applicable financial year.	Percentage of Granted Funding spent	National Treasury Report	Quarterly	Zero	100%	15%	25%	50%	100%	Engineering Services
	% spending of capital MIG funding earmarked for water provision.	Financial Report	Quarterly	100%	100%	10%	10%	50%	100%	Engineering Services	
i) Advertise, adjudicate, report on and award tenders in good time. ii) Submit business plans, registration forms and detailed technical reports. iii) Identify, implement and manage projects to address backlogs, within local communities. iv) Adhere to, and promote, compliance with all aspects of the Occupational Health & Safety Act.	Projects being implemented	Number of Projects implemented	Yearly	Zero	100%	50%	75%	100%	100%	Engineering Services	
	Provincial acknowledgement of Submitted Projects	Number of Registrations Submitted to Province	Yearly	Zero	100%	100%	100%			Engineering Services	
	Number of Projects identified in terms of Grant Funding	StatSA	Yearly	Current figures obtainable from StatSA	10%	2%	2%	6%	10%	Engineering Services	
	Number of onstruction Sites meeting Health & Safety Objectives	Health & Safety Audits	Monthly	Full compliance	80%	80%	80%	80%	80%	Engineering Services	

	v) An efficient small capital works design and construction service is provided to BCM line departments.	To form and maintain a small effective Construction Team capable of efficiently executing small civil engineering projects	Budget spent	Yearly	Current expenditure patterns	95%	15%	30%	60%	95%	Engineering Services
Organisational Efficiency	I&S16 Create and capacitate an optimum structure within the municipality to manage the Water Service Authority function.	WSA structure Approved.	Council resolution	Yearly	Only Manager and Administrator post currently approved by Council	100%	25%	50%	75%	100%	Engineering Services
	i) Appoint Water Service Authority staff.	Approved organogram fully populated.	HR records of staff employed for the WSA Structure	Yearly	One staff member currently employed under the WSA	1	1				Engineering Services
	ii) Implement the Water Service Authority Capacitation business plan.	KPIs of WSA BP implemented	KPI report to DWAF	Quarterly	40% of KPI already implemented	60%	40%	45%	50%	60%	Engineering Services
	iii) Secure the required internal & external funding to capacitate a WSA.	Funding secured to capacitate WSA.	DWAF approved business plan and BCM budget	Yearly	DWAF is currently providing funding	100%	0%	0%		100%	Engineering Services
	iv) Establish an inter-directorial planning committee at BCM to enhance water service development.	Formalise structure to review WSDP annually	Minutes of Meetings	Yearly	Interim structure already in place reviewing current WSDP	100%	10%	30%	20%	100%	Engineering Services
Inadequate maintenance of the BCM mechanical fleet	I&S31 Adequate, well-maintained and roadworthy BCM fleet.	Percentage (%) BCM Refuse fleet availability.	Workshop Statistics Report.	Quarterly	50 %	65%	55%	55%	60%	65%	Engineering Services
		Vehicle downtime due to maintenance as % of overall production time.	manual record - job cards	Quarterly	40%	30%	40%	40%	35%	30%	Engineering Services
		%of operating budget available for the maintenance of Council Vehicle fleet.	Budget	Half-yearly	2.5%	2.5%	0%	2%	0%	2%	Engineering Services
	i) Regular maintenance of the mechanical fleet.	Percentage (%) BCM fleet repair requests completed.	Workshop Statistics Report.	Quarterly	70 %	70%	70%	70%	70%	70%	Engineering Services
		Percentage (%) major repairs completed within 15 working days.	Workshop Statistics Report.	Quarterly	75 % tasks major repairs completed within 15 working days (05/06).	75%	75%	75%	75%	75%	Engineering Services
	ii) Develop & implement a computerised Workshop Management System.	Fully developed computerised Workshop management system.	Statistics reports generated.	Monthly	No computerised Workshop management system in place.	50%	25%	40%	50%		Engineering Services
	iii) Adoption & implementation of a Fleet Management Policy.	% of vehicles replaced in time as per the municipality's fleet replacement policy.	replacement policy & quarterly reports	Quarterly	10%	10%	10%	10%	10%	10%	Engineering Services
		Activity report on policy implementation.	Standing Committee minutes.	Half-yearly	Fleet Management Policy adopted 05/06 - No report submitted in 05/06.	2		1		2	Engineering Services

Health

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Inadequate and inequitable primary health care services and fragmented health services. (Three different institutions render services.)	S1 Accessible, equitable and comprehensive primary health services for all communities	% compliance with provincial standards and targets in BCM run clinics.	District Health Information Database	Quarterly	70% compliance	80%	70%	72%	76%	80%	Public Safety, Health & Disaster Management
	i) Negotiate a fully funded Service Level Agreement (including capital requirements) with Province.	Service Level Agreement concluded (signed by Province and BCM).	Copy of Signed Service Level Agreement	Yearly	Signed SLA for the 2005/06 Financial Year	1	1	1	1	1	Public Safety, Health & Disaster Management
	ii) Develop and implement a Functional Integration Strategy (sharing and integration of resources/ services & future planning).	Documentation of Strategy and Business Plans to be implemented by BCM, ADM and Province.	Functional Integration Reports and Business Plans	Yearly	Lack of Documented Strategy and Business Plans	1	1	1	1	1	Public Safety, Health & Disaster Management
		Functional Integration Strategy Implemented.	Functional Integration Reports	Quarterly	Functional Integration Meetings not taking place regularly	2	1	2	3	4	Public Safety, Health & Disaster Management
	iii) Education & awareness - health issues (health campaigns, immunisation campaigns etc.).	Campaigns held.	Campaign reports	Quarterly	One was held in 2005/06	4	1	2	3	4	Executive Support Services
	iv) In-service education for staff.	In-service education sessions held.	in-service training register	Quarterly	9 sessions held quarterly	30	7	14	22	30	Executive Support Services
	v) Establish Community Health Committees.	Health Committees established.	Reports to Standing Committee	Quarterly	4	14	3	7	10	14	Public Safety, Health & Disaster Management
	vi) Ensure the availability & supply of medication to clinics.	Availability of medication in clinics.	Reports from Clinics	Monthly	90% PHC Level 1, Essential Drugs	91%	91%	91%	91%	91%	Public Safety, Health & Disaster Management
None	S2 Training has capacitated of health care givers and communities on HIV/AIDS prevention, treatment, care and support within BCM area	No. of health care givers trained in provincially approved programmes.	Reports, attendance registers.	Quarterly	1058 trained	1300	325	650	975	1300	Public Safety, Health & Disaster Management
	i) Provide access to a comprehensive HIV/Aids package, including prevention, treatment and support.	Provision of HIV/ AIDS package- prevention, treatment and support	Statistics with record of clients attended to	Monthly	6 Out of 28 clinics have VCT rooms built 2005/2006	300	75	150	225	300	Executive Support Services

	ii) Provide training for Professionals, NGO's and support groups on STI's, HIV, PMTCT, VCT, ARV's.	No. of training sessions held. Including PEP, TB/ HIV, HCBC.	Reports to Standing Committee	Quarterly	68 Training sessions	75	20	40	60	75	Public Safety, Health & Disaster Management
	iii) Provide social and health support services through one-stop HIV/Aids support centre's.	Is this catered for under other strategies?									Executive Support Services
	iv) Enhance intensity and effectiveness of HIV/Aids prevention & mitigation programmes within Mdantsane.	Increased number & range of agencies (HTA & Support Groups) implementing effective HIV/AIDS mitigation and prevention programmes.	Reports to Standing Committee	Quarterly	8 Agencies	2	0	1	0	2	Public Safety, Health & Disaster Management
Adverse environmental conditions have a negative impact on the health status of communities.	S3 Contribute to a safe and healthy environment through adequate, integrated and sustainable municipal health services (as defined in the National Health Act).	% compliance with National Policy and associated indicators. (monitoring, enforcement, promotion, vector control)	Quarterly Reports	Quarterly	2005 Quarterly reports	70%	60%	62%	66%	70%	Public Safety, Health & Disaster Management
	i) Negotiate a fully funded Service Level Agreement with ADM.	Service Level Agreement concluded (signed by ADM & BCM).	Signed Service Level Agreement	Yearly	Interim SLA signed for the 2005/06 Financial Year	1	1	1	1	1	Public Safety, Health & Disaster Management
	ii) Develop and implement a Municipal Health Management Programme in compliance with National Policy and Legislation.	A Municipal Health Services Implementation Programme developed.	Documented Implementation Programme in Place	Yearly	Lack of Documented Implementation Programme	1	1	1	1	1	Public Safety, Health & Disaster Management
		Municipal Health Services Delivery Plan Implemented.	Council Resolution	Yearly	Lack of Council Resolution on MHS Delivery Plan						Public Safety, Health & Disaster Management
	iii) Monitoring and control of food establishments.	Database of food establishments, including compliance status & dates premises monitored - updated quarterly	Documented database of food establishments indicating compliance status & dates premises monitored	Quarterly	Draft food establishment databases	85%	85%	85%	85%	85%	Public Safety, Health & Disaster Management
	iv) Review and implement the Informal Trading Policy.	Developed informal trading policy relative to environmental health	Documented informal trading policy relative to environmental health	Yearly	Incomplete environmental health informal trading policy	100%	25%	50%	75%	100%	Public Safety, Health & Disaster Management
		Informal trading policy relative to Environmental Health implemented	Reports to Standing Committee	Yearly	Env. Health service levels relative to informal street trading vary	85%	20%	40%	60%	85%	Public Safety, Health & Disaster Management
	v) Implement a Vector Control Programme throughout BCM.	Vector Control Programme implemented within BCM.	Draft Implementation Plan	Yearly	Limited Vector Control Service Delivery	50%	10%	15%	30%	50%	Public Safety, Health & Disaster Management
	vi) Monitoring, control, advice and training for day-care centres.	Database of day care centres, including compliance status & dates premises monitored - updated half-yearly	Documented database of day care centres, indicating compliance status & dates premises monitored - updated half-yearly	Half-yearly	Draft day care centre databases	85%	25%	50%	75%	85%	Public Safety, Health & Disaster Management
		Formal training of operators & staff of day care centres	Monthly report	Half-yearly	36 formal training sessions per year	36	8	16	24	36	Public Safety, Health & Disaster Management

vii) Monitoring and control of disposal of the dead.	Reviewed pauper burial policy in line with National policy	Documented pauper burial policy in line with National policy	Yearly	Pauper burial policy conflicts with National policy	100%	25%	50%	75%	100%	Public Safety, Health & Disaster Management
	Database of funeral undertakers, including compliance status & dates premises monitored - updated half-yearly	Documented database of funeral undertakers, including compliance status & dates premises monitored - updated half-yearly	Half-yearly	Draft funeral undertakers databases	85%	25%	50%	75%	85%	Public Safety, Health & Disaster Management

Housing

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Insufficient and inappropriate housing provision, especially for the poor, women, aged, disabled and people affected HIV/AIDS	I&S7 All citizens especially the poor, women, the aged, the disabled and people affected by HIV/AIDS have access to appropriate housing.	Number of houses built in subsidised housing schemes.	Annual Report	Yearly	1000	1000	200	400	600	1000	Development Planning & Economic Development
		% achievement of targeted allocation of public sector housing stock to priority beneficiary groups	Annual Report	Yearly	0	2%	0%	1%	2%		Development Planning & Economic Development
i) Review and implement the Municipal Housing Policy. ii) Draw up a five-year housing delivery plan, as a key instrument for development of the integrated sustainable human settlement plan for the city. iii) Undertake the process to become an accredited municipality with regard to carrying out relevant national housing programmes as per the housing Act. (To fast track delivery.) iv) Formulate a housing allocation policy/ waiting list for the city to meet the needs of the various groups. v) Formulate a support programme for housing developers within the city.	having a revised Municipal Housing policy and implementation plan to address the housing needs	Council approval	Quarterly	approved policy	100%	25%	50%	75%	100%	Development Planning & Economic Development	
		Council approval	Yearly	approved 5 year implementation plan	100%	25%	50%	75%	100%	Development Planning & Economic Development	
		Council approval	Yearly	certificate of accreditation	100%	25%	50%	75%	100%	Development Planning & Economic Development	
		Council approval	Yearly	approved policy to implement in terms of the objective	100%	25%	50%	75%	100%	Development Planning & Economic Development	
		council approval	Yearly	programme to be implemented	100%	25%	50%	75%	100%	Development Planning & Economic Development	

	vi) Undertake and implement an integrated housing data and financial management system.	review existing systems	have an approved system supported by IT department	Yearly	100	50%	10%	20%	40%	50%	Development Planning & Economic Development
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Other

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Insufficient tourism development and tourism promotion	ED6 Growth of Tourism sector in BCM	Growth in number of Tourists (domestic and foreign) and increase in value spent in BCM	Economic Indicators and annual survey	Yearly	Tourism Master Plan report information	10%	5%	7%	8%	10%	Development Planning & Economic Development
		Growth in the number of HDIs and CBOs participating meaningfully in tourism	Tourism Programme Report	Half-yearly	1	5					Development Planning & Economic Development
i) Ensure integrated implementation of the Tourism Master Plan. ii) Facilitate and co-ordinate all tourism role-players. iii) Facilitate transformation of the tourism industry in BCM. iv) Support tourism product development. v) Tourism Buffalo City markets and positions the city as a desirable tourist destination.		% implementation of the Tourism Master Plan	Annual Reports	Yearly	5%	10%	2%	4%	8%	10%	Development Planning & Economic Development
		Integrated joint implementation. Signing of MoUs with Tourism Master Plan Reference Group member institution									Development Planning & Economic Development
		Number of partnerships entered into	Annual Reports	Yearly	1	1	0	0	1	1	Development Planning & Economic Development
		Report on functionality of CTOs	Annual Reports from CTOs	Yearly	0%	5%	0%	2%	3%	5%	Development Planning & Economic Development
		Number and type of awareness raising programmes held	Council Reports	Half-yearly	5	2	1	1	2	2	Development Planning & Economic Development
		Number of initiatives established/supported	Annual Reports	Yearly	12	4	0	2	3	4	Development Planning & Economic Development
		Report on networking activities	Council Reports	Yearly	1	3	2	1		3	Development Planning & Economic Development
Limited commercial agricultural development within BCM	ED8 A cost effective well managed municipal market	market share	comparative market turnover report	Monthly	Annual market share is 3% (national)	3%	3%	3%	3%	3%	Development Planning & Economic Development
i) Ensure an efficient and self-sustaining market. ii) Investigate the restructuring of the market.		Producer support.	Suppliers data-base.	Yearly	5700 active suppliers	10	2	2	3	10	Development Planning & Economic Development
		Still to be completed.									Development Planning & Economic Development

Planning & Development

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
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Lack of understanding of the economic environment and how to respond to economic opportunities	ED1 BCM and key stakeholders commit to a common economic strategy for the city.	Adoption of the ED strategy by full Council	Council minutes	Yearly	Appointment of service provider.	100%	30%	60%	90%	100%	Development Planning & Economic Development
		Progress made with an implementation of a LED strategy.	Management Report	Half-yearly	0	10%	2%	5%	7%	10%	Development Planning & Economic Development
	i) Develop and implement an Economic Strategy in partnership with key stakeholders	Multi-stakeholder steering committee signs off final draft strategy.	LED Forum Minutes	Monthly	0	100%	30%	60%	90%	100%	Development Planning & Economic Development
	ii) Ensure an understanding of the 'space economy' is incorporated into the Economic Strategy	Integration of the EDS into BCM Spatial Development Framework	BCM SDF	Yearly	0	0%	0%	0%	0%	0%	Development Planning & Economic Development
Lack of institutional understanding of economic development and lack of mainstreaming of economic activities	ED3 BCM undertakes its activities/ mandate in a way that supports economic growth, job creation and the reduction in inequalities.	All BCM officials and Councillors aware of and in support Local Economic Development within their respective areas of work	Annual Report	Yearly	0	1				1	Development Planning & Economic Development
		Number of jobs created through Council's LED initiative and capital projects including EPWP	Report to Council	Half-yearly	1405 jobs created	940	280	540	720	940	Development Planning & Economic Development
	i) Support and monitor Directorates, to ensure the integration of economic issues into their planning and implementation.	Mainstreaming of Economic Issues in sector plans and at project implementation	Annual Report	Yearly	0	0%	0%	0%	0%	0%	Development Planning & Economic Development
	ii) Facilitate and monitor BCM's compliance with BBBEE principles.	% progress made with the establishment of a BBBEE monitor in accordance with legislation.	Adoption by Council	Yearly	0	100%	0%	25%	60%	100%	Development Planning & Economic Development
		% progress made with the implementation of the BBBEE monitor.	Annual Report	Yearly	10%	10%					Development Planning & Economic Development
	iii) Monitor the implementation of Poverty Alleviation & Job Creation initiatives e.g. EPWP	The EPWP is up and running	Annual MIG Report	Yearly	0	100%	100%	100%	100%	100%	Engineering Services
Limited trade and investment (Unconducive environment and support systems ('red tape', infrastructure etc.) for economic development and investment)	ED4 Increased trade and Investments in BCM	Value of investment secured through investment facilitation services and incentives	Annual Reports from relevant institutions (ELIDZ & BCDA) and BCM	Yearly	4	2	1			2	Development Planning & Economic Development

		Investment strategy developed and adopted by Council	Council minutes	Yearly	0	0%					Development Planning & Economic Development
	i) Develop a trade and investment plan as part of the overall economic strategy.	Trade & Investment strategy adopted as part of the broader Economic Development Strategy.	Council minutes	Yearly	0	100%	10%	40%	70%	100%	Development Planning & Economic Development
	ii) Investigate ICT opportunities and implement the most appropriate for the City.	Investigate ICT opportunities in BCM	Economic Development Strategy Economic Situation Analysis	Yearly	0	0%	0%	0%	0%	0%	Development Planning & Economic Development
	iii) Develop an investment package and business development support to stimulate economic growth.	Investment package approved by Council	Council minute	Yearly	0	0%	0%	0%	0%	0%	Development Planning & Economic Development
	iv) Monitor and ensure systems and processes are efficient and streamlined.	Develop and implement a Business Retention & Expansion Programme	Reports to Council	Half-yearly	0	0%	0%	0%	0%	0%	Development Planning & Economic Development
	v) Support increased trade, investment and tourism in Buffalo City through the work of the Buffalo City Development Agency	East London beachfront transformed by three pilot sites developed	Building inspectors approve completed structures	Yearly	The pilot sites are currently being rezoned	25%	10%	15%	20%	25%	Municipal Manager
		Spacial Framework Plan completed for the BCDA mandate area	BCDA board resolution	Yearly	Terms of reference completed and technical team established	100%	25%	50%	75%	100%	Municipal Manager
Insufficient growth and development of the SMME sector.	ED7 Facilitate the development and support of the SMME sector	Implementation of SMME Support Programme such as BDS, BR and BIS.	Report to the standing committee	Quarterly	0	100%	10%	25%	65%	100%	Development Planning & Economic Development
	i) Develop a SMME strategy based on a thorough analysis of challenges and opportunities for SMME's (linked to the economic strategy).	SMME strategy developed and adopted by Council	Report to the standing committee and final strategy document	Yearly	Service Provider appointed.	100%	20%	50%	80%	100%	Development Planning & Economic Development
		implementation of the SMME Strategy	Report to the standing committee	Quarterly	0%						Development Planning & Economic Development
	ii) Foster linkages between public and private sector and established and emerging SMME's re opportunities.	Number of trade fairs & exhibitions attended.	Report to the standing committee	Half-yearly	2 exhibitions attended in 2005/6	3					Development Planning & Economic Development
	iii) Strengthen and co-ordinate business development support.	Establish partnerships with institutions involved in SMME development ie SEDA, TBP	Signed memorandums of understanding (MoU)	Yearly	No signed MoU in 2005/6	1	1	1	1	1	Development Planning & Economic Development

Widespread poverty in BCM - limited access to agricultural land, under-developed infrastructure and services to support livelihoods.	ED9 Facilitate the development of and support of sustainable agricultural production to existing & emerging agricultural producers within BCM.	Establishment of an Buffalo City Municipality Wide Agricultural Stakeholder Forum comprising all relevant stakeholders including private sector, NGO's and public sector	Minutes of the meetings held	Quarterly	Stakeholder forum in place and two meetings held in 05/06	4	1	2	3	4	Development Planning & Economic Development
	i) Fully investigate the agricultural potential in BCM, develop and implement an Integrated Agricultural Strategy (linked to the Economic Strategy).	Implementation of the programmes as outlined in the strategy	Reports submitted to the standing committee	Quarterly	0						Development Planning & Economic Development
		Integrated Agriculture and Rural Development Strategy completed.	Council Minute	Yearly	Consultants appointed.	100%	60%	80%	100%		Development Planning & Economic Development
	ii) Facilitate access to livelihood opportunities through capacity-building for productive agricultural activities.	Formulation of a capacity building plan in partnership with the Department of Labour, Department of Agriculture and SETA	No of people trained	Half-yearly	120 people trained in 05/06	200	50	70	140	200	Development Planning & Economic Development
	iii) Audit land owned by BCM and develop and implement a policy for the usage thereof.	BCM Agricultural Land Management Policy Complete	Council Minute	Yearly	0	100%	10%	40%	80%	100%	Development Planning & Economic Development
	iv) Develop & promote urban & rural community gardening.	Urban and rural community gardening strategy completed (part of Integrated Rural and Agricultural Strategy)	Council Minute	Yearly	0	100%	60%	80%	100%		Development Planning & Economic Development
		Still to be completed. Indicator belongs to Ms Nqodi									Community Services
None	ED10 Enhanced access to and utilisation of economic opportunities by residents of Mdantsane.	Number of economically active Mdantsane residents. Turnover and profitability of Mdantsane enterprises.									Development Planning & Economic Development
	i) Strengthen & expand local consumer goods (retail) and service markets.	Increased grossturnover of retail and service sector enterprises located within Mdantsane.	Local formal enterprise survey	Yearly	Mdantsane European Commission Baseline Study	3%	0%	0%	0%	3%	Development Planning & Economic Development
	ii) Strengthen local residential property market.	Value of formally registered annual residential property transactions.	Deeds registry AKTEX data compiled annually by BCM Rates and Valuation Department	Yearly	Mdantsane Baseline Study	3%	0%	0%	0%	3%	Development Planning & Economic Development
	iii) Entrepreneurs start and grow more competitive enterprises.	Increased gross turnover of Mdantsane located enterprises as recorded gross revenue recorded for Mdantsane enterprises by the VAT section of the SARS.	SARS Supplied data	Yearly	Mdantsane Baseline study	2%	0%	0%	0%	2%	Development Planning & Economic Development

		Training SMMEs on emerging contractor, cooperative development and SMMEs support services .	Reports to standing committee	Quarterly	0	4						Development Planning & Economic Development
	iv) Increased share of external markets and Government spend.	market linkages (access to public and private sector contracts)	Contracts awarded	Yearly	0	1						Development Planning & Economic Development
		Total turnover of targeted enterprises serving external markets and government.	Local formal enterprise survey	Yearly	Mdantsane Baseline Study	2%	0%	0%	0%	2%		Development Planning & Economic Development
	v) Mdantsane work seekers have been assisted to be more competitive in regional employment markets.	Employers report increased proportional recruitment of Mdantsane residents.	Survey of representative sample of regional employers conducted prior to final evaluation	Yearly	Mdantsane Baseline Study	3	0	0	0	3		Development Planning & Economic Development
		Still to be completed.										Development Planning & Economic Development
Improving participatory democracy	I&F14 BCM provides democratic and accountable Local Government.	% participation rate by members of the IDP Forum in meetings of the Forum.	Attendance Register	Half-yearly	70% attendance	85%	70%	75%	85%	85%		Executive Support Services
		establishment of a comprehensive City Development Strategy (long-term growth & development strategy)	Council - minutes	Yearly	0	100%	25%	50%	75%	100%		Executive Support Services
Inadequate Customer Care throughout the organisation	I&F16 BCM is a Customer focused organization.	Progress with the conducting of annual Quality of Life Surveys	Report - Council minute	Yearly	100%	100%	25%	50%	75%	100%		Executive Support Services
Gender inequalities exist in social, economic, physical and institutional environment of BCM.	I&F18 Reduce gender inequalities as they affect access to jobs, land, services and housing.	Establishment of gender equity targets and strategies in the line dept sector plans. Progress in achieving sector plan gender targets. HR report positive line departmental support in achieving internal disability	Indicator is not applicable. The objective is measured by the strategies below									Corporate Services
	i) Develop and implement a Gender Policy and Strategy.	Progress made with the development of BCM's Gender Strategy.	Council minute	Yearly	Terms of Reference completed in May 2006	100%	30%	50%	70%	100%		Corporate Services
		Gender strategy implemented	Reports to Standing Committee	Quarterly	Strategy still being developed	100%	30%	60%	100%	100%		Corporate Services
	ii) Promote and monitor the incorporation of gender sensitivity, within BCM's sector plans/ policies.	Participate and input in sector and policy development	Minutes of meetings	Quarterly	Not participating	2	2	2	2	2		Corporate Services
	iii) Facilitate/ support the establishment of gender structures internally and externally.	Gender structures established and supported	Minutes of gender structure meetings	Quarterly	BCM Gender Forum in place	4	1	2	3	4		Corporate Services
	iv) Establish and maintain links with all spheres of government and organisations.	Links with all spheres of government and organisations established	Minutes of intersectoral forum meetings	Quarterly	Establishment of an intersectoral forum	4	1	2	3	4		Corporate Services

	v) Vulnerable women in Mdantsane participate in activities that secure their social and economic rights and interests.	Number of vulnerable women participating in livelihood groups who report enhanced social and economic security.	Focus group assessments (commencing after year two) conducted by an independent third party institution contracted by the MURP Unit	Yearly	Mdantsane Baseline Study	5%	0%	0%	0%	5%	Development Planning & Economic Development
		Implementation of the Violence Prevention Programme.	Minutes of meetings	Half-yearly	Establish links with relevant stakeholders	4	1	2	3	4	Corporate Services
Lack of sensitivity to the needs of those living with disabilities	I&F19 People living with disabilities have adequate and effective service provision in relation to their needs.	Establishment of disability targets and strategies in the line dept sector plans. Progress in achieving sector plan disability targets. HR report positive line departmental support in achieving internal disability employment targets.	Indicator not applicable. The objective is measured by the strategies below								Corporate Services
	i) Develop & implement a Disability Strategy.	Progress made with the development of BCM's Disability Strategy.	Council minute	Yearly	0	100%	20%	25%	50%	100%	Corporate Services
		progress made with the implementation of the Disability Strategy	Reports & Minutes - Strategic Committee	Quarterly	0	60%	0%	0%	20%	60%	Corporate Services
	ii) Promote and monitor the incorporation of sensitivity to people living with disabilities, within BCM's sector plans/ policies.	Promote and monitor the incorporation of sensitivity to people living with disabilities.	BCM sector plans/ policies established	Yearly	Existing plans and policies	20%	5%	10%	15%	20%	Corporate Services
	iii) Develop a database of NGO's and organisations that represent people with disabilities.	Establishment of a database of NGO's and organisations representing people with disabilities.	A developed database	Yearly	A comprehensive database in place	100%	20%	40%	70%	100%	Corporate Services
	iv) Establish and maintain links with all spheres of government and organisations.	Establishment of links with all spheres of government and organisations.	Minutes of intersectoral forum meetings	Quarterly	Establishment of an intersectoral forum	4	1	2	3	4	Corporate Services
Awareness and sensitivity to the needs of older persons	I&F20 The needs of aged are fully taken into account in municipal service delivery	Incorporating needs of elderly people into BCM's plans and policies.	Municipal plans and policies	Yearly	Creating awareness on issues affecting the aged	2	2	2	2	2	Corporate Services
	i) Promote and monitor the incorporation of sensitivity to older persons, within BCM's sector plans/ policies.	Progress made with the development and implementation of an Elderly People Strategy	Strategy adopted by Council	Quarterly	0	0%	0%	0%	0%	0%	Corporate Services
Youth and children in Buffalo City are the most vulnerable and are greatly affected by the social ills ravaging our society	I&F21 Youth development and support programmes are factored into BCM operations and programmes	Progress made with the the review of BCM's Youth Development Strategy	Strategic Documentation & Council Minute	Yearly	100%	100%	20%	25%	50%	100%	Executive Support Services

	i) Implement a Youth & Children's Development Strategy.	progress made with implementation of BCM's Youth & Children Development Strategy.	Reports & minutes strategic committee	Quarterly	0	100%	10%	20%	50%	100%	Executive Support Services
	ii) Promote and monitor the incorporation of sensitivity to youth and children's needs, within BCM's sector plans/policies.	Number of BCM directorates that have successfully mainstreamed youth development initiatives, target within line dept sector plans	BCM Annual Report detailing youth development within line dept sector plans	Yearly	0 Report detailing youth development within line dept sector plans	1					Executive Support Services
	iii) Prioritise the involvement and participation of young people in the municipality's developmental projects. (PWP, Youth Council, Learnerships)	Number of sustainable youth development partnerships entered into by BCM	Youth development partnership agreements	Yearly	1 Youth development partnership agreement entered into by BCM	1					Executive Support Services
Unsustainable spatial patterns	I&S1 Forward planning has generated spatial frameworks that directs development to, and supports development within ,SDF targeted development areas.	% increase in the value of public & priv. invest. in SDF target dev. areas has increased.	Building plan completed database	Yearly	860 million	5%	1%	2%	3%	5%	Development Planning & Economic Development
	i) Compile forward planning policy.	Council Approved Policy completed in terms of the SDF	Council Minutes	Yearly	Policies currently approved	70%	5%	15%	40%	70%	Development Planning & Economic Development
	ii) Support co-ordinated forward planning through various technical and steering committee meetings.	Attendance and input at forward planning meetings	Minutes of meetings	Yearly	Current input to meetings based on minutes	10	2	2	3	10	Development Planning & Economic Development
unco-ordinated spatial development and Low economic growth	I&S2 Land use management effectively directs and regulates development and use in desired manners whilst promoting economic efficiency and growth	% of the municipality covered by the legislatively compliant Land Use Management System.	Gazetted regulations	Yearly	20%	35%	20%	25%	30%	35%	Development Planning & Economic Development
	i) Proactively manage land use in accordance with the appropriate levels of service (LOS) to achieve sustainability in urban, peri-urban & rural areas.	Council approval of Land Use Applications	Council Minutes	Yearly	Applications approved by Council	100%	50%	70%	85%	100%	Development Planning & Economic Development
	ii) Efficient processing of development applications.	Time frames in terms of applicable legislation	Land Use Registers	Yearly	Applications approved by Council	100%	50%	70%	85%	100%	Development Planning & Economic Development
	iii) Continuously update and correct the cadastral layer (accurate data).	Number of erven provided to the GIS Unit to be downloaded into the cadastral layer of the GIS	Handovers to the GIS Unit	Monthly	90% Full dataset for previous month	90%	22%	45%	67%	90%	Development Planning & Economic Development

	iv) Provide land-surveying services to internal & external customers.	Number of jobs started and recorded in Survey job lists	Survey job lists	Monthly	Land Surveying service already exists	60	15	30	45	60	Development Planning & Economic Development
unco-ordinated spatial development and Low economic growth	I&S3 Public sector land development processes are supported through the provision of a high quality co-ordination, land assembly, layout, survey and administration services.	Number of inter-divisional and inter-governmental meetings held.	minutes of meetings	Half-yearly	2 meetings	2	0	1	1	2	Development Planning & Economic Development
	i) Review & implement the Land Reform & Settlement Plan.	Time taken for BCM to approve/ support layouts after funding and land ownership has been secured.	Branch minutes.	Monthly	9 months	8	8	8	8	8	Development Planning & Economic Development
	ii) Land administration supports development through facilitating land release.	Release / dispose of surplus & existing Municipal properties.	Land Sales Register, Fixed Asset Register, Lease Register, Leases & Sales Applications Register.	Monthly	Number of applications submitted & processed for disposal and leasing.	100%	80%	40%	40%	100%	Public Safety, Health & Disaster Management
	iii) Improve inter-governmental relations to expedite land transfer.	Land transferred to B.C.M.	Minutes of meeting, approval letter, report to Council and Registration and Transfers Register.	Yearly	Number of Registrations and Transfers.	20%	20%	10%	20%	20%	Public Safety, Health & Disaster Management
	iv) Develop and implement a Land Surveying Programme.	Number of erven surveyed and approved by Surveyor-General	Approved general plans	Yearly	0	3000				4000	Development Planning & Economic Development
	v) Monitor the development of informal settlements using aerial photography.	Development of a Land Management Policy.	Land Management Policy Draft. Council Report. Council Minute.	Monthly	Number of informal settlements in B.C.M.	20%	10%	10%	10%	20%	Public Safety, Health & Disaster Management
		Number of imagery epochs	Number of sets submitted to GIS	Yearly	Two already submitted	2	0	1	0	2	Development Planning & Economic Development
unco-ordinated spatial development and Low economic growth	I&S4 BCM land markets are assisted to operate more efficiently	Number of informal settlements upgraded.	Annual Report	Yearly	2	2	2	2	2	2	Public Safety, Health & Disaster Management
	i) Develop & implement a tenure upgrading programme.	Tenure upgrading programme to be completed.	Management Report & Adverts.	Half-yearly	Mdantsane Tenure Upgrade.	20%	10%	10%	10%	20%	Public Safety, Health & Disaster Management
Inadequate control of the built environment	I&S6 A safe aesthetic built environment, compliant with legislation & regulations	Number of days taken to approve building plans	Approved Building Plans	Yearly	3 weeks	3	3	3	3	3	Development Planning & Economic Development
		% increase in the rand value of building plans approved.	annual report	Yearly	10%	10%	10%	10%	10%	10%	Development Planning & Economic Development
	i) Implementation of a comprehensive building control function in compliance with National Building Regulations.	Percentage of building plans approved within 18 days of submission	Building Control reports	Quarterly	32%	50%	40%	43%	47%	50%	Development Planning & Economic Development

	ii) Extend building control function to areas currently not served.	Rural area roll out policy completed.	Architectural Division report	Yearly	Initial draft in progress	25%	2%	6%	12%	25%	Development Planning & Economic Development
	iii) Implementation of a comprehensive commercial advertising signage control function.	Revision of the Advertising Signage Policy for Buffalo City.	Architectural Division Report	Yearly	5% complete	50%	10%	20%	30%	50%	Development Planning & Economic Development
Water Service Planning	I&S17 Review the Water Service Development Plan in conjunction with IDP development and review	WSDP review meetings held within BCM	Council approval of updated WSDP	Yearly	Has only been reviewed once since year 2001	100%	80%	90%	100%		Engineering Services
	j) Develop a generic review programme and implement the annual review using ...	Plan reviewed.	Meetings of the task team updating WSDP	Yearly	Has only been reviewed once since year 2001	100%	0%	30%	20%	100%	Engineering Services
None	I&S32 Mdantsane residents have improved access to urban amenities, municipal services, transport, economic opportunities, housing, and a clean and safe living environment.	Number of pilot studies and projects approved for improved living environment in Mdantsane	Annual progress reports by the implementing Departments	Yearly	Mdantsane Baseline Study 5						Development Planning & Economic Development
	i) Mobilise stakeholders in support of the restructuring and development of selected central strategic location (s) in Mdantsane, and formulate and approve an Implementation Framework and Programme, reflecting stakeholder consensus.	Approved Implementation Framework and Programme.	Strategic Development Plan and the CBD Development framework	Yearly	Situation analysis in CBD Framework Plan & Strategic Development Plan	10%	0%	4%	8%	10%	Development Planning & Economic Development
	ii) Generate sustainable processes of activity intensification and residential densification in the selected central strategic location(s) in Mdantsane.	undertake informal settlement upgrade and greenfield housing developments.	council report	Yearly	5%	10%	2%	3%	7%	10%	Development Planning & Economic Development
	iii) Enhance the amenity of selected central strategic location (s) in Mdantsane.	Number of persons utilising selected central strategic locations has increased.	Annual counts of users in the targeted areas at selected times	Yearly	Mdantsane Baseline Study	10%	0%	0%	0%	10%	Development Planning & Economic Development

iv) Support studies that identify mechanisms by which municipal service delivery could be rendered in ways that enhance municipal financial viability, consumer affordability, increased employment intensity, and community initiative at the neighbourhood level.	Number of different studies approved for pilot implementation in Mdantsane.	Participation in studies	Half-yearly	none	100%	100%	100%	100%	100%	Engineering Services
	Reports to Council	Council Minute	Yearly	0	5%	1%	2%	3%	5%	Community Services
	Number of different studies approved for pilot implementation in Mdantsane.	Numbers of studies	Yearly	0	100%	100%	100%	100%	100%	Engineering Services
	Provision of electricity services to all customers within registered erven in Mdantsane	Report on customers with electricity in Mdantsane	Yearly	The number of existing customers with electricity	50%	30%	35%	40%	50%	Engineering Services
v) Promote, support and document, successful models of community-driven initiatives, targeting the improvement of local neighbourhood amenity, housing, transportation and safety.	Proportion of recorded community-initiated neighbourhood improvement initiatives adjudged by neighbourhood residents themselves to have been worthy of replication in Mdantsane.	Focus group assessments (Medium Term Review final evaluation) conducted by an independent third party institution contracted by the MURP Unit	Yearly	Mdantsane Baseline Study	5%	0%	0%	0%	5%	Development Planning & Economic Development

Public Safety

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Limited compliance with by-laws and traffic legislation	S7 Higher rate of compliance with by-laws and traffic legislation.	% increase in number of law enforcement and education programmes held throughout BCM.	statistics on all law enforcement and educational programs	Monthly	stats from 2005/6	2%	2%	2%	2%	2%	Public Safety, Health & Disaster Management
		% increase in the recovery of traffic fines	Fines recovery report	Yearly	2005/2006 stats	5%				5%	Public Safety, Health & Disaster Management
	i) Establish a Municipal Court.	Feasibility study completed	Report to Council - minute	Yearly	No feasibility study.	100%	25%	25%	25%	100%	Public Safety, Health & Disaster Management
Limited compliance with by-laws and traffic legislation	S8 Improved Traffic Safety.	Ratio of total accidents to vehicle registration within the greater BCM area.	Number of accidents versus number of vehicles registered in BCM	Yearly	stats for 2005/6	2%	2%	2%	2%	2%	Public Safety, Health & Disaster Management
		interface law enforcement stats with accidents	law enforcement stats versus accidents hotspots	Monthly	selective law enforcement on high accident zones	2	2	2	2	2	Public Safety, Health & Disaster Management
		traffic safety and education programs with community and schools	number of programs	Quarterly	number of schools and communities visited	2	2	2	2	2	Public Safety, Health & Disaster Management

Crime impacts on quality of life in BCM	S9 BCM departments all co-operate in formulating and implementing a mutually agreed crime prevention reduction strategy	All BCM Departments sign departmental approval of the Crime Prevention Strategy (CPS) prior to Council approval.	Signed document.	Yearly	Development of Crime Prevention Strategy not yet started	0%						Public Safety, Health & Disaster Management
	i) Develop & implement a Local Crime Prevention Strategy.	Crime Prevention Strategy (CPS) approved by Council.	Minutes of Council meeting	Yearly	No CPS at present	0%						Public Safety, Health & Disaster Management
	ii) Facilitate inter-governmental cooperation.	No of meetings held with government departments.	Minutes of meetings	Quarterly	No meetings held in 05/06	0	1	2	3	4		Public Safety, Health & Disaster Management
	iii) Facilitate inter-departmental cooperation.	Number of meetings held regarding the Crime Prevention Strategy.	Minutes of meetings.	Half-yearly	10 meetings	0	5	10	15	20		Public Safety, Health & Disaster Management
	iv) Support an effective safety & security programme in Mdantsane	more planned patrols and roadblocks in mdantsane area	south african police and law enforcement stats	Monthly	0	2%	2%	2%	2%	2%		Public Safety, Health & Disaster Management
		A substantial reduction in crime is achieved.	SAPS crime intelligence statistics for Mdantsane	Yearly	Crime Statistic for 2005/6 & Violence Prevention Programme	4%	0%	0%	0%	4%		Development Planning & Economic Development
		Aprehension of at least 2 offenders per camera installed per month attributable to CCTV. surveillance.	Justice Department Records	Monthly	0	48	12	12	12	48		Public Safety, Health & Disaster Management
Fire and rescue services are unable to provide approved service levels to all communities within BCM.	S10 BCM provides effective fire & rescue services to all citizens and visitors within Buffalo City.	Average response time from call to dispatch to all fire emergencies.	Fire records	Yearly	within 60 seconds	60	60	60	60	60		Public Safety, Health & Disaster Management
	i) Investigate requirements and obtain adequate resources to provide the fire & rescue function.	Timeous development and submission of Fire Service Delivery and Budget implementation plan.	Quarterly Report	Quarterly	Monitors plan on a monthly basis [12]	12	3	6	9	12		Public Safety, Health & Disaster Management
	ii) Undertake a public awareness and fire safety education programme.	Number of school visits and evacuation drills conducted.	Monthly Reports	Quarterly	10 visits and drills per quarter	25%	0%	0%	10%	25%		Public Safety, Health & Disaster Management
	iii) Prepare plans for special risks.	Response and recovery plans prepared and evaluated	Evaluation report	Yearly	2 exercises per year	24	6	12	18	24		Public Safety, Health & Disaster Management
Compliance with Disaster Management Legislation.	S11 Proactive and reactive integrated disaster management for all communities, so that the consequences of disasters can be reduced through a safe and sustainable environment.	Percentage achievement of Framework Policy Objectives.	Disaster management annual report - approved by Council	Yearly	Framework currently at approval stage.	50%	10%	22%	34%	50%		Public Safety, Health & Disaster Management
	i) Establish & maintain the policy framework and institutional Structures for Disaster Management.	Progress made with the update of the Disaster Management Framework Plan.	Updated Plan - Council minute	Yearly	Existing Plan	100%	10%	35%	80%	100%		Public Safety, Health & Disaster Management

		DMC and satellite established and operational.	Annual report	Yearly	BCM centre 95%. KWT sub centre 70% complete.	100%	30%	50%	80%	100%	Public Safety, Health & Disaster Management
ii) Develop & review a disaster risk reduction policy.		Disaster Risk Reduction Policy completed and regularly reviewed.	Council minute	Yearly	no policy at present	25%	0%	0%	10%	25%	Public Safety, Health & Disaster Management
iii) Prepare and evaluate response & recovery plans.		Response and recovery plans prepared and evaluated.	Evaluation report	Yearly	2 Exercises per year	2	0	1	0	2	Public Safety, Health & Disaster Management
iv) Maintain information and communication systems.		Communication tests conducted	Test log	Monthly	Twice a month	24	6	12	18	24	Public Safety, Health & Disaster Management
		Data updated	Annual report	Yearly	0	20%	5%	10%	15%	20%	Public Safety, Health & Disaster Management
v) Undertake research, provide ongoing education, training and awareness.		Councillor and official training.	Course register	Yearly	No training presented at present	4	1	2	3	4	Public Safety, Health & Disaster Management
		Staff Development.	Course reports	Yearly	Work place skills programme	100%	25%	50%	75%	100%	Public Safety, Health & Disaster Management
vi) Establish and implement a disaster funding policy.		Disaster Funding Policy developed.	Council minute	Yearly	No funding policy at present	0%	0%	0%	0%	0%	Public Safety, Health & Disaster Management

Roads Transport

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Inadequate and inefficient transport system, especially public transport	I&S8 A fully integrated transport system to increase accessibility for people and freight in the whole of Buffalo City.	% capital budget spent on transport infrastructure construction.	Report to Council	Yearly	85% capital budget spent.	85%	0%	0%	50%	85%	Development Planning & Economic Development
	ii) Prepare and implement an integrated Transport Plan (NLTTA) with specific detail on Public Transport, non-motorised transport and Traffic Safety.	Integrated Transport Plan (annually updated)	Approved by Council	Yearly	Draft Integrated Transport plan complete June 2006	100%	50%	50%	50%	100%	Development Planning & Economic Development
	iii) Establish a Transport Authority (NLTTA).	Approval by DOT for the establishment of a Transport	Founding Agreement signed	Yearly	Preliminary investigations complete July 2006	30%	10%	30%	50%	80%	Development Planning & Economic Development
		Transport Authority established	Office set up and staffed	Yearly	Preliminary Investigations complete July 2006	5%	0%	0%	0%	5%	Development Planning & Economic Development
None	I&S9 A public transportation network that satisfies social, economic & strategic investment criteria.	First phase public transport system operational	contract signed with operator	Yearly	Draft plans prepared	10%				15%	Development Planning & Economic Development
	i) Implement, in a phased manner, the Integrated Public Transport System based on regulated competition.	Implementation of first phase of public transport plan	Public transport services procured	Yearly	Draft implementation plan prepared June 2006	10%	5%	10%	10%	15%	Development Planning & Economic Development

None	I&S10 A prioritised public & non-motorised transportation system	New infrastructure constructed	Programme	Yearly	Draft plans prepared	85%				80%	Development Planning & Economic Development
	i) Provide transport infrastructure for private, public and non-motorised transport in accordance with programmes (UTA and NLTTA). (e.g. pedestrianisation).	Transport infrastructure constructed	Capital Budget	Yearly	Draft Integrated transport plan complete June 2006	85%				80%	Development Planning & Economic Development
		Public transport infrastructure for first phase public transport plan	Capital Programme	Yearly	Draft Public Transport plan complete June 2006	10%	5%	7%		10%	Development Planning & Economic Development
Traffic safety problems, especially for pedestrians and cyclists	I&S11 Improved traffic safety situations in Buffalo City, especially for pedestrians and cyclists.	New infrastructure constructed	Capital budget	Yearly	Draft plans prepared	85%	0%	0%	0%	80%	Development Planning & Economic Development
	i) Implement the Traffic Safety Plan.	Traffic Safety measures carried out in terms of traffic safety plan	Capital Programme	Yearly	Draft Traffic Safety plan completed June 2006	85%				80%	Development Planning & Economic Development
Inadequate maintenance, upgrading and reconstruction of the road network, associated structures and road furniture, due to lack of funding.	I&S13a Provide a safe & economical road network which supports the development and economic growth of the City.	Kilometers of roads upgraded annually to surfaced standards.	Road Management System	Quarterly	4km	4	1	2	3	4	Engineering Services
		Kilometers of surfaced roads maintained annually.	Road Management System	Quarterly	20km	20	5	10	15	20	Engineering Services
	i) Formulation of a services charter to establish levels of services to be provided.	Service Charter with levels of service for roads completed.	Council Minute	Yearly	No Service Charter in Place	100%	30%	60%	75%	100%	Engineering Services
Inadequate maintenance, upgrading and reconstruction of the road network, associated structures and road furniture, due to lack of funding.	I&S13b Maintain a safe & economical road and stormwater network which supports the development and economic growth of the City.	The % of storm water network operational in accordance with the pavement management system (pms)	Pavement Management System	Yearly	Current Information on PMS	10%	5%	5%	5%	10%	Engineering Services
	i) Use the Roads Management System (RMS) to secure funding for maintenance, rehabilitation and upgrade of roads, stormwater systems and associated structures.	Use the Road Management System to improve the road network of the City	Condition of Road network (RMS)	Yearly	Current analysed condition of road network	5%	1%	2%	3%	5%	Engineering Services
	ii) Implement a Bridge Management System (BMS).	Commence Bridge Assessments in terms of the Bridge Management System	No of Bridges inspected in terms of the BMS	Yearly	Zero	100%	25%	50%	75%	100%	Engineering Services
	iii) Engage in community partnerships for roads maintenance.	Involve Rural Communities in the maintenance of Rural and Informal Roads	km of roads maintained	Yearly	Zero	100%	25%	50%	75%	100%	Engineering Services

	iv) Implement a Stormwater Management System in conjunction with the Flood Management Policy (to be developed).	Implement and customise the Stormwater management System to the needs of the BCM	Council Minute	Yearly	0	25%	5%	10%	15%	25%	Engineering Services
Inadequate maintenance, upgrading and reconstruction of the road network, associated structures and road furniture, due to lack of funding.	I&S13c Financing mechanisms for the funding of road and stormwater infrastructure maintenance have been established	Increase in the annual value of roads and stormwater maintenance work.	Allocated annual operating budget	Yearly	2005/2006 operating budget allocation	10%	10%	10%	10%	10%	Engineering Services
	i) Engage Province and National Government to complete the re-classification of roads.	Determine the effect the Roads Reclassification has on the Road Network of the City	New roads handed to Buffalo City	Yearly	Current Road Network length	100%	25%	50%	75%	100%	Engineering Services
	ii) Secure additional/ alternative funding for road rehabilitation.	Additional Funding made available for Roads Maintenance	Rand value	Yearly	Current budget allocation	100%	30%	60%	80%	100%	Engineering Services
Job creation opportunities	I&S14 Create work opportunities and training for local communities.	Number of person day job opportunities created during storm water network upgrades.	number of person-days	Half-yearly	0	1000	250	500	750	1000	Engineering Services
	i) Fast-track PEW Learnerships and Mentorship Programme.	The EPWP is underway	number of projects awarded to learnerships	Quarterly	0	25%	10%	10%	10%	25%	Engineering Services
	ii) Undertake projects using labour intensive options where possible.	Number of Jobs Created through the EPWP	Contracts awarded	Yearly	Zero	100	50	50	50	100	Engineering Services

Sports & Recreation

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Beaches, zoo, aquarium, galleries resorts, sport facilities, nature reserves	S5 BCM has facilities of world class standard, in support of Tourism.	Number of national and international events hosted.	Reports from Tourism Buffalo City and reports to standing committee	Yearly	4	4	1	2	3	4	Community Services
		% occupancy of BCM owned resorts.	Reports from Tourism Buffalo City & report to Standing Committee	Yearly	75% occupancy	80%	20%	40%	80%	80%	Community Services
	i) Upgrade key sporting facilities.	Maintain key sports facilities at standard acceptable to host National and international events	Reports to standing committee	Quarterly	6 facilities of international standard	1	1	0	0	0	Community Services
	ii) Develop and implement the Zoo Master Plan.	Report to standing committee upon completion of the masterplan	Master plan document completed	Yearly	Ad hoc development of the zoo	100%	25%	50%	75%	100%	Community Services
	iii) Upgrade the zoo.	Develop new enclosures in the zoo	capital expenditure report	Monthly	65 enclosures	2	0	1	1	2	Community Services

iv) Upgrade the aquarium and develop marine educational capacity.	Completion of Environmental Center at Aquarium and upgrade of Marine Nursery	capital expenditure report	Monthly	No existing Environmental Center, Inadequate Marine Nursery	2	0	0	1	2	Community Services
	Completion of Environmental Center at Aquarium	capital expenditure report	Monthly	No present Educational Facility	1	0	0	0	1	Community Services
v) Beach front recreational assets improved/ developed to support tourist and recreational use	Acceptable Conditions of Public Facilities	Reports to Management	Monthly	Existing Facilities	2	1	0	0	2	Community Services

Waste Management

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Negative environmental and health impacts due to unsustainable solid waste management (e.g. lack of long-term planning)	E13 Improved Integrated Solid Waste Management.	Number of waste collection services to unserved areas	Report to the standing Committee - minute	Quarterly	120 000 units	122000	120000	121000	121500	122000	Community Services
None	i) Review and implement the Integrated Solid Waste Management Plan.	Progress made with the review of the Integrated Waste Management Plan.	Council Minutes	Half-yearly	Existing Plan	70%	10%	30%	50%	70%	Community Services
		Progress with the implementation of the Integrated Waste Management Plan (IWMP).	Report to Standing Committee - Minutes	Quarterly	25% implementation of the IWMP	35%	25%	25%	25%	35%	Community Services
	ii) Develop and maintain a Waste Information System.	Implementation of the Waste information System	Report to the standing committee minute	Quarterly	Department of Environmental Affairs and Tourism WIS pilot project	100%	10%	30%	60%	100%	Community Services
		Implementation of Waste Information System.	Report to Standing Committee.	Quarterly	Departmental Environmental Affairs and WIS pilot project	100%					Community Services
	iii) Develop and implement a Waste Management System.	Implementation of the Waste Management system	report to the standing committee minute	Yearly	Waste water management system	50%	10%	25%	40%	50%	Community Services
	E14 Buffalo City supplies its population with increasingly efficient waste management services.	% of households supplied with the minimum level of solid waste management service	level of service policy developed	Yearly	70 % receive waste services	70%	70%	70%	70%	70%	Community Services
	i) Formulate & adopt a Level of Service Policy.	Developed and adopted level of service policy	Council minute	Yearly	Level of service agreement with Provincial Government	50%	10%	25%	48%	50%	Community Services
	ii) Improve operational management (round balancing) and expand operations.	Extending the service to the new developed areas	standing report minute	Yearly	Housing department - homes database	100%	100%	100%	100%	100%	Community Services
		Extending the service to the new developed areas	standing report minute	Yearly	Housing department - homes database	100%	100%	100%	100%	100%	Community Services

	iii) Develop and implement a vehicle management plan.	Draft vehicle management plan	Standing report minute	Yearly	Adopted and approved integrated waste management plan	100%	10%	20%	65%	100%	Community Services
	iv) Establish a capacitated and efficient department.	Number of employees trained	Skills development reports	Quarterly	Skills development database-training department	60	15	30	45	60	Community Services
	v) Identify & evaluate alternative service delivery opportunities.	Number of opportunities identified	Performance centre goals reports	Yearly	Performance centre reports	12	3	6	9	12	Community Services
None	E15 Landfills & transfer stations comply with National & Local Environmental Legislation.	% reduction in the number of unlicensed landfill sites that are operational.	Copies of permits	Yearly	0	33%	10%	20%	30%	33%	Community Services
	i) Develop & implement a management plan for the regional waste site beautification plans for all new settlements.	Draft management plan for the regional site beautification	Council minute	Yearly	Regional site technical report	100%	25%	50%	75%	100%	Community Services
	ii) Establishment of transfer stations & depots.	Design plans for the depots and transfer stations	progress reports	Quarterly	Capital projects progress reports	100%	25%	50%	75%	100%	Community Services
	iii) Develop and implement closure plans for all illegal waste disposal sites.	Developed closure plans	permits for closures submitted to council	Yearly	Department of Economic Affairs, Environmental and Tourism	100%	25%	50%	75%	100%	Community Services
Negative environmental and health impacts due to unsustainable solid waste management (e.g. lack of long-term planning)	E16 Decreased land filled waste (by weight)	Volumes of waste reduced to the landfill	Waste minimization report to standing committee	Half-yearly	Waste information system	5%	2%	3%	4%	5%	Community Services
	i) Improve public awareness of sustainable waste management.	Educational programmes for public awareness	Educational programme to the standing committee	Half-yearly	Standing committee reports	50%	10%	20%	35%	50%	Community Services
	ii) Develop and implement a waste minimisation, re-use and recycling policy.	Draft policy	Standing report minute	Half-yearly	research, policy and knowledge management unit	50%	25%	30%	45%	50%	Community Services

Waste Water Management

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
Water Services Infrastructure Capacity	I&S20 Well maintained and operated water and sewerage infrastructure network	Availability of wastewater services to serviced consumers.	wastewater service availability	Monthly	80%	95%	80%	87%	90%	95%	Engineering Services

	i) Develop a model and undertake a detailed analysis of the bulk system to identify possible areas of surplus capacity and supply constraints.	Model developed and analysis completed	Model operational - (SEWSAN still to be procured)	Half-yearly	Development and Implementation of model - funding dependant	10%	5%	5%	5%	10%	Engineering Services
	ii) Progressively upgrade existing and build new infrastructure, focusing on areas with current shortages & identified development areas.	80% of capital budget spent by the end of each financial year	Capital budget expenditure	Monthly	Capital budget allocation	80%	15%	40%	60%	80%	Engineering Services
	iii) Prevent storm water ingress into sewer system.	Inspection of properties for illegal stormwater ingress into the sewer system	No of inspections	Quarterly	Inspection of erven connected to waterborne sewers	5%	1%	2%	3%	5%	Engineering Services
	iv) Identify and resolve high impact problems in terms of pollution.	Problem areas identified and resolved	Monitor water quality reports and resolve problem areas within budget limitations	Quarterly	Water quality reports	2	2	2	2	2	Engineering Services
	v) Develop and implement a routine and preventative Water Services Infrastructure Maintenance Programme throughout BCM.	Implemented of the WMIS programme	Components of WMIS to be implemented by June 2007	Monthly	WMIS operational - operational segment	50%	10%	25%	35%	50%	Engineering Services
None	I&S22 Eliminate the sanitation backlog .	% of households with access to the minimum basic standard of sanitation provision. % reduction in the number of households still making use of the bucket system.	BCM Water Services Master Plan	Quarterly	60	65%	60%	60%	60%	65%	Engineering Services
			Water Services Master Plan	Quarterly	0	50%	0%	10%	10%	50%	Engineering Services
	i) Implementation of the approved Water Services Development Plan projects.	Implementation of approved projects	The implementation of approved projects	Quarterly	Project implementation	80%	25%	45%	65%	80%	Engineering Services
	ii) Secure sufficient internal and external funding to meet the sewerage backlog targets.	Submission/ requests of business plans to/by relevant bodies/ finance dept	Business plans / requests submitted to finance	Half-yearly	Number of business plans submitted	2	1	1	2	2	Engineering Services

Water

Issue	Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 06/07	Target Q1	Target Q2	Target Q3	Target Q4	Directorate
None	I&S18 Create and capacitate an optimum structure within the municipality to manage the Water Services Provision function by 2008	WSP established in terms of Section 78 of MSMA.	Approved new WSP structure	Half-yearly	Old structure	100%	10%	20%	30%	100%	Engineering Services
	i) Take transfer of DWAF water service infrastructure, staff and assets.	Transfer effected.	Staff Transferred	Half-yearly	none	100%	10%	20%	30%	100%	Engineering Services

	ii) Complete the Section 78 Assessment for water service provision by December 2005.	Council approval for Section 78(i).	Council Approved	Quarterly	Draft Section 78(1) completed	100%	60%	70%	80%	100%	Engineering Services
	iii) Obtain National Government approval to pilot institutional reform investigation for BCM, ADM and Amatola Water Board.	Council approval	Council approval	Quarterly	none	100%	10%	30%	100%		Engineering Services
	iv) Implement optimum water service provider arrangements in 2006/2007 financial year.	Section 78(1) approval to optimize water services arrangements	Council approval	Half-yearly	Draft Section 78(1)	100%	10%	20%	30%	100%	Engineering Services
	vi) Improve service delivery payment levels and credit control in partnership with other BCM departments.	Reduction of unaccounted for water	Monthly report from Finance	Monthly	40%	30%	40%	37%	34%	30%	Engineering Services
Use of impounded water.	I&S19 Efficient Water Resource Management	% water losses.	Water statistics.	Quarterly	45 %	35%	40%	38%	37%	35%	Engineering Services
		% availability of potable water.	water management system	Quarterly	80%	85%	82%	83%	84%	85%	Engineering Services
		% compliance of DWAF guidelines for selected surface water quality variables (DWAF)	Water Quality Report	Quarterly	60%	65%	60%	62%	63%	65%	Engineering Services
	i) Implement a Water Management Programme in urban and rural areas to reduce water losses.	% reduction in non-revenue water.	Water Statistics	Yearly	45%	40%	44%	43%	42%	40%	Engineering Services
	ii) Eradicate alien vegetation, by implementing working for water programme in catchments areas.	% programme implemented.	Department of Water Affairs & Forestry (Catchment Management Agency)	Quarterly	Establish CMA and implement programme	4	1	2	3	4	Engineering Services
	iii) Undertake a detailed investigation of the adequacy of supply for local supply schemes.	Investigation completed.	Internal (BCM) and external (Consultants) studies and reports	Yearly	WSDP objectives	1	0	0	0	1	Engineering Services
	iv) Investigate alternative measures to augment raw water yield including reclamation of effluent.	Pertinent Studies and Reports. WSDP	Statistics on dam capacity and authorised yield.	Yearly	Bride Drift Dam yield over capacity.	1	0	0	0	1	Engineering Services
	v) Formalise water service supply agreements with Service Providers (egg Amatola Water & ADM) to secure adequate yield concerning shared water resources.	Signed agreement with parties concerned	Monthly drainage reports	Monthly	Signed agreements already in place	100%	100%	100%	100%	100%	Engineering Services

Water Services Infrastructure Capacity	I&S20 Well maintained and operated water and sewerage infrastructure network	Availability of water services to serviced consumers.	Water Service availability	Monthly	80 %	95%	80%	87%	90%	95%	Engineering Services
	i) Develop a model and undertake a detailed analysis of the bulk system to identify possible areas of surplus capacity and supply constraints.	Model developed and analysis completed.	WADISA (Component of the Water Management Information System)	Half-yearly	Software procured	5%	1%	2%	3%	5%	Engineering Services
	ii) Progressively upgrade existing and build new infrastructure, focusing on areas with current shortages & identified development areas.	80% of capital budget spent by the end of each financial year.	Capital expenditure	Monthly	Allocation of Funds and Vote Numbers	80%	10%	30%	60%	80%	Engineering Services
	v) Develop and implement a routine and preventative Water Services Infrastructure Maintenance Programme throughout BCM.	Implement the WMIS programme.	WMIS implemented by September 2006	Monthly	Implement and work with components of the WMIS	100%	100%				Engineering Services
Backlogs in Water and Sewerage Services	I&S21 Eliminate the water backlog.	% of households with access to the minimum basic standard of water provision.	Water Services Master Plan	Quarterly	70%	80%	72%	74%	74%	80%	Engineering Services
	i) Implementation of the approved Water Services Development Plan projects.	Implement a Water Service Forum for interacting with residents and stakeholders in BCM by August 2006.	Reports and minutes of meetings	Monthly	Forum still to be established	100%	100%	100%	100%	100%	Engineering Services
	ii) Secure sufficient internal and external funding to meet the water backlog targets.	Applications for funding	Business Plans	Yearly	Master Plan and WSDP Projects	30%	5%	10%	15%	30%	Engineering Services
Water Service Communication	I&S23 Create awareness of water services acts, policies and by-laws.	Public awareness increases.	Public awareness survey	Yearly	none	60%	10%	20%	40%	60%	Engineering Services
	i) Develop a communication and education programme concerning water services for residents, officials and councillors.	Develop a communication and education programme	Completion of programme	Yearly	none	65%	10%	25%	45%	65%	Engineering Services
		Develop a communication and education programme	Complete a programme	Yearly	Forum to be established	50%	5%	10%	25%	50%	Engineering Services