



BUFFALO CITY MUNICIPALITY

ANNUAL REPORT

2007/2008

Vision

A people-centred place of opportunity where the basic needs of all are met in a safe, healthy and sustainable environment

EXECUTIVE MAYOR'S FOREWORD

Following on our commitment to transparency and accountability, I humbly present this Annual Report of Buffalo City Municipality for the Financial Year 2007/2008. The report is presented to the Buffalo City Council as the supreme custodians of the interests and resources of the municipality and people of Buffalo City.

The report endeavours to achieve two primary objectives. Firstly, it gives a brief profile of the Buffalo City area of jurisdiction - the people, the challenges and the Municipality's constitutional mandate to address the needs of our communities. Secondly, it mirrors the physical activities of the Municipality for the period under review, taking due care to quantify costs and successes.

The report thus endeavours to explain how Buffalo City Municipality has responded to the aspirations of our people as articulated in our Integrated Development Plan and as expressed during the Mayoral Izimbizo campaign, the IDP Review process and other consultative meetings. In short, this Annual Report captures the extent to which we have addressed the will and expectations of our people.

It should be noted that the activities and successes contained in this report are not the work of a single Directorate or Department, but should rightly be attributed to the combined efforts of all the structures that make up Buffalo City Municipality.

Service delivery and infrastructural development are ongoing processes. For this reason one will find that some of the operations encapsulated in this Annual Report are a continuation of activities from the previous Financial Year, whilst some have of necessity had to flow into the next Financial Year.

In presenting this report I want to commend the political will of all the members of the Mayoral Committee who tirelessly worked to ensure that directives of Council and the aspirations of the people found adequate expression in the activities of Directorates and Departments, and indeed the activities of individual members of the staff who were entrusted with the responsibility of implementing and translating such ideals into reality.

It is my hope and wish that this report will not only be accepted by Council and our stakeholders but that it will also go a long way in answering questions that are pertinent to our service delivery activities for the period under review.

In conclusion, I want to reiterate our commitment as Buffalo City Municipality to provide quality services to and for our people, to be a catalyst for positive change, and to create a better life for all in Buffalo City.

Councillor Z. Faku-Hobana
EXECUTIVE MAYOR:
BUFFALO CITY MUNICIPALITY

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GLOSSARY

ADM	Amathole District Municipality
AG	Auditor General
ATICC	Aids Training, Information and Counselling Centre
BCM	Buffalo City Municipality
CBO	Community Based Organisation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSIR	Council for Scientific and Industrial Research
DLGTA	Department of Local Government and Traditional Affairs
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
DVRI	Duncan Village Redevelopment Initiative
ECDOH	Eastern Cape Provincial Department of Health
EHS	Environmental Health Services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HTA	High Transmission Area
IDP	Integrated Development Plan
IIA	Institute of Internal Auditors
IDZ	Industrial Development Zone
ILGM	Institute of Local Government Management of South Africa
IMPRO	Institute of Municipal Public Relations Officers
ISDP	Industrial Spatial Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
KWT	King Williams Town
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LSDF	Local Spatial Development Framework
MFMA	Municipal Finance Management Act, 56 of 2003
MSA	Municipal Systems Act, 32 of 2000
MStA	Municipal Structures Act, 117 of 1998
MoU	Memorandum of Understanding
MTREF	Medium Term Revenue and Expenditure Framework
MURP	Mdantsane Urban Renewal Programme
NDPG	Neighbourhood Development Partnership Grant
NEPAD	New Partnership for Africa's Development
NGO	Non Governmental Organisation
NSDP	National Spatial Development Perspective
PGDP	Provincial Growth and Development Plan
PMTCT	Prevention of Mother To Child Transmission
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SIDA	Swedish International Development Agency
SMME	Small, Medium and Micro Enterprise
TLC	Transitional Local Council
VCT	Voluntary Counselling and Testing
VCTC	Voluntary Couples Testing and Counselling

EXECUTIVE SUMMARY

Buffalo City Municipality (BCM) continues to grow progressively since its establishment in 2000. The Municipality has developed and adopted two consecutive Integrated Development Plans since 2000 to inform the tenure of Council in accordance with the Municipal Systems Act (No 32 of 2000).

In line with the Constitutional doctrine of developmental local government, the key strategic thrust for BCM remains unchanged since the 2006 local government election. 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.
<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 and 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)

<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>
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** **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 Council, has been to ensure that the objectives of democratic and accountable local governance are upheld to at all times.

Yet, despite the progress detailed in the report, regarding service delivery performance, human resource, financial management; significant service delivery challenges still exist. 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. There is also a greater need to create access to the market for small and informal businesses.

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

CHAPTER 1 INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

Buffalo City Municipality is a category B municipality established in terms of section 12 of the Municipal Structures Act (117 of 1998). The municipality encapsulates the erstwhile transitional local areas of East London, Beacon Bay, Mdantsane, Dimbaza, King Williams Town and the surrounding rural areas. It consists of a corridor of urban nodes, peri-urban nodes and rural nodes, stretching from the port city of East London to the east, through to Mdantsane, King Williams Town, Bhisho and reaching Dimbaza in the west. East London is the primary economic node, whilst the King William's Town area is the secondary economic node.

1.1.1 Structure

The Buffalo City Council is comprised of 89 Councillors, 45 elected and 44 Proportional Representative (PR) deployments. In terms of council typology as provided for in 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 is the executive head in Council and is supported by a Mayoral Committee. The Speaker is the chairperson of Council. Constitutionally, the Council is the supreme legislative and executive authority.

1.1.1.1 Ward Committees

The municipality comprises of 45 demarcated wards. To give effect to the democratic tenets for governance, Council has established 45 ward committees in terms of section 72-78 of the Municipal Structures Act (117 of 1998), These committees are chaired by their respective Ward Councillors and each has ten elected represented 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.

1.1.1.2 Standing Committees

In terms of section 79 and 80 of the Municipal Structures Act (117 of 1998), as well as Section 160 of the Constitution of the Republic of South Africa (1996), standing municipal committees have been established to assist the work of the Executive Mayor. 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 operational and strategic committees were created for Buffalo City Municipality:

OPERATIONAL COMMITTEES	STANDING	STRATEGIC COMMITTEES	STANDING
1. Corporate Services 2. Development Planning 3. Engineering and Infrastructure 4. Finance and Budget 5. Housing , MURP & DVRI 6. Community Services 7. Health & Public Safety		1. IDP, Budget Policy & Performance Management 2. Constituency, Community Participation and Special Programmes 3. LED, Tourism and Rural Development)	

The above standing committees are chaired by Mayoral Committee members and are composed of 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.

1.1.1.3 Oversight Committee

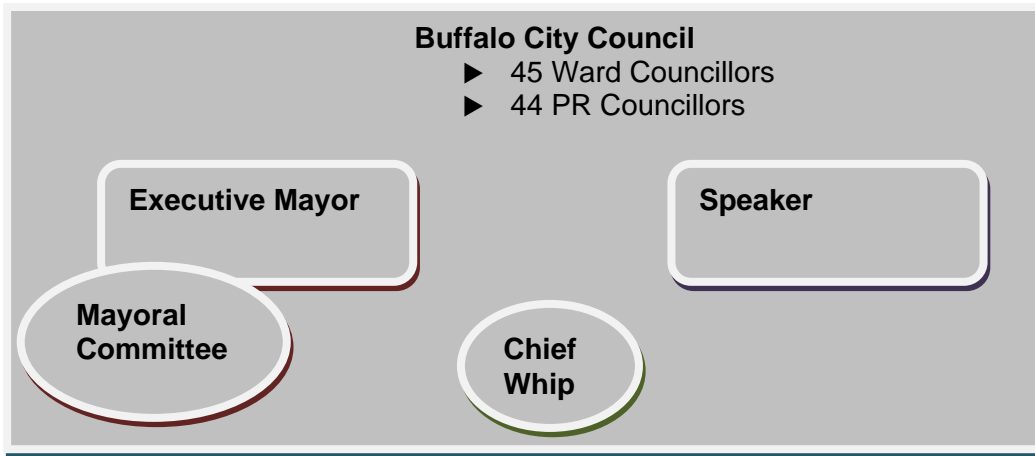
Buffalo City Council established an Oversight Committee in terms of section 129 of the Municipal Finance Management Act (56 of 2003). The Council established the Committee under section 33 and section 79 of the Municipal Structures Act (117 of 1998) to consider the Buffalo City Municipality and Buffalo City Development Agency Annual Reports for the financial year 2006/2007.

The Speaker of Council was the inaugural chairperson of the Oversight Committee. In considering the 2006/2007 Annual Reports, the membership of the committee was as follows;

1. Cllr. L.E Simon (Chairperson, ANC)
2. Cllr. F.W Mbovane (ANC)
3. Cllr. L. P. Maxegwana (ANC)
4. Cllr. J.C. Cupido (DA)
5. Cllr. J. Mdyolo (PAC)
6. Mrs. B. Randall (Buffalo City Municipality Audit Committee)
7. Mrs. R.C Troskie (National Business Initiative)
8. Mr. M. Bushet (University of Fort Hare)

The Oversight Committee worked closely with the Office of the Auditor General, and was internally supported by the Internal Audit Unit, Compliance Office and Legal Services in executing its oversight function.

BUFFALO CITY: EXECUTIVE AND COUNCIL STRUCTURE



Cllr. Z. Faku-Hobana
Executive Mayor



Cllr. LE Simon
Speaker



Ald. J Badenhorst
IDP, Budget Policy
& PMS



Cllr. M. Pango
LED, Tourism
& Rural Development



Cllr. D. Matika
Finance & Budget



Cllr. S. Dikimolo
Corporate Services



Cllr. L Bobo
Housing, MURP
& DVIR



Cllr. N. Sityi
Development
Planning



Cllr. S. Tyilo
Engineering
& Infrastructure



Cllr. F. Mbovane
Health & Public
Safety

OVERSIGHT COMMITTEE



Cllr. LE Simon
Chairperson



Cllr. FW Mbovane
ANC



Cllr. L.P Maxegwana
ANC



Cllr. JC Cupido
DA



Cllr. J. Mdyolo
PAC



Mrs. RC Troskie
National Business Initiative



Mr. M. Bushet
University of Fort Hare



Mrs. B. Randal
BCM Audit Committee

1.2 GEOGRAPHIC AND DEMOGRAPHIC PROFILE

1.2.1 Buffalo City in Context

Buffalo City is situated relatively centrally in the Eastern Cape Province, which is bounded to the south-east by the long coastline along the Indian Ocean.

The Eastern Cape Province is the second largest province in land area in South Africa, and covers some 169,580 square kilometres, which is 13, 9% of South Africa's total land area. The province has the third largest population of South Africa's Provinces, approximately 6, 4 million people (Census 2001), which is 14, 1% of South Africa's people. The province is generally seen as one of the two poorest in South Africa. There are two major urban conurbations within the Province, 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. East London is the primary node, whilst the King Williams Town (KWT) area is the secondary node. It also contains a wide band of rural areas on either side of the urban corridor. (See Figure B.1 below). Buffalo City's land area is approximately 2,515 km², with 68km of coastline.

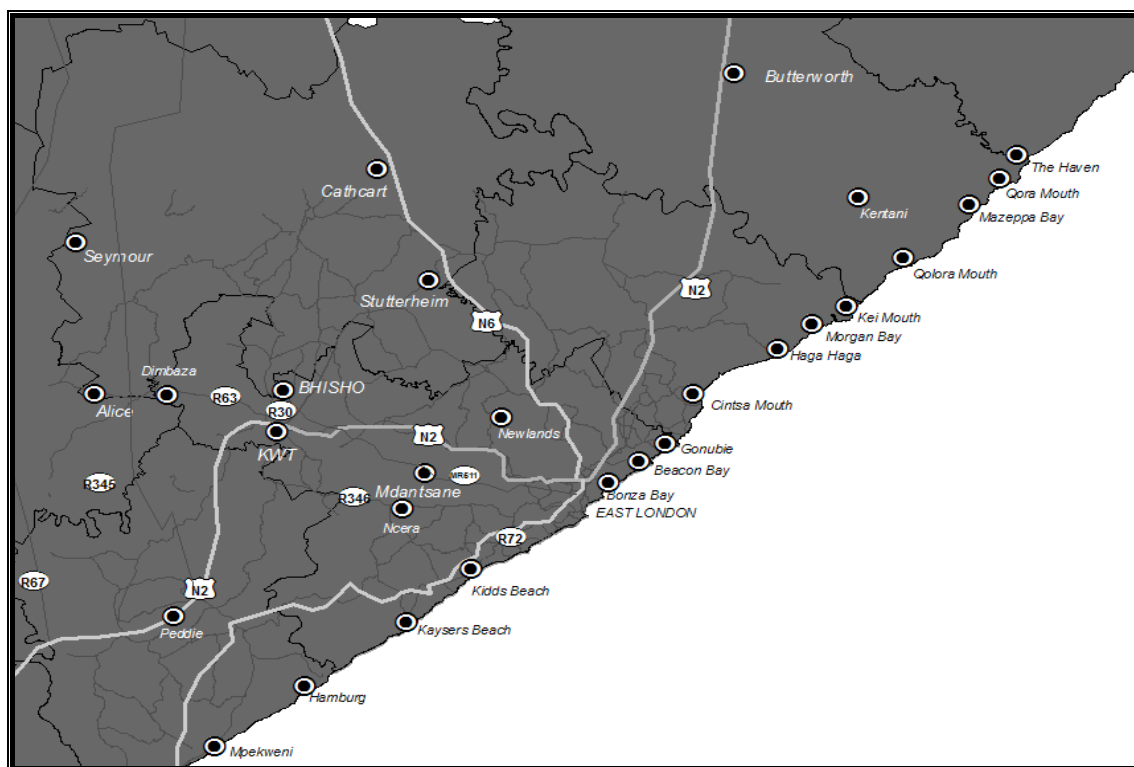


Figure B.1: BCM Boundaries and Key Urban Centres
Source: BCM GIS Department

Both King William's Town and East London have important functions. KWT functions as a Regional Service Centre and together with Bhisho, is the Provincial Administrative Centre and contains the seat of the Provincial Government of the Eastern Cape Province, whilst East London is the dominant economic centre.

Buffalo City is broadly characterised by three main identifiable land use patterns. The first has been described above, that is, the dominant urban axis of East London – Mdantsane–KWT–Dimbaza, which dominates the industrial and service sector centres and attracts people from throughout the greater Amathole region in search of work 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, those settlements that previously fell within the former Ciskei Bantustans, and the Ncera settlements located west of East London.

Thirdly, the commercial farming areas form a distinctive type of area. These areas are dominant in the north-eastern and south-western (coastal) sectors of the Municipality and are characterised by extensive land uses, with certain areas making use of intensive farming (irrigation-based).

1.2.2 Buffalo City Population

The recent Community Survey conducted in October 2007 by Statistics South Africa, estimates the total population of Buffalo City to be 724 306, a marked growth from the 2001 census which put it at 701 895. However, the community survey does not provide a breakdown of the population figures per constituent areas of BCM as it is normally done in previous censuses. In the last two censuses the population was broken down as follows:

Table B.1: Population 2001 & 1996 (Census)

Area	2001	1996
KWT & Surrounds	184,246	183,934
East London Area	204,862	187,120
Mdantsane Area	168,284	176,483
Rural South	63,967	62,530
Rural North	80,536	76,881
Total	701,895	686,948

Whilst there has been some debate regarding possible under-counting of BCM in the Census, the Census figures are recognized as the official statistics.

The South African Cities Network (SACN), in the State of the Cities Report 2006, highlight a number of estimates developed by different organizations, but suggest that the estimates produced by the HSRC are the most defensible as these are based on Statistics SA's mid-year provincial estimates for 2005. According to these estimates Buffalo City's population was 765,343 in mid 2005

The population has grown relatively slowly from 1996 - 2001 at 2,87%, an average of 0.6% per annum. Households have, however, grown at a much faster rate, as extended households 'disaggregate'. The growth rate for households over the five year period was 19, 82%, an average annual household growth of 3, 68%. This growth in the number of households translates into an increased demand for municipal services.

Table B.2: Households 2001 (Census) & 2007 (Community Survey)

	2001	2007
Households	191 234	208 389

Table B.3 details the movement of the population in and out of Buffalo City over the period 1996 –2001. The statistics reflect a lower level of migration than previously anticipated, with only 6, 6% of the population newly migrant and the ratio of out-migration to in-migration being 49:51. Internal migration, moving from one settlement to another within the boundaries of Buffalo City, also needs to be considered by BCM.

Table B.3: Movement of Population into, within and out of Buffalo City 1996 – 2001

Total % of 2001 pop that is newly migrant	Ratio of out- migration to in-migration	
	Out	In
6,66%	49	51

Table B.4 details the gender split, with 53 % of the population being female and 47% male, in 2001.

Table B. 4: Gender 2001 & 1996 (Census)

2001		1996	
Female	Male	Female	Male
372,730	329,159	362,650	324,297

Detailed below is the population pyramid showing the difference in population between 1996 and 2001 Census by age and gender.

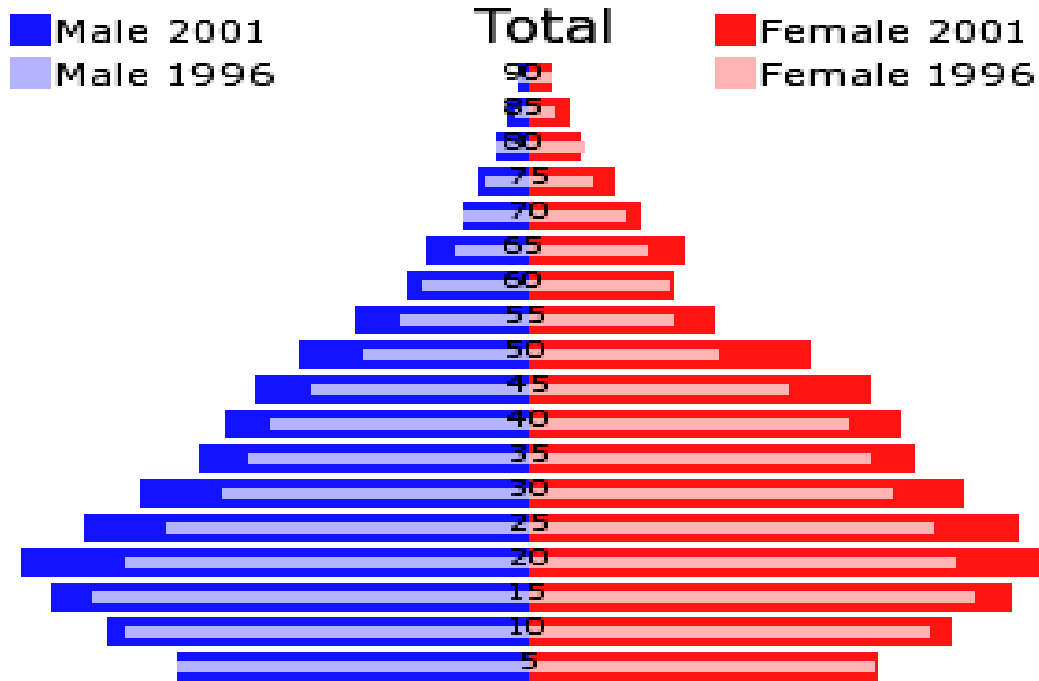


Figure B.2: Age and Gender Population Pyramid (1996 & 2001)

Table B.5 details the age split within the population. The percentage of the population aged 15 – 64 has grown since 1996, indicating an increased number of people looking for employment opportunities. Since 2001 the percentage of population aged 15-34 has increased, again more youth looking for employment opportunities.

Table B. 5: Age 2007, 2001 & 1996

	2007	2001	1996
% of Cities Population Aged 0-4	8,70	7,15	8,40
% of Cities Population Aged 5 – 14	18,10	18,62	20,82
% of Cities Population Aged 15 – 34	39,0	37,7 7	37,35
% of Cities Population Aged 35 – 64	28,50	30,25	27,69
% of Cities Population Aged >65	5,65	6,21	5,74

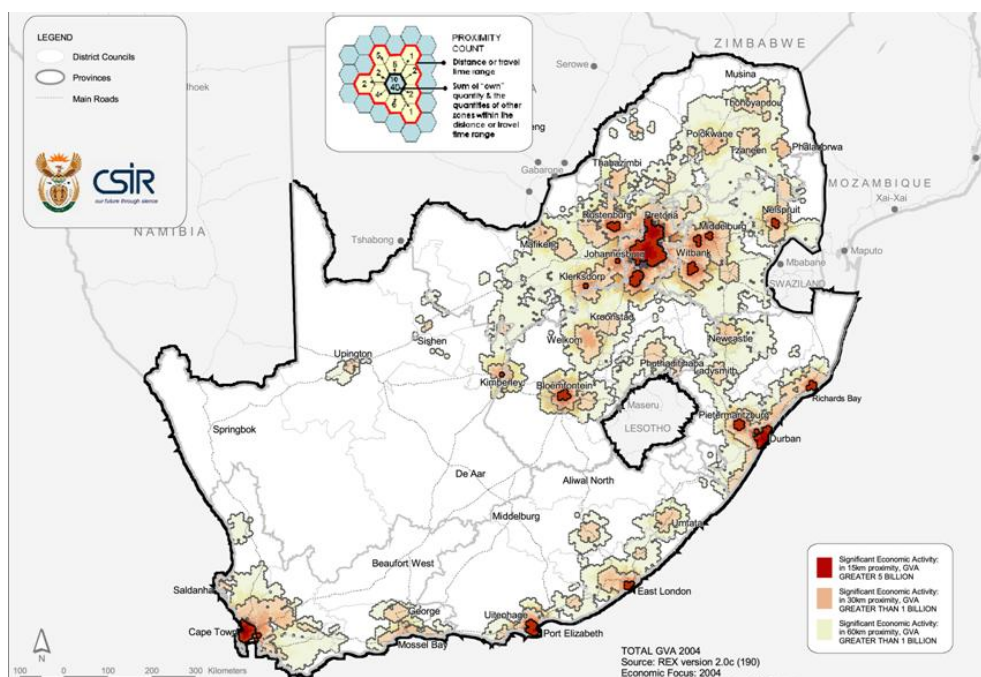
1.2.3 Economy

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 Buffalo 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

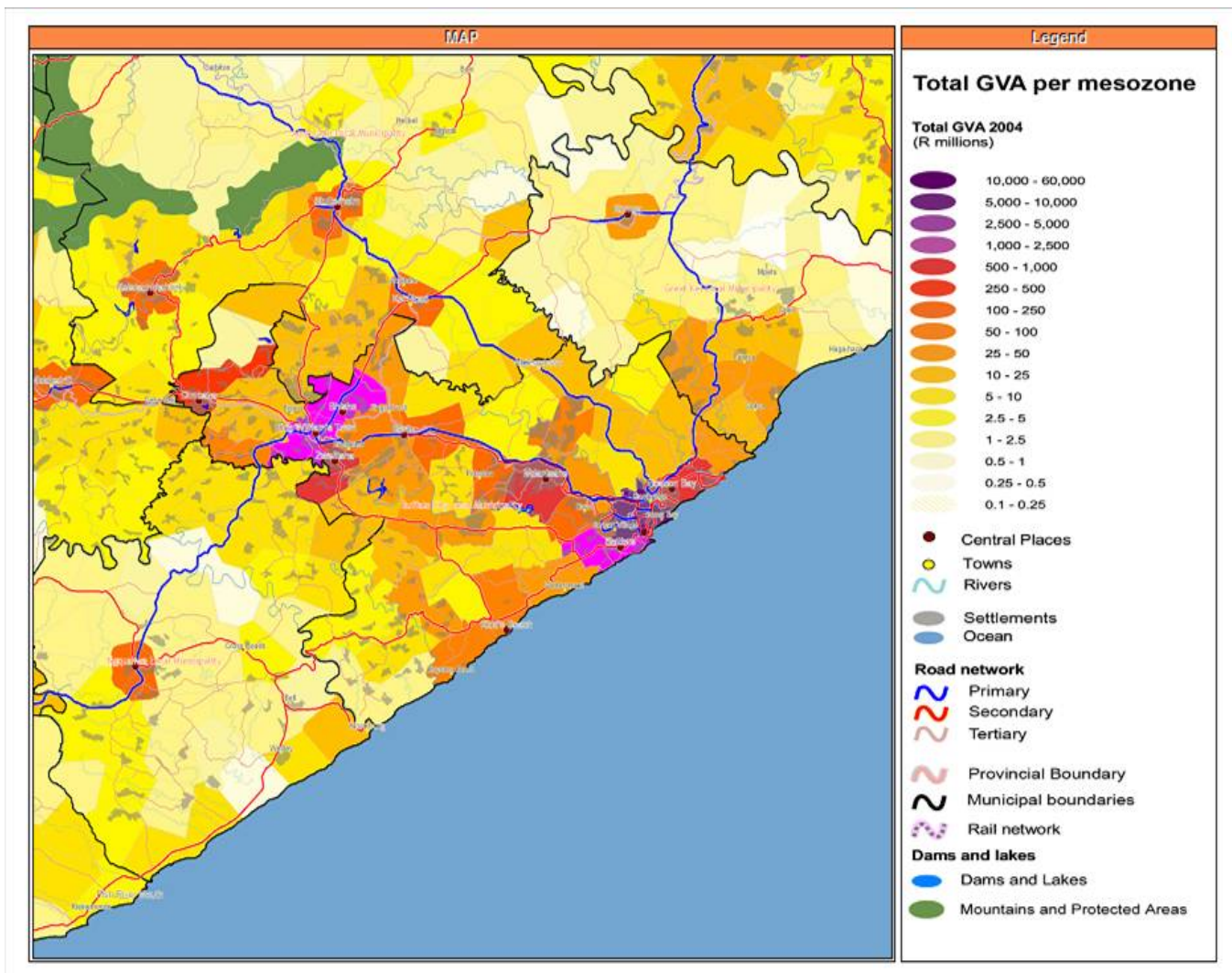


Source: NSDP: The Presidency 2006

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

Local context

Buffalo City is one of the key economic hubs of the Eastern Cape Province and is the most important economy in the eastern part of the Province. In 2004, it was estimated that Buffalo City contributed 23% to the total GDP of the Province and provided 19% of the Province's formal employment opportunities.

Whilst the importance of Buffalo City's economy within the region and the Province is recognised, Buffalo City has not performed well over the last period relative to the other major cities in South Africa. Buffalo City was the 3rd worst performing city with a compounded annual growth in GDP of 2, 5%, compared to 3.5% for the nine cities.

Table B.6: Average Annual Growth in GDP (%)

Average annual growth in GDP (%)										Compounded annual growth in GDP 2004 %
	1995	1996	1997	1998	1999	2000	2001	2002	2003	Constant 2000 Rands
	-1996	-1997	-1998	-1999	-2000	-2001	-2002	-2003	-2004	
City of Cape Town	3.78	2.59	0.07	4.35	4.83	4.51	4.05	4.00	4.14	3,6
Nelson Mandela	3.44	1.88	0.48	3.03	5.98	3.64	2.68	2.97	3.62	3,1
Ethekwini	3.93	2.37	1.50	2.74	5.44	4.89	3.10	3.13	3.36	3,4
Tshwane	2.87	2.30	1.14	2.28	5.16	2.57	4.59	3.00	4.37	3,1
Ekurhuleni	2.80	2.60	0.83	2.31	6.57	2.36	4.23	2.89	3.97	3,2
Average annual growth in GDP (%)										Compounded annual growth in GDP 2004 %
	1995	1996	1997	1998	1999	2000	2001	2002	2003	
	-1996	-1997	-1998	-1999	-2000	-2001	-2002	-2003	-2004	
Johannesburg	4.19	3.63	2.10	4.03	7.25	3.80	5.65	3.88	5.02	4,4
Buffalo City	3.31	1.58	-0.45	2.70	4.81	2.50	1.79	3.02	3.03	2,5
Mangaung	3.95	2.27	0.55	3.63	2.21	1.42	2.93	2.29	2.65	2,4
Msunduzi	4.01	1.37	0.47	1.18	3.94	3.70	2.31	1.54	2.76	2,4
Nine cities	3.63	2.65	1.07	3.24	5.76	3.65	4.16	3.36	4.10	3,5
South Africa	3.93	2.56	0.70	2.67	4.42	2.87	3.64	2.88	3.77	3,0

Source: SACN Skills Report

Looking specifically at Buffalo City's economy, it, like the South African economy, has over time shifted from primary and secondary sectors to a growth of the tertiary sectors. Table B.7 below details the percentage split between and within the sectors, with the primary sector contributing 0.9%, the secondary sector 23.5% and the tertiary contributing 75.6% to BCM's economy in 2004. The table also reflects the economy of BCM relative to the nine largest cities in South Africa and to the national economy. The top three sub sectors of BCM's economy are Finance & Business Services, Manufacturing and Government Services and are highlighted below.

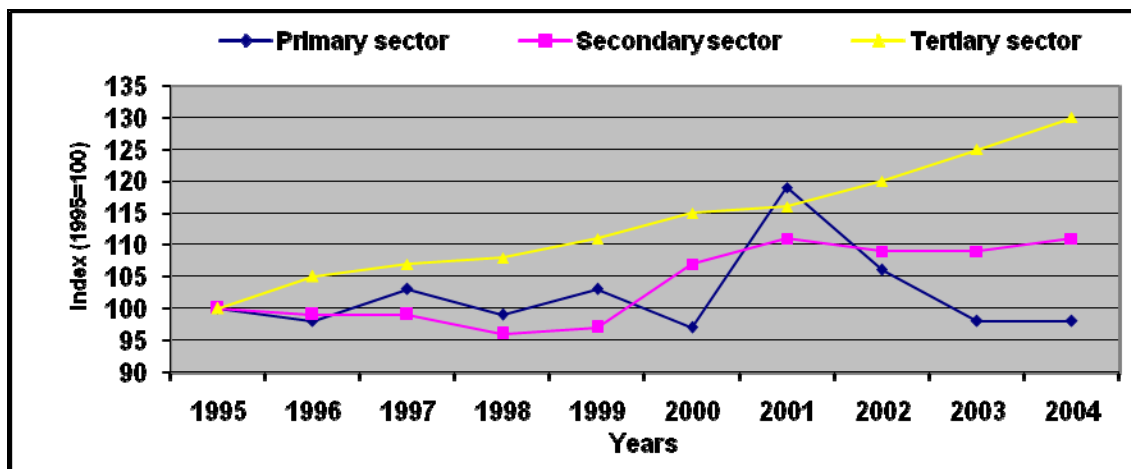
Table B.7: Performance of the Primary, Secondary & Tertiary Sub-sectors, constant 2000 rands

Sub-sector	GDP 1995	GDP 2004 (current)	% of sector	% sector & sub-sector of BCM economy	Annual Average Growth 1995 – 2004		
					Buffalo City	Nine Cities	Nat
PRIMARY SECTOR				0.9			
Agriculture	134 666 605	175 295 584	90.5		-0.29%	1.90%	2.70%
Mining	11 614 810	18 363 832	9.5		0.21%	-0.20%	-0.40%
SECONDARY SECTOR				23.5			
Manufacturing	2 967 189 721	4 629 664 798	87.0		1.15%	2.30%	2.20%
Electricity & water	271 697 888	289 581 582	5.4		-1.70%	0.70%	1.00%
Construction	266 288 210	404 100 804	7.6		3.50%	3.40%	2.80%
TERTIARY SECTOR				75.6			
Trade	2 309 249 976	3 719 453 659	21.7		3.33%	4.70%	4.20%
Transport & communication	1 061 285 939	1 741 393 325	10.2		3.27%	6.70%	6.40%
Sub-sector	GDP 1995	GDP 2004 (current)	% of sector	% sector & sub-sector of BCM economy	Annual Average Growth 1995 – 200		
					Buffalo City	Nine Cities	Nat
Finance & business services	2 858 972 995	5 311 790 095	31.0		3.88%	5.60%	4.90%
Community, social & other personal services	1 285 019 162	2 296 951 318	13.4		3.49%	3.50%	3.40%
General government services	2 746 204 830	4 070 443 573	23.7		0.99%	-0.10%	0.20%

Source: SACN Skills Report

The relative growth of the tertiary sector versus the primary and secondary sectors over the period 1995 to 2004 is graphically illustrated in figure B.3 below.

Figure B.3: Growth Trends in the Broad Sectors of the Economy of Buffalo City, 1995 – 2004, constant 2000 rands



Source: SACN Skills Report

The two major economic centres in BCM are East London and KWT. East London is a port city with a diverse economic base and home to companies such as Daimler Chrysler South Africa (DCSA), Johnson and Johnson and Nestle. Of concern is the many clothing and textile factories which have closed down and the vulnerability of the remaining factories.

Whilst King Williams Town is an important service centre and together with Bhisho is the home of the Provincial government. The KWT/Bhisho/Dimbaza area has experienced a decline in economic activity over the last years. A stark example of this is Dimbaza, once a thriving factory town, employing more than 30 000 people (with incentives from the former Ciskei government) now has only five functioning factories. BCM, has since the late 1990's, commissioned a number of studies to investigate economic rejuvenation in the area and is in the process of developing a plan for the integration of Bhisho–King William's Town.

Whilst it is acknowledged that Buffalo City has seen slow economic growth as well as high and growing levels of unemployment, Buffalo City remains one of the key opportunities for the growth of the economy and the creation of jobs within the District and the Province. Unless certain high impact interventions are implemented in the next few years, the future outlook for Buffalo City does not hold great promise for accelerated growth, job creation and poverty reduction. A key goal of the City Development Strategy (CDS) is to identify these key and catalytic focus areas, interventions and actions in order to achieve these goals. The CDS (and the Local Economic Development Strategy), will provide a framework for united partnership action which will build on key strategic external partners and the critical strengths and resources of those who live, work and play in Buffalo City.

Initiatives to support the growth of BCM's economy

Buffalo City, together with key partners, has embarked on a number of initiatives to support the growth of BCM's economy. These are described in more detail in the following paragraphs.

Trade and Investment Promotion

Buffalo City is one of the Eastern Cape's economic focal points, boasting high potential in finance & business services, manufacturing and general government services. Compared to the "Nine Cities" however, BCM's economy performed below average.

"Trade & Investment Promotion" is to a certain extent cross-cutting in nature and seeks to keep up a significant and sustainable economic growth that is necessary for job creation by

- identifying the key constraints on growth (e.g. Red Tape) and helping businesses overcome those
- attracting and facilitating domestic and foreign direct investment into the BCM area,
- establishing networks with the international business community
- assisting business growth by promoting effective linkages between large businesses, IDZ and emerging businesses
- aligning business development and growth strategies with national and provincial government strategies.

"Trade & Investment Promotion" is predestined to act as a mediator between the private sector (e.g. Border Kei Chamber of Business) and the administration and works closely with the Buffalo City Development Agency (BCDA), the East London Industrial Development Zone (EL IDZ), Eastern Cape Development Corporation (ECDC) and other organisations and stakeholders.

Despite its strategic importance "Trade & Investment Promotion" faces various challenges. The unit's capabilities were limited in recent years due to **capacity constraints**. The position of the Programme Manager was vacant from 2006 until December 2007, when a ded (German Development Service) expert was attached to fill the gap temporarily. By now it is unclear, whether funding for the PM post can be provided on a permanent basis in the coming financial years. Furthermore, the **lack of comprehensive and up-to-date information** (e.g. economic data on a local basis, available sites within BCM) and **funding problems** in general hamper business development.

Given the current global economic situation it is proposed that short- to medium-term activities should **focus on business retention and expansion** rather than on the acquisition of new companies. Existing local businesses can be addressed faster, easier and in a more cost-efficient way compared to a global search for potential investors. The overall strategy currently being worked out will include components such as

- **Information and Coordination** (conduct of regular business surveys to end in an "early warning system" indicating problems of industry branches, networking and coordination of different stakeholders),
- **Awareness and Image** (BCM has already embarked on the process of branding; this should not be limited to tourism purposes, but create a positive image of BCM as a favourable investment location, furthermore the BCM website needs a major upgrade in terms of economic development),

- **Red Tape Reduction** (a pilot project on the subject of fast tracking the procedure of approving building plans was initiated in October 2007, another DPLG-assisted approach is likely to start early 2009).

The Industrial Development Zone (IDZ)

The East London Industrial Development Zone (ELIDZ) is an important part of the economic infrastructure of East London. The IDZ is jointly owned by the Eastern Cape Development Corporation (74%) and BCM (26%). The goals of the project are to “bring economic growth to the region and beyond by offering investors a globally competitive combination of geographic position, infrastructure, services and labour. The IDZ is seen not only to offer investment opportunities, but also to play a pivotal role in the support of the Black Economic Empowerment (BEE), development of Small, Medium and Micro Enterprises (SMME’s) and job creation.

The ELIDZ is situated 2,5km south-east of the airport, 5km west of the city’s port and comprises 1500 hectares of land. The ELIDZ Master Plan identifies 5 distinct development phases for implementation. Targeted sectors for investment in the ELIDZ include the:

- Motor Industry
- Textile & Clothing
- Pharmaceuticals
- Agricultural Products Beneficiation
- Forestry & Wood Products
- High Tech Manufacturing & Electronics

In 2005, the IDZ secured its first four tenants with a combined investment of more than 300 million rand and is currently negotiating with about 40 other potential investors in the automotive, textile, logistics, agri-industrial, forestry and pharmaceutical industries. The IDZ recently announced seven more investors who will jointly be investing R395 million into the ELIDZ bringing the value of investment since its inception to R755 million. These investors are expected to create 578 direct jobs, thus taking the ELIDZ job barometer to 1118. During the 2006/2007 financial year the ELIDZ attracted R755 million worth of investment, which is estimated to have created an additional 600 manufacturing jobs.

Some R550 million worth of contracts was awarded to local small, medium and micro enterprises as well as empowerment companies, with an additional 4 000 jobs being created in the construction sector and 1 118 jobs in the manufacturing sector.

Buffalo City Development Agency (BCDA)

One of the institutional vehicles created to advance and leverage the development of potential investment opportunities inherent in various area-specific parts of the city, is the Buffalo City Development Agency (BCDA). The BCDA was established in terms of the provisions of the Municipal Systems Act of 2000 and the Municipal Finance Management Act of 2003. It is governed by a Board and administered by a Chief Executive Officer. The Board was appointed in September 2005 and is comprised of three Board members. The BCDA receives support from the Industrial Development Corporation (IDC).

The mission of the Agency is to increase the prosperity of Buffalo City and its citizens through the identification of under-realised property assets in public ownership and the facilitation of their development by partnerships involving municipal, business and community actor. Its first area of responsibility is the East London beachfront and Quigney

areas where their mandate is to ensure that the economy of these areas achieves its full development potential through the promotion and support of existing strengths and new opportunities.

Tourism

The Tourism sector has shown a worldwide annual growth of 5% - 6%. South Africa has good potential for development of the tourism sector and it is within this context, and because of the coast and the many natural attractions, that the Eastern Cape and Buffalo City are seen to have similar potential.

Visitors to the city comprise 95% domestic and 5% international, with the international component mainly being business and backpackers. Although tourism has increased steadily, Buffalo City and its surrounding region have a limited tourism sector; therefore there is great potential for further expansion.

In 2003 BCM developed a five year Tourism Master Plan to guide its planning and implementation in so far as tourism development and marketing. Since the document was a five year plan, the municipality is currently in a process of reviewing its Tourism Master Plan. In 2007 the municipality commissioned a section 78 study to determine an appropriate mechanism that the municipality should use perform the tourism function. The study was concluded in 2007 and recommended for the restructuring of Tourism Buffalo City. In the 2008/2009 financial year, the municipality has approved an annual increase of Tourism Buffalo City from just over R2 Million to R4, 5 Million. This increase in budget will assist Tourism Buffalo City to effectively and efficiently market and promote the City as a tourism destination.

- Sports Tourism - In preparing for 2010 the city has received a R50 Million investment to invest in its sports infrastructure and has already hosted some major sports events which attracted a large number of visitors. It is anticipated that Buffalo City will host training and other complimentary activities during the 2010 Soccer World Cup which will boost the tourism industry in the area.
- Heritage & culture – Buffalo City realizes its rich history, culture and heritage and as such is investing in the development of a number heritage and cultural products in the region which include Dimbaza Wall Of Fame and Garden of Remembrance, Duncan Village Massacre, Heroes Park, Duncan Village Garden of Remembrance and Wall of Fame etc.. In packaging all of these products for the market to enjoy, there are a number of Tourism routes initiatives that have been established which include, inter alia: Inyathi Buffalo Route, focusing on community based tourism, Steve Biko Route, A Struggle Route is being developed to link all the heritage sites in the Eastern Cape Province.
- Whilst the tourism sector is growing, Buffalo City has a responsibility of ensuring that the previously disadvantaged individuals are also benefiting from the sector. The need to develop community based tourism products and support the Emerging Tourism SMME's to facilitate transformation has rather become an urgent matter.

It is however, important for all stakeholders to realize that growing the tourism sector in Buffalo City is a shared responsibility.

Small Medium and Micro Enterprises

SMMEs have a major role to play in the South African economy in terms of employment creation, income generation and output growth. It is estimated that more than 12 million

people in South Africa are actively involved in the SMME sector and account for approximately 60% of all employment in the economy and 40% of output. One of the municipality's goals is to facilitate community level and strategic economic empowerment through working in partnership with the private sector to achieve the following milestones:

- Improve black economic empowerment,
- Delivering targeted SMME support programmes through the Mdantsane One Stop Shop, Business Place eQonce and the Duncan Village Business Hives (under construction),
- Facilitating access to finance and markets for SMME,
- Facilitating training and skills development for SMMEs and
- Promoting job creation opportunities
- Infrastructure development (Industrial Park)

BCM is currently developing the **SMME Development Strategy** in which a number of programmes relating to the above-mentioned milestones are outlined.

Agriculture

Agricultural development in Buffalo City is impeded by infrastructure backlogs, a weak local consumer market and high transportation costs to the major national markets.

Opportunities for agricultural development within Buffalo City include:

- Dairy
- Tunnel farming
- Essential oils
- Fat lamb production
- Strawberry production
- Timber production
- Hemp & Paprika production
- Macadamia nuts
- Agro- processing

It is proposed that the IDZ could be of assistance in promoting access to foreign markets for some such initiatives. In terms of the domestic market, there are opportunities for emerging farmers to supply the retail sector, government institutions such as hospitals, schools and prisons. Emphasis, however, needs to be put on quality assurance to ensure emerging farmers meet the required standards and improve their productive capacity.

Areas such as Mdantsane and Duncan Village are characterized by high un-employment. It is proposed that urban agriculture could assist in combating such unemployment and support food security. These and other such issues will be considered in the **Agricultural and Rural Development Strategy** currently being developed by BCM.

The E.L. Fresh Produce Market caters largely for established businesses, however, BCM is investigating means of ensuring access for emerging farmers and is considering how to restructure and improve its competitiveness.

East London Fresh Produce Market

The East London Fresh Produce Market is a municipal facility which is wholly run by the municipality. Its mandate is to provide the facilities for the storage and distribution of fresh produce. The market receives and sells the produce to the general public on behalf of the farmers who are the suppliers to the market. It is situated in Wilsonia.

The Market currently has five (5) Market Agencies. The introduction of PDI Agencies is still a major challenge. The Market is in the process of extending the sales hall. This project is in phases. The first phase may be completed in 2008/2009 financial year and will depend on the availability of funds. Once the extension of sales hall is complete, the market will engage in a process of attracting PDI agents.

Currently, one Market Agency offered 364 m² of his floor space to be occupied by an emerging PDI Agent. The space will be advertised soon.

The annual turnover is at an average of R230 million. The Market is supplied by about 850 Commercial Farmers of which 2% are Emerging Farmers. The traders at the Market place, 35% are from informal traders (hawkers).

The assessment of Internal Service Delivery Mechanisms in terms of Section 78 (1) of the Municipal Systems Act was commissioned and the report was presented late in 2007, which the recommendation for Buffalo City Municipality to proceed with Municipal Systems Act s78 (3) investigation into the provision of the Market service by way of an External Service Delivery Mechanism.

Other major challenges for the market includes aging of equipment , small back up generator, upgrade of cold rooms, poor ventilation in the Trading Hall (coastal humid) and poor lighting as well as insufficient closed loading bays for big trucks.

1.2.4 Cross-Cutting Issues

Cross-Cutting Issues refer to those issues, which require a multi-sectoral, mainstreaming response and thus need to be integrated and entrenched into all BCM's core functions both internally as an employer and externally as a service provider/and income generator. The Cross-Cutting Issues are interwoven into the Institutional and Individual Scorecards and cascaded down into Performance Scorecards within the BCM organogram. During 2009 BCM intends to undertake institutional training on practical mainstreaming of all cross-cutting issues for directorates and departments.

Cross-Cutting issues (Local Agenda 21) impact on the sustainability of the human race and the environment. The issues discussed in this section include:

- HIV/AIDS
- Local Agenda 21
- Poverty
- Gender
- Disability
- Older Persons
- Youth & Children

HIV and AIDS

BCM was a pioneer local authority in developing a **HIV and AIDS Cross-Cutting Strategy**. The strategy is based on the outcomes of Knowledge Attitude and Practices (KAP) Studies, and Employee HIV Prevalence Surveys done in 2004 and 2007.

The HIV and AIDS epidemic in South Africa is one of the most severe in the world. There are currently approximately 6 million people living with HIV and AIDS in Southern Africa. The 2007 HIV antenatal prevalence rate for the Eastern Cape was estimated to be 26% which is lower than the National HIV prevalence rate of 28%. This Eastern Cape Prevalence rate has declined from the 2006 prevalence of 28.6%.

HIV and AIDS is a large and growing threat to BCM's ability to be a productive, inclusive, sustainable and well-governed city. HIV and AIDS is considered to be a strategic priority because of its potential to undermine development and exacerbate poverty. Major concerns are:

- between 1998 and 2008, average life expectancy is expected to fall from about 60 years to 40 years;
- In 2005 it was estimated that there was nearly a million children under 15 years of age who have lost their mothers to Aids;
- the South African Bureau for Economic Research has estimated that by 2015, the labour force in South Africa will decrease by 21% due to HIV/AIDS.

In addition, service delivery to and the ensuing income generation from households infected and affected by HIV and AIDS becomes a challenge during the course of the disease. During the early phases of the disease, the municipality may experience little or no disruption. However, during severe and final illness, consequences can be serious. For example, as the illness progresses, the infected individual/ breadwinner will be unable to work and will require a high level of care. The income earning capacity for the household will decrease and expenses will increase. This will result in household rents and loans will falling behind and tenants will risk losing their homes and assets. As child-headed households become more prevalent, the extended family may consist of non-economically viable relatives and orphans. Households' heads may die without a will before or after moving into their government subsidized home, which may open the door for unscrupulous relatives to appropriate the household's asset base.

In 2004, BCM undertook an Employee HIV Prevalence Study. This study was repeated in February 2007. The 2004 study results showed that the BCM HIV prevalence was at 10.3% which dropped to 9.6% in 2007 following the introduction of the BCM Employee Wellness Programme. Results of the Economic Impact Study show that the cost to BCM, per employee lost to HIV and AIDS, averages two years' salary (1-2% of labour costs). Thus, both the prevention and treatment of HIV and AIDS are profitable investments for BCM. An aggressive strategy combining education, Voluntary Counselling and Testing (VCT), improved care, and treatment with anti-retroviral therapy (ART) is financially justified.

BCM has embarked on a wellness programme which includes a workplace peer education programme and private-public partnership with Siyakhana, a Daimler Chrysler Chamber Health Trust initiative. BCM has also played a role in the development of a Local Government Workplace Toolkit by the Department of Provincial and Local Government (DPLG), which includes a DVD of BCM's response to HIV in the workplace.

BCM recognises that if left unaddressed, the epidemic threatens not only the health and welfare of BCM's citizens, but will ultimately impede the ability of the municipality to reach national development goals and to remain a sustainable entity. The BCM HIV and AIDS Cross-Cutting Strategy attempts to respond to the epidemic through embedding HIV and AIDS responses into all BCM's operations as a service provider (external) and as an employer (internal).

Local Agenda 21

Local Agenda 21 is the outcome of the United Nations Conference on the Environment and Development (UNCED), which was held in 1992 in Rio de Janeiro, Brazil. It is a global action plan to reduce environmental degradation and promote equitable development into the 21st century. Local authorities play an important part in the transformation towards sustainability, as many of the problems we are facing today, as well as solutions, have their roots in local activities.

There is international, national and local legal and regulatory support for the establishment of Local Agenda 21 (LA 21) Programmes.

Local Agenda 21 requires a multi-disciplinary approach. The Integrated Environmental & Sustainable Development Unit has overall strategic responsibility for LA 21 and plays an important role as the facilitator and co-ordinator of the LA 21 programme.

Poverty Alleviation

The high levels of poverty are apparent in the statistics from Census 2001 where approximately 70% of households have an income of less than R1500 per month (the household subsistence level) and 28% of all households have R0 income. Of even greater concern is that these R0 income households have more than doubled since Census 1996, when 14% of the households in BCM had R0 income.

Poverty alleviation is a central issue for BCM and is addressed, within the available resources, through various IDP programmes and projects. Examples of these include BCM's LED programme, the provision of free basic services to qualifying households and the Mdantsane Urban Renewal Programme.

Gender Equity

The Employment Equity Act (55 of 1998) addresses the legacy of discrimination in relation to race, gender and disability. The Act is intended to ensure that workplaces are free of discrimination and that employers take active steps to promote employment equity. To this end, BCM has developed a 5 year Employment Equity Plan, which will expire in October 2011.

Gender inequalities still exist in the social, economic, physical and institutional environment of Buffalo City.

The negative impact of these inequalities is chiefly borne by women:

- women constitute 53% of the population (Census 2001), yet there is poor representation of women in community structures;
- violence against women;
- women are more vulnerable to HIV/AIDS;
- women are generally poorer with less access to resources.

BCM has launched its gender policy and strategy in 2007 which aims to promote the protection, development and attainment of gender equality both within the municipality and within the community.

It is significant that 59.2% of women in Amathole District are unemployed, compared to 55.9% male unemployment figure. This is higher than the provincial average of 57.8% and 51.4% for women and men in the Eastern Cape, respectively. Thus, women in BCM, similar

to women in the Eastern Cape and South Africa are faced with various challenges relating to being unemployed.

In terms of employment equity, BCM has put in place an Employment Equity Plan with monitoring indicators which are gender disaggregated. These indicators reflect that women comprise 33% of an envisaged 46% target for the staff of the directorates. The higher representation of women is found in semi-skilled and discretionary decision-making levels.

Within BCM, several initiatives have been undertaken related to gender. For instance, BCM has undertaken a 10% target for awarding preferential procurement contracts to companies in which women specifically have a major share. BCM has also developed its procurement principals such that women are awarded to a maximum of 20 points for tenders below R 200 000. A sexual harassment policy is in place and sexual harassment is taken seriously by the Municipality.

The election of ward committees, undertaken in 2006, focused on ensuring equal representation of women. Currently, just below 50% of the members of ward committees in BCM are women.

Children & Youth

According to Census 2001, approximately 64% of Buffalo City's population can be categorised as either children 26% (0-14 yrs) or youth 38% (15-34 yrs). This group is the most vulnerable and is greatly affected by the social ills ravaging our society.

Many children in BCM are subject to child abuse and foetal alcohol syndrome (5% of children in the country are affected, which is the highest rate in the world). Furthermore, there are many abandoned and 'street children', as well as AIDS orphans. There is at present a lack of child-care facilities, especially for handicapped and disabled children, and the standard of some day-care centres, especially in disadvantaged areas, is poor.

BCM is experiencing a number of youth-related problems, namely HIV and AIDS; gangsterism, vandalism and crime; teenage pregnancy; alcohol and substance abuse; and the non-completion of schooling. BCM has, in conjunction with UNICEF, developed a Youth Development Strategy and during 2006 commissioned a Youth At Risk Study undertaken by the University of Fort Hare has guided the BCM with youth initiatives and plans of action for young people in development programmes. A successful partnership with the Umsobomvu Youth Fund has been initiated with the development of three Youth Advisory Centres being opened in KWT, Gompo and Mdantsane. These centres offer information to youth on career guidance and entrepreneurial opportunities.

Further initiatives include the establishment of the 45 Youth Forums in 2004 and the overarching Buffalo City Youth Forum in June 2007. BCM has also developed its procurement principals such that youth are awarded to a maximum of 10 points for contracts below R200 000.

People Living with Disabilities

According to Census 2001, approximately 5% of Buffalo City's population are living with disabilities. The table below details the findings of the Census.

Table B.10: People Living with Disabilities within Buffalo City (Census 2001)

Sight	Hearing	Communica- tion	Physical	Intellectual	Emotional	Multiple	Shape
1.03%	0.5%	0.15%	1.44%	0.5%	0.77%	0.45%	0.15%

There is a lack of sensitivity to the needs of those living with disabilities, for example:

- there is a lack of care facilities for persons living with disabilities, especially children;
- access to public buildings and education facilities is limited, as is the general access in streets.

BCM requires that all new public premises include suitable toilets, ramps and parking. In addition, the Municipality strives to provide suitable pavement access for the disabled with all new developments as well as in revamped properties.

In terms of Employment Equity Act (55 of 1998) Chapter 3, employers are mandated to take certain affirmative action measures to achieve employment equity. Such equity also includes the needs of People Living With Disabilities. To this end the BCM Employment Equity Plan has monitoring indicators. To date these indicators reflect that Persons Living With Disabilities comprise 1.09% of an envisaged 3% target for the total BCM workforce. The Employment Equity Plan is intended to achieve equity in the workplace, making the municipal workforce more representative and ensuring fair and equitable employment practices for all employees.

Persons Living With Disabilities are awarded to a maximum of 10 points for contracts below R200 000. During 2007 the BCM commissioned and Council approved a Disabled Persons Policy and Strategy which aims to promote the protection, development and attainment of disabled persons' equality both within the municipality and within the community. BCM through a partnership with the Centre for Municipal Research and Advice has launched a project to provide greater access of persons with disabilities to information, education, training and services related to HIV and AIDS. To date the East London Central library has been modified into a disabled friendly milieu and three BCM Primary Health Clinics are nearing completion in this regard. In addition to structural changes, all staff in these facilities have undergone extensive training and capacitation on service provision to Persons Living With Disabilities.

Older Persons

Approximately 8% of Buffalo City's population is 60 years and older (Census 2001). There is, in general, a lack of sensitivity and awareness of the needs of older persons. BCM aims to monitor the development and implementation of its policies so as to, where appropriate, support sensitivity to the needs of older persons. The BCM has commissioned an Older Persons Strategy and Policy which will be completed during the last quarter of 2008. Such a document will guide BCM as a developmental local government in responding to the needs of this sector of the community. The Executive Mayor annually hosts a Christmas Parties for the BCM elderly community.

CHAPTER 2

PERFORMANCE HIGHLIGHTS

2.1 INTRODUCTION

During the 2007/08 financial year Buffalo City Municipality moved closer towards achieving the vision of a “a people-centred place of opportunity, where the basic needs of all are met in a safe, healthy and sustainable environment”.

The performance highlights contained in this chapter serve as a record of these achievements. This report 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 report has been drawn from the institutional scorecard and obtained from the relevant Directorates.

In view of that, this report comprises of four components. The first component will provide a brief narrative overview of the performance highlights achieved by the Municipality. Performance highlights, have been arranged into three broad perspectives in accordance with the Institutional Review Scorecard for 2007/08. These three broad perspectives include institutional resource management, governance and public participation, 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. The fourth section provides a report on the performance management system as well as the service delivery and budget implementation plan.

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, 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 15% of its fleet during the reported financial year. In addition a targeted downtime of 35% due to maintenance as a percentage of the overall production was achieved.

The target of ensuring that 5% of the operational budget was available for the maintenance of the council vehicle fleet was also achieved.

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

- Achieving the targeted 94% of project funding spent.
- Ensuring that 82% of the municipality's capital budget was spent on capital projects in accordance with the Integrated Development Plan.
- Achieving a cost coverage performance of 2.5% as targeted.
- Achieving 35% of the Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001)
- Achieving total capital debt to annual income of 35% as targeted.

However the following target was not completely achieved.

- Due to delays in handovers to attorneys, a collection rate of 93.25% as opposed to the targeted 97% was achieved.

From a Corporate Services 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 2007/08 financial year. These include:

- Ensuring that 0.53% opposed to the targeted 0.45% of the staff in BCM are from the designated groups in terms of disability.
- Ensuring that 32.6 % of BCM staff are from the designated group in terms of gender as opposed to the baseline of 24.21%.
- Achieving the targeted 40% progress with the implementation of an integrated HR strategy.

The following critical objective was not completely achieved.

- Not being able to cascade a performance management system to all the first 4 employee levels due to staff shortages.

As far the work in the area of Research and Knowledge Management is concerned, a number of research studies were conducted in 2007/08 in order to facilitate strategic decision-making and promote culture of continuous learning in the Municipality.

The following critical studies were conducted in the 2007/08 financial year;

- Knowledge Management Audit,
- IDP Service Delivery Impact Assessment Study, etc
- Socio – Economic Baseline Study of Second Creek informal Settlement

Buffalo City Municipality also hosted a Knowledge Management Reference Group of the South African Cities Network.

2.2.2 Governance and Public Participation

A number of governance and public participation processes and systems objectives were achieved during the 2007/08 Financial Year. These include:

- Achieving 80% functionality of ward committees, which includes conducting of regular meetings with about 60% attendance.
- Achieved a 70% progress with the implementation of ICT strategies as compared to a baseline of 20%.
- Adopted the Annual Budget Schedule in compliance with legislation.

In the 2007/08 financial year the Mayoral Imbizo Projects which involved active engagement with all 45 wards were implemented. The Mayoral Imbizo process provided community input which informed the Mayoral Projects for the year under review.

Through the 2007/08 Mayoral Imbizo Process, the municipality managed to implement a number of high impact community specific projects such as:

- Provision of street lights;
- Tractors and dipping tanks;
- Gravelling of rural roads; and
- Clearing of illegal dumps

In a bid to promote **women** and **youth** empowerment in the municipality, in the 2007/08 financial year, the following two funding facilities were established.

- Women Empowerment Fund (R5 Million)
- Youth Development Fund (R3 Million)

The Women Empowerment Fund (R3 million) benefited 11 Women based projects across the municipality while the other part (R2 million) was allocated for community services oriented projects.

The Youth Development Fund provided for the following youth beneficiation:

- Ten (10) Mayoral Bursaries were awarded to youth from previously disadvantaged communities to support their tertiary education,
- The Mayoral Youth Driving Project was launched and it benefited about 60 youths from across the municipality to access driving skills and competencies in the year under review,

- The municipality implemented a Skills Revolution Project which benefited 250 youths from across the municipality. The project saw the skilling of youth in computer, electricity, electronics, bench - work and carpentry. 5 youths were selected per ward and the training was facilitated by Buffalo City FET.
- The municipality capacitated the Umsobomvu Youth Advisory Centres in King Williams Town, Mdantsane and Gompo through the provision of dedicated Computer laboratories,
- The municipality also facilitated workshops for the Buffalo City Youth Council and Ward Youth Forums.

The municipality also undertook successful IDP and budget process hearings during the 2007/08 financial year, which involved the active participation across all 45 wards.

2.2.3 Service Delivery and Development

Construction, Engineering and Maintenance

The Construction Branch is responsible for the construction of minor civil engineering works for various departments within the Municipality, including road extensions, sidewalks, traffic circles, traffic calming measures and the laying of storm-water pipes. In terms of its performance this Branch has achieved the following:

- Construction of asphalt parking areas and asphalt overlays for the Electrical, Fire, City Police Supply Chain Management and Traffic departments.
- Provision of gravel and asphalt/concrete access to water and wastewater facilities within the municipal area. Inclusive of construction of the platform to the Braelynn Buy-Back Centre.
- Road-widening to 4 kilometers of the Gonubie Main Access Road to provide two out-going lanes.
- Installation of approximately 3 kilometers of guardrails along the Ziphunzana By-Pass to improve pedestrian safety.
- Conversion of redundant cast-iron/fibre-glass Division Box cubicles around the CBD to more aesthetically pleasing face brick structures.
- Installation of approximately 30 road duct-crossings for the Electrical Department.
- Construction of Western Avenue and Beaconhurst Drive traffic circles and median islands and installation of approximately 100 speed humps/pedestrian tables, within the municipal area.
- Project facilitation and Engineering Mentoring to 10 BCM Learner Contractors appointed to construct 180 Speed humps/pedestrian tables at 58 schools in the Mdantsane area. This project included a number of taxi/bus bays.

The Roads Branch, is responsible for the maintenance, rehabilitation, upgrading and construction of the formal road network (both surfaced and gravel) of the Municipality. In spite of experiencing a challenging year, due to the lack of capital funding; numerous performance highlights were achieved, which include:

- The replacement of 1200 numbers of railway sleepers.
- 700m² of vegetation controlled.
- Bridge Maintenance - Painting of Buffalo Bridge
- Sidewalks repaired – 4410m² slurried
- Pothole Repairs – 161,9m³ potholes repaired
- 58,3km of roads works bladed
- 29,3km re-gravelled and 18,5km reconstructed
- Stormwater Repairs – 1104,84km Pipes jetted for stormwater blockage, 639m pipes repaired, 7705 Catch-pits cleared of debris and repaired and 147 Manholes repaired.
- 63 kilometres of potholes and roadworks 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 R109 million for the period under review.

- Completion of gravel reconstruction of 40km of roads in the rural areas at a project cost of R6.6million.
- Upgrading of 20km 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 second contracts of plus R500 000 per contractor already having been successfully completed.

Electricity Provision

The purpose of the Electricity, Mechanical and Fleet Management Department is to provide an effective and efficient mechanical and electrical service and infrastructure in accordance with legal and statutory requirements. The Municipality achieved the following results in respect to electricity provision for the 2007/2008 Financial Year:

Reeston Substation

The Reeston area is being developed to provide housing to about 12 000 house holds. This area did not have electrical network available and the network in close proximity is overloaded. Therefore a new substation was required to ensure a stable supply to this area. Funding has been received from the Department of Minerals and Energy to provide the substation.

The project commenced in 2007 and is 85% complete. The switch-on for the substation has been estimated for the end October 2008.

Queenspark Zoo Substation

The Queenspark Zoo substation has become a necessity due to the high increase in both RDP houses, commercial connections and other housing development. This supply will stabilize supply in RDP areas such as Duncan Village and also provides relief to the city centre.

This project is in its initial stages and no major works has taken place. The Department of Minerals and Energy are providing the funding for this project.

Electrical Connections

Over the last financial year Buffalo City has provided 1890 houses with electrical connections. The areas covered were Potsdam Unit P (500), Airport Phase 2A (635), Reeston (300) and 365 infill houses throughout Buffalo City.

The Electricity Department also completed 35 industrial / commercial / housing development connections onto the system.

Asset Register

In terms of the Municipal Finance Act and in preparation for establishment of the Regional Electricity Distributor (RED), an asset register was compiled by the Electricity Department. The register covers the age, condition, replacement cost and co-ordinate (GPS) location of each of the network assets. The estimated value of the Electrical asset is R3 754 678 918.

Energy Consumption

Buffalo City is the second largest purchaser of electricity in the Eastern Cape. Buffalo City Municipality has 115 000 domestic consumers, 37 000 of which are indigent and 8 649 Commercial /industrial consumers.

Buffalo City purchased 1.410 GWH units of electricity at a cost of R303 231 705.45 (including VAT).

Sales for the same period for all customers was R568 001 288.06.

Esplanade Lighting

Unique decorative type street lighting was installed along the beachfront to portray a unique arctic theme.

Chiselhurst Substation

During the 2007/08 financial year, redundant switchgear was replaced with a new 21 panel electrical 11 kV switchboard.

Provision of Scientific Services, Waste-water Management

For the period under review (2007/08) 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:

- Augmentation of Water Treatment Capacity at Umzoniana WTW – R15 million
- Addressing the water losses and deferred maintenance on the WTW where it will ensure an improved capacity of 20 Ml/day (15 % over existing). This will avoid expensive capital augmentation and provide capacity for housing developments and private developments.
- Relocation of mid-block water mains in Mdantsane – R2,5 million.
- Ensuring water delivery is improved and fire fighting facilities are provided. Also metering of properties is undertaken.
- Bulk Water Supply to Newlands – R0,75 million.

- To provide basic services due to expansion of villages.
- Backlog Ward 18 (Western Regions) – R17 million.
- Phased elimination of water backlogs
- Upgrade Quenera Wastewater Treatment Works – R19,3 million
- Open up housing development and commercial development
- Rural Sanitation – R6,5 million
- Phased eradication of backlogs
- Reeston Bulk Services – R2,3 million.
- Buffer Strip Sanitation – R12,8 million.

Housing Delivery

Low Cost Housing

The following low cost housing projects were undertaken by the Housing Department.

- Reeston Phase 1 and 2: Stage 1: Provision of 1000 top structures.
- Reeston Phase 1 and 2; Stage 2; Provision of 1000 top structures.
- Reeston Phase 1 and 2: Stage 3: Provision of 500 top structures.
- Reeston Phase 3: Stage 1: Provision of internal services and 796 top structure.
- Airport Phase 2A: Provision of 614 top structures.
- Potsdam Unit P: Stage 1: Provision of 500 top structures.
- Tyutyu Phase 2: Provision of 373 top structures.

Completion of Top Structures

A total of 2219 houses were completed with serviced sites with the provision of clean water to every unit, water borne sanitation followed by electrification. The houses were constructed in various projects with the handing over of completed units to the approved beneficiaries. Some of the projects had to be rolled over into the 2008-2009 financial year for completion. Approx 581 beneficiaries were relocated from Duncan Village to the Reeston Phase 1, 2 and 3 housing projects as part of the Duncan Village Redevelopment Programme. Beneficiaries largely affected by means of fire and flood disaster were relocated.

Planning of new projects for Implementation

The following new low cost housing projects were planned for implementation in the 2008-2009 financial years:

- Reeston Phase 3: Stage 2: 2500 units.
- Potsdam Unit P: Stage 2: 2003 units.
- Mdantsane: Manyano / Thembelihle: 850 units.
- Mdantsane: Z Zoga: Faze 2: 1500 units.
- Duncan Village High Density Pilot Housing Project; 323 units.
- Completion of blocked housing projects in Mdantsane, KWT and Dimbaza.

Job Creation from Housing Projects

Approximately 602 skilled and unskilled jobs were created for males, females and Youths during the 2007/8 financial year.

Municipal Accreditation in terms of Level 1

In terms of the National Housing Accreditation Programme, BCM Municipal Council took a decision to proceed with level 1 accreditation. Various milestones had to be achieved before the delegation of authority can be granted by the MEC for Housing. An amount of R6 million was received from the National Housing Department for capacity building. During the financial year the housing organogram was revised and approved by Council, appointment of new personnel, provision of internal /external training. A pre-audit on level 1 by the Provincial Housing Department was also undertaken. The consideration for the delegation of level 1 housing function by the Provincial Housing Department to the Municipality will be finalized in the financial year 2008/9.

Low Cost Housing Project: Energy Efficient Technology

The National Department of Science and Technology has provided approximately R14 million to Buffalo City Municipality for energy efficiency housing in one of its pilot housing projects, namely Potsdam Unit P. This success of this project will be rolled out to other projects.

Duncan Village Redevelopment Initiative (DVRI)

The Duncan Village Redevelopment Initiative (DVRI) is an ambitious long-term programme to redevelop and revitalize Duncan Village. DVRI is currently embarked upon by Buffalo City Municipality, the Provincial Department of Housing. DVRI was set in motion in early 2004 and targeted for completion in 2014.

Duncan Village currently accommodates about 21000 households under very high densities in a relatively small area. A number of these households (16000) will have to be relocated to Reeston in order for Duncan Village to be redeveloped. Duncan Village precinct can accommodate approximately 5000 units.

Housing Delivery in DVRI

- The DVRI provided 1575 housing units for Duncan Village residents and 1721 units for Reeston beneficiaries (including Dice, Barcania, Khayelitsha and Reynolds Farm). More houses are expected to be completed in 2008/09 financial year.

Neighbourhood Development Partnership Grant (NDPG) Funding

The DVRI received funding commitment from National Treasury to implement catalytic projects that will be able to attract investors in Duncan Village. The funding commitment is R90 million.

Other Funding

Through the international agreement between Buffalo City Municipality (RSA) and Leiden (Netherlands), Leiden made available R1million to Buffalo City Municipality to develop a sports field in the Duncan Village Flood Plain. The work in the flood plain is underway

Public Safety & Health

In terms of its mandate to ensure the health and safety of communities, Buffalo City Municipality has achieved a number of highlights during the 2007/08 financial year including:

Traffic & Law Enforcement

- Establishment of a vehicle pound.
- Planning of and traffic control and crime prevention at numerous local and international events e.g. Ironman 70.3.
- Assistance in driver training in respect of Mayoral Driver Training Project.
- Road and traffic safety training at schools and communities.
- Issue of body armour to traffic and law enforcement personnel.
- Fitting of satellite tracking devices to certain patrol vehicles in order to trace stolen and high jacked vehicles.

Fire & Rescue Services

- A new 64-seater auditorium was completed at the Fleet Street Fire Station.
- Major building plans and rational designs were evaluated for fire compliance.
- 99 Internal staff members and approximately 303 external students were trained at the Fire & Rescue Training Academy.
- The public education and training programme concentrated on schools and old age homes with approximately 67 visits to these institutions.
- Three new Freightliner Fire Engines were taken into operation during the period under review.

Disaster Management

- 37 of the 45 wards attended Disaster Management ward focal point and risk and vulnerability assessment training.
- Tabletop exercises were conducted to improve disaster site management and co-ordination.
- Disaster Management participated in 142 joint planning meetings for events and participated in 49 joint operation centres.

Primary Health Services

- TB Crisis in Amathole District – Provincial Department of Health is fetching the specimen of sputums daily to meet the sputum turnaround time.
- Sputum Conversion Rate has improved in the quarter July – Sept 2008 from 45% to 67%. National target is 50%.
- Soup & bread to TB clients has been introduced to 9 Health Care facilities. Clinics concerned covers wards 6,7,8,9,11 and 12.
- 30 Professional nurses & 40 DOTS Supporters were trained on TB record update.
- Health has formulated a committee to plan a workshop on TB MDR & XDR for BCM Councillors.
- Extension of Partnership with Daimler Chrysler: HIV/AIDS Project.
- Co-operation Agreement between BCM Health and Health Department – BCM Health Care Providers are capacitating St Bernards Hospice staff on TB, MDR, XDR and HIV/AIDS.

Development Planning

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

Land Use Management

- 309 Land Use Applications were processed
- The Buffalo City Zoning Scheme incorporating the Zoning Scheme for King William's Town, East London and the former Amathole District Municipality was Gazetted on 23 May 2008.
- Draft Zoning Regulations for areas administered in terms of the Land Use Regulation Act 15 of 1987 (Former Ciskei Areas) and Proclamation R293 was approved by Council on 27 May 2008 and has been submitted to the Provincial authority for final approval.

Forward Planning

- 2 Local Spatial Development frameworks were completed (Bonza Bay LSDF and Dimbaza/Mt Coke LSDF)
- The Urban Edge Policy Framework was completed.

Settlement Planning

- A number of major urban settlement planning projects were completed during 2007/2008 including:
 - Fynbos Informal Settlement Phase 1 & 2 (1135 sites)
 - Postdam Ikhwezi Block 2, Phase 1 & 2 (875 sites)
 - Ndancama – Scenery Park (608 sites)
 - Lillyvale Township Establishment (106 sites)

Land Disposal Policy

- A Land Disposal Policy was developed.
- All Councillors have been workshopped on the Draft Land Disposal Policy.
- The final policy to be submitted to Council for approval and adoption.

Registration Of Duncan Village As A Township

- Land Administration lodged transfer documents for registration of Duncan Village. On receipt of the amended diagrams from Surveyor - General the registration will be processed.

Township Registration

The following township registrations were initiated in the year under review :-

- Reeston Phase 3
- Simanyene
- Airport Phase 2(a)
- Potsdam Yellowwoods
- Potsdam Kanana

Township Establishments

Initiatives to acquire sites in the following areas for the purposes of township establishment were initiated in the year under review.

- Sunny South
- Needs Camp
- Greydell
- Bongweni (Phakamisa)

- Kwaklifu (Phakamisa)
- Mouth Ruth

Transport Planning and Operations Projects

Traffic Safety: Vulnerable Road Users

The BCM Traffic Safety Plan identifies a need to provide new and to upgrade existing safety facilities at numerous locations in an attempt to facilitate safe pedestrian and vehicular movement along public roads within the Buffalo City Municipal area.

The Municipality has in 2007/08 continued with the construction of various facilities throughout the city, which include the following categories:

- pedestrian sidewalks – to provide a safe passage way for pedestrians
- speed humps – to reduce vehicular traffic speeds
- pedestrian tables – to provide a safe crossing point for pedestrians
- road studs and improved road markings – to provide clarity and a clear message to vehicular traffic
- Pedestrian sidewalks with guard rails on the Ziphunzana by-pass
- Speed humps and pedestrian tables on paved roads along schools throughout Buffalo City (Mdantsane, Duncan Village, Zewlitsha, East London and King Williams Town, Dimbaza, etc).

Non-Motorised Transport: Pilot Cycle Network

This project was implemented as the Pilot Cycle Network Project from 2006/07 till 2007/08. It was targeted to provide a cycle route network in the Nahoon area of East London as well as the provision of cycle network guidance signage and associated traffic calming measures. The aim of the project is to provide safer access to the many schools and local shopping precincts in the area and to promote cycling amongst scholars as a means of travel demand management. An added benefit of the project is that the associated traffic calming measures required to reduce the mean traffic speed on the cycle routes also leads to an improved environment for all non-motorized transport users.

The essential components of the project are:

- Semi width (cycle friendly) Speed Humps
- Cycle route guidance signs and poles
- Traffic Circle (markings only)
- Associated road markings at relevant areas

Integrated Rapid Public Transport Network Plan for Buffalo City

The Buffalo City Municipality has adopted a Public Transport Plan and a Public Transport Framework Plan which are integral components of the Integrated Transport Plan for the BCM area. At present 82% of passenger trips in the BCM area are made using minibus-taxis, 9% of the trips are made using standard buses and 9% use trains.

The vision for Public Transport in Buffalo City is: “A public transport system that contributes to a better quality of life for all by offering safe, affordable, accessible and attractive travel that satisfies the mobility needs of the community and supports the economic development in Buffalo City” In order to achieve the vision for public transport, the following goals must be met:

- Increased mobility
- Affordable transport
- Accessibility to work, school and community services
- Support social and economic development
- Improved safety
- Sustainable transport system
- Improved liveability and quality of life in BCM

Based on the vision and goals for a public transport system for BCM, a comprehensive network of rail, trunk bus, feeder bus and Mini bus taxi services is proposed in Public Transport Framework Plan.

The first phase of the Public Transport Plan is to give priority to rail as the major mode of transport in the MELD corridor. However, large capital expenditure is required. An alternative first phase is to give priority to a Bus Rapid Transit system for the MELD corridor, and this project is currently being funded by NDoT.

Funding amounting to R 111.5 million has been allocated to the project from the National Department of Transport over the next three years. Applications are being prepared for other funding sources that have also been identified. Consultants have been appointed to conduct detailed operational designs and the process of stakeholder consultation continues with focus on detailed public transport network proposals.

Environmental Services

The Department plays a critical role in improving the aesthetics of the area. This will indeed promote the image of Buffalo City and attract tourists and investors and therefore encourage the economy growth of the area.

The following projects, programmes and activities were implemented in the financial year 2007/08-:

- Beautification of entrances
- Development of Play Parks
- Clearing and mowing of grass in previously disadvantaged areas
- Beautification of Mdantsane
- Four (4) new landscaping areas were designed along Settlersway which has included entrances to ELIDZ, Orange Grove Informal Settlement as well as the Centre Islands.
- Expanded the capacity of the monitoring network to monitor ozone and carbon monoxide;
- Commenced and completed a passive air sampling programme;
- Engaged partnerships with Department of Environmental Affairs and Tourism, Department of Environmental Affairs and Development Planning, Amathole District Council, Nelson Mandela Bay Metropolitan Council, National Association of Clean Air and other interested and affected parties;
- Education of officials from Uganda on our Air Quality system.
- Continued and expanded interaction between and with government regulators
- Undertook environmental day and workshops with schools in Mdantsane
- Completed Open Space System and conservation plan

Local Economic Development

As far as Local Economic Development is concerned, the Municipality facilitated the following interventions under the two programmes of SMME Development and Agriculture & Rural Development.

SMME Development

- Emerging Contractor Development Programme (NQF Level 2) completed and contracts were registered for CIDB Grade 1 (General Construction)
- Establishment of Mdantsane One Stop Shop Resource Centre.
- 80 cooperatives were registered and taken through various levels of capacity building and training and handholding programmes.
- Established partnerships with Border Kei Chamber of Business, SEDA, Umsobomvu Youth Fund, ECDC, SAMAF, IDC and other private and public organizations to support and develop SMMEs within BCM.
- Two SMME information seminars were held in the period under review.

Agriculture & Rural Development

- Completion of Feasibility study for the establishment of Hydroponics and Tunnel Farming in Mdantsane
- Registering of secondary cooperative for all Mdantsane Organic Farmers.
- The Mdantsane Organic Farmers Coop was selected by the Department of Economic Development and Environmental Affairs to represent Amathole District Municipality in the National Cooperative Expo.
- Liyema Development Coop, a female cooperative, represented BCM in the Regional Female Farmer Awards Event and were crowned number two (First runner up) .
- Two tractors, equipment and agricultural inputs were handed over to two rural communities (Pierie and Mlakalaka) to enhance their production capacity.
- A successful Agricultural Show, attended by all municipalities within the Amathole District Municipality, was held at the Sisa Dukashe Stadium Mdantsane.

Mdantsane Urban Renewal Programme

MURP was established to speed up service delivery and improve the quality of lives of communities living in Mdantsane, under the flagship of the national Urban Renewal Programme of the Department of Provincial and Local Government (dplg).

The main aim of the programme is: "...to fight poverty and underdevelopment through job creation, infrastructure development and the stimulation of growth". For the 2007/08 financial year, MURP implemented the following programmes, activities and projects:

Led Partnership between Buffalo City, Motherwell and Galeshewe Urban Renewal Programmes In September 2007 through a process facilitated by the dplg and BCM, Nelson Mandela Bay Municipality and Sol Plaatjie Municipality, the respective municipalities entered into a Memorandum of Understanding for the partnership amongst the three Urban Renewal Nodes. This MOU was signed by the Executive Mayors of the three municipalities. The partnership serves as a platform of

interaction between these 'sister' nodes with a primary focus on LED. The partnership convenes regular meetings on a bi-monthly basis, municipalities rotating as hosts. At these meetings each node presents progress made with regards to LED, with a purpose of sharing experiences and lessons learnt and providing support to each other.

Livelihoods and Innovation Fund Enhancement (LIFE) Project Within the context of poverty, people from Mdantsane are creating various coping strategies. They are running small informal businesses, establishing saving clubs, community gardening projects, co-operatives and other social networks. To enhance these initiatives, MURP has developed livelihoods enhancement strategies. One of these strategies is the LIFE project, which is the development of a local social fund.

The objectives of the project are *"...to establish a social fund giving financial support to the initiatives from Mdantsane, which are active in the enhancement of the livelihoods of the residents, and to promote the initiatives from Mdantsane, which have innovative ideas and are active in the betterment of their immediate social and physical environment."*

As a result, the concrete impact will be improvement in the living and working conditions of urban poor in Mdantsane by means of small projects funded through the programme. MURP kick started the project with effect from June 2008. The implementation therefore falls under the 2008/09 financial year.

Local Economic Action Partnership (LEAP) Project The initiative of "Local Economic Action Partnership in Mdantsane" (LEAP) is one of the projects of a broader concept of livelihoods enhancement implemented by Mdantsane Urban Renewal Programme. It proposes three successive steps of several training, support and mentoring services for vulnerable households and micro-enterprises in Mdantsane who are already active in several initiatives, in order to support their livelihood strategies and to help them out of poverty.

This project concentrates on the achievement of the following objectives:

- *To provide business management training support to local enterprises;*
- *To strengthen existing income generating activities through direct mentorship support; and*
- *To identify partnership opportunities to address poverty and joblessness*

MURP initiated the project with effect from June 2008. The implementation therefore falls under the 2008/09 financial year.

MURP Internship Programme In the year under review, MURP embarked in an internship programme for the unemployed graduates in Mdantsane. The objectives of this programme are to reduce the unemployment levels in Mdantsane and to give relevant working experience to unemployed graduates. The programme was initially targeted for 15 interns. The duration of the programme is 1 year (12 months). The interns are appointed for a contract period of 6 months. The contracts will be renewed every six months based on the performance of the interns and whether the

department still needs their services. By end June 2008 there were 11 interns appointed.

Information, Communication and Technology Centre The Mdantsane ICT Centre Project which was initiated at the end of June 2007, is anticipated to be a panacea for MURP to achieve the following goals and objectives:

- *Investment in the economy and social infrastructure*
- *Development of human resources*
- *Poverty alleviation*
- *Enterprise development*

Most young people and entrepreneurs in Mdantsane cannot achieve goals due to the lack of information access through the internet. The lack of access to the internet and other computer programmes can impede upward socio-economic mobility of the Mdantsane Community. Through this project it is envisaged that the following will be achieved:

1. *Accessibility of the community to the centre*
2. *Training of interns to manage ICT Centre*
3. *Introduction of courses to skill and benefit the community of Mdantsane*
4. *Provision of support services i.e. Internet and e-mail etc.*
5. *Development of a programme that will enhance human resource development and enterprise development*

Street and Neighbourhood Naming This project refers to the first stage of the implementation of Street and Neighbourhood Naming project by MURP, which is the naming of streets, demarcating and naming of neighbourhoods. The objectives of this stage are as follows:

- *To demarcate and name neighbourhoods for Mdantsane*
- *To define neighbourhood boundaries with respect to existing "N.U" boundaries*
- *To verify the available data with regards to the number of streets with and without names in Mdantsane*
- *To compile a directory of names for streets in Mdantsane*
- *To ensure community participation through the process of naming*

MURP initiated the project with effect from June 2008 and the implementation therefore also falls into the 2008/09 financial year.

Neighbourhood Development Partnership Grant (NDPG) Buffalo City Municipality submitted an application in 2007 to the National Treasury's Neighbourhood Development Partnership Grant for funding for the Mdantsane Central Business District and the Mount Ruth Nodes. An amount of R128 million was secured by Buffalo City Municipality for the development of Mdantsane in this regard. It is anticipated that the funding will be accessed in the MTREF 2008/2011 for various projects in the Mdantsane's CBD and adjacent areas.



2.3 Service Delivery Backlogs

The following section contains a record of the service delivery backlogs as at 30 June 2008.

Water Backlog (6KL per month)	2005/06			2006/07			2007/08		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	-	-	9171 (Rural within & outside Urban edge)	7671 (Rural within & outside Urban edge)	-	0	7671 (Rural within & outside urban edge)	Awaiting Municipal Infrastructure Grant (MIG) allocation	0
Backlog to be eliminated (Percentage – HH identified as backlogs/total HH in Municipality)	-	-	5.9% (Rural within & outside Urban edge)	4%	-	0	4%	Awaiting Municipal Infrastructure Grant (MIG) allocation	0
Spending required to eliminate backlog associated with provision of new infrastructure (Rm) p.a.	R10,000,000	R10,600,000	R11,100,000	R12,000,000	R600,000	R600,000	R12,000,000	R600,000	R600,000
Expenditure required to renewal of existing infrastructure to eliminate backlog	R16,000,000	R0	R0	R18,000,000	R500,000	R450,000	R18,000,000	R500,000	R450,000
Total spending to eliminate backlog	R26,000,000	R10,000,000	R0	R30,000,000	R1,100,000	R1,050,000	R30,000,000	R1,100,000	R1,050,000
Spending required on maintenance to ensure that no new backlogs are created	R5,000,00	R4,500,000	R4,500,000	R17,000,000	R450,000	R450,000	R17,000,000	R450,000	R450,000
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	2005/06			2006/07			2007/08		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	-	22 654	22 654	83 131	1 000	1 000	83 000	3 000	3 000
Backlog to be eliminated (Percentage – HH identified as backlogs/total HH in Municipality)	-	40%	40%	43.75%	0.53%	0.53%	43.75%	4%	4%
Spending required to eliminate backlog associated with provision of new infrastructure p.a.	-	R26,000,000	R26,000,000	R160,000,000	R4,300,000	R4,300,000	R160,000,000	R7,268 million	R6,548 million
Expenditure required to renewal of existing infrastructure to eliminate backlog	-	R1,000,000	R1,000,000	R631,100,000	R28,200,000	R28,200,000	R631,100,000	R49,000,000	R44,000,000
Total spending to eliminate backlog	-	R28,000,000	R28,000,000	R791,100,000	R32,500,000	R32,500,000	R791,100,000	R56,268,000	R50,268,000
Spending required on maintenance to ensure that no new backlogs are created	-	R19,000,000	R19,000,000	R81,300,000	R7,600,000	R7,600,000	R81,300,000	R9,000,000	R9,000,000
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	2005/06			2006/07			2007/08		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	-	-	-	150 000	111 000	111 000	159 000	117 660	117 660
Backlog to be eliminated (Percentage – HH identified as backlogs/total HH in Municipality)	-	-	-	-	74 %	74 %	74%	-	-
Spending required to eliminate backlog associated with provision of new infrastructure p.a.	R3,500,000	R2,000,000	R6,500,000	R20,000,000	R12,000,000	R12,000,000	R21,200,000	R12,720,000	R12,720,000
Expenditure required to renewal of existing infrastructure to eliminate backlog	R45,000,000	R42,000,000	R42,000,000	R150,000,000	R96,000,000	R96,000,000	R159,000,000	R101,760,000	R101,760,000
Total spending to eliminate backlog	R80,000,000	R64,000,000	R64,000,000	R170,000,000	R108,000,000	R108,000,000	R180,200,000	R114,480,000	R114,480,000
Spending required on maintenance to ensure that no new backlogs are created	R6,000,000	R7,900,000	R40,000,000	R150,000,000	R96,000,000	R96,000,000	R159,000,000	R101,760,000	R101,760,000
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 (50KWH per month)	2005/06			2006/07			2007/08		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	2 500	2 500	2 698	75 000	2 500	500	73 000 (housing backlog)	2 300	1 800
Backlog to be eliminated (Percentage – HH identified as backlogs/total HH in Municipality)	2.29%	2.29%	2.47%	71.43%	2.38%	0.0048%	66.36%	2.09%	1.64%
Spending required to eliminate backlog associated with provision of new infrastructure p.a.	R15,000,000	R12,000,000	R12,830,000	R81,250,000	R13,000,000	R3,000,000	R79,083,820	R18,400,000	R14,400,000
Expenditure required to renewal of existing infrastructure to eliminate backlog	R120,000,000	R1,800,000	R1,800,000	R90,000,000	R7,000,000	R6,619,678	R100,000,000	R14,250,000	R14,250,000
Total spending to eliminate backlog	R135,000,000	R13,800,000	R14,630,000	R171,250,000	R20,000,000	R9,619,678	R179,083,820	R32,650,000	R28,650,000
Spending required on maintenance to ensure that no new backlogs are created	R135,000,000	R13,800,000	R13,800,000	R19,500,000	R0	R0	R25,000,000	R24,300,000 (excl. damages to equipment & salaries)	R23,200,000 (excl. damage to equipment & salaries)
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 is being prepared to identify the Backlogs and an application will be submitted to the Department of Minerals and Energy for funding. The Department of Minerals and Energy has allocated funding over a period of three years for the construction of two (2) new Substations.								

Roads	2006/07			2007/08		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlog to be eliminated (No of households not receiving Minimum Standard of Service)	710	0	-	710	-	-
Backlog to be eliminated (Percentage – HH identified as backlogs/total HH in Municipality)	49%	0	-	49%	R16m	R16m
Spending required to eliminate backlog associated with provision of new infrastructure p.a.	R1,065,000,000	0	-	R1,065,000,000	0	0
Expenditure required to renewal of existing infrastructure to eliminate backlog	R256,000,000	0	0	R256,000,000	R32,890,415	R32,890,415
Total spending to eliminate backlog	R1,321,000,000	0	-	R1,321,000,000	0	0
Spending required on maintenance to ensure that no new backlogs are created	R36,000,000	0	0	R36,000,000	R10,290,415	R10,290,415
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 municipal performance relating to the approval of building and zoning plans as at 30 June 2008.

Applications outstanding 1 July 2006	Category	Number of new applications received 2006/07	Total value of applications received (R)	Applications outstanding 30 June 2007	Applications outstanding 1 July 2007	Category	Number of new applications received 2007/08	Total value of applications received (R)	Applications outstanding 30 June 2008
699	Residential new	2060	R 329,376,521.00	198	388	Residential new	990	R327,025,291.00	91
451	Residential additions	2353	R 355, 124,506.00	244	529	Residential additions	2293	R335,982,534.00	138
15	Commercial	85	R 604,725,537.00	4	16	Commercial	103	R254,780,014.00	7
11	Industrial	33	R 41,626,731.00	4	9	Industrial	45	R95,361,706.00	1
18	Other (specify)	86	R 72, 666, 357.00	6	18	Other (specify)	99	R100,959,827.00	4

CHAPTER 3

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

3.1 INTRODUCTION

The purpose of this human resources management 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 key functional areas for the directorate responsible for human resources include:

- Personnel benefits and payroll administration
- Employee relations
- Training and development
- Organisational development
- Staff provisioning
- Occupational Safety and risk management
- Employee wellness

The main programmes 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
- 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. The 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, Labour Relations 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 for application in the period between 2006 and 2011, intends to achieve equity at the workplace, making the municipal workforce 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. The 5- year Employment Equity Plan was adopted by Council and it 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 were 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 were 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 JUNE 2008		
(POST LEVELS 0-22)		
Gender & Race	No. of Employees	Percentage
White males	332/4288	7.74
White females	182/4288	4.24
African males	2252/4288	52.50
African females	1110/4288	25.90
Coloured males	227/4288	5.29
Coloured females	123/4288	2.87
Indian males	36/4288	0.84
Indian females	24/4288	0.56

EMPLOYEES WITH DISABILITIES		
(POST LEVEL 0-22)		
Gender & Race	No. of Employees	Percentage
White males	5/41	12.20
White females	1/41	2.44
African males	24/41	58.54
African females	7/41	17.07
Coloured males	2/41	4.88
Coloured females	2/41	4.88
Indian males	0	0.00
Indian females	0	0.00

EMPLOYMENT EQUITY TARGETS FOR FIRST 4 TOP MANAGEMENT LEVELS (POST LEVEL 0-22)		
Gender & Race	No. of Employees	Target
White males	25	17
White females	2	4
African males	26	18
African females	14	19
Coloured males	3	4
Coloured females	1	5
Indian males	2	5
Indian females	2	3

3.4 ORGANISATIONAL STAFF BENEFITS

The Municipality facilitates the provision of staff benefits from various service providers authorised to practice at local government. The municipality assists with the internal administration as well as subsidising the staff members in order to ensure access and affordability to such services by the employees of Buffalo City Municipality.

PENSION FUNDS	No of members
Cape Joint Pension Fund	64
Cape Joint Retirement Fund	1721
SAMWU National Provident Fund	972
SALA Pension Fund	47
Eastern Cape Local Authorities Provident Fund	710
Government Employees Pension Fund	340
Liberty Life Provident Funds	322
Beacon Bay Provident Fund	29
Local Government Pension Fund	43

MEDICAL AID FUNDS	No of members
Bonitas	1012
LA Health	457
Key Health	288
SAMWUMED	348
HOSMED	44
Medicover	1
Fedhealth	1

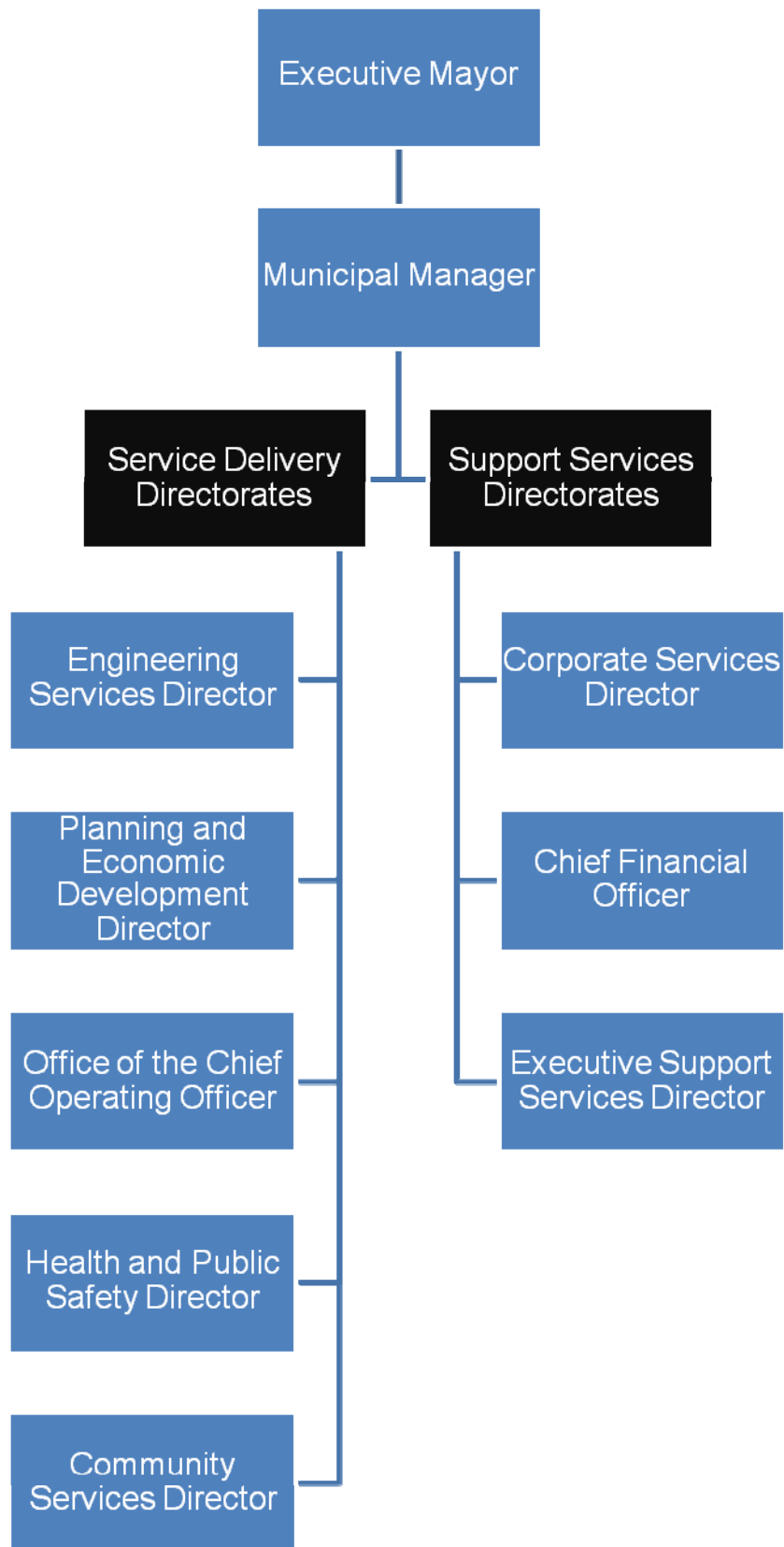
According to the human resources files **2151**(figures as at 30 June 2008) staff members are members of medical aid funds (compared to 1709 in 2006) and 4248 belong to pension funds (compared to 4156 in 2006). We are unable to comment on any assessment of future risks or liabilities regarding these funds.

3.5 TRANSFORMATION & SKILLS RETENTION

In as far as transformational programmes, skills retention and staff wellness, Buffalo City Municipality has approved the implementation of the following strategies in 2007/2008.

- Council approved a Talent Retention Management Strategy in order to address the challenge of scarce skills. Various initiatives that flow from this Strategy are in the process of being implemented.
- Various skill development programmes in terms of the Workplace Skills Plan have been implemented in order to provide employees with skills or to develop existing skills.

3.6 ORGANISATIONAL STRUCTURE AT 30 JUNE 2008



3.7 STAFFING LEVELS AS AT 30 JUNE 2008

Directorate	Authorised complement	Actual	Vacancies
Directorate of Executive Support Service	77	61	16
Municipal Manager	22	17	5
Office of the Director of Finance	511	424	87
Directorate of Corporate Services	170	146	24
Directorate of Engineering Services	1428	1203	225
Directorate of Development & Planning	247	212	35
Directorate of Community Services	1626	1496	130
Directorate of Health and Public Safety	686	598	88
Chief Operating Officer	78	51	27
Total	4845	4208	637

In addition to the above, there were 559 temporary staff members as at 30 June 2008. In order to reduce these totals, Council adopted a strategy whereby temporary staff who had served over 2 years had to be prioritised for permanent appointment.

A new computerised database for recruitment of temporary staff was also established and it is in use.

3.8 STAFF COSTS REFLECTED AS A PERCENTAGE OF TOTAL INCOME

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:

	2003/04 R	2004/05 R	2005/06 R	2006/07 R	2007/08
Salaries	409,091,379	437,831,280	462,044,162	514,182,464	568,376,876
Total Income	1,184,083,265	1,547,182,469	1,605,062,291	1,744,683,977	2,605,504,880
Salaries % of total income	35%	28%	29%	29%	28,2%

The percentage as at 30 June 2008 was 28,2%. This reduction has largely been achieved by non-filling of posts.

3.9 EMPLOYEE WELLNESS

Buffalo City Municipality places great emphasis on employee well-being and in 2007 various initiatives were undertaken under the theme of employee wellness; namely:-

- In April 2007 an HIV/AIDS Prevalence study and employee Health Survey was conducted by means of a VCT (*voluntary counselling and testing*) and KAP (*knowledge attitude and practices*) programme and the result indicated that 8.98% of employees HIV positive.
- Access to Comprehensive treatment for HIV positive Employees: BCM has entered into the unique public-private partnership with DCA/BCOB with regards to an HIV/AIDS project. On disclosure the BCM employee and

immediate family members will receive treatment similar to that of a person on Medical Aid.

- A peer education system was established to assist with management of HIV/AIDS this is ongoing.
- Counselling of employees for various problems such as trauma, post traumatic stress, alcohol and drug dependency, depression, stress etc is conducted by an Employee assistance practitioner
- A wellness week was held for Councillors and Employees which enabled them to check various health matters such as blood pressure, cholesterol, Blood Glucose, Dental as well as Eye testing. This also gave Safety, Skills Development and Department of Labour to share information. A Biokinethetist also did special checks on some of the employees with very detailed reports on their health status.
- Breast Examinations conducted on Employees in Directorate Community Services.
- Health Risk assessments done on Wellness Days.
- Biological Monitoring in Occupational Health ongoing and services are taken to the employees in their specific work environments.
- New Wellness Centre was also completed and it is now functional.

3.10 EMPLOYEE QUALIFICATION PROFILE

Section 3.10.1: Employee qualification profile as at 30 June 2008

Employment category	Below NQF 1		Highest level qualifications held by employees																				Total		Total
	M	F	NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8		Unknown		M	F			
			M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F					
Leadership & governance SOC 100																									
Councilors			4	2	3	1	11	6	23	19	4	9	1	1	1	2							47	40	87
																							0	0	0
Senior officials and managers SOC 100																									
Directors											2		2			1							4	1	5
Financial Directors													1										1	0	1
City/Municipal/District Manager																	1						1	0	1
Department/Division Heads													10	2		2	1						11	4	15
Plant Managers													23	7		1	1	1					24	9	33
Information technology													1										1	0	1

Employment category	Below NQF 1		Highest level qualifications held by employees																					
			NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8		Unkn own		Total		Total	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F		
Professionals SOC 200																								
Health care										6	1	2	5									8	6	14
Public safety/Emergency services										22			1									22	1	23
LED												2	1						1			2	2	4
Water conservation/treatment										8	2											8	2	10
Waste												2										2	0	2
Parks/community facilities								4		10	7	1										15	7	22
Public transport																						1	0	1
Land management										4	1	7										11	1	12
Housing administration												1										1	0	1
Roads								2		3												5	0	5
Electricity										17		5										22	0	22
Information technology										2	1											2	1	3
Corporate Services/Core administration										6	5		4									6	9	15
Core finance									2	4	2	6	3									10	7	17
Technicians/associated professionals SOC 300																								
Health care										8	8	2	6	1								14	9	110
Public safety/Emergency services										13	2											13	2	160
LED										8	2											8	2	4
Water conservation/treatment												2	2									2	2	4
Waste											1												1	62
Parks/community facilities										52	0											52	0	40
							1		3													40	0	40
							0		0													3	4	105
							3	4	6	1		1										53	6	105

Employment category	Below NQF 1		Highest level qualifications held by employees																			Total			
			NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8		Unkn own		Total				
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M		F	Total	
							7	0		2		0											2		
Public transport									6		4	3											10	3	0
Land management											20	1	3	6	2								26	1	41
Housing administration											6	3											6	3	9
Roads									2		3												30	1	31
Electricity											22												22	0	22
Information technology											6	1											6	1	7
Corporate Services/Core administration											19	2	1	1		2							31	4	72
Core finance										8	11	1	5	7	9								18	3	50

Employment category	Below NQF 1		Highest level qualifications held by employees																		Total		Total
	NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8		Unkn own		Total				
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Clerks SOC 400																							
Health care								4	6	4	1										8	23	31
Public safety/Emergency services								5	1	5	1										10	31	41
LED											1										0	1	1
Water conservation/treatment								2	5	4	1										6	20	0
Waste									3		0										0	13	13
Parks/community facilities								1	1	2	5										34	62	96
Public transport								4	2	0	0										1	2	3
Land management								8	4	8	1										16	14	30
Housing administration								2	1	3	2										5	37	42
Roads								1	2	1	4										2	0	8
Electricity								2	4	1	1										3	15	18
Information technology									2	2	6										2	8	10
Corporate Services/Core administration								1	2												7	26	47
								7	2	40	9										47	11	169
								7	4		5											9	

Employment category	Highest level qualifications held by employees																							
	Below NQF 1		NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8		Unknown		Total		Total	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F		
Service workers SOC 500																								
Public safety/Emergency services									102	18	36	4										138	22	160
Craft & related workers SOC 700																								
Public safety/Emergency services											7											7	0	7
Water conservation/treatment											54											54	0	54
Parks/community facilities											24	5										29	0	29
Public transport											8											8	0	8
Land management											15											15	0	15
Roads											6											6	0	6

Employment category	Below NQF 1		Highest level qualifications held by employees																			Total	Total
			NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8		Unkn own		Total		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M		
Plant & machine operators SOC 800																							
Health care							1														1	0	1
Public safety/Emergency services							2														2	0	2
Water conservation/treatment	6		20		2		5		4	3											60	3	63
Waste					2		2		7												31	0	31
Parks/community facilities			90		3		1		2												16	2	170
Public transport							1														13	0	13
Housing administration							3														1	0	1
Roads	7		9		8		6		9												39	0	39
Electricity			10		8		6		4	1											38	1	39
Information technology									4	1											4	1	5
Core finance					2		2		8												12	0	12
Elementary occupations SOC 900																							
Health care			3	2	2	4	5	8	4	8											14	22	36
Public safety/Emergency services			4		7	2	1	0	3	1											24	5	29
Water conservation/treatment			26																		27		
			5	1	5	3	2	2	3	2											5	8	283
Waste			15	7	7	6	4	3	2	2											29	19	
			2	1	7	1	5	4	5	6											9	2	491
Parks/community facilities			18	1	6	6	5	1	3	1											34	11	460

Employment category	Below NQF 1		Highest level qualifications held by employees																			Total	Total		
			NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8		Unkn own						
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M			F	
			9	7	8	7	5	5	1	8													3	7	
Public transport			5	4	3	2	2	4	5	0													15	20	30
Land management			6	2		4		2															6	8	14
Housing administration			3	5	2	4	4	3	2	5													11	17	28
Roads			10		3		1		1														16		
Electricity			6	2	0	3	5	3	2	2													3	10	173
Information technology			95		8	2	7	3	2	2													13		
Corporate Services/Core administration				1																			0	1	1
			2	1		5		6		6													2	28	30
Core finance			4	4		1			1														4	35	39
TOTALS for whole enterprise																							27	12	401
																							81	35	6

CHAPTER 4

AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 FINANCIAL OVERVIEW (2007/08)

Rating history:	2006	2005
Long-term	A1.za	zaA-
Short-term	A1.za	zaA2

Financial and Operating Statistics		
Years ended 30 June: (R million)	2008	2007
Funds and reserves	6,355	1,320
Long-term liabilities	512,6	480,9
Investments	5,6	33,5
Net current assets	1,048	1,031
Debtors	304,1	304,0
Bank and short term investments	601,1	631,8
Total income	2,021	1,744
Operating expenses	1,838	1,671
Operating surplus	182,3	74,8

4.2 ECONOMIC STRUCTURE

Buffalo City and Nelson Mandela are the two major economic centres in the Eastern Cape. The province is generally seen as one of the poorer provinces in South Africa, with an 8,1% contribution to the gross domestic product (GDP) of the country in 2004.

Table 2

Gross domestic product per province – Current prices			
Province	2003 R billion	2004 R billion	%
Western Cape	181,7	199,4	14,4
Eastern Cape	100,7	112,9	8,1
Northern Cape	27,8	30,0	2,2
Free State	68,5	75,8	5,5
KwaZulu- Natal	207,0	231,6	16,7
North West	79,0	87,1	6,3
Gauteng	422,0	462,0	33,3
Mpumalanga	86,4	94,4	6,8
Limpopo	83,4	93,1	6,7
GDP	1 257,0	1 386,6	100

Source: Statistics South Africa

The most dominant economic sector in Buffalo City is the industrial or manufacturing sector that includes the automotive, textile, pharmaceutical, electronics and food processing industries. Forming the basis of industrial activity, the automotive industry is the largest contributor to the economy of the city and is the third largest sector in the South African economy, accounting for 33% of the country's manufacturing output.

4.3 FINANCIAL STATUS

Revenue and expenditure overview

In terms of its revenue base Buffalo City is currently the largest category B municipality in the country. It recorded an income of R1 744,6 million in 2007 and R2 021,6 million in 2008, an increase of 15.8% from the previous year. The following table indicates the relative size of some of the larger municipalities based on revenue.

Table 3

Municipality	Revenue Rm	Population
Buffalo City	1 742,9	701 890
Emfuleni	1 466,6	658 421
Mangaung	1 405,6	645 441
Rustenburg	792,4	395 540
Matjhabeng	776,3	408 170
Klerksdorp	670,6	359 202
uMhlathuze	643,6	289 190
Polokwane	597,8	508 277
Mbombela	521,5	474 806
Drakenstein	498,6	194 419

Revenue sources of Buffalo City are similar to most local municipalities and comprise primarily income from property taxes, service charges and from the sale of water and electricity. A breakdown of the gross revenue sources of Buffalo City is as follows:

Table 4

Revenue Sources				
	2008		2007	
	Rm	%	Rm	%
Property rates	325,4	16,1	293,6	16,8
Grants	578,2	28,6	478,9	27,5
Electricity	465,9	23,0	429,2	24,6
Water	172,7	8,5	152,3	8,7
Other service charges	239,3	11,8	251,2	12,3
Other income	240,1	11,9	175,4	10,1
	2 021,6	100,0	1 744,6	100,0

In 2007 and 2008 financial period, grants and subsidies from government has grown to just over a quarter of Buffalo City's income. In 2008 the City received 28,6% of its revenue in the form of grants, compared to 17,2% in 2004 , 27,0% in 2005, 25,3% in 2006 and 27.5% in 2007. Total grants of R578,2 million include the equitable share and provincial grants. Future grants appear to be on the increase, based on central government's policy to improve the service delivery at the municipal level.

The primary future revenue source is property rates levied on the value of the land, including the value of improvements. In 2008, this revenue source of R325,4 million contributed 16,1% of the total revenue. Buffalo City's property valuation demonstrates a well-diversified and stable tax base. Table 5 reflects the property valuation:

Table 5

Property Valuation		
	2007	2008
	Rbn	Rbn
Residential	6,3	6,4
Commercial	4,0	4,0
State	1,2	1,2
Municipal	0,3	0,3
Total	11,8	11,9
Average rate earned (cent)	2,50	2,72

Trading services such as water and electricity sales jointly comprise 31,6% of total revenue. Water distribution losses remain high at 40,9% compared to the national standard of around 20%. The City has set a target to reduce the distribution losses to 30% over the medium term.

The sale of electricity contributed 23,0% of the City's income. Buffalo City provides electricity to the urban and semi-urban areas in its jurisdiction whereas Eskom provide to the rural areas. Distribution losses at 15% of units bought are acceptable when compared with the industry average and reflect a well-managed electricity distribution network.

The operating expenditure for 2008 of Buffalo City is largely inflexible and requires sound budgeting and discipline to keep costs within budget. The various Directorates were within the budget for the 2008 financial year.

Overall the actual costs were slightly below budget. The growth in expenses of 10% was below the revenue growth of 15,88% which resulted in the R182,3 million operating surplus after taxation and including share of surplus of associate.

The following table reflects a breakdown of the operating expenses of the municipality:

Table 6

Operating Expenditure				
	2008		2007	
	Rm	%	Rm	%
Bad debts	69,9	3,8	63,1	3,8
Electricity purchases	267,9	14,6	247,7	14,8
Water purchases	90,7	4,9	72,1	4,3
Depreciation	112,4	6,1	100,4	6,0
Employee costs	588,0	32,0	531,1	31,8
Interest paid	69,6	3,8	46,2	2,8
Other expenses	560,2	30,5	526,5	31,5
Repairs and maintenance	79,9	4,3	84,0	5,0
	1 838,6	100,0	1 671,1	100,0

Municipal services are labour intensive and staff remuneration normally constitutes a large proportion of the municipality's expense budget. The staff-to-income ratio of Buffalo City is at 32,0% which reflects a slight decrease from the 31,5% in 2007, this is still currently above the norm of 30%. Councillors' costs comprise a minor portion of total expenditure.

Electricity purchases comprise 14,6% of total expenses. This cost item might be transferred to a Regional Electricity Distributor (RED) over the following year or two.

The purchase of water comprises only 4,9% of expenses as Buffalo City controls most of its water resources. The city purchases below 20% of its water supply from the Amatola Water Board.

Maintenance expenditures on existing infrastructure are a very crucial expense item and are sometimes given less priority than others. The deferment of maintenance is common practise among municipalities. While the deferment of maintenance expenditure has short-term cash flow benefits, it has adverse long-term effects on operating costs and the sustainability of quality service delivery. Buffalo City's external maintenance costs comprise 4,3% of total expenses (5,0% - 2007) and 1,21% of the carrying value of its fixed assets (5,52% - 2007). Both these ratios have decreased from the previous years and Council remains concerned that the maintenance is not at the optimum level. The reason for the decrease from 2007 to 2008 is due mainly to acquisitions/write ons. Water and electricity infrastructure require refurbishment to bring it to acceptable service levels.

Buffalo City recorded an operating surplus in 2008. The operating budget indicates moderate increases for the next three years.

Debt management

Buffalo City's credit rating is supported by a stable balance sheet in spite of the pressure on infrastructure spending that will remain high in order to eradicate backlogs in basic services and to support and facilitate economic development.

The city's financial strategy is considered conservative and borrowings were kept at modest levels during 2008. Interest bearing liabilities increased in 2008. Long-term loans consist of local stock and other loans that bear interest at rates between 9,5% and 17,9% per annum.

The slightly lower debt level combined with the growth in revenue resulted in the debt-to-revenue ratio decreasing from 31,9% in 2007 to 28,7% in 2008. The current debt burden is already within the financial goals approved by Council who set the interest bearing debt-to-income target at 35% of revenues by 2007.

The pressures on capital expenditure are expected to remain high over the long-term. Cash outlay on capital expenditure for the 2008 financial year at R287,3 million was slightly higher than in 2007 (R238,2million) and below budget. This was primarily as a result of improved planning process of implementation of capital projects and to obtain funds in the form of grants and subsidies from higher tier government.

Buffalo City plans to spend some R1, 77billion on capital projects over the next three years. The spending in 2009 is budgeted at R902 million as compared to 2008 R413,2 million. This is an 118,3% increase from 2008. Over the next three years borrowings are expected to reach roughly R789 million.

The following table illustrates future capital expenditure plans for the next three years:

Table 7

Capital projects				
Year	Capex Rm	Own funds Rm	Borrowing Rm	Grants Rm
2009	902,0	195,1	250,0	456,9
2010	485,2	123,2	0	362,0
2011	389,0	93,9	0	295,0
Total	1 776,4	412,3	250,0	1 114,0

The ratio of interest bearing debt-to-revenue for 2008 is 28,7% which is somewhat lower than the 31.9% in 2007. The raising of the new loan will place the municipality under pressure in managing its finances. However, the City has a positive outlook in funding the new debt, as it expects additional revenue from the implementation of the General Valuation. The City is also investigating other means of increasing its revenue, an example being the implementation of a Business Taxation.

Buffalo City's interest charges at 3,8% of revenue is relatively low. The additional borrowings are going to increase the finance charges, but the real affect will be approximately 2,7% of total revenue in 2010, this is due to the increase budgeted revenue for 2010, the interest charge is still considered to be within the affordability measures of a municipality. Additional payments should be in the region of R16 million per annum, with an average loan life of between 15 and 20 years.

The net decrease in cash and cash equivalents at 30 June 2008 from R631,8 million to R610,1 million has resulted in a net movement of R21,7 million for the year.

Liquidity management

Buffalo City's liquidity position is considered sound given the net cash resources and monthly cash flows. The city has an active cash management system in operation to control this crucial aspect of its finance. Over the last decade municipalities have been burdened by a culture of non-payment for services resulting in generally low collection rates and increasing outstanding debtor's balances.

During 2008 Buffalo City's gross debtors grew by 8,5% to R546,1 million before contribution to the bad debt provision from the operating account to the amount of R69,9 million. The net debtors after provisions for bad debts increased from R304,0 million to R304.1 million. The debtors' collection period as a percentage of billings is 94.61%. This ratio is less than ideal, it does however compare well with that of the other large cities in South Africa.

The age analysis of Buffalo City's outstanding debtors indicates balances older than 120 days of R344.9 million but provisions of only R242,0 million were raised against them.

Table 9

Debtors Age Analysis			
Days	2006 Rm	2007 Rm	2008 Rm
Current	134.0	134.8	144,6
60 Days	22.9	21.8	24,6
90 Days	17.1	13.1	20,0
120 Days	15.5	12.5	12,0
120+ Days	308.3	320.9	344,9
Gross debtors	497.8	503.1	546.1
Provisions	201.4	199.1	242,0
Net debtors	296.4	304.0	304,1

Maintaining and improving the current collection rate is crucial for the financial sustainability of the city, and it remains a key rating consideration. The city's current ratio of 1,87:1 will also be adversely affected should the additional write-off occur.

Investment and bank balances have declined marginally during the year from R668,6 million to R618,2 million, this includes R2,4 million Investment in Associate. However, the cash investments reflect the cash backing of certain reserves, in aggregate R66.1 million, as well as unspent conditional grants of R152,0 million. Some R2,2 million are sinking fund investments linked to the redemption of long-term loans and the remaining R397,8 million are available as the city's own discretionary funds which is considered adequate relative to monthly operational cash requirements.

The improvement in the cash flows from operations in 2008 contributed to an improved coverage ratio and working capital. Cash from operations cover interest payments with 4,32 times in 2008.

4.4 SUMMARY

The Buffalo City Municipality overall financial profile is encouraging. The municipality is financially viable, with sound financial management policies and systems. The revenue collection and debt management is strong and the sustainability of the municipality in the short to long term promising. Finally, the municipality is well placed to deal with the demands for improved service delivery.

4.5 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

The following audited financial statements are presented herein.

1. Consolidated Statement of Financial Position
2. Consolidated Statement of Financial Performance
3. Consolidated Statement of Changes in Net Assets – Municipality
4. Consolidated Statement of Changes in Net Assets – Economic Entity
5. Consolidated Cash Flow Statement
6. Accounting Policies
7. Notes to the Consolidated Financial Statements
8. Appendices
 - a. Schedule of External Loans
 - b. Analysis of Property, Plant and Equipment - Municipality
 - c. Analysis of Property, Plant and Equipment –Economic Entity
 - d. Segmental Analysis of Property, Plant and Equipment
 - e. Segmental Statement of Financial Performance
 - f. Actual vs Budget (Revenue and Expenditure)
 - g. Actual vs Budget (Acquisition of Property, Plant and Equipment)
 - h. Consolidated Conditional Grants and Receipts
 - i. Disclosure of Consolidated Conditional Grants

I am responsible for the preparations of these Consolidated Annual Financial Statements, which are set out on pages ... to ..., in terms of section 126 (1) of the Municipal Finance Management Act (56 of 2003) 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 the Consolidated Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa (1996), read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination.

V.R Lwana
Acting Municipal Manager

BUFFALO CITY MUNICIPALITY

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BUFFALO CITY MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

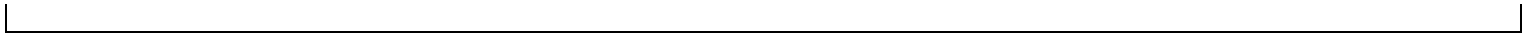
BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY		
2007	2008	Note	2008	2007
R	R		R	R
NET ASSETS AND LIABILITIES				
1 319 620 635	6 355 007 452		6 355 254 317	1 320 043 884
7 360 372	9 027 502	1	9 027 502	7 360 372
38 029 758	30 375 304	2	30 375 304	38 029 758
21 667 079	26 703 268	2	26 703 268	21 667 079
189 258 468	182 038 156	2	182 038 156	189 258 468
1 063 304 958	6 106 863 222		6 107 110 087	1 063 728 207
653 668 574	736 617 262		736 617 262	653 668 574
480 963 574	512 696 574	3	512 696 574	480 963 574
-	37 497 688	4.1	37 497 688	-
172 705 000	186 423 000	4.2	186 423 000	172 705 000
623 313 291	559 660 214		560 784 963	624 333 655
23 218 144	25 028 033	5	25 028 033	23 218 144
120 906 948	89 917 743	6	89 976 767	120 964 494
197 295 764	268 557 208	7	268 986 215	197 624 400
242 868 365	151 425 714	8	152 062 432	243 464 402
-	-	7b	-	38 145
39 024 070	24 731 516	3	24 731 516	39 024 070
2 596 602 500	7 651 284 928		7 652 656 542	2 598 046 113
ASSETS				
1 566 621 765	6 604 414 345		6 604 608 260	1 566 848 545
1 522 133 376	6 587 671 648	10	6 587 820 809	1 522 329 414
6 302 574	7 501 701	10	7 501 701	6 302 574
974 150	1 051 500	10	1 051 500	974 150
33 589 177	5 637 090	11	5 637 090	33 589 177
3 193 046	2 437 801	11	2 437 801	3 193 046
-	-		44 754	30 742
429 442	114 605	12	114 605	429 442
1 029 980 735	1 046 870 583		1 048 048 282	1 031 197 568
24 799 327	34 140 270	13	34 140 270	24 799 327
304 001 888	304 131 911	14	304 131 911	304 001 888
52 470 535	70 373 280	15	70 373 996	52 470 770
17 412 465	29 173 866	9	28 980 806	17 481 045
-	-	7b	57 640	-
584 004	196 290	12	196 290	584 004
630 712 516	608 854 966	16	610 167 369	631 860 534
2 596 602 500	7 651 284 928		7 652 656 542	2 598 046 113
Total Assets				

BUFFALO CITY MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2007	2008		2008	2007
R	R		R	R
		REVENUE		
293 684 994	325 436 023	Property Rates	325 436 023	293 684 994
217 391	275 950	Property Rates/Penalties Imposed	275 950	217 391
796 765 226	877 935 582	Service Charges	877 917 851	796 748 895
9 172 605	12 723 945	Rental of Facilities and Equipment	12 723 945	9 172 605
38 397 035	81 030 891	Interest Earned - External Investments	81 234 625	38 539 372
28 336 714	30 732 392	Interest Earned - Outstanding Debtors	30 732 392	28 336 714
-	76 584	Dividends Received	76 584	-
7 614 002	7 688 107	Fines	7 688 107	7 614 002
9 190 730	11 099 426	Licences and Permits	11 099 426	9 190 730
236 071 361	283 117 681	Government Grants and Subsidies	283 117 681	236 071 361
76 929 451	88 971 106	Other Income	89 031 304	77 000 488
114 015 429	129 996 079	Operating Project Grants	131 639 321	115 673 190
113 392 146	147 349 002	Government Grants - Property, Plant & Equipment	147 349 002	113 392 146
13 837 653	16 121 430	Donations & Public Contributions - Property, Plant & Equipment	16 121 430	13 837 653
5 204 437	7 213 660	Gains on Disposal of Property, Plant and Equipment	7 213 660	5 204 437
1 742 829 174	2 019 767 858	Total Revenue	2 021 657 301	1 744 683 978
		EXPENDITURE		
513 010 130	567 938 783	Employee Related Costs	569 841 603	514 182 464
16 946 659	18 157 738	Remuneration of Councillors	18 216 413	17 003 259
63 183 457	69 985 338	Bad Debts	69 985 338	63 183 457
7 600 279	8 273 792	Collection Costs	8 273 792	7 600 279
100 396 246	112 473 826	Depreciation	112 540 086	100 458 245
84 025 171	79 901 220	Repairs and Maintenance	79 908 021	84 025 866
46 288 916	69 674 193	Interest Paid	69 674 193	46 288 916
7 936 000	10 742 000	Discounting of Employee Benefits	10 742 000	7 936 000
319 878 510	358 733 033	Bulk Purchases	358 733 033	319 878 510
11 063 294	15 185 334	Contracted Services	15 185 334	11 063 294
3 499 079	4 225 713	Grants and Subsidies Paid	4 225 713	3 499 079
459 383 110	520 084 148	General Expenses - Other	520 251 954	460 003 561
-	485 036	Impairment of investments	485 036	-
35 749 000	-	Actuarial losses on post employment medical benefits.	-	35 749 000
246 943	549 174	Loss on disposal of Property, Plant and Equipment	549 174	249 365
1 669 206 794	1 836 409 328	Total Expenditure	1 838 611 690	1 671 121 295
73 622 380	183 358 530	SURPLUS	183 045 611	73 562 683
-	-	Taxation	14 012	(69 881)
73 622 380	183 358 530	SURPLUS AFTER TAXATION	183 059 623	73 492 802
73 622 380	183 358 530	SURPLUS ATTRIBUTABLE TO BCM MUNICIPALITY	183 059 623	73 492 802
1 315 706	(755 245)	Share of (deficit)/surplus of associate accounted for under the equity method	(755 245)	1 315 706
74 938 086	182 603 285	SURPLUS FOR THE YEAR	182 304 378	74 808 508

BUFFALO CITY MUNICIPALITY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008 - MUNICIPALITY

	<u>COID Fund</u>	<u>Capital Replacement Reserve</u>	<u>Self-Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R
2007						
Balance at 01 July 2006	6 850 830	15 710 413	21 269 882	206 747 434	810 997 136	1 061 575 695
Correction of Error (Note 36)	-	-	-	-	(127 186 000)	(127 186 000)
Restated Balance	6 850 830	15 710 413	21 269 882	206 747 434	683 811 136	934 389 695
Surplus for the year	-	-	-	-	74 938 086	74 938 086
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 w/outs	-	-	-	-	(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	-
Takeon 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	1 028 161 262	1 284 476 939
2008						
Balance at 01 July 2007	7 360 372	38 029 758	21 667 079	189 258 468	1 028 161 262	1 284 476 939
Correction of Error (Note 36)	-	-	-	-	(2 896 560)	(2 896 560)
Changes in Accounting Policy (Note 36)	-	-	-	-	38 040 256	38 040 256
Restated Balance	7 360 372	38 029 758	21 667 079	189 258 468	1 063 304 958	1 319 620 635
Surplus for the year	-	-	-	-	182 603 285	182 603 285
Transfer to CRR	-	14 712 658	-	-	(14 712 658)	-
Property, Plant and Equipment Purchased	-	(22 367 112)	-	-	22 367 112	-
Assets Take-on	-	-	-	-	4 875 242 219	4 875 242 219
Interest on Investments Re-Allocated	-	-	-	-	(31 379 251)	(31 379 251)
Transfers to / from Insurance Reserve	-	-	-	-	2 139 895	2 139 895
Write off transfers	-	-	-	(677 010)	677 010	-
Adjustment of Agricultural Assets	-	-	-	-	77 350	77 350
Asset Disposals	-	-	-	(92 115)	92 115	-
Insurance Claims Processed	1 667 130	-	5 036 189	-	-	6 703 319
Offsetting of Depreciation	-	-	-	(6 451 187)	6 451 187	-
Balance at 30 June 2008	9 027 502	30 375 304	26 703 268	182 038 156	6 106 863 222	6 355 007 452



BUFFALO CITY MUNICIPALITY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008 - ECONOMIC ENTITY

	<u>COID Fund</u>	<u>Capital Replacement Reserve</u>	<u>Self-Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R
2007						
Balance at 01 July 2006	6 850 830	15 710 413	21 269 882	206 747 434	811 560 637	1 062 139 196
Correction of Error (Note 36)	-	-	-	-	(127 166 036)	(127 166 036)
Restated Balance	6 850 830	15 710 413	21 269 882	206 747 434	684 394 601	934 973 160
Surplus for the year	-	-	-	-	74 808 508	74 808 508
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 w/outs	-	-	-	-	(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	-
Takeon 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	1 028 615 149	1 284 930 826
2008						
Balance at 01 July 2007	7 360 372	38 029 758	21 667 079	189 258 468	1 028 615 149	1 284 930 826
Correction of Error (Note 36)	-	-	-	-	(2 927 198)	(2 927 198)
Changes in Accounting Policy (Note 36)	-	-	-	-	38 040 256	38 040 256
Restated Balance	7 360 372	38 029 758	21 667 079	189 258 468	1 063 728 207	1 320 043 884
Surplus for the year	-	-	-	-	182 304 378	182 304 378
Transfer to CRR	-	14 712 658	-	-	(14 712 658)	-
Property, Plant and Equipment Purchased	-	(22 367 112)	-	-	22 367 112	-
Assets Take-on	-	-	-	-	4 875 242 218	4 875 242 218
Interest on Investments Re-Allocated	-	-	-	-	(31 379 251)	(31 379 251)
Transfers to / from Insurance Reserve	-	-	-	-	2 139 895	2 139 895
Write off transfers	-	-	-	(677 010)	677 010	-
VAT correction	-	-	-	-	122 524	122 524
Adjustment of Agricultural Assets	-	-	-	-	77 350	77 350
Asset Disposals	-	-	-	(92 115)	92 115	-
Insurance Claims Processed	1 667 130	-	5 036 189	-	-	6 703 319
Offsetting of Depreciation	-	-	-	(6 451 187)	6 451 187	-

Balance at 30 June 2008	9 027 502	30 375 304	26 703 268	182 038 156	6 107 110 087	6 355 254 317
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BUFFALO CITY MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2007	2008		2008	2007
R	R		R	R
CASH FLOW FROM OPERATING ACTIVITIES				
1 929 793 891	1 833 048 220	Cash Receipts from Ratepayers, Government and Other	1 835 239 572	1 625 037 270
(1 684 168 562)	(1 499 009 605)	Cash Paid to Suppliers and Employees	(1 501 016 312)	(1 382 362 949)
245 625 329	334 038 615	Cash Generated from Operations	334 223 260	242 674 321
1 315 706	(755 245)	Portion of (Deficit)/Surplus from Associate	(755 245)	1 315 706
192 323	-	VAT Adjustment	-	192 322
38 397 035	81 030 891	Interest Received	81 030 891	38 539 372
(46 288 916)	(69 674 010)	Interest Paid	(69 674 010)	(46 288 916)
239 241 477	344 640 251	NET CASH FROM OPERATING ACTIVITIES	344 824 896	236 432 805
CASH FLOWS FROM INVESTING ACTIVITIES				
(227 989 183)	(296 780 788)	Purchase of Property, Plant and Equipment	(296 800 177)	(228 045 557)
4 957 494	7 423 737	Proceeds on Disposal of Property, Plant and Equipment	7 423 737	5 779 718
1 021 298	702 551	Decrease in Non-Current Receivables	702 551	1 021 298
(24 211 567)	28 222 296	(Increase)/Decrease in non-current investments	28 222 296	(22 683 574)
(246 221 958)	(260 432 204)	NET CASH FROM INVESTING ACTIVITIES	(260 451 593)	(243 928 115)
CASH FLOW FROM FINANCING ACTIVITIES				
98 354 778	15 875 305	New Loans Raised	15 875 305	98 354 775
963 751	1 809 888	Increase in Consumer Deposits	1 809 887	963 750
-	-	Increase in Refundable Deposits	30 000	30 000
-	-	Decrease in Tax	(14 012)	2 182
49 738 325	(122 821 903)	(Decrease)/Increase in Unspent conditional government grants	(122 781 221)	48 080 565
(415 827)	(928 887)	Decrease in Non-operating Expenditure Charged against Provisions/Reserves	(986 433)	93 715
148 641 026	(106 065 597)	NET CASH FROM FINANCING ACTIVITIES	(106 066 474)	147 524 987
141 660 545	(21 857 550)	NET INCREASE IN CASH AND CASH EQUIVALENTS	(21 693 171)	140 029 677
489 051 971	630 712 516	Cash and cash equivalents at the beginning of the year	631 860 535	491 830 858
630 712 516	608 854 966	Cash and cash equivalents at the end of the year	610 167 364	631 860 535

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY	
2007	2008
R	R
6 850 830	7 360 372
1 385 262	1 754 721
535 046	802 654
210 749	703 661
(1 621 515)	(1 593 906)
7 360 372	9 027 502

1 COID FUND

Balance at beginning of year
Contributions
Interest on Investment
Other Income
Expenditure Incurred
Balance at end of year

ECONOMIC ENTITY	
2008	2007
R	R
7 360 372	6 850 830
1 754 721	1 385 262
802 654	535 046
703 661	210 749
(1 593 906)	(1 621 515)
9 027 502	7 360 372

The COID Fund is fully invested in financial investment instruments.

2 RESERVES

38 029 758	30 375 304
21 344 325	26 236 798
322 754	466 470
189 258 468	182 038 156
248 955 305	239 116 728

Capital Replacement Reserve
Self-Insurance Reserve
Self-Insurance Reserve - Cell Phone
Revaluation Reserve
Total Reserves

30 375 304	38 029 758
26 236 798	21 344 325
466 470	322 754
182 038 156	189 258 468
239 116 728	248 955 305

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

3 LONG-TERM LIABILITIES

18 160 000	18 160 000
499 527 404	516 653 806
2 300 240	2 614 284
519 987 644	537 428 090
(39 024 070)	(24 731 516)
37 772 897	23 313 157
1 251 173	1 418 359
480 963 574	512 696 574

Local Registered Stock Loans
Annuity Loans
Capitalised Lease Liability
Sub-Total

18 160 000	18 160 000
516 653 806	499 527 404
2 614 284	2 300 240
537 428 090	519 987 644

Less: Current Portion Transferred to Current Liabilities

Annuity Loans
Capitalised Lease Liability

(24 731 516)	(39 024 070)
23 313 157	37 772 897
1 418 359	1 251 173

Total External Loans

512 696 574 **480 963 574**

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

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

R 2 201 454 (2007: R 9 918 843) 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.

Note: 2007 - A Correction of Error adjustment was made to Lease Liability in the amount of R 2 300 240 - refer to Note 36.

4.1 NON-CURRENT PROVISIONS

Provision for the Rehabilitation of Landfill Sites

-	-
-	-
119 417 468	6 382 327
(119 417 468)	(88 302 107)
-	119 417 468
-	37 497 688
-	37 497 688

Balance at beginning of year	-	-
Transfer from non-current	-	-
Contribution to provision	6 382 327	119 417 468
Transfer to current provision	(88 302 107)	(119 417 468)
Transfer from current provision	119 417 468	-
Total Provision for the Rehabilitation of Landfill Sites	37 497 688	-

Total Non-Current Provisions

37 497 688 **-**

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY
2007 **2008**
R **R**

ECONOMIC ENTITY
2008 **2007**
R **R**

The future value of the rehabilitation obligation was calculated by inflating the non current rehabilitation cost to an estimated future rehabilitation cost.

Assumptions used in calculating the provision:

The interest rate used is the calculated borrowing rate which BCM would have had to pay in borrowing the funds (DBSA rates ± 85% of prime rate). This resulted in an interest rate of 13.18% (2007: 10%)

4.2 RETIREMENT BENEFIT OBLIGATIONS

		Post-Employment Medical Benefits	
127 186 000	172 705 000	Balance at beginning of year	172 705 000 127 186 000
		Amounts included in statement of financial performance:	
7 936 000	10 742 000	Interest cost	10 742 000 7 936 000
1 834 000	2 976 000	Current service cost	2 976 000 1 834 000
35 749 000	-	Actuarial losses recognised in the year	- 35 749 000
172 705 000	186 423 000	Total Post-Employment Medical Benefits	186 423 000 172 705 000
172 705 000	186 423 000	Total Retirement Benefit Obligations	186 423 000 172 705 000

BCM employees contribute to 6 accredited medical aid schemes, namely LA Health, Bonitas, Key Health, SAMWU Med, FedHealth and Hosmed. Pensioners continue on the option they belong to on the day of their retirement.

The obligation in respect of the medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was performed on 30 June 2008 by Liberty Life using the Projected Unit Credit Method.

BCM opted not to recognise the actuarial loss applying the "Corridor" method.

The principal actuarial assumptions used were as follows:

	8.22%	Discount rate	8.22%
	6.22%	Medical aid inflation rate	6.22%
	1.88%	Net effective discount rate	1.88%
	60%	Post -Retirement subsidy	60%
		Retirement age:	
	65	Males	65
	60	Females	60
SA 72-77 Table for Assured Lives		Mortality during employment	SA 72-77 Table for Assured Lives
PA(90) - 2 Pensioner's Table rated down two years.		Mortality post retirement	PA(90) - 2 Pensioner's Table rated down two years.
	2 027	Number of eligible members	2 027
	498	Number of pensioners	498

1% change in the assumed medical inflation:

(22 055 841)	26 824 167	Projected liability increase (decrease)	2008	26 824 167	(22 055 841)
-20 434 460	24 870 012	Projected liability increase (decrease)	2007	24 870 012	(20 434 460)

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
5 CONSUMER DEPOSITS			
9 039 767	10 293 807	10 293 807	9 039 767
14 178 377	14 734 226	14 734 226	14 178 377
23 218 144	25 028 033	25 028 033	23 218 144
<p>No interest is paid when deposits are refunded.</p>			
7 672 588	8 020 188	8 020 188	7 672 588
6 CURRENT PROVISIONS			
1 489 480	1 615 636	1 674 660	1 547 026
119 417 468	88 302 107	88 302 107	119 417 468
120 906 948	89 917 743	89 976 767	120 964 494
<p>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.</p> <p>The movement in the current provision is reconciled as follows:-</p>			
Performance Bonuses			
566 057	1 489 480	1 547 026	566 057
1 489 480	1 055 043	1 114 068	1 547 026
(150 230)	-	-	(150 230)
(415 827)	(928 888)	(986 434)	(415 827)
1 489 480	1 615 635	1 674 660	1 547 026
Rehabilitation of Landfill Sites			
-	119 417 468	119 417 468	-
-	-	-	-
119 417 468	88 302 107	88 302 107	119 417 468
-	(119 417 468)	(119 417 468)	-
119 417 468	88 302 107	88 302 107	119 417 468
<p>* Estimated current rehabilitation estimate.</p>			
7 CREDITORS			
105 210 570	150 226 346	150 367 322	105 288 071
34 376 932	37 447 766	37 447 766	34 376 932
2 892 115	5 289 270	5 411 770	3 044 615
30 846 407	35 118 544	35 214 192	30 897 341
900	4 693 596	4 693 596	900
23 968 840	35 781 686	35 851 569	24 016 541
197 295 764	268 557 208	268 986 215	197 624 400

Note: 2007 - A Correction of Error adjustment was made to Other Creditors in the amount of R 835 798 and BCDA R47 701 - 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 2008

BUFFALO CITY MUNICIPALITY

2007 **2008**
R **R**

ECONOMIC ENTITY

2008 **2007**
R **R**

7a TAXATION

South African Normal Tax

Current Tax	-	67 700
Deferred Tax	(14 012)	2 181
	<u>(14 012)</u>	<u>69 881</u>

7b Tax Paid

Balance at beginning of the period	(38 145)	(66 917)
Current tax for the year	-	(67 700)
Balance at end of the year	<u>(57 640)</u>	<u>38 145</u>
	<u>(95 785)</u>	<u>(96 472)</u>

Note: 2006 - A Correction of Error adjustment was made to Deferred Tax in the amount of R 32 924 - refer to Note 36.

8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

232 230 523	134 251 393
170 210 124	85 469 969
62 020 399	48 781 424
10 637 842	17 174 319
<u>242 868 365</u>	<u>151 425 714</u>
242 868 365	151 425 714

Conditional Grants from Government

	134 251 393	232 230 523
National Grants	85 469 969	170 210 124
Provincial Grants and Subsidies	48 781 424	62 020 399
Other Conditional Receipts	17 811 037	11 233 879
Total Conditional Grants and Subsidies	<u>152 062 432</u>	<u>243 464 402</u>

Amount received and invested until utilised (Note 11)	<u>152 062 432</u>	<u>243 464 402</u>
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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.

9 VAT

<u>17 412 465</u>	<u>29 173 866</u>
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Vat Receivable	<u>28 980 806</u>	<u>17 481 045</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 2008

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Heritage R	Community R	Other R	Total R
Carrying Values at 01 July 2007	210 472 306	958 129 068	559 356	81 006 629	272 162 055	1 522 329 414
Cost	24 443 388	1 653 915 915	559 356	115 268 529	316 670 753	2 110 857 941
Correction of Error	-	-	-	-	3 945 428	3 945 428
Reclassification of Assets	6 878 952	(3 685 418)	-	(4 805 629)	1 612 095	-
Capital Under Construction	1 598 678	120 064 375	-	11 111 806	14 646 940	147 421 799
Revaluation	334 682 168	1 654 919	-	8 759 960	-	345 097 047
BCDA	-	-	-	-	296 917	296 917
Accumulated Depreciation	(157 130 880)	(813 820 723)	-	(49 328 037)	(65 010 078)	(1 085 289 718)
- Cost	(3 652 621)	(816 309 883)	-	(47 647 308)	(60 300 014)	(927 909 826)
- Correction of Error	-	-	-	-	(1 938 911)	(1 938 911)
- Reclassification of Assets	(187 954)	2 665 040	-	193 188	(2 670 274)	-
- BCDA	-	-	-	-	(100 879)	(100 879)
- Revaluation	(153 290 305)	(175 880)	-	(1 873 917)	-	(155 340 102)
Acquisitions / Write-Ons	1 334 123	5 314 697 561	3 524 502	27 259 993	205 942 235	5 552 758 414
- Cost	1 334 123	5 314 697 561	3 524 502	27 259 993	330 404 566	5 677 220 745
- BCDA	-	-	-	-	19 383	19 383
- Accumulated Depreciation	-	-	-	-	(124 481 714)	(124 481 714)
Capital Under Construction	7 355 524	145 395 500	-	(201 685)	(7 265 304)	145 284 035
- Current Year	8 689 647	184 911 126	-	7 830 180	3 620 968	205 051 921
- Capitalised	(1 334 123)	(39 515 626)	-	(8 031 865)	(10 886 272)	(59 767 886)
Increases / Decreases in Revaluation	-	-	-	-	-	-
Depreciation	(7 073 631)	(79 555 257)	-	(3 080 393)	(19 788 870)	(109 498 151)
- Based on Cost	(622 444)	(79 555 257)	-	(3 080 393)	(19 722 611)	(102 980 705)
- BCDA	-	-	-	-	(66 259)	(66 259)
- Based on Revaluation	(6 451 187)	-	-	-	-	(6 451 187)
Carrying Value of Disposals / Write-Offs	(92 115)	(383 301 831)	(559 356)	(2 781 481)	(136 318 119)	(523 052 902)
- Cost	(92 115)	(1 206 545 348)	(559 356)	(6 079 710)	(190 506 688)	(1 403 783 217)
- Accumulated Depreciation	-	823 243 517	-	3 298 229	54 188 569	880 730 315
Impairment Losses	-	-	-	-	-	-
Carrying Values at 30 June 2008	211 996 207	5 955 365 041	3 524 502	102 203 063	314 731 997	6 587 820 809
Cost	32 564 348	5 758 382 710	3 524 502	131 643 183	462 126 154	6 388 240 897
Capital Under Construction	8 954 202	265 459 875	-	10 910 121	7 381 636	292 705 834
Revaluation	334 682 168	1 654 919	-	8 759 960	-	345 097 047
BCDA	-	-	-	-	316 300	316 300
Accumulated Depreciation	(164 204 511)	(70 132 463)	-	(49 110 201)	(155 092 093)	(438 539 268)
- Cost	(4 463 019)	(69 956 583)	-	(47 236 284)	(154 924 955)	(276 580 841)
- BCDA	-	-	-	-	(167 138)	(167 138)
- Revaluation	(159 741 492)	(175 880)	-	(1 873 917)	-	(161 791 289)

Property, Plant and Equipment Acquisitions / Write-Ons

	Land and Buildings R	Infrastructure R	Heritage R	Community R	Other R	Total R
PPE purchased	-	36 961 030	355 382	7 540 547	42 630 851	87 487 810
Sewerage assets take-on 2007 adjustment	-	696 360 810	-	-	-	696 360 810
Adjustments	-	-	-	-	55 352 425	55 352 425
Work in Progress 2006 capitalised	1 334 123	39 515 625	-	8 031 865	10 886 274	59 767 887
Landfill sites	-	-	-	-	6 382 327	6 382 327
Assets identified Taken On 2008	-	4 541 860 096	3 169 120	11 687 581	215 152 688	4 771 869 486
- Electricity	-	1 438 093 416	-	-	-	-
- Water	-	1 297 143 030	-	-	-	-
- Roads & Stormwater	-	1 806 623 650	-	-	-	-
Total assets added on	1 334 123	5 314 697 561	3 524 502	27 259 993	330 404 565	5 677 220 745

Note: A correction of Error adjustment was made to PPE - other i.r.o. BCDA in the amount of R 4 103 - refer to Note 36.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

INTANGIBLE ASSETS

30 June 2008

Class of Intangible Assets	Definite or Indefinite	Useful Life or Amortisation Rate	Amortisation Method Used	If Indefinite the reasons supporting the classification as Indefinite
Other Intangible Assets: Computer Software	Definite	3 years	Straight Line	N/A
Internally Generated Intangible Assets: Computer Software	Definite	3 years	Straight Line	N/A

Reconciliation of Carrying Value	Computer Software R	R	R	R	R	Total R
Carrying Values at 01 July 2007	6 302 574	-	-	-	-	6 302 574
Assets - Finite	22 528 315	-	-	-	-	22 528 315
Assets - Infinite	-	-	-	-	-	-
Capital Under Construction	275 001	-	-	-	-	275 001
Accumulated Amortisation	(16 500 742)	-	-	-	-	(16 500 742)
Acquisitions	304 841	-	-	-	-	304 841
- Internally Developed	275 001	-	-	-	-	275 001
- Purchased	29 840	-	-	-	-	29 840
Capital Under Construction	3 936 220	-	-	-	-	3 936 220
- Current Year	4 211 221	-	-	-	-	4 211 221
- Capitalised	(275 001)	-	-	-	-	(275 001)
Amortisation	(3 041 934)	-	-	-	-	(3 041 934)
- Internally Developed	-	-	-	-	-	-
- Purchased	(3 041 934)	-	-	-	-	(3 041 934)
Carrying Values at 30 June 2008	7 501 701	-	-	-	-	7 501 701
Assets - Finite	22 833 156	-	-	-	-	22 833 156
Assets - Infinite	-	-	-	-	-	-
Capital Under Construction	4 211 221	-	-	-	-	4 211 221
Accumulated Amortisation	(19 542 676)	-	-	-	-	(19 542 676)

In terms of the exemption granted in Gazette No. 30013 Buffalo City Municipality has only recognised computer software as Intangible Assets in the 2007/08 financial year.

AGRICULTURAL ASSETS

30 June 2008

Reconciliation of Carrying Value	Agricultural Assets R	R	R	R	R	Total R
Values at 01 July 2007	974 150	-	-	-	-	974 150
Valuation	974 150	-	-	-	-	974 150
Valuation Increase / Decrease	77 350	-	-	-	-	77 350
Values at 30 June 2008	1 051 500	-	-	-	-	1 051 500
Valuation	1 051 500	-	-	-	-	1 051 500

Only biological assets were identified and recorded as Buffalo City Municipality does not own any other Agricultural Assets. Valuations are performed by knowledgeable persons in the relevant markets using assumptions based on market values for the relevant biological assets at each financial year end and any differences are adjusted to Accumulated Surplus. As these biological assets are kept for exhibition purposes only there is no market risk involved and financial risks regarding these assets are restricted to replacing the biological assets as a result of normal animal and related diseases. No event occurred to an agricultural activity as a result of climatic, disease and other natural risks that gave rise to a material item of income or expenditure.

Buffalo City Municipality has itemised all infrastructure, community and other assets and has calculated accumulated depreciation. During 2007/08 all infrastructure, community and other assets with the exception of sanitation assets were identified and taken-on at depreciated replacement or fair value where applicable. Infrastructure, community and other assets taken on at 30 June 2008 have not been depreciated according to asset componentisation. The global assets written out were depreciated for 2007/08 on an averaging basis whereby an average useful life has been estimated for each category of infrastructure, community and other assets using global historical costs recorded in the accounting records. Furthermore, in terms of the exemptions published in Gazette 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. Conditional assessments of infrastructure, community and other assets were performed when these assets were taken on.

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 be accounted for once all properties and the usage thereof have been identified and determined, which will take place during 2008/09.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Heritage	Community	Other	Total
	R	R	R	R	R	R
Carrying Values at 01 July 2006	216 332 182	610 979 438	-	68 298 050	113 463 663	1 009 073 333
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
Accumulated Depreciation	(139 700 954)	(890 228 797)	-	(46 435 639)	(40 987 481)	(1 117 352 871)
- Cost	(3 164 927)	(890 099 941)	-	(44 650 176)	(40 987 481)	(978 902 525)
- Revaluation	(136 536 027)	(128 856)	-	(1 785 463)	-	(138 450 346)
Acquisitions / Write-Ons	3 595 510	477 765 389	559 356	9 294 800	165 729 572	656 944 627
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)	(19 411 143)	(97 948 751)
- 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)
Carrying Value of Disposals / Write-Offs	-	-	-	-	(223 013)	(104 238 190)
- Cost	(607 854)	(235 360 407)	-	-	(321 623)	(236 289 884)
- Accumulated Depreciation	8 643	131 944 441	-	-	98 610	132 051 694
Impairment Losses	-	-	-	-	-	-
Carrying Values at 30 June 2007	203 781 308	959 149 446	559 356	85 619 070	273 024 196	1 522 133 376
Cost	24 443 388	1 653 915 915	559 356	115 268 529	316 670 753	2 110 857 941
Correction of Error	-	-	-	-	3 945 428	3 945 428
Capital Under Construction	1 598 678	120 064 375	-	11 111 806	14 646 940	147 421 799
Revaluation	334 682 168	1 654 919	-	8 759 960	-	345 097 047
Accumulated Depreciation	(156 942 926)	(816 485 763)	-	(49 521 225)	(62 238 925)	(1 085 188 839)
- Cost	(3 652 621)	(816 309 883)	-	(47 647 308)	(60 300 014)	(927 909 826)
- Correction of Error	-	-	-	-	(1 938 911)	(1 938 911)
- Revaluation	(153 290 305)	(175 880)	-	(1 873 917)	-	(155 340 102)

INTANGIBLE ASSETS

30 June 2007

Reconciliation of Carrying Value	Computer Software	R	R	R	R	Total
	R					R
Carrying Values at 01 July 2006	3 805 257	-	-	-	-	3 805 257
Assets - Finite	17 858 504	-	-	-	-	17 858 504
Assets - Infinite	-	-	-	-	-	-
Capital Under Construction	-	-	-	-	-	-
Accumulated Amortisation	(14 053 247)	-	-	-	-	(14 053 247)
Acquisitions	4 669 811	-	-	-	-	4 669 811
- Internally Developed	-	-	-	-	-	-
- Purchased	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)
- Internally Developed	(442 847)	-	-	-	-	(442 847)
- Purchased	(2 004 648)	-	-	-	-	(2 004 648)
Carrying Values at 30 June 2007	6 302 574	-	-	-	-	6 302 574
Assets - Finite	22 528 315	-	-	-	-	22 528 315
Assets - Infinite	-	-	-	-	-	-
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 2006/07.

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10 PROPERTY, PLANT AND EQUIPMENT (cont.)

AGRICULTURAL ASSETS

30 June 2007

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

Property, Plant and Equipment Acquisitions / Write-Ons

PPE purchased	124 903 471
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>656 944 627</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>

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.

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
13 INVENTORY			
9 984 164	12 206 312	12 206 312	9 984 164
195 171	168 459	168 459	195 171
411 984	1 032 820	1 032 820	411 984
423 466	856 933	856 933	423 466
5 729 830	9 773 565	9 773 565	5 729 830
7 745 610	9 309 991	9 309 991	7 745 610
543 808	1 300 306	1 300 306	543 808
25 034 033	34 648 386	34 648 386	25 034 033
(234 706)	(508 116)	(508 116)	(234 706)
24 799 327	34 140 270	34 140 270	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 2008. Stock of water on hand has therefore been recognised and disclosed for the 2006/07 and 2007/08 financial years.

Inventory is net of specific provisions for obsolescence.

Stock to the value of R234 706 was deemed to be redundant or obsolete and was written off during the 2007/08 financial year.

14 CONSUMER DEBTORS

MUNICIPALITY AND ECONOMIC ENTITY

As at 30 June 2008

Service Debtors
Rates
Cleansing
Electricity
Sewerage
Water
Housing Rentals
Sub - Total
Sundry Debtors
Total

Gross Balances	Provision for Bad Debts	Net Balance
474 946 136	(203 450 952)	271 495 184
109 243 095	(3 904 498)	105 338 597
86 821 051	(52 783 505)	34 037 546
68 117 944	(34 228 799)	33 889 145
76 637 556	(39 760 617)	36 876 939
134 126 490	(72 773 533)	61 352 957
1 488 905	(729 763)	759 142
476 435 041	(204 180 715)	272 254 326
69 668 347	(37 790 762)	31 877 585
546 103 388	(241 971 477)	304 131 911

As at 30 June 2007

Service Debtors
Rates
Cleansing
Electricity
Sewerage
Water
Housing Rentals
Sub - Total
Sundry Debtors
Total

437 644 953	(167 326 597)	270 318 356
99 699 410	(3 067 401)	96 632 009
77 802 376	(37 816 021)	39 986 355
68 230 804	(33 809 262)	34 421 542
67 337 319	(32 729 456)	34 607 863
124 575 044	(59 904 457)	64 670 587
1 537 590	(747 349)	790 241
439 182 543	(168 073 946)	271 108 597
64 001 237	(31 107 946)	32 893 291
503 183 780	(199 181 892)	304 001 888

BUFFALO CITY MUNICIPALITY	
2007	2008
R	R
26 264 877	26 189 151
4 462 832	6 158 027
3 504 314	4 853 761
2 795 758	2 767 332
20 127 417	22 521 649
42 544 212	46 753 175
99 699 410	109 243 095

Rates: Ageing

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
91 - 120 Days
121 - 365 Days
+ 365 Days
Total

ECONOMIC ENTITY	
2008	2007
R	R
26 189 151	26 264 877
6 158 027	4 462 832
4 853 761	3 504 314
2 767 332	2 795 758
22 521 649	20 127 417
46 753 175	42 544 212
109 243 095	99 699 410

Cleansing, Electricity, Sewerage & Water: Ageing

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
91 - 120 Days
121 - 365 Days
+ 365 Days
Total

99 543 561	107 748 546
12 800 190	15 979 518
8 038 759	12 397 429
8 093 640	7 249 143
51 149 215	53 539 310
158 320 178	168 789 095
337 945 543	365 703 041

107 748 546	99 543 561
15 979 518	12 800 190
12 397 429	8 038 759
7 249 143	8 093 640
53 539 310	51 149 215
168 789 095	158 320 178
365 703 041	337 945 543

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
884 928	715 184	715 184	884 928
29 947	40 274	40 274	29 947
31 312	34 004	34 004	31 312
29 817	19 772	19 772	29 817
258 095	181 382	181 382	258 095
303 491	498 289	498 289	303 491
1 537 590	1 488 905	1 488 905	1 537 590
Housing Debtors: Ageing			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Total			
Sundries: Ageing			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Total			
Grand Total: Ageing			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Total			

Summary of Debtors by Customer Classification	MUNICIPALITY AND ECONOMIC ENTITY				
	Consumers	Industrial/ Commercial	National and Provincial Gov	Other	Total
30 June 2008	R	R	R	R	R
Current (0 – 30 days)	79 626 240	56 046 223	4 330 202	4 585 645	144 588 310
31 - 60 Days	18 092 463	3 597 955	802 543	2 113 084	24 606 045
61 - 90 Days	14 930 652	2 075 641	865 745	2 032 538	19 904 576
91 - 120 Days	8 822 563	1 608 618	213 743	1 397 265	12 042 189
121 - 365 Days	69 095 463	12 610 494	1 912 269	7 756 118	91 374 344
+ 365 Days	218 820 288	26 075 537	742 454	7 949 645	253 587 924
Sub-Total	409 387 669	102 014 468	8 866 956	25 834 295	546 103 388
Less: Provision for Bad Debts	(176 880 720)	(53 971 978)	-	(11 118 779)	(241 971 477)
Total Debtors by Customer Classification	232 506 949	48 042 490	8 866 956	14 715 516	304 131 911
30 June 2007	R	R	R	R	R
Current (0 – 30 days)	76 271 779	50 807 468	3 864 288	3 902 514	134 846 049
31 - 60 Days	12 029 292	6 853 031	1 278 593	1 657 662	21 818 578
61 - 90 Days	8 955 805	2 563 035	440 370	1 154 289	13 113 499
91 - 120 Days	8 091 974	2 386 317	757 174	1 226 302	12 461 767
121 - 365 Days	62 709 114	13 836 524	1 370 549	5 950 570	83 866 757
+ 365 Days	193 526 257	33 884 564	828 346	8 837 964	237 077 131
Sub-Total	361 584 221	110 330 939	8 539 320	22 729 301	503 183 781
Less: Provision for Bad Debts	(145 601 609)	(44 427 719)	-	(9 152 564)	(199 181 892)
Total Debtors by Customer Classification	215 982 612	65 903 220	8 539 320	13 576 737	304 001 888

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
201 440 870	199 181 892	199 181 892	201 440 870
(2 258 978)	69 985 338	69 985 338	(2 258 978)
-	26 848	26 848	-
-	(27 222 601)	(27 222 601)	-
199 181 892	241 971 477	241 971 477	199 181 892
Bad Debt Provision			
Balance at beginning of year			
Contributions			
Other income			
Bad debt written off			
Balance at the end of the year			
Bad Debts			
Contribution to the bad debt provision from the operating account			
Bad debt written off against the operating account-consumers			
Bad debt written off against the operating account-other			

Amounts totaling R27 222 601 (2006/07 : R63 183 457) were written off as bad debts against the bad debt provision. This represents 1,36% (2006/07 : 3,36%) 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2007	2008		2008	2007
R	R		R	R
15 OTHER DEBTORS				
4 368 565	4 660 386	Sundry Debtors	4 660 386	4 368 565
9 109 093	23 686 188	Accrued Income	23 686 188	9 109 093
952 621	993 254	Land Sale Debtors	993 254	952 621
38 040 256	41 033 452	Lease Debtors	41 033 452	38 040 256
-	-	BCDA	716	235
<u>52 470 535</u>	<u>70 373 280</u>	Total Other Debtors	<u>70 373 996</u>	<u>52 470 770</u>
<p>Note: 2007 - A Change in Accounting Policy adjustment was made to Other Debtors in the amount of R 38 040 256 - refer to Note 36.</p> <p>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.</p>				
16 BANK, CASH AND OVERDRAFT BALANCES				
The Municipality has the following bank accounts:				
<u>Current Account (Primary Bank Account)</u>				
Account Number: 521 201 117 44				
Account Number: 081 221 495				
First National Bank / Standard Bank				
Oxford Street				
East London				
49 224 704	231 338 901	Cashbook balance at the beginning of the year	231 338 901	49 224 704
<u>231 338 901</u>	<u>78 248 742</u>	Cashbook balance at the end of the year	<u>78 248 742</u>	<u>231 338 901</u>
109 141 105	300 128 298	Bank statement balance at the beginning of the year	300 128 298	109 141 105
<u>300 128 298</u>	<u>122 622 759</u>	Bank statement balance at the end of the year	<u>122 622 759</u>	<u>300 128 298</u>
<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				
1 210	838 642	Cashbook balance at the beginning of the year	838 642	1 210
<u>838 642</u>	<u>1 474 866</u>	Cashbook balance at the end of the year	<u>1 474 866</u>	<u>838 642</u>
19 674	840 344	Bank statement balance at the beginning of the year	840 344	19 674
<u>840 344</u>	<u>1 474 866</u>	Bank statement balance at the end of the year	<u>1 474 866</u>	<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				
792 217	132 876	Cashbook balance at the beginning of the year	132 876	792 217
<u>132 876</u>	<u>1 326 452</u>	Cashbook balance at the end of the year	<u>1 326 452</u>	<u>132 876</u>
792 217	132 876	Bank statement balance at the beginning of the year	132 876	792 217
<u>132 876</u>	<u>1 323 052</u>	Bank statement balance at the end of the year	<u>1 323 052</u>	<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				
1 343 249	1 375 514	Cashbook balance at the beginning of the year	1 375 514	1 343 249
<u>1 375 514</u>	<u>1 902 467</u>	Cashbook balance at the end of the year	<u>1 902 467</u>	<u>1 375 514</u>
539 380	-	Bank statement balance at the beginning of the year	-	539 380
<u>-</u>	<u>-</u>	Bank statement balance at the end of the year	<u>-</u>	<u>-</u>

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
Current Account (Market)			
Account Number: 521 201 778 89			
Account Number: 081 246 072			
First National Bank / Standard Bank			
Oxford Street			
East London			
(1 156 129)	(1 123 458)	(1 123 458)	(1 156 129)
<u>(1 123 458)</u>	<u>(1 178 254)</u>	<u>(1 178 254)</u>	<u>(1 123 458)</u>
878 174	331 227	331 227	878 174
<u>331 227</u>	<u>443 616</u>	<u>443 616</u>	<u>331 227</u>
Cashbook balance at the beginning of the year			
Cashbook balance at the end of the year - overdrawn			
Bank statement balance at the beginning of the year			
Bank statement balance at the end of the year - overdrawn			
The Municipal Entity have separate bank accounts which are aggregated below:-			
Current Account (BCDA)			
Account Number: 62098717899			
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			
Which are disclosed in the Statement of Financial Position as Follows:-			
50 205 251	232 562 475	232 586 688	50 268 197
<u>232 562 475</u>	<u>81 774 273</u>	<u>81 830 252</u>	<u>232 586 688</u>
396 807 642	525 846 174	527 102 300	397 931 426
<u>1 342 399</u>	<u>1 234 519</u>	<u>1 234 812</u>	<u>1 342 421</u>
<u>630 712 516</u>	<u>608 854 966</u>	<u>610 167 364</u>	<u>631 860 535</u>
Total Cash and Cash Equivalents			
17 PROPERTY RATES			
Actual			
155 272 077	173 393 899	173 393 899	155 272 077
111 529 555	122 094 659	122 094 659	111 529 555
25 587 693	27 363 349	27 363 349	25 587 693
<u>1 295 669</u>	<u>2 584 116</u>	<u>2 584 116</u>	<u>1 295 669</u>
<u>293 684 994</u>	<u>325 436 023</u>	<u>325 436 023</u>	<u>293 684 994</u>
Total Assessment Rates			
Valuations			
6 322 710 062	6 449 553 267	6 449 553 267	6 322 710 062
3 977 040 876	4 045 406 648	4 045 406 648	3 977 040 876
1 183 526 646	1 201 489 900	1 201 489 900	1 183 526 646
<u>252 913 775</u>	<u>256 644 045</u>	<u>256 644 045</u>	<u>252 913 775</u>
<u>11 736 191 359</u>	<u>11 953 093 860</u>	<u>11 953 093 860</u>	<u>11 736 191 359</u>
Total Property Valuations			

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, Amstole 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 2007. Ratepayers are also given an option of paying their rates monthly on application. Interest at a standard rate as amended from time to time, paid on any rate which remains unpaid after 30 September 2007, except in cases where the owner has applied to pay by installment.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2007	2008		2008	2007
R	R		R	R
18 SERVICE CHARGES				
118 266 107	126 656 010	Sewerage Charges	126 656 010	118 266 107
94 773 097	109 833 002	Cleansing Charges	109 833 002	94 773 097
429 228 488	465 986 401	Sale of Electricity	465 968 670	429 212 157
152 326 004	172 781 696	Sale of Water	172 781 696	152 326 004
2 171 530	2 678 473	Other	2 678 473	2 171 530
796 765 226	877 935 582	Total Service Charges	877 917 851	796 748 895
19 GOVERNMENT GRANTS AND SUBSIDIES				
Government Grants				
197 474 279	237 125 000	Equitable Share	237 125 000	197 474 279
1 470 266	1 580 838	BCMET Subsidy	1 580 838	1 470 266
1 408 016	3 796 047	DWAF	3 796 047	1 408 016
33 774 461	31 301 131	State Health Subsidy	31 301 131	33 774 461
1 944 339	1 550 624	MIG	1 550 624	1 944 339
-	3 864 041	Housing & Local Government (MURP)	3 864 041	-
-	3 900 000	Subsidy (Libraries)	3 900 000	-
236 071 361	283 117 681	Total Government Grants	283 117 681	236 071 361
236 071 361	283 117 681	Total Government Grants & Subsidies Received and Allocated as Income	283 117 681	236 071 361
241 245 228	288 773 815	Transferred from Conditional Grant Creditors (Appendix G)	290 417 056	242 902 989
-	4 692 696	Donated & Public Contributions (ELIDZ-Donation)	4 692 696	-
477 316 589	576 584 192	Total Conditional Grants, Subsidies and Donations reflected on the Statement of Financial Performance	578 227 433	478 974 350
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 received 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 reimbursed 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 2007/08.				
Conditions on the funding were complied with and no funds were withheld.				
20 OTHER INCOME				
9 765 018	12 499 065	Commission	12 489 065	9 765 018
3 109 079	2 943 437	Coupons & Clip Tickets	2 943 437	3 109 079
17 730 533	23 634 430	Fire Levy Charges	23 634 430	17 730 533
2 335 731	898 835	Insurance Recoveries	898 835	2 335 731
4 394 184	5 533 374	Plan Approval Fees	5 533 374	4 394 184
2 915 445	2 740 504	Scrap Sales	2 740 504	2 915 445
2 304 985	3 606 483	Service Connections - Electricity Supplies	3 606 483	2 304 985
4 947 527	5 554 566	Service Connections - Business	5 554 566	4 947 527
14 630 416	17 880 652	Vehicle Registration Commission	17 880 652	14 630 416
14 796 533	13 679 760	Other	13 739 958	14 867 570
76 929 451	88 971 106	Total Other Income	89 031 304	77 000 488

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2007	2008		2008	2007
R	R		R	R
21 GENERAL EXPENSES - OTHER				
17 627 960	26 897 119	Consultants Fees	26 897 119	17 627 960
6 738 442	5 711 049	Chemicals and Disinfectant	5 711 049	6 738 442
6 430 588	5 108 757	DWAF	5 108 757	6 430 588
23 509 750	26 875 915	Electricity Lighting Department Charges	26 875 915	23 509 750
7 514 910	8 878 124	Essential Users Cost	8 878 124	7 514 910
9 496 206	12 884 699	Fuel Oil	12 884 699	9 496 206
5 247 484	3 176 060	Hired Plant	3 176 060	5 247 484
11 789 303	9 967 538	Insurance	9 967 538	11 789 303
-	6 911 111	Levies	6 911 111	-
5 383 707	5 860 882	Licence Fee Department Charges	5 860 882	5 383 707
7 143 761	2 674 064	Machine Rental	2 674 064	7 143 761
-	6 265 567	Miscellaneous Stores & Materials	6 265 567	-
8 900 512	9 532 356	Pensions Payable	9 532 356	8 900 512
7 051 593	8 810 269	Petrol	8 810 269	7 051 593
64 299 618	76 661 679	Poor Relief	76 661 679	64 299 618
-	5 507 096	Printing and Stationery	5 507 096	-
8 778 285	7 743 420	Refuse Removal Department Charges	7 743 420	8 778 285
12 267 400	12 540 680	Security Guards	12 540 680	12 267 400
-	5 430 211	Service Connect-Business	5 430 211	-
8 600 432	7 512 538	Spares - Automotive	7 512 538	8 600 432
11 699 158	12 657 747	Telephones	12 657 747	11 699 158
114 015 428	129 996 079	Conditional Grant Expenditure	131 639 321	115 673 190
50 917 661	33 488 032	Housing & Local Government projects	33 488 032	50 917 661
31 016 088	42 457 159	Restructuring Grant Projects	42 457 159	31 016 088
32 081 679	54 050 888	Other projects	55 694 130	33 739 441
122 888 572	122 481 188	Other	121 005 752	121 851 261
459 383 110	520 084 148	Total General Expenses - Other	520 251 954	460 003 561

All categories exceeding R5 000 000 are stated separately.

22 EMPLOYEE RELATED COSTS				
429 426 984	473 462 218	Salaries and Wages	475 365 038	430 599 318
83 583 146	94 476 565	Social Contributions	94 476 565	83 583 146
513 010 130	567 938 783	Total Employee related costs	569 841 603	514 182 464
Remuneration of the Municipal Manager				
420 000	670 320	Basic Salary	670 320	420 000
280 000	446 880	Other	446 880	280 000
700 000	1 117 200	Total	1 117 200	700 000

(Note: No bonus was paid but provision of R 122 500 and R 156 408 were made for the 2006/07 and 2007/08 financial year's respectively.)

Remuneration of the Chief Financial Officer			
521 869	536 256	Annual Remuneration	536 256
348 888	357 504	Other	357 504
-	74 561	Performance Bonus (Paid i.r.o. 2006/07 financial year.)	74 561
870 757	968 321	Total	968 321

(Note: No bonus was paid but a provision of R 125 126 was made for the 2007/08 financial year.)

Remuneration of the Director of Corporate Services			
521 869	536 256	Annual Remuneration	536 256
352 220	357 504	Other	357 504
-	74 561	Performance Bonus (Paid i.r.o. 2006/07 financial year.)	74 561
874 089	968 321	Total	968 321

(Note: No bonus was paid but a provision of R 125 126 was made for the 2007/08 financial year.)

Remuneration of the Director of Engineering Services			
523 729	565 207	Annual Remuneration	565 207
353 459	376 805	Other	376 805
-	124 561	Performance Bonus (Paid i.r.o. 2006/07 financial year.)	124 561
877 188	1 066 573	Total	1 066 573

(Note: No bonus was paid but a provision of R 78 501 was made for the 2007/08 financial year.)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
Remuneration of the Director of Development Planning			
521 869	536 256	536 256	521 869
352 220	357 504	357 504	352 220
-	74 561	74 561	-
874 089	968 321	968 321	874 089
(Note: No bonus was paid but a provision of R 74 480 was made for the 2007/08 financial year.)			
Remuneration of the Director of Public Safety and Health			
162 000	536 256	536 256	162 000
127 297	357 504	357 504	127 297
-	24 423	24 423	-
289 297	918 183	918 183	289 297
(Note: No bonus was paid but a provision of R 125 126 was made for the 2007/08 financial year.)			
Remuneration of the Director of Community Services			
162 000	536 256	536 256	162 000
127 297	357 504	357 504	127 297
-	24 423	24 423	-
289 297	918 183	918 183	289 297
(Note: No bonus was paid but a provision of R 125 126 was made for the 2007/08 financial year.)			
Remuneration of the Director of Mayoral Office			
79 230	536 256	536 256	79 230
52 820	357 504	357 504	52 820
-	23 622	23 622	-
132 050	917 382	917 382	132 050
(Note: No bonus was paid but a provision of R 125 126 was made for the 2007/08 financial year.)			
Remuneration of the Special Advisor to Executive Mayor			
521 869	536 256	536 256	521 869
352 220	357 504	357 504	352 220
86 242	74 450	74 450	86 242
960 331	968 210	968 210	960 331
Remuneration of the Chief Executive Officer (BCDA)			
		650 667	481 552
		-	-
		-	-
		650 667	481 552
Remuneration of Senior Management (BCDA)			
		803 557	563 898
		-	-
		-	-
		803 557	563 898
23 REMUNERATION OF COUNCILLORS AND BOARD MEMBERS			
317 210	341 000	341 000	317 210
253 767	272 800	272 800	253 767
2 141 165	2 174 524	2 174 524	2 141 165
7 416 587	8 013 484	8 013 484	7 416 587
1 697 936	1 961 547	1 961 547	1 697 936
5 119 994	5 394 383	5 394 383	5 119 994
-	-	17 100	20 100
-	-	41 575	36 500
16 946 659	18 157 738	18 216 413	17 003 259
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. The Executive Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has one bodyguard and an official driver at the cost of Council.			

BUFFALO CITY MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2007	2008		2008	2007
R	R		R	R
		24 INTEREST PAID		
3 053 640	3 053 640	Stock Loans	3 053 640	3 053 640
41 573 409	66 267 987	Annuity Loans	66 267 987	41 573 409
839	-	Finance Loans	-	839
1 661 028	-	Other	-	1 661 028
-	352 566	Finance Leases	352 566	-
<u>46 288 916</u>	<u>69 674 193</u>	Total Interest on External Borrowings	<u>69 674 193</u>	<u>46 288 916</u>
		During the 2007/08 financial year, the total interest paid has increased due to the increased utilization of annuity loans. This is expected to increase in future on acquisition of budgeted capital infrastructure development.		
		25 BULK PURCHASES		
247 773 872	267 937 803	Electricity	267 937 803	247 773 872
72 104 638	90 795 230	Water	90 795 230	72 104 638
<u>319 878 510</u>	<u>358 733 033</u>	Total Bulk Purchases	<u>358 733 033</u>	<u>319 878 510</u>
		26 GRANTS AND SUBSIDIES PAID		
3 033 418	3 337 863	Grant in Lieu of Rates	3 337 863	3 033 418
465 661	887 850	Sundry Grants-in-Aid	887 850	465 661
<u>3 499 079</u>	<u>4 225 713</u>	Total Grants and Subsidies Paid	<u>4 225 713</u>	<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>9 696 555</u>	<u>7 357 982</u>	Traffic fines issued but not yet recovered at year end.	<u>7 357 982</u>	<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		
74 614 046	182 603 285	Net Surplus for the year	182 304 378	74 808 508
		Adjustment for:		
(1 315 706)	755 245	Equity accounted share of associate's deficit/(surplus)	755 245	(1 315 706)
1 852 029	-	Long term investment accounted for	-	-
100 396 246	112 473 827	Depreciation	112 540 086	100 458 245
(4 135 271)	(6 664 486)	Net gain on disposal of property, plant and equipment	(6 664 486)	(4 955 072)
5 673 062	9 898 257	Contributions to provisions	9 957 281	5 221 066
(38 397 035)	(81 030 891)	Investment Income	(81 030 891)	(38 539 372)
46 288 916	69 674 010	Interest Paid	69 674 010	46 288 916
7 936 000	10 742 000	Interest Discounted	10 742 000	7 936 000
1 834 000	2 976 000	Service costs post employment medical benefits	2 976 000	1 834 000
-	485 036	Impairment of investments	485 036	-
35 749 000	-	Actuarial losses in respect of post employment benefits	-	35 749 000
-	69 985 338	Bad Debt	69 985 338	63 183 457
<u>230 495 287</u>	<u>371 897 621</u>	Operating Surplus Before Working Capital Changes:	<u>371 723 997</u>	<u>290 669 042</u>
(7 717 263)	(9 614 353)	Increase in Inventories	(9 340 943)	(7 635 432)
81 831	273 410	Increase in Provision for Obsolete Stock	-	-
(5 331 836)	(42 919 608)	Increase in Service Debtors	(42 919 608)	(68 488 060)
27 234	-	Decrease in Bad Debt Provision	-	-
2 734 670	(45 098 497)	Increase/(Decrease) in Other Debtors	(45 098 979)	2 737 242
-	-	Increase in Taxation	(95 785)	(28 772)
20 771 655	71 261 443	Increase in Creditors	71 331 815	20 817 828
4 563 751	(11 761 401)	Increase/(Decrease) in VAT	(11 377 237)	4 602 472
<u>15 130 042</u>	<u>(37 859 005)</u>	Working Capital Changes	<u>(37 500 737)</u>	<u>(47 994 722)</u>
<u>245 625 329</u>	<u>334 038 615</u>	Cash Generated from Operations	<u>334 223 260</u>	<u>242 674 321</u>

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
29 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:			
233 904 874	83 008 792	83 065 064	233 929 109
396 807 642	525 846 174	527 102 300	397 931 426
630 712 516	608 854 966	610 167 364	631 860 535
<p>Note: 2007 - A Correction of Error adjustment was made to call investments deposits in the amount of R 324 035 - refer to Note 36.</p>			
30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION			
98 011 654	62 542 938	62 542 938	98 011 654
-	1 565 218	1 565 218	-
(98 011 654)	(64 108 156)	(64 108 156)	(98 011 654)
9 918 843	2 201 454	2 201 454	9 918 843
<p>A R 250 000 000 facility for the Capital Development Programme (CAP) was raised during the 2006/07 financial year. During the 2007/08 financial year R 53 315 158 (R 99 974 340: 2006/07) has been claimed from the Development Bank of Southern Africa (DBSA).</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>			
2 403 838	2 358 352	2 358 352	2 403 838
(2 403 838)	(2 358 352)	(2 358 352)	(2 403 838)
-	-	-	-
<u>Contributions to SA Cities Network</u>			
199 650	219 615	219 615	199 650
(199 650)	(219 615)	(219 615)	(199 650)
-	-	-	-
<u>Audit Fees</u>			
2 101 956	2 826 245	2 921 604	2 189 997
(2 101 956)	(2 826 245)	(2 835 604)	(2 189 997)
-	-	-	-
<u>PAYE and UIF</u>			
60 524 928	65 491 943	65 491 943	60 524 928
(60 524 928)	(65 491 943)	(65 491 943)	(60 524 928)
-	-	-	-
<u>Pension and Medical Aid Deductions</u>			
120 401 203	136 804 595	136 804 595	120 401 203
(120 401 203)	(136 804 595)	(136 804 595)	(120 401 203)
-	-	-	-
<u>Councillor's Arrear Consumer Accounts</u>			

Arrear accounts totalling R1 738 were outstanding at 30 June 2008 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 2008

BUFFALO CITY MUNICIPALITY		ECONOMIC ENTITY	
2007	2008	2008	2007
R	R	R	R
32 CAPITAL COMMITMENTS			
Commitments in respect of capital expenditure:			
- Approved and Contracted for			
81 764 552	16 540 796	16 540 796	81 764 552
3 268 311	19 583 951	19 583 951	3 268 311
3 609 378	11 910 567	11 910 567	3 609 378
88 642 241	48 035 314	48 035 314	88 642 241
- Approved but not yet Contracted for			
156 137 358	547 887 444	547 887 444	156 137 358
24 701 168	220 703 577	220 703 577	24 701 168
102 847 728	85 462 612	85 462 612	102 847 728
283 686 254	854 053 633	854 053 633	283 686 254
372 328 495	902 088 947	902 088 947	372 328 495
Total Commitments			
This expenditure will be financed from:			
- External Loans			
102 157 536	387 368 732	387 368 732	102 157 536
201 189 474	448 137 891	448 137 891	201 189 474
68 981 485	66 582 324	66 582 324	68 981 485
372 328 495	902 088 947	902 088 947	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

796 476	743 676	743 676	796 476
796 476	743 676	743 676	796 476

Guarantees by the Council in respect of building society and commercial bank housing loans for officials.

Alleged assault and unlawful arrest and detention by a Traffic Officer. Possible claim of approximately R1.2 million. Council is defending the claim.

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.

Cancellation of a contract by Mtha Building Contractor/ Joe Angaviwe JV in the amount of R14 million. Council is defending this matter.

Improvement claim of approximately R2.6 million by Van Loggenberg for improvements not authorised at Bridle Drift Dam. Council is disputing the matter.

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 Ikuasan 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.

BCDA has been cited as a first respondent in a court case brought by an unsuccessful bidder over the decision to award the tender for the sale and development of Marina Glen "A" site, which was awarded in June 2007. The legal representative has stated that by they are not in a position to speculate the outcome of the case but, nevertheless, is of the opinion that the agency has a reasonable prospect of success.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY			ECONOMIC ENTITY	
2007	2008		2008	2007
R	R		R	R
36.2 CHANGE IN ACCOUNTING POLICY				
202 292		Straight lining of leases - BCM the Lessor - monthly income leases - 2007		202 292
37 837 964		Straight lining of leases - BCM the Lessor - annual income leases - 2007		37 837 964
<u>38 040 256</u>		Net Effect on Accumulated Surplus		<u>38 040 256</u>
Buffalo City Municipality obtained approval from National Treasury for the early adoption of IAS 17 regarding straight lining of operational leases.				
37 INVESTMENT IN ASSOCIATE				
Buffalo City Municipality holds 26% of the issued share capital in East London Industrial Development Zone (Pty) Ltd.				
5 172 373	3 193 046	Opening balance of carrying value	3 193 046	5 172 373
1 315 706	(755 245)	Share of retained (loss) / profit on the equity method for the period	(755 245)	1 315 706
(2 411 057)	-	Adjustment- Retained income 2005/06 financial year - refer to Note 36	-	(2 411 057)
(883 716)	-	Adjustment- Retained income 2006/07 financial year - refer to Note 36	-	(883 716)
(260)	-	Adjustment- Issued shares duplicated - refer to Note 36	-	(260)
<u>3 193 046</u>	<u>2 437 801</u>	Closing balance of carrying value	<u>2 437 801</u>	<u>3 193 046</u>
Investment carrying value is made up as follows:				
260	260	26% of issued shares (26 000 shares at R0,01 each)	260	260
3 192 786	2 437 541	26% of retained portion of IDZ profit	2 437 541	3 192 786
<u>3 193 046</u>	<u>2 437 801</u>	Market value and Council's valuation of this investment	<u>2 437 801</u>	<u>3 193 046</u>
<u>3 193 046</u>	<u>2 437 801</u>		<u>2 437 801</u>	<u>3 193 046</u>
31/03/2008	30/06/2008	Summary of IDZ Financial Information:	30/06/2008	31/03/2008
(9 372 207)	(9 376 155)	Equity	(9 376 155)	(9 372 207)
(852 909 482)	(941 621 942)	Liabilities	(941 621 942)	(852 909 482)
<u>(862 281 689)</u>	<u>(950 998 097)</u>	Total Equity and Liabilities	<u>(950 998 097)</u>	<u>(862 281 689)</u>
<u>862 281 689</u>	<u>950 998 097</u>	Total Assets	<u>950 998 097</u>	<u>862 281 689</u>

The Financial Statements of IDZ are prepared for the accounting period 01 April 2007 to 31 March 2008 and interim results for the quarter ending 30 June 2008 are also prepared.

No loans were made to or received from the associate.

No shares were sold during the period.

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 2008, 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 R 997 693 (VAT inclusive) to the development agency during the current financial year (2006/07: R1 000 000 (VAT inclusive)).

BCDA has paid consumer accounts of R17 731 during the current financial year (2006/07: R16 331).

There is no outstanding balances to BCM from BCDA or visa versa at 30 June 2008

All Councillors and Employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

BUFFALO CITY MUNICIPALITY
2007
R

2008
R

ECONOMIC ENTITY
2008
R

2007
R

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, the disclosure of water stock on hand, straight lining leases and rental income and payments and post retirement employee benefits.

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

- Recapitalising the value of Property assets.
- Identifying and accounting for Investment assets.
- Identifying and accounting for Intangible assets.
- Determination of risk (credit and interest).
- Impairment.
- Classification and valuation of Financial Instruments.

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 LEASES

Municipality as Lessee					Municipality as Lessor	
19 736 625	15 617 512				16 536 972	20 182 627
Operating leases						
The future minimum lease payments are as follows:						
4 881 500	5 031 322				5 260 075	5 090 050
14 855 125	10 586 190				11 276 897	15 092 577
-	-				-	-
<u>19 736 625</u>	<u>15 617 512</u>				<u>16 536 972</u>	<u>20 182 627</u>
Finance leases					266 190	-
		Nominal	Discounted	Future Finance		
		Payments	Payments	Liability		
-	111 882	1 710 712	1 598 830	111 882	111 882	-
-	154 275	1 353 939	1 199 664	154 275	154 275	-
-	33	1 755	1 722	33	33	-
<u>-</u>	<u>266 190</u>	<u>3 066 406</u>	<u>2 800 216</u>	<u>266 190</u>	<u>266 190</u>	<u>-</u>
Contingent rent for the year					213 246	-
					<u>213 246</u>	<u>-</u>
Operating leases					-	-
					1 110 150	1 003 145
1 003 145	1 110 150				3 670 168	3 841 196
3 841 196	3 670 168				162 451 386	163 390 508
163 390 508	162 451 386				<u>167 231 704</u>	<u>168 234 849</u>
<u>168 234 849</u>	<u>167 231 704</u>				<u>167 231 704</u>	<u>168 234 849</u>

42 RISK MANAGEMENT

42.1 Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity through an ongoing review of future commitments and credit facilities. Stringent cash management procedures are in place. These include cash flow forecasting.

42.2 Interest rate risk

Deposits attract interest at a rate that varies according to the prime banking rate. The Municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account. An investment policy is strictly adhered to.

42.3 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with the five major banks which have an equity above R 6 billion with good credit rating. The Municipality also limits exposure according to a pre determined formula as per the investment policy. Consumer debtors comprise a widespread customer base. Management evaluates credit risk relating to consumers on an ongoing basis as per the credit control policy.

BUFFALO CITY MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2008 (MUNICIPALITY AND ECONOMIC ENTITY)

EXTERNAL LOANS							Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
Issued	Loan No.	Redeemable	Balance at 30/06/2007	Received during the year	Redeemed / written off during the year	Balance at 30/06/2008		
			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	-	-
1990 @ 17.05%	73	31/12/2011	10 000 000	-	-	10 000 000	-	-
1990 @ 17.90%	5/90	30/06/2010	160 000	-	-	160 000	-	-
Total Local Registered Stock			18 160 000	-	-	18 160 000	-	-
<u>Annuity Loans</u>								
2020 @ 13.95%	INCA	30/06/2020	119 193 993	8 245 449	13 128 263	114 311 179	-	-
2001 @ 10.83%	13717-DBSA	30/06/2021	64 655 315	-	9 918 473	54 736 842	-	-
2002 @ 11.40%	100124-DBSA	30/06/2023	150 906 776	-	13 048 973	137 857 803	-	-
2004 @ 10.15%	100783-DBSA	30/06/2009	6 164 421	-	164 421	6 000 000	-	-
2004 @ 12.56%	101058-DBSA	31/12/2023	58 558 867	-	5 041 698	53 517 169	-	-
1977 @ 13.00%	SAN 1	30/09/2007	10 306	-	10 306	-	-	-
Annuity Loans carried forward			399 489 678	8 245 449	41 312 134	366 422 993	-	-

**BUFFALO CITY MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2008 (MUNICIPALITY AND ECONOMIC ENTITY)**

EXTERNAL LOANS								
Issued	Loan No.	Redeemable	Balance at 30/06/2007 R	during the year R	written off during the year R	Balance at 30/06/2008 R	of Property, Plant & Equipment R	in accordance with MFMA R
Annuity Loans brought forward			399 489 678	8 245 449	41 312 134	366 422 993	-	-
1978 @ 13.00%	CJPF 4	30/06/2009	30 883	9 113	39 996	-	-	-
1980 @ 9.50%	CJPF 5	30/06/2005	32 503	16 962	32 460	17 005	-	-
2007 @ 9.80%	102531-DBSA	VARIOUS	99 974 340	54 271 414	4 031 946	150 213 808	-	-
Total Annuity Loans			499 527 404	62 542 938	45 416 536	516 653 806	-	-
<u>Financial Leases :</u>								
Various	Various	Various	2 300 240	1 565 218	1 251 174	2 614 284	-	-
Total Financial Leases			2 300 240	1 565 218	1 251 174	2 614 284	-	-
Total External Loans			519 987 644	64 108 156	46 667 710	537 428 090	-	-

BUFFALO CITY MUNICIPALITY
APPENDIX B(i)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	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	106 492 360	-	-	-	(92 115)	106 400 245	-	-	-	-	106 400 245
Buildings	261 110 826	1 334 123	(1 334 123)	8 689 647	-	269 800 473	157 130 880	7 073 631	-	164 204 511	105 595 962
Total Land and Buildings	367 603 186	1 334 123	(1 334 123)	8 689 647	(92 115)	376 200 718	157 130 880	7 073 631	-	164 204 511	211 996 207
INFRASTRUCTURE ASSETS											
Electricity											
Festive Lighting	508 726	1 479 532	-	-	-	1 988 258	212 929	75 872	-	288 801	1 699 457
High Mast Lighting	785 151	-	-	500 000	-	1 285 151	39 258	78 515	-	117 773	1 167 378
Load Control Equipment	373 613	7 736 378	-	-	(373 613)	7 736 378	304 593	3 539	(308 132)	-	7 736 378
Low Voltage Network	-	250 433 706	-	4 584 518	-	255 018 224	-	-	-	-	255 018 224
Mains	46 958 469	-	-	-	(46 958 469)	-	28 085 037	1 306 794	(29 391 831)	-	-
Meters	21 286 516	-	-	-	-	21 286 516	12 131 406	665 625	-	12 797 031	8 489 485
Substations	47 798 211	196 301 080	-	15 645 061	(47 798 211)	211 946 141	20 811 953	1 500 030	(22 311 983)	-	211 946 141
Supply and Reticulation	251 994 268	537 864 389	(6 476 651)	14 478 559	(244 454 884)	553 405 681	130 149 863	8 010 879	(138 160 742)	-	553 405 681
Switchgear Equipment	4 228 486	195 905 180	-	9 089 078	(4 228 486)	204 994 258	105 712	211 424	(317 136)	-	204 994 258
Switchhouses	-	53 254 161	-	-	-	53 254 161	-	-	-	-	53 254 161
Switchyards	-	63 906 870	-	-	-	63 906 870	-	-	-	-	63 906 870
Transformer Kiosks	3 886 620	139 541 946	-	1 527 943	(3 886 620)	141 069 889	75 217	129 554	(204 771)	-	141 069 889
	377 820 060	1 446 423 242	(6 476 651)	45 825 159	(347 700 283)	1 515 891 527	191 915 968	11 982 232	(190 694 595)	13 203 605	1 502 687 922
Roads											
Bridges, Subways and Culverts	5 530 633	528 050 040	-	14 372	(5 530 633)	528 064 412	499 520	183 934	(683 454)	-	528 064 412
Bus Terminals	154 909	-	-	-	-	154 909	30 981	7 745	-	38 726	116 183
Car Parks	298 082	-	-	-	-	298 082	214 332	6 968	-	221 300	76 782
Expressways	-	5 661 658	-	-	-	5 661 658	-	-	-	-	5 661 658
Gravel Roads	-	120 873 719	-	3 050 519	-	123 924 238	-	-	-	-	123 924 238
Minor Roads	-	763 622 256	-	2 466 670	-	766 088 926	-	-	-	-	766 088 926
Primary Roads	6 186 680	3 265 979	-	8 638 917	-	18 091 576	-	-	-	-	18 091 576
Secondary Roads	-	13 559 689	-	-	-	13 559 689	-	-	-	-	13 559 689
Tertiary Roads	4 968 496	214 467 952	-	17 304 140	-	236 740 588	-	-	-	-	236 740 588
Motorways	19 254 491	-	-	-	(19 254 491)	-	4 293 365	1 213 292	(5 506 657)	-	-
Other Roads	470 886 508	-	-	-	(470 886 508)	-	357 450 923	20 168 462	(377 619 385)	-	-
Parking Areas	6 218 792	108 110	(39 761)	-	-	6 287 141	4 583 790	184 257	-	4 768 047	1 519 094
Parking Meters	1 787 985	-	-	-	-	1 787 985	178 799	119 199	-	297 998	1 489 987
Pedestrian Facilities	3 463 807	2 134 600	-	-	-	5 598 407	604 957	346 381	-	951 338	4 647 069
Sidewalks	9 263 843	2 650 465	-	-	(9 263 843)	2 650 465	1 460 486	724 296	(2 184 782)	-	2 650 465
Stormwater	-	147 052 708	-	325 865	-	147 378 573	-	-	-	-	147 378 573
Stormwater Drains	604 143	-	-	-	(604 143)	-	425 204	14 261	(439 465)	-	-
Street Lighting	23 579 062	11 113 215	(2 435 972)	2 995 848	-	35 252 153	12 142 469	554 825	-	12 697 294	22 554 859
Taxi Facilities	10 512 969	491 227	-	-	-	11 004 196	1 232 956	524 203	-	1 757 159	9 247 037
Traffic Calming	1 744 362	2 070 828	-	8 087 918	-	11 903 108	130 070	174 436	-	304 506	11 598 602
Traffic Lights	913 893	26 585 430	-	-	(913 893)	26 585 430	395 619	34 094	(429 713)	-	26 585 430
Traffic Signs	2 176 483	407 490	-	-	-	2 583 973	863 250	152 155	-	1 015 405	1 568 568
	567 545 138	1 842 115 366	(2 475 733)	42 884 249	(506 453 511)	1 943 615 509	384 506 721	24 408 508	(386 863 456)	22 051 773	1 921 563 736
Sewerage											
Bulk Sewers	93 077 453	49 061 586	(494 480)	17 293 720	-	158 938 279	2 676 685	3 226 117	(2 768 195)	3 134 607	155 803 672
Oxidation Ponds	2 888 000	892 000	-	-	-	3 780 000	78 396	94 500	(78 396)	94 500	3 685 500
Connections	13 889 043	20 693 914	-	-	-	34 582 957	524 743	864 574	(524 743)	864 574	33 718 383
Pump Stations	16 871 604	24 360 559	(1 029 184)	69 264	(1 931 692)	38 340 551	967 472	1 759 720	(1 016 374)	1 710 818	36 629 733
Treatment Works	74 301 104	233 699 639	(8 780 920)	19 325 028	-	318 544 851	3 122 623	14 269 563	(3 122 623)	14 269 563	304 275 288
Rural Sanitation	9 685 899	-	-	6 662 831	-	16 348 730	-	-	-	-	16 348 730
Sewers	215 714 105	381 671 852	(2 182 150)	5 892 360	-	601 096 167	7 985 967	14 803 025	(7 985 969)	14 803 023	586 293 144
	426 427 208	710 379 550	(12 486 734)	49 243 203	(1 931 692)	1 171 631 535	15 355 886	35 017 499	(15 496 300)	34 877 085	1 136 754 450
Infrastructure Assets carried forward	426 427 208	710 379 550	(12 486 734)	49 243 203	(1 931 692)	1 171 631 535	15 355 886	35 017 499	(15 496 300)	34 877 085	1 136 754 450

BUFFALO CITY MUNICIPALITY
APPENDIX B(i)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	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	426 427 208	710 379 550	(12 486 734)	49 243 203	(1 931 692)	1 171 631 535	15 355 886	35 017 499	(15 496 300)	34 877 085	1 136 754 450
Water											
Dams	15 619 607	186 653 332	-	5 128 182	(15 619 607)	191 781 514	14 993 821	45 266	(15 039 087)	-	191 781 514
Mains	54 214 069	-	-	-	(54 214 069)	-	11 174 534	2 531 948	(13 706 482)	-	-
Meters	11 684 010	39 256 770	-	-	(8 856 236)	42 084 544	3 048 004	505 566	(3 553 570)	-	42 084 544
Pump Stations	-	4 933 472	-	1 323 408	-	6 256 880	-	-	-	-	6 256 880
Reservoirs	45 171 611	275 121 342	(18 076 508)	2 410 312	(20 530 262)	284 096 495	14 948 000	368 044	(15 316 044)	-	284 096 495
Reticulation	250 282 977	712 852 607	-	28 191 626	(228 054 577)	763 272 633	161 221 706	4 249 846	(165 471 552)	-	763 272 633
Treatment Works	23 185 111	96 961 880	-	9 904 987	(23 185 111)	106 866 867	16 656 083	446 348	(17 102 431)	-	106 866 867
	400 157 385	1 315 779 403	(18 076 508)	46 958 515	(350 459 862)	1 394 358 933	222 042 148	8 147 018	(230 189 166)	-	1 394 358 933
Total Infrastructure Assets	1 771 949 791	5 314 697 561	(39 515 626)	184 911 126	(1 206 545 348)	6 025 497 504	813 820 723	79 555 257	(823 243 517)	70 132 463	5 955 365 041
HERITAGE ASSETS											
Historical Buildings	520 356	-	-	-	(520 356)	-	-	-	-	-	-
Artworks	39 000	-	-	-	(39 000)	-	-	-	-	-	-
Historical Buildings and Sites	-	3 524 502	-	-	-	3 524 502	-	-	-	-	3 524 502
Total Heritage Assets	559 356	3 524 502	-	-	(559 356)	3 524 502	-	-	-	-	3 524 502
COMMUNITY ASSETS											
Buildings											
Agriculture	91 954	-	-	-	-	91 954	18 392	4 598	-	22 990	68 964
Aquariums	777 463	573 016	(346 124)	-	-	1 004 355	21 567	14 378	-	35 945	968 410
Beachfront Developments	26 293 225	-	-	-	-	26 293 225	23 528 683	104 442	-	23 633 125	2 660 100
Cemeteries	13 374 945	-	-	2 278 893	-	15 653 838	3 326 357	324 561	-	3 650 918	12 002 920
Clinics & Hospitals	4 314 029	145 225	(145 225)	1 023 277	-	5 337 306	218 731	138 960	-	357 691	4 979 615
Community Centres	12 444 513	3 324 452	(2 428 729)	1 735 050	-	15 075 286	2 201 246	242 364	-	2 443 610	12 631 676
Fire Stations	3 551 647	3 298 913	(2 523 731)	-	-	4 326 829	60 433	34 264	-	94 697	4 232 132
Libraries	2 087 984	920 567	(920 567)	-	-	2 087 984	307 737	30 730	-	338 467	1 749 517
Nature Reserves	2 020 776	569 431	(518 631)	-	-	2 071 576	64 690	50 072	-	114 762	1 956 814
Parks	7 278 207	1 123 435	-	-	-	8 401 642	4 496 967	128 702	-	4 625 669	3 775 973
Public Conveniences	2 242 513	1 148 858	(1 148 858)	-	-	2 242 513	174 925	35 336	-	210 261	2 032 252
Sports & Related Stadiums	25 945 994	1 333 748	-	1 671 081	-	28 950 823	5 759 974	720 594	-	6 480 568	22 470 255
Zoos	761 613	-	-	1 121 879	-	1 883 492	357 767	14 636	-	372 403	1 511 089
	101 184 863	12 437 645	(8 031 865)	7 830 180	-	113 420 823	40 537 469	1 843 637	-	42 381 106	71 039 717
Recreational Facilities											
Floodlighting	193 265	-	-	-	-	193 265	51 751	9 322	-	61 073	132 192
Outdoor Sports Facilities	22 365 312	2 671 985	-	-	-	25 037 297	5 482 733	1 033 087	-	6 515 820	18 521 477
Swimming Pools	6 079 710	12 150 363	-	-	(6 079 710)	12 150 363	3 125 501	172 728	(3 298 229)	-	12 150 363
Tennis Courts	511 516	-	-	-	-	511 516	130 583	21 619	-	152 202	359 314
	29 149 803	14 822 348	-	-	(6 079 710)	37 892 441	8 790 568	1 236 756	(3 298 229)	6 729 095	31 163 346
Total Community Assets	130 334 666	27 259 993	(8 031 865)	7 830 180	(6 079 710)	151 313 264	49 328 037	3 080 393	(3 298 229)	49 110 201	102 203 063
OTHER ASSETS											
Other Properties											
Caravan Parks	822 015	-	-	-	-	822 015	526 313	15 563	-	541 876	280 139
Compost Plant	182 353	-	-	-	-	182 353	36 472	9 118	-	45 590	136 763
Hawker Facilities	308 884	-	-	-	-	308 884	64 146	15 296	-	79 442	229 442
Markets	907 951	-	-	452 080	-	1 360 031	46 155	30 265	-	76 420	1 283 611
Nurseries	478 396	-	-	-	-	478 396	69 497	15 947	-	85 444	392 952
Recycling Centres	14 347 389	-	-	-	(14 347 389)	-	895 802	479 723	(1 375 525)	-	-
Tip Sites	47 244 281	-	-	-	(47 244 281)	-	9 158 048	1 529 149	(10 687 197)	-	-
Training Centres	160 331	-	-	-	-	160 331	42 754	5 344	-	48 098	112 233
Buy Back Centres	596 399	498 426	-	109 691	-	1 204 516	-	69 965	-	69 965	1 134 551
Transfer Stations	5 957 094	19 153 075	(5 957 094)	-	-	19 153 075	-	1 536 713	-	1 536 713	17 616 362
Waste Cells	19 424 532	-	-	-	(16 869 508)	2 555 024	241 652	96 661	(338 313)	-	2 555 024
Waste Sites	107 821 956	55 848 741	(4 929 178)	-	-	158 741 519	-	10 513 519	-	10 513 519	148 228 000
	198 251 581	75 500 242	(10 886 272)	561 771	(78 461 178)	184 966 144	11 080 839	14 317 263	(12 401 035)	12 997 067	171 969 077
Other Assets carried forward	198 251 581	75 500 242	(10 886 272)	561 771	(78 461 178)	184 966 144	11 080 839	14 317 263	(12 401 035)	12 997 067	171 969 077

BUFFALO CITY MUNICIPALITY
APPENDIX B(i)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	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	198 251 581	75 500 242	(10 886 272)	561 771	(78 461 178)	184 966 144	11 080 839	14 317 263	(12 401 035)	12 997 067	171 969 077
Plant and Equipment											
Bins & Containers	404 566	778 826	-	-	-	1 183 382	21 333	390	-	21 723	1 161 659
Chlorination Equipment	87 765	-	-	-	-	87 765	87 765	-	-	87 765	-
Compactors	5 384 468	151 992	-	-	(5 384 468)	151 992	2 832 543	111 715	(2 832 543)	111 715	40 277
Compressors	1 722 723	74 358	-	-	-	1 797 081	1 378 179	358 304	-	1 736 483	60 598
Cremators	171 065	-	-	-	-	171 065	11 404	71 685	-	83 089	87 976
Electronic Equipment	4 010 074	2 219 086	-	-	-	6 229 160	1 470 618	1 738 881	-	3 209 499	3 019 661
Excavating Equipment	-	399 998	-	-	-	399 998	-	293 999	-	293 999	105 999
Fire Hoses	199 138	-	-	-	(199 138)	-	65 267	-	(65 267)	-	-
General	998 919	398 335	-	-	(512 074)	885 180	610 972	277 132	(503 374)	384 730	500 450
Generators	801 692	513 139	-	-	-	1 314 831	287 393	493 772	-	781 165	533 666
Graders	1 203 234	-	-	-	(1 203 234)	-	76 034	-	(76 034)	-	-
Horticultural Equipment	3 668 742	3 108 017	-	-	-	6 776 759	1 313 941	2 538 810	-	3 852 751	2 924 008
Laboratory Equipment	250 294	1 772 942	-	-	-	2 023 236	173 893	753 935	-	927 828	1 095 408
Medical Equipment	-	363 377	-	-	-	363 377	-	202 803	-	202 803	160 574
Other Emergency Equipment	2 664 322	1 241 720	-	-	-	3 906 042	236 224	787 979	-	1 024 203	2 881 839
Pumps	2 742 865	738 121	-	-	-	3 480 986	1 776 271	366 840	-	2 143 111	1 337 875
Radio Equipment	935 021	1 576 688	-	-	(935 021)	1 576 688	318 738	1 393 105	(318 738)	1 393 105	183 583
Security Equipment	3 898 942	661 988	-	47 281	-	4 608 211	2 670 274	565 232	-	3 235 506	1 372 705
Survey Equipment	-	19 332	-	-	-	19 332	-	14 209	-	14 209	5 123
Telecommunication Equipment	976 493	32 289	-	-	-	1 008 782	344 131	223 626	-	567 757	441 025
Tractors	5 405 373	-	-	-	(5 405 373)	-	533 859	-	(533 859)	-	-
Trailers	141 128	-	-	-	(141 128)	-	65 739	-	(65 739)	-	-
Watercraft	160 077	444 525	-	-	(160 077)	444 525	20 993	58 115	(20 993)	58 115	386 410
Workshop Equipment	802 207	2 827 499	-	-	-	3 629 706	324 020	1 679 964	-	2 003 984	1 625 722
	36 629 098	17 322 232	-	47 281	(13 940 513)	40 058 098	14 679 870	11 870 215	(4 416 547)	22 133 540	17 924 558
Vehicles											
Fire Engines	9 447 634	-	-	-	(9 447 634)	-	881 210	-	(881 210)	-	-
Mobile Libraries	41 568	-	-	-	(41 568)	-	16 628	-	(16 628)	-	-
Motor Vehicles	14 025 450	-	-	-	(14 025 450)	-	5 907 618	-	(5 907 618)	-	-
Refuse Vehicles	12 525 582	-	-	-	(12 525 582)	-	452 990	-	(452 990)	-	-
Tankers	434 870	-	-	-	(434 870)	-	115 964	-	(115 964)	-	-
Trucks and LDV's	28 083 855	-	-	-	(28 083 855)	-	9 448 017	-	(9 448 017)	-	-
LDV's - 4x4	-	7 088 609	-	-	-	7 088 609	-	2 885 075	-	2 885 075	4 203 534
LDV's - Standard	-	23 804 571	-	-	(116 125)	23 688 446	-	10 326 233	(44 031)	10 282 202	13 406 244
Mayorall Vehicles	-	1 475 771	-	-	-	1 475 771	-	219 150	-	219 150	1 256 621
Minibuses and Panelvans	-	7 875 630	-	-	-	7 875 630	-	3 609 958	-	3 609 958	4 265 672
Sedans	-	5 973 200	-	-	-	5 973 200	-	2 981 730	-	2 981 730	2 991 470
Sedans - Traffic	-	7 001 024	-	-	(81 800)	6 919 224	-	3 618 789	(81 800)	3 536 989	3 382 235
Bulldozers	-	1 315 789	-	-	-	1 315 789	-	1 198 313	-	1 198 313	117 476
Buses	-	12 175 482	-	-	-	12 175 482	-	6 109 477	-	6 109 477	6 066 005
Compressors	-	1 736 842	-	-	-	1 736 842	-	1 635 900	-	1 635 900	100 942
Construction Vehicles	-	3 132 872	-	-	-	3 132 872	-	2 520 302	-	2 520 302	612 570
Fire Vehicles	-	29 528 309	-	755 290	-	30 283 599	-	10 350 529	-	10 350 529	19 933 070
Front End Loaders	-	4 517 544	-	-	-	4 517 544	-	3 138 285	-	3 138 285	1 379 259
Graders	-	3 267 544	-	-	-	3 267 544	-	2 725 314	-	2 725 314	542 230
Hydraulic Platforms and Crane Trucks	-	4 722 900	-	-	-	4 722 900	-	2 739 775	-	2 739 775	1 983 125
Nightsoil Tankers	-	2 064 854	-	-	-	2 064 854	-	1 526 479	-	1 526 479	538 375
Refuse Vehicles	-	30 987 964	-	-	-	30 987 964	-	10 785 047	-	10 785 047	20 202 917
Rollers	-	578 947	-	-	-	578 947	-	563 788	-	563 788	15 159
TLB's	-	3 879 557	-	-	-	3 879 557	-	2 161 981	-	2 161 981	1 717 576
Tractors	-	7 559 630	-	-	-	7 559 630	-	2 844 311	-	2 844 311	4 715 319
Trailers	-	548 245	-	-	-	548 245	-	460 156	-	460 156	88 089
Trucks and Tipper	-	31 358 892	-	-	(630 622)	30 728 270	-	22 601 025	(35 579)	22 565 446	8 162 824
	64 558 959	190 594 176	-	755 290	(65 387 506)	190 520 919	16 822 427	95 001 617	(16 983 837)	94 840 207	95 680 712
Other Assets carried forward	299 439 638	283 416 650	(10 886 272)	1 364 342	(157 789 197)	415 545 161	42 583 138	121 189 095	(33 801 419)	129 970 814	285 574 347

BUFFALO CITY MUNICIPALITY
APPENDIX B(i)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	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	299 439 638	283 416 650	(10 886 272)	1 364 342	(157 789 197)	415 545 161	42 583 138	121 189 095	(33 801 419)	129 970 814	285 574 347
Office Equipment											
Air Conditioners	1 609 077	451 693	-	-	(1 609 077)	451 693	525 869	176 040	(525 869)	176 040	275 653
Computer Hardware	18 926 620	14 636 775	-	-	(18 926 620)	14 636 775	11 119 679	11 662 333	(11 119 679)	11 662 333	2 974 442
Office Machines	4 347 628	1 421 306	-	-	(4 347 628)	1 421 306	1 372 983	367 571	(1 372 983)	367 571	1 053 735
	24 883 325	16 509 774	-	-	(24 883 325)	16 509 774	13 018 531	12 205 944	(13 018 531)	12 205 944	4 303 830
Furniture and Fittings											
Cabinets and Cupboards	170 921	8 147 636	-	-	(170 921)	8 147 636	75 962	2 189 609	(75 962)	2 189 609	5 958 027
General	151 726	14 828 284	-	-	(151 726)	14 828 284	23 359	6 094 182	(23 359)	6 094 182	8 734 102
Tables and Desks	317 285	5 937 081	-	-	(317 285)	5 937 081	75 064	1 529 576	(75 064)	1 529 576	4 407 505
	639 932	28 913 001	-	-	(639 932)	28 913 001	174 385	9 813 367	(174 385)	9 813 367	19 099 634
Leases											
Leased Equipment	3 945 428	1 565 140	-	-	-	5 510 568	1 938 911	995 919	-	2 934 830	2 575 738
	3 945 428	1 565 140	-	-	-	5 510 568	1 938 911	995 919	-	2 934 830	2 575 738
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	772 659	-	-	2 256 626	-	3 029 285	-	-	-	-	3 029 285
	772 659	-	-	2 256 626	-	3 029 285	-	-	-	-	3 029 285
Total Other Assets	336 875 216	330 404 565	(10 886 272)	3 620 968	(190 506 688)	469 507 789	64 909 199	144 204 325	(54 188 569)	154 924 955	314 582 834
INTANGIBLE ASSETS											
Computer Software	22 803 316	304 841	(275 001)	4 211 221	-	27 044 377	16 500 742	3 041 934	-	19 542 676	7 501 701
Total Intangible Assets	22 803 316	304 841	(275 001)	4 211 221	-	27 044 377	16 500 742	3 041 934	-	19 542 676	7 501 701
AGRICULTURAL ASSETS											
Aquariums	306 000	-	-	-	-	306 000	-	-	-	-	306 000
Zoos	668 150	77 350	-	-	-	745 500	-	-	-	-	745 500
Total Agricultural Assets	974 150	77 350	-	-	-	1 051 500	-	-	-	-	1 051 500
TOTAL	2 631 099 681	5 677 602 935	(60 042 887)	209 263 142	(1 403 783 217)	7 054 139 654	1 101 689 581	236 955 540	(880 730 315)	457 914 806	6 596 224 848

Under Construction Balance

Opening Balance (incl. in Opening Balance - Cost)	147 696 799
Capitalised during the year	(60 042 887)
Under Construction 2006-07 carried forward (incl. in Opening Balance - Cost)	87 653 912
Under Construction - 2007-08	209 263 142
Year-End Under Construction Balance	296 917 054

BUFFALO CITY MUNICIPALITY
APPENDIX B(ii)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008 - 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	106 492 360	-	-	-	(92 115)	106 400 245	-	-	-	-	106 400 245
Buildings	261 110 826	1 334 123	(1 334 123)	8 689 647	-	269 800 473	157 130 880	7 073 631	-	164 204 511	105 595 962
Total Land and Buildings	367 603 186	1 334 123	(1 334 123)	8 689 647	(92 115)	376 200 718	157 130 880	7 073 631	-	164 204 511	211 996 207
INFRASTRUCTURE ASSETS											
Electricity											
Festive Lighting	508 726	1 479 532	-	-	-	1 988 258	212 929	75 872	-	288 801	1 699 457
High Mast Lighting	785 151	-	-	500 000	-	1 285 151	39 258	78 515	-	117 773	1 167 378
Load Control Equipment	373 613	7 736 378	-	-	(373 613)	7 736 378	304 593	3 539	(308 132)	-	7 736 378
Low Voltage Network	-	250 433 706	-	4 584 518	-	255 018 224	-	-	-	-	255 018 224
Mains	46 958 469	-	-	-	(46 958 469)	-	28 085 037	1 306 794	(29 391 831)	-	-
Meters	21 286 516	-	-	-	-	21 286 516	12 131 406	665 625	-	12 797 031	8 489 485
Substations	47 798 211	196 301 080	-	15 645 061	(47 798 211)	211 946 141	20 811 953	1 500 030	(22 311 983)	-	211 946 141
Supply and Reticulation	251 994 268	537 864 389	(6 476 651)	14 478 559	(244 454 884)	553 405 681	130 149 863	8 010 879	(138 160 742)	-	553 405 681
Switchgear Equipment	4 228 486	195 905 180	-	9 089 078	(4 228 486)	204 994 258	105 712	211 424	(317 136)	-	204 994 258
Switchhouses	-	53 254 161	-	-	-	53 254 161	-	-	-	-	53 254 161
Switchyards	-	63 906 870	-	-	-	63 906 870	-	-	-	-	63 906 870
Transformer Kiosks	3 886 620	139 541 946	-	1 527 943	(3 886 620)	141 069 889	75 217	129 554	(204 771)	-	141 069 889
	377 820 060	1 446 423 242	(6 476 651)	45 825 159	(347 700 283)	1 515 891 527	191 915 968	11 982 232	(190 694 595)	13 203 605	1 502 687 922
Roads											
Bridges, Subways and Culverts	5 530 633	528 050 040	-	14 372	(5 530 633)	528 064 412	499 520	183 934	(683 454)	-	528 064 412
Bus Terminals	154 909	-	-	-	-	154 909	30 981	7 745	-	38 726	116 183
Car Parks	298 082	-	-	-	-	298 082	214 332	6 968	-	221 300	76 782
Expressways	-	5 661 658	-	-	-	5 661 658	-	-	-	-	5 661 658
Gravel Roads	-	120 873 719	-	3 050 519	-	123 924 238	-	-	-	-	123 924 238
Minor Roads	-	763 622 256	-	2 466 670	-	766 088 926	-	-	-	-	766 088 926
Primary Roads	6 186 680	3 265 979	-	8 638 917	-	18 091 576	-	-	-	-	18 091 576
Secondary Roads	-	13 559 689	-	-	-	13 559 689	-	-	-	-	13 559 689
Tertiary Roads	4 968 496	214 467 952	-	17 304 140	-	236 740 588	-	-	-	-	236 740 588
Motorways	19 254 491	-	-	-	(19 254 491)	-	4 293 365	1 213 292	(5 506 657)	-	-
Other Roads	470 886 508	-	-	-	(470 886 508)	-	357 450 923	20 168 462	(377 619 385)	-	-
Parking Areas	6 218 792	108 110	(39 761)	-	-	6 287 141	4 583 790	184 257	-	4 768 047	1 519 094
Parking Meters	1 787 985	-	-	-	-	1 787 985	178 799	119 199	-	297 998	1 489 987
Pedestrian Facilities	3 463 807	2 134 600	-	-	-	5 598 407	604 957	346 381	-	951 338	4 647 069
Sidewalks	9 263 843	2 650 465	-	-	(9 263 843)	2 650 465	1 460 486	724 296	(2 184 782)	-	2 650 465
Stormwater	-	147 052 708	-	325 865	-	147 378 573	-	-	-	-	147 378 573
Stormwater Drains	604 143	-	-	-	(604 143)	-	425 204	14 261	(439 465)	-	-
Street Lighting	23 579 062	11 113 215	(2 435 972)	2 995 848	-	35 252 153	12 142 469	554 825	-	12 697 294	22 554 859
Taxi Facilities	10 512 969	491 227	-	-	-	11 004 196	1 232 956	524 203	-	1 757 159	9 247 037
Traffic Calming	1 744 362	2 070 828	-	8 087 918	-	11 903 108	130 070	174 436	-	304 506	11 598 602
Traffic Lights	913 893	26 585 430	-	-	(913 893)	26 585 430	395 619	34 094	(429 713)	-	26 585 430
Traffic Signs	2 176 483	407 490	-	-	-	2 583 973	863 250	152 155	-	1 015 405	1 568 568
	567 545 138	1 842 115 366	(2 475 733)	42 884 249	(506 453 511)	1 943 615 509	384 506 721	24 408 508	(386 863 456)	22 051 773	1 921 563 736
Sewerage											
Bulk Sewers	93 077 453	49 061 586	(494 480)	17 293 720	-	158 938 279	2 676 685	3 226 117	(2 768 195)	3 134 607	155 803 672
Oxidation Ponds	2 888 000	892 000	-	-	-	3 780 000	78 396	94 500	(78 396)	94 500	3 685 500
Connections	13 889 043	20 693 914	-	-	-	34 582 957	524 743	864 574	(524 743)	864 574	33 718 383
Pump Stations	16 871 604	24 360 559	(1 029 184)	69 264	(1 931 692)	38 340 551	967 472	1 759 720	(1 016 374)	1 710 818	36 629 733
Treatment Works	74 301 104	233 699 639	(8 780 920)	19 325 028	-	318 544 851	3 122 623	14 269 563	(3 122 623)	14 269 563	304 275 288
Rural Sanitation	9 685 899	-	-	6 662 831	-	16 348 730	-	-	-	-	16 348 730
Sewers	215 714 105	381 671 852	(2 182 150)	5 892 360	-	601 096 167	7 985 967	14 803 025	(7 985 969)	14 803 023	586 293 144
	426 427 208	1 710 379 550	(12 486 734)	49 243 203	(1 931 692)	1 171 631 535	15 355 886	35 017 499	(15 496 300)	34 877 085	1 136 754 450
Infrastructure Assets carried forward	426 427 208	710 379 550	(12 486 734)	49 243 203	(1 931 692)	1 171 631 535	15 355 886	35 017 499	(15 496 300)	34 877 085	1 136 754 450

BUFFALO CITY MUNICIPALITY
APPENDIX B(ii)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008 - 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
Infrastructure Assets brought forward	426 427 208	710 379 550	(12 486 734)	49 243 203	(1 931 692)	1 171 631 535	15 355 886	35 017 499	(15 496 300)	34 877 085	1 136 754 450
Water											
Dams	15 619 607	186 653 332	-	5 128 182	(15 619 607)	191 781 514	14 993 821	45 266	(15 039 087)	-	191 781 514
Mains	54 214 069	-	-	-	(54 214 069)	-	11 174 534	2 531 948	(13 706 482)	-	-
Meters	11 684 010	39 256 770	-	-	(8 856 236)	42 084 544	3 048 004	505 566	(3 553 570)	-	42 084 544
Pump Stations	-	4 933 472	-	1 323 408	-	6 256 880	-	-	-	-	6 256 880
Reservoirs	45 171 611	275 121 342	(18 076 508)	2 410 312	(20 530 262)	284 096 495	14 948 000	368 044	(15 316 044)	-	284 096 495
Reticulation	250 282 977	712 852 607	-	28 191 626	(228 054 577)	763 272 633	161 221 706	4 249 846	(165 471 552)	-	763 272 633
Treatment Works	23 185 111	96 961 880	-	9 904 987	(23 185 111)	106 866 867	16 656 083	446 348	(17 102 431)	-	106 866 867
	400 157 385	1 315 779 403	(18 076 508)	46 958 515	(350 459 862)	1 394 358 933	222 042 148	8 147 018	(230 189 166)	-	1 394 358 933
Total Infrastructure Assets	1 771 949 791	5 314 697 561	(39 515 626)	184 911 126	(1 206 545 348)	6 025 497 504	813 820 723	79 555 257	(823 243 517)	70 132 463	5 955 365 041
HERITAGE ASSETS											
Historical Buildings	520 356	-	-	-	(520 356)	-	-	-	-	-	-
Artworks	39 000	-	-	-	(39 000)	-	-	-	-	-	-
Historical Buildings and Sites	-	3 524 502	-	-	-	3 524 502	-	-	-	-	3 524 502
Total Heritage Assets	559 356	3 524 502	-	-	(559 356)	3 524 502	-	-	-	-	3 524 502
COMMUNITY ASSETS											
Buildings											
Agriculture	91 954	-	-	-	-	91 954	18 392	4 598	-	22 990	68 964
Aquariums	777 463	573 016	(346 124)	-	-	1 004 355	21 567	14 378	-	35 945	968 410
Beachfront Developments	26 293 225	-	-	-	-	26 293 225	23 528 683	104 442	-	23 633 125	2 660 100
Cemeteries	13 374 945	-	-	2 278 893	-	15 653 838	3 326 357	324 561	-	3 650 918	12 002 920
Clinics & Hospitals	4 314 029	145 225	(145 225)	1 023 277	-	5 337 306	218 731	138 960	-	357 691	4 979 615
Community Centres	12 444 513	3 324 452	(2 428 729)	1 735 050	-	15 075 286	2 201 246	242 364	-	2 443 610	12 631 676
Fire Stations	3 551 647	3 298 913	(2 523 731)	-	-	4 326 829	60 433	34 264	-	94 697	4 232 132
Libraries	2 087 984	920 567	-	-	-	2 087 984	307 737	30 730	-	338 467	1 749 517
Nature Reserves	2 020 776	569 431	(518 631)	-	-	2 071 576	64 690	50 072	-	114 762	1 956 814
Parks	7 278 207	1 123 435	-	-	-	8 401 642	4 496 967	128 702	-	4 625 669	3 775 973
Public Conveniences	2 242 513	1 148 858	(1 148 858)	-	-	2 242 513	174 925	35 336	-	210 261	2 032 252
Sports & Related Stadiums	25 945 994	1 333 748	-	1 671 081	-	28 950 823	5 759 974	720 594	-	6 480 568	22 470 255
Zoos	761 613	-	-	1 121 879	-	1 883 492	357 767	14 636	-	372 403	1 511 089
	101 184 863	12 437 645	(8 031 865)	7 830 180	-	113 420 823	40 537 469	1 843 637	-	42 381 106	71 039 717
Recreational Facilities											
Floodlighting	193 265	-	-	-	-	193 265	51 751	9 322	-	61 073	132 192
Outdoor Sports Facilities	22 365 312	2 671 985	-	-	-	25 037 297	5 482 733	1 033 087	-	6 515 820	18 521 477
Swimming Pools	6 079 710	12 150 363	-	-	(6 079 710)	12 150 363	3 125 501	172 728	(3 298 229)	-	12 150 363
Tennis Courts	511 516	-	-	-	-	511 516	130 583	21 619	-	152 202	359 314
	29 149 803	14 822 348	-	-	(6 079 710)	37 892 441	8 790 568	1 236 756	(3 298 229)	6 729 095	31 163 346
Total Community Assets	130 334 666	27 259 993	(8 031 865)	7 830 180	(6 079 710)	151 313 264	49 328 037	3 080 393	(3 298 229)	49 110 201	102 203 063
OTHER ASSETS											
Other Properties											
Caravan Parks	822 015	-	-	-	-	822 015	526 313	15 563	-	541 876	280 139
Compost Plant	182 353	-	-	-	-	182 353	36 472	9 118	-	45 590	136 763
Hawker Facilities	308 884	-	-	-	-	308 884	64 146	15 296	-	79 442	229 442
Markets	907 951	-	-	452 080	-	1 360 031	46 155	30 265	-	76 420	1 283 611
Nurseries	478 396	-	-	-	-	478 396	69 497	15 947	-	85 444	392 952
Recycling Centres	14 347 389	-	-	-	(14 347 389)	-	895 802	479 723	(1 375 525)	-	-
Tip Sites	47 244 281	-	-	-	(47 244 281)	-	9 158 048	1 529 149	(10 687 197)	-	-
Training Centres	160 331	-	-	-	-	160 331	42 754	5 344	-	48 098	112 233
Buy Back Centres	596 399	498 426	-	109 691	-	1 204 516	-	69 965	-	69 965	1 134 551
Transfer Stations	5 957 094	19 153 075	(5 957 094)	-	-	19 153 075	-	1 536 713	-	1 536 713	17 616 362
Waste Cells	19 424 532	-	-	-	(16 869 508)	2 555 024	241 652	96 661	(338 313)	-	2 555 024
Waste Sites	107 821 956	55 848 740	(4 929 178)	-	-	158 741 518	-	10 513 519	-	10 513 519	148 227 999
	198 251 581	75 500 241	(10 886 272)	561 771	(78 461 178)	184 966 143	11 080 839	14 317 263	(12 401 035)	12 997 067	171 969 076
Other Assets carried forward	198 251 581	75 500 241	(10 886 272)	561 771	(78 461 178)	184 966 143	11 080 839	14 317 263	(12 401 035)	12 997 067	171 969 076

BUFFALO CITY MUNICIPALITY
APPENDIX B(ii)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008 - 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
Other Assets brought forward	198 251 581	75 500 241	(10 886 272)	561 771	(78 461 178)	184 966 143	11 080 839	14 317 263	(12 401 035)	12 997 067	171 969 076
Plant and Equipment											
Bins & Containers	404 556	778 826	-	-	-	1 183 382	21 333	390	-	21 723	1 161 659
Chlorination Equipment	87 765	-	-	-	-	87 765	87 765	-	-	87 765	-
Compactors	5 384 468	151 992	-	-	(5 384 468)	151 992	2 832 543	111 715	(2 832 543)	111 715	40 277
Compressors	1 722 723	74 358	-	-	-	1 797 081	1 378 179	358 304	-	1 736 483	60 598
Cremators	171 065	-	-	-	-	171 065	71 685	11 404	-	83 089	87 976
Electronic Equipment	4 010 074	2 219 086	-	-	-	6 229 160	1 470 618	1 738 881	-	3 209 499	3 019 661
Excavating Equipment	-	399 998	-	-	-	399 998	-	293 999	-	293 999	105 999
Fire Hoses	199 138	-	-	-	(199 138)	-	65 267	-	(65 267)	-	-
General	998 919	398 335	-	-	(512 074)	885 180	610 972	277 132	(503 374)	384 730	500 450
Generators	801 692	513 139	-	-	-	1 314 831	287 393	493 772	-	781 165	533 666
Graders	1 203 234	-	-	-	(1 203 234)	-	76 034	-	(76 034)	-	-
Horticultural Equipment	3 668 742	3 108 017	-	-	-	6 776 759	1 313 941	2 538 810	-	3 852 751	2 924 008
Laboratory Equipment	250 294	1 772 942	-	-	-	2 023 236	173 893	753 935	-	927 828	1 095 408
Medical Equipment	-	363 377	-	-	-	363 377	-	202 803	-	202 803	160 574
Other Emergency Equipment	2 664 322	1 241 720	-	-	-	3 906 042	236 224	787 979	-	1 024 203	2 881 839
Pumps	2 742 865	738 121	-	-	-	3 480 986	1 776 271	366 840	-	2 143 111	1 337 875
Radio Equipment	935 021	1 576 688	-	-	(935 021)	1 576 688	318 738	1 393 105	(318 738)	1 393 105	183 583
Security Equipment	3 898 942	661 988	-	47 281	-	4 608 211	2 670 274	565 232	-	3 235 506	1 372 705
Survey Equipment	-	19 332	-	-	-	19 332	-	14 209	-	14 209	5 123
Telecommunication Equipment	976 493	32 289	-	-	-	1 008 782	344 131	223 626	-	567 757	441 025
Tractors	5 405 373	-	-	-	(5 405 373)	-	533 859	-	(533 859)	-	-
Trailers	141 128	-	-	-	(141 128)	-	65 739	-	(65 739)	-	-
Watercraft	160 077	444 525	-	-	(160 077)	444 525	20 993	58 115	(20 993)	58 115	386 410
Workshop Equipment	802 207	2 827 499	-	-	-	3 629 706	324 020	1 679 964	-	2 003 984	1 625 722
	36 629 098	17 322 232	-	47 281	(13 940 513)	40 058 098	14 679 872	11 870 215	(4 416 547)	22 133 540	17 924 558
Vehicles											
Fire Engines	9 447 634	-	-	-	(9 447 634)	-	881 210	-	(881 210)	-	-
Mobile Libraries	41 568	-	-	-	(41 568)	-	16 628	-	(16 628)	-	-
Motor Vehicles	14 025 450	-	-	-	(14 025 450)	-	5 907 618	-	(5 907 618)	-	-
Refuse Vehicles	12 525 582	-	-	-	(12 525 582)	-	452 990	-	(452 990)	-	-
Tankers	434 870	-	-	-	(434 870)	-	115 964	-	(115 964)	-	-
Trucks and LDV's	28 083 855	-	-	-	(28 083 855)	-	9 448 017	-	(9 448 017)	-	-
LDV's - 4x4	-	7 088 609	-	-	-	7 088 609	-	2 885 075	-	2 885 075	4 203 534
LDV's - Standard	-	23 804 571	-	-	(116 125)	23 688 446	-	10 326 233	(44 031)	10 282 202	13 406 244
Mayoral Vehicles	-	1 475 771	-	-	-	1 475 771	-	219 150	-	219 150	1 256 621
Minibuses and Panelvans	-	7 875 630	-	-	-	7 875 630	-	3 609 958	-	3 609 958	4 265 672
Sedans	-	5 973 200	-	-	-	5 973 200	-	2 981 730	-	2 981 730	2 991 470
Sedans - Traffic	-	7 001 024	-	-	(81 800)	6 919 224	-	3 618 789	(81 800)	3 536 989	3 382 235
Bulldozers	-	1 315 789	-	-	-	1 315 789	-	1 198 313	-	1 198 313	117 476
Buses	-	12 175 482	-	-	-	12 175 482	-	6 109 477	-	6 109 477	6 066 005
Compressors	-	1 736 842	-	-	-	1 736 842	-	1 635 900	-	1 635 900	100 942
Construction Vehicles	-	3 132 872	-	-	-	3 132 872	-	2 520 302	-	2 520 302	612 570
Fire Vehicles	-	29 528 309	-	755 290	-	30 283 599	-	10 350 629	-	10 350 629	19 933 070
Front End Loaders	-	4 517 544	-	-	-	4 517 544	-	3 138 285	-	3 138 285	1 379 259
Graders	-	3 267 544	-	-	-	3 267 544	-	2 725 314	-	2 725 314	542 230
Hydraulic Platforms and Crane Trucks	-	4 722 900	-	-	-	4 722 900	-	2 739 775	-	2 739 775	1 983 125
Nightsoil Tankers	-	2 064 854	-	-	-	2 064 854	-	1 526 479	-	1 526 479	538 375
Refuse Vehicles	-	30 987 964	-	-	-	30 987 964	-	10 785 047	-	10 785 047	20 202 917
Rollers	-	578 947	-	-	-	578 947	-	563 788	-	563 788	15 159
TLB's	-	3 879 557	-	-	-	3 879 557	-	2 161 981	-	2 161 981	1 717 576
Tractors	-	7 559 630	-	-	-	7 559 630	-	2 844 311	-	2 844 311	4 715 319
Trailers	-	548 245	-	-	-	548 245	-	460 156	-	460 156	88 089
Trucks and Tipper	-	31 358 892	-	-	(630 622)	30 728 270	-	22 601 025	(35 579)	22 565 446	8 162 824
	64 558 959	190 594 176	-	755 290	(65 387 506)	190 520 919	16 822 427	95 001 617	(16 983 837)	94 840 207	95 680 712
Other Assets carried forward	299 439 638	283 416 649	(10 886 272)	1 364 342	(157 789 197)	415 545 160	42 583 138	121 189 095	(33 801 419)	129 970 814	285 574 346

BUFFALO CITY MUNICIPALITY
APPENDIX B(ii)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008 - 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
Other Assets brought forward	299 439 638	283 416 649	(10 886 272)	1 364 342	(157 789 197)	415 545 160	42 583 138	121 189 095	(33 801 419)	129 970 814	285 574 346
Office Equipment											
Air Conditioners	1 609 077	451 693	-	-	(1 609 077)	451 693	525 869	176 040	(525 869)	176 040	275 653
Computer Hardware	19 039 513	14 636 775	-	-	(18 926 620)	14 749 668	11 177 991	11 695 354	(11 119 679)	11 753 666	2 996 002
Office Machines	4 397 961	1 421 306	-	-	(4 347 628)	1 471 639	1 384 555	377 637	(1 372 983)	389 209	1 082 430
	25 046 551	16 509 774			(24 883 325)	16 673 000	13 088 415	12 249 031	(13 018 531)	12 318 915	4 354 085
Furniture and Fittings											
Cabinets and Cupboards	170 921	8 147 636	-	-	(170 921)	8 147 636	75 962	2 189 609	(75 962)	2 189 609	5 958 027
General	285 417	14 847 667	-	-	(151 728)	14 981 358	54 354	6 117 354	(23 359)	6 148 349	8 833 009
Tables and Desks	317 285	5 937 081	-	-	(317 285)	5 937 081	75 064	1 529 576	(75 064)	1 529 576	4 407 505
	773 623	28 932 384			(639 932)	29 066 075	205 380	9 836 539	(174 385)	9 867 534	19 198 541
Leases											
Leased Equipment	3 945 428	1 565 140	-	-	-	5 510 568	1 938 911	995 919	-	2 934 830	2 575 738
	3 945 428	1 565 140				5 510 568	1 938 911	995 919		2 934 830	2 575 738
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	772 659	-	-	2 256 626	-	3 029 285	-	-	-	-	3 029 285
	772 659			2 256 626		3 029 285					3 029 285
Total Other Assets	337 172 133	330 423 947	(10 886 272)	3 620 968	(190 506 688)	469 824 088	65 010 078	144 270 584	(54 188 569)	155 092 093	314 731 995
INTANGIBLE ASSETS											
Computer Software	22 803 316	304 841	(275 001)	4 211 221	-	27 044 377	16 500 742	3 041 934	-	19 542 676	7 501 701
Total Intangible Assets	22 803 316	304 841	(275 001)	4 211 221		27 044 377	16 500 742	3 041 934		19 542 676	7 501 701
AGRICULTURAL ASSETS											
Aquariums	306 000	-	-	-	-	306 000	-	-	-	-	306 000
Zoos	668 150	77 350	-	-	-	745 500	-	-	-	-	745 500
Total Agricultural Assets	974 150	77 350				1 051 500					1 051 500
TOTAL	2 631 396 598	5 677 622 317	(60 042 887)	209 263 142	(1 403 783 217)	7 054 455 953	1 101 790 460	237 021 799	(880 730 315)	458 081 944	6 596 374 009

Under Construction Balance

Opening Balance (incl. in Opening Balance - Cost)

147 696 799

Capitalised during the year

(60 042 887)

Under Construction 2006-07 carried forward (incl. in Opening Balance - Cost)

87 653 912

Under Construction - 2007-08

209 263 142

Year-End Under Construction Balance

296 917 054

6 596 374 010

BUFFALO CITY MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008 (MUNICIPALITY AND ECONOMIC ENTITY)

Fixed Assets	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	15 356 001	9 747 190	(2 947 360)	2 189 812	(5 691 079)	18 654 564	3 727 542	2 481 659	(2 655 895)	3 553 306	15 101 258
Finance and Administration	356 313 272	27 561 596	(275 001)	13 716 211	(44 304 476)	353 011 602	166 846 505	23 479 600	(14 173 785)	176 152 320	176 859 282
Planning and Development	91 299 261	5 153 278	(145 225)	1 499 909	(10 884 964)	86 922 259	17 834 349	2 950 271	(5 142 860)	15 641 760	71 280 499
Health	11 550 698	6 622 871	-	1 023 277	(3 132 512)	16 064 334	2 823 239	3 455 463	(1 725 991)	4 552 711	11 511 623
Community and Social Services	38 785 137	15 019 887	(1 266 692)	3 400 772	(2 274 195)	53 664 908	10 302 064	4 921 496	(953 069)	14 270 492	39 394 417
Housing	11 353 654	670 601	-	-	(142 500)	11 881 754	182 171	343 405	(81 429)	444 148	11 437 606
Public Safety	49 589 865	91 220 587	(3 857 854)	11 930 617	(33 874 728)	115 008 486	9 277 795	23 850 602	(8 676 615)	24 451 783	90 556 703
Sport and Recreation	76 146 077	21 883 156	(39 761)	-	(6 073 461)	91 916 012	39 601 700	4 650 707	(3 315 757)	40 936 651	50 979 360
Environmental Protection	16 178 087	15 318 660	-	-	(1 790 040)	29 706 707	7 334 445	7 556 159	(621 351)	14 269 254	15 437 453
Waste Management	540 386 450	845 159 278	(24 521 864)	43 460 534	(105 668 543)	1 298 815 854	24 807 184	75 717 631	(37 611 854)	62 912 961	1 235 902 894
Road Transport	530 821 917	1 834 710 361	-	46 603 432	(483 002 213)	1 929 133 497	366 609 344	46 416 809	(379 503 768)	33 522 384	1 895 611 113
Water	406 098 585	1 326 870 226	(18 076 508)	46 958 516	(353 001 184)	1 408 849 634	229 516 901	16 557 018	(232 066 835)	14 007 083	1 394 842 551
Electricity	415 680 488	1 472 404 798	(8 912 623)	38 027 983	(353 343 982)	1 563 856 664	210 940 321	22 067 373	(194 103 009)	38 904 684	1 524 951 980
Other	71 540 190	5 260 445	-	452 080	(599 340)	76 653 376	11 886 021	2 507 345	(98 099)	14 295 267	62 358 108
BCDA	296 917	19 383	-	-	-	316 300	100 879	66 259	-	167 138	149 162
TOTALS	2 631 396 598	5 677 622 317	(60 042 887)	209 263 142	(1 403 783 217)	7 054 455 953	1 101 790 460	237 021 799	(880 730 315)	458 081 944	6 596 374 009

BUFFALO CITY MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008
(MUNICIPALITY AND ECONOMIC ENTITY)

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
21 868 378	78 364 050	(56 495 672)	Executive Mayor	50 899 786	79 354 228	(28 454 442)
36 457 368	55 256 367	(18 798 999)	Municipal Manager	16 645 098	16 254 806	390 292
-	-	-	Chief Operations Officer	42 414 408	48 302 720	(5 888 312)
451 127 676	98 486 357	352 641 319	Finance	601 134 734	151 378 143	449 756 591
87 177 096	82 730 755	4 446 341	Corporate Services	65 177 299	75 225 862	(10 048 563)
858 295 881	1 153 205 186	(294 909 305)	Engineering Services	950 431 843	1 362 360 038	(411 928 195)
76 310 071	174 488 707	(98 178 636)	Planning and Econ. Dev	56 424 898	117 262 077	(60 837 179)
211 576 377	507 215 162	(295 638 785)	Health and Public Safety	93 952 686	172 429 288	(78 476 602)
-	-	-	Community Services	142 669 377	403 655 999	(260 986 622)
1 871 135	2 984 383	(1 113 248)	BCDA	1 907 174	3 063 520	(1 156 346)
1 744 683 982	2 152 730 967	(408 046 985)	Sub-Total	2 021 657 303	2 429 286 681	(407 629 378)
-	(481 539 788)	481 539 788	Less: Inter-Departmental charges	-	(590 689 003)	590 689 003
1 744 683 982	1 671 191 179	73 492 803	TOTAL	2 021 657 303	1 838 597 678	183 059 625
		1 315 706	Add: Share of Associate			(755 245)
		74 808 508				182 304 379

BUFFALO CITY MUNICIPALITY
APPENDIX E
ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008
(MUNICIPALITY AND ECONOMIC ENTITY)

	Actual 2008 R	Budget 2008 R	Variance R	Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	325 711 973	325 682 707	(29 266)	(0)	
Service Charges	877 917 851	849 134 044	(28 783 807)	(3)	
Rental of Facilities and Equipment	12 723 945	11 415 319	(1 308 626)	(11)	In the Directorate of Planning and Economic development the budget for Housing Rentals was not realised.
Dividends Received	76 585	45 750	(30 835)	(67)	
Fines	7 688 107	7 116 552	(571 555)	(8)	
Government Grants and Subsidies	413 113 759	453 982 989	40 869 230	9	
Licences and Permits	11 099 426	11 505 843	406 417	4	
Other Income	88 971 106	104 413 264	15 442 158	15	
Profit on Sale of Asset	7 213 660	-	-	-	
Donations & Public Contribution- PPE	16 121 430	2 747 487	(13 373 943)	(487)	
Government Grants- PPE	147 349 002	156 030 249	8 681 247	6	
Interest Earned - External Investments	81 030 891	16 183 465	(64 847 426)	(401)	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	30 732 391 1 907 174	37 593 163 -	6 860 772 -	18 -	
Total Revenue	2 021 657 301	1 975 850 832	(45 806 469)	(2)	
EXPENDITURE					
Executive Mayor	78 514 933	77 576 905	(938 028)	(1)	
Municipal Manager	15 091 058	16 805 637	1 714 579	10	
Chief Operations Officer	46 097 763	60 305 626	14 207 863	24	
Finance	172 862 326	165 841 472	(7 020 854)	(4)	
Corporate Services	72 847 448	70 058 100	(2 789 348)	(4)	
Engineering Services	860 492 830	842 010 669	(18 482 161)	(2)	
Planning & Economic Development	94 469 343	103 739 898	9 270 555	9	
Health and Public Safety	137 921 842	143 234 725	5 312 883	4	
Community Services	337 197 814	323 802 969	(13 394 845)	(4)	
Net Transfers to Other Reserves BCDA	20 038 802 3 063 520	12 336 390 -	(7 702 412) -	(62) -	No actual contribution was made for Water, Refuse and Sewerage during the current financial year.
Total Expenditure	1 838 597 679	1 815 712 391	(22 885 288)	(1)	
NET SURPLUS FOR THE YEAR	183 059 623	160 138 441	(22 921 181)	(14)	

BUFFALO CITY MUNICIPALITY

APPENDIX F

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

Description	2008	2008	2008	2008	2008	2008	2008	Explanation of Significant Variances versus Budget
	Additions /	Under	Under	Total Additions	Budget	Variance	Variance	
	Write-Ons	Construction	Construction	R	R	R	%	
	R	R	R	R	R	R	%	
Executive and Council	9 747 190	(2 947 360)	2 189 812	8 989 642	10 627 879	(1 638 237)	(15)	
Finance and Administration	27 561 596	(275 001)	13 716 211	41 002 806	36 017 018	4 985 788	14	
Planning and Development	5 153 278	(145 225)	1 499 909	6 507 962	4 751 381	1 756 581	37	Asset Take On
Health	6 622 871	-	1 023 277	7 646 148	3 656 260	3 989 888	109	Asset Take On
Community and Social Services	15 019 887	(1 266 692)	3 400 772	17 153 967	13 668 935	3 485 032	25	
Housing	670 601	-	-	670 601	8 429 125	(7 758 525)	(92)	
Public Safety	91 220 587	(3 857 854)	11 930 617	99 293 349	32 726 564	66 566 785	203	Asset Take On
Sport and Recreation	21 883 156	(39 761)	-	21 843 395	6 638 640	15 204 755	229	Asset Take On
Environmental Protection	15 318 660	-	-	15 318 660	2 957 669	12 360 991	418	Asset Take On
Waste Management	845 159 278	(24 521 864)	43 460 534	864 097 948	62 604 544	801 493 404	1 280	Asset Take On
Road Transport	1 834 710 361	-	46 603 432	1 881 313 793	42 405 081	1 838 908 712	4 337	Asset Take On
Water	1 326 870 226	(18 076 508)	46 958 516	1 355 752 234	34 445 495	1 321 306 739	3 836	Asset Take On
Electricity	1 472 404 798	(8 912 623)	38 027 983	1 501 520 158	37 994 449	1 463 525 709	3 852	Asset Take On
Other	5 260 445	-	452 080	5 712 525	1 352 880	4 359 645	322	
BCDA	19 383	-	-	19 383	-	19 383	-	
TOTALS	5 677 622 317	(60 042 887)	209 263 142	5 826 842 572	298 275 920	5 528 566 652	1 854	

BUFFALO CITY MUNICIPALITY
APPENDIX G
CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2008 (MUNICIPALITY AND ECONOMIC ENTITY)

	UNSPENT BALANCE 01/07/2007	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2008
NATIONAL GOVERNMENT							
Transitional Grant	103 520	-	10 250	-	-	-	113 770
Financial Management Grant	820 258	500 000	130 634	(274 366)	(19 300)	-	1 157 226
Land Affairs	49 887 206	-	6 230 125	-	-	-	56 117 331
Restructuring Grant	47 891 291	-	4 715 817	(42 457 159)	(12 815 464)	3 610 471	944 956
CMIP	19 311 149	87 451 615	4 970 672	(7 028 302)	(99 909 319)	(1 974 340)	2 821 475
KWT: Grants Government	2 053	-	-	-	-	-	2 053
Project Consolidated-Billing System-MSIG	4 303 032	-	305 822	(807 344)	(2 948 883)	-	852 627
Equitable Share Grant	8 899 406	15 000 063	-	(22 302 906)	(148 533)	-	1 448 030
Energy Efficient Technology	5 655 804	-	588 212	(264 913)	-	-	5 979 103
DWAF Funded Projects-Sewerage	6 686 516	-	631 582	-	-	(726 965)	6 591 133
DWAF Funded Projects - Water	8 359 891	2 107 344	967 853	(1 457 590)	(535 233)	-	9 442 265
European Commission (MURP)	18 290 000	-	1 537 499	(9 022 055)	(11 388 760)	583 316	-
IMEP	-	17 441 228	1 114 428	(3 445 481)	(17 580 635)	2 470 461	-
	170 210 124	122 500 250	21 202 894	(87 060 116)	(145 346 127)	3 962 943	85 469 969
PROVINCIAL GOVERNMENT							
Gompo Survey	93 126	-	15 064	(16 833)	-	-	91 357
Upgrade Water Supply	21 873	-	2 166	-	-	-	24 039
Mdantsane Upgrade - Water & Sewerage	102 697	-	9 653	-	-	-	112 350
Local Government Housing	45 124 474	13 741 800	5 233 645	(34 294 195)	(1 627 671)	-	28 178 053
Compost Waste Management	55 177	-	5 463	-	-	-	60 640
Disaster Relief Fund	2 326 563	500 000	215 206	(414 074)	(19 822)	52 116	2 659 989
Local Economic Development Fund	2 640 813	-	157 718	(42 321)	-	-	2 756 210
Map Preparation & Planning	85 778	-	8 493	-	-	-	94 271
Gompo & Mdantsane Art Centres	18 521	-	1 749	-	-	-	20 270
Environmental Project John Dube	126 047	-	12 480	-	-	-	138 527
Pilot Housing Project	162 369	-	16 076	-	-	-	178 445
Reeston Development - Land Affairs	283 686	-	224 557	-	-	-	508 243
Leiden Trust Account - Redevelop Duncan Village	198 888	-	19 692	-	-	-	218 580
Mdantsane Urban Renewal Project (Mnt Ruth Node)	5 471 012	-	569 901	-	-	-	6 040 913
Ikhwezi Block 1 Development	105 886	-	10 484	-	-	-	116 370
Mdantsane Upgrade - MD/PD: Area Planning	127 194	-	12 594	-	-	-	139 788
Mdantsane Upgrade - PD: Survey	6 439	-	638	-	-	-	7 077
Mdantsane Upgrade - MD Assessment Study	113 978	-	11 285	-	-	-	125 263
Provincial Government carried forward	57 064 521	14 241 800	6 526 864	(34 767 423)	(1 647 493)	52 116	41 470 386

BUFFALO CITY MUNICIPALITY
APPENDIX G CONTINUED
CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2008 (MUNICIPALITY AND ECONOMIC ENTITY)

	UNSPENT BALANCE 01/07/2007	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2008
Provincial Government brought forward	57 064 521	14 241 800	6 526 864	(34 767 423)	(1 647 493)	52 116	41 470 386
Planning and Map Preparation	80 644	-	7 985	-	-	-	88 629
Upgrade Kwaklifu Settlement - Phakamisa	135 889	-	13 346	(6 105)	-	-	143 130
Needscamp Planning	913 659	-	52 193	(28 600)	-	-	937 252
Potsdam Village - Plan Survey & Upgrade	33 302	-	3 337	-	-	-	36 639
Ilitha Informal Settlement Upgrade	34 808	-	3 446	-	-	-	38 254
Kwa Tshatshu Settlement Upgrade - Zwelitsha	39 160	-	3 877	-	-	-	43 037
Mdantsane Human Settlement Program	47 385	-	4 692	-	-	-	52 077
Planning Kanana Settlement	22 156	-	2 194	-	-	-	24 350
Kwa Tshatshu Survey	18 213	-	1 795	-	-	-	20 008
Mahlangu Village: Planning and Survey	38 736	-	2 134	(23 454)	-	-	17 416
Mdantsane Infill Areas: Planning and Survey	225 560	-	20 728	(16 145)	-	-	230 143
Phakamisa Clifton PH2: Bongweni: Plan and Survey	105 073	-	10 403	-	-	-	115 476
Health Management System	160 033	-	16 233	-	-	-	176 266
Aids Training and Info Centre - ATIC	946 340	1 571 573	187 366	-	-	-	2 705 279
Yellowwoods-Kei road-survey	618 110	-	61 200	-	-	-	679 310
Yellowwoods-Kei road planning	659 325	-	62 572	-	-	-	721 897
Dept of Sports , Recreation, Arts & Culture	507 641	1 750 000	71 690	(1 533 502)	-	-	795 829
Dept of Economic Affairs & Tourism (DEAT)	369 842	-	11 912	(535 592)	(355 382)	509 219	-
Municipal Support Programme	-	276 668	13 352	(177 954)	-	-	112 066
Informal Settlement Upgrading Study	-	300 000	10 563	-	-	-	310 564
Mdantsane Urban Renewal Programme	-	-	131 603	(93 910)	-	(37 693)	-
Centre for Municipal Research & Advice	-	160 461	1 589	(98 634)	-	-	63 416
	62 020 399	18 300 502	7 221 074	(37 281 319)	(2 002 875)	523 642	48 781 424
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	232 230 523	140 800 752	28 423 968	(124 341 435)	(147 349 002)	4 486 585	134 251 393
DONATIONS AND PUBLIC CONTRIBUTIONS							
ADM Funding	649 083	1 315 614	-	-	-	-	1 964 697
IDC Funding - BCDA	596 037	1 683 921	-	(1 643 241)	-	-	636 717
BCMET Funding	579 707	11 544 197	1 119 844	(1 526 179)	(8 650 324)	54 038	3 121 283
Public Funding	1 618 450	1 649 492	262 411	(34 381)	(326 440)	-	3 169 532
DBSA	573 637	237 235	-	(664 632)	-	-	146 240
DBSA - Housing	-	291 288	-	-	-	-	291 288
SIDA Development Trust	-	2 315 227	207 290	(100 484)	(1 782 916)	(639 117)	-
SETA Fund	522 812	1 721 839	161 869	(1 543 477)	-	-	863 043
Housing & Infrastructure Development Award	241 193	-	23 881	-	-	-	265 074
LOTTO Contribution	87 604	-	6 400	(1 064 672)	(15 979)	986 646	-
VUNA Award	887 788	-	135 914	-	(14 944)	-	1 008 758
Aquarium	3 564	-	353	-	-	-	3 917
Felzoo	9 293	-	920	-	-	-	10 213
Athletic Track	27 822	-	2 755	-	-	-	30 577
F.E.L.A.	6 130	-	607	-	-	-	6 737
SALALIDA (Sweden)	-	452 714	14 262	(320 443)	-	-	146 533
City of Leiden (Engineers)	-	344 687	17 290	-	(325 865)	-	36 112

Donations & Public Contributions carried forward	5 803 121	21 556 214	1 953 796	(6 897 509)	(11 116 468)	401 567	11 700 722
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BUFFALO CITY MUNICIPALITY
APPENDIX G CONTINUED
CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2008 (MUNICIPALITY AND ECONOMIC ENTITY)

	UNSPENT BALANCE 01/07/2007	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2008
Donations & Public Contributions brought forward	5 803 121	21 556 214	1 953 796	(6 897 509)	(11 116 468)	401 567	11 700 722
Community Development	1 926 051	-	201 795	-	-	-	2 127 846
Art Gallery	8 822	-	873	-	-	-	9 695
Municipal Revenue Enhancement Programme	1 216 103	-	120 409	-	-	-	1 336 512
Climate Protection Implementation	147 251	-	14 580	-	-	-	161 831
ADM: Township Ext 1:Kidds Beach	62 169	-	8 204	-	-	-	70 373
ADM: Water Dist. Grant-Eureka	23 638	-	2 138	-	-	-	25 776
ADM: Special Grant-Macleantown	9 467	-	-	-	-	-	9 467
ADM: Special Grant-Ext 3:Kaysers	41 351	-	4 094	-	-	-	45 445
ADM: Community Hall: TRC-KWT	751	-	74	-	-	-	825
ADM: Income Generating Project: TRC-KWT	42 692	-	4 227	-	-	-	46 919
ADM: Community Hall: TRC-EL	18 960	-	1 877	-	-	-	20 837
ADM: Income Generating Project: TRC-EL	47 491	-	4 702	-	-	-	52 193
ADM: Tribal Trust: Kwelerha	10 857	-	1 075	-	-	-	11 932
ADM: Tribal Trust: Nxaruni	126 387	-	12 514	-	-	-	138 901
A.T. Taylor	55 764	-	5 515	-	-	-	61 279
C.H.T. Peplar	44 614	-	4 417	-	-	-	49 031
One stop centre (BCM Leiden Platform)	120 247	-	11 906	-	-	-	132 153
Ward Committee Training (Stitching Cordaid)	341 555	-	33 818	-	-	-	375 373
Leiden	-	970 154	28 898	(218 946)	-	(385 188)	394 918
Eastern Cape Development Agency (ECDC)	670 879	-	-	-	(255 728)	-	415 151
Umsobomvu Youth Fund	232 350	179 583	29 230	(179 455)	-	-	261 708
PADF Contributions: EX Public	226 805	118 788	12 917	-	-	-	358 510
HIV AIDS Toolkit	56 555	-	5 600	(1 977)	(56 538)	-	3 640
TOTAL DONATIONS & PUBLIC CONTRIBUTIONS	11 233 879	22 824 739	2 462 659	(7 297 887)	(11 428 734)	16 379	17 811 037
TOTAL CONDITIONAL GRANTS & RECEIPTS	243 464 402	163 625 491	30 886 627	(131 639 322)	(158 777 736)	4 502 964	152 062 432

BUFFALO CITY MUNICIPALITY
APPENDIX H
DISCLOSURE OF CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2008

	EXECUTIVE MAYOR	MUNICIPAL MANAGER	CHIEF OPS OFFICER	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	-	-	-	19 300	-	-	-	-	-	19 300
Restructuring Grant	3 249 706	-	-	641 773	288 659	7 947 052	688 274	-	-	12 815 464
IMEP	-	-	-	-	-	17 580 635	-	-	-	17 580 635
MIG	-	-	-	-	-	90 031 079	8 221 913	1 656 328	-	99 909 319
MSIG	-	-	-	2 948 883	-	-	-	-	-	2 948 883
LOTTO	-	-	-	-	-	-	-	15 979	-	15 979
European Commission	-	2 406 818	-	-	-	8 453 266	528 677	-	-	11 388 760
Equitable Share Grant	-	-	-	-	-	125 641	-	22 892	-	148 533
DWAF Funded Projects-Water	-	-	-	-	-	251 642	283 591	-	-	535 233
	3 249 706	2 406 818	-	3 609 956	288 659	124 389 314	9 722 454	1 695 198	-	145 362 105
PROVINCIAL GOVERNMENT										
DEAT	-	-	-	-	-	-	355 382	-	-	355 382
Local Government Housing	-	-	-	-	-	-	1 627 671	-	-	1 627 671
Disaster Relief Fund	56 538	-	-	-	-	-	-	-	16 314	72 853
	56 538	-	-	-	-	-	1 983 053	-	16 314	2 055 906
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	3 306 244	2 406 818	-	3 609 956	288 659	124 389 314	11 705 507	1 695 198	16 314	147 418 011
DONATIONS AND PUBLIC CONTRIBUTIONS										
BCMET Funding	-	-	-	-	6 900	-	8 643 424	-	-	8 650 324
Public Funding	-	-	-	-	-	-	326 440	-	-	326 440
ECDC	-	-	-	-	-	255 728	-	-	-	255 728
LEIDEN	-	-	-	-	-	325 865	-	-	-	325 865
SIDA Development Trust	1 782 916	-	-	-	-	-	-	-	-	1 782 916
VUNA Award	14 944	-	-	-	-	-	-	-	-	14 944
HIV/ AIDS	-	-	-	-	-	-	-	-	3 508	3 508
	1 797 860	-	-	-	6 900	581 593	8 969 864	-	3 508	11 359 725
TOTAL CONDITIONAL GRANTS & RECEIPTS	5 104 104	2 406 818	-	3 609 956	295 559	124 970 907	20 675 371	1 695 198	19 822	158 777 736

BUFFALO CITY MUNICIPALITY
APPENDIX H CONTINUED
DISCLOSURE OF CONSOLIDATED CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2008

	EXECUTIVE MAYOR	MUNICIPAL MANAGER	CHIEF OPS OFFICER	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	-	-	-	274 366	-	-	-	-	-	274 366
Restructuring Grant	4 733 678	1 567 840	-	16 157 441	5 581 922	11 695 939	2 254 292	453 551	12 496	42 457 159
MIG	-	-	-	-	-	-	2 328	6 961 923	64 051	7 028 302
Project Consolidated - Billing System-MSIG	245 428	-	-	561 917	-	-	-	-	-	807 345
Equitable Share Grant	11 821 633	-	1 203 099	-	-	44 737	1 035 072	8 198 366	-	22 302 907
DWAF Funded Projects	-	-	-	-	-	1 457 590	-	-	-	1 457 590
	16 800 739	1 567 840	1 203 099	16 993 724	5 581 922	13 198 266	3 291 692	15 613 840	76 547	74 327 668
PROVINCIAL GOVERNMENT										
Gompo Survey	-	-	-	-	-	-	16 833	-	-	16 833
Mdantsane Infill areas : Planning and Survey	-	-	-	-	-	-	16 145	-	-	16 145
Mahlangu Village : Planning and Survey	-	-	-	-	-	-	23 454	-	-	23 454
Upgrade Kwaklifu Settlement ; Phakamisa	-	-	-	-	-	-	6 105	-	-	6 105
Needscamp Planning	-	-	-	-	-	-	28 600	-	-	28 600
Mdantsane Urban Renewal Programme	-	-	93 910	-	-	-	-	-	-	93 910
Municipal Support Programme	-	-	-	177 954	-	-	-	-	-	177 954
Local Government Housing	-	-	34 096 451	-	-	-	197 744	-	-	34 294 195
Disaster Relief Fund	-	-	-	-	-	-	-	-	374 380	374 380
Local Economic Development Fund	-	-	-	-	-	-	42 321	-	-	42 321
Dept of Sports, Recreation, Arts & Culture	1 500 000	-	-	-	-	-	-	33 502	-	1 533 502
Department of Science & Technology	-	-	-	-	-	-	-	264 913	-	264 913
Dept of Economic Affairs & Tourism (DEAT)	-	-	-	-	-	-	535 592	-	-	535 592
	1 500 000	-	34 190 361	177 954	-	-	866 794	298 415	374 380	37 407 903
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	18 300 739	1 567 840	35 393 460	17 171 678	5 581 922	13 198 266	4 158 486	15 912 255	450 927	111 735 571
DONATIONS AND PUBLIC CONTRIBUTIONS										
ADM Funding	-	-	60 550	-	-	-	53 004	-	-	113 554
BCMET Funding	-	-	-	-	54 038	-	1 472 141	-	-	1 526 179
Public Funding	-	-	-	-	-	-	34 381	-	-	34 381
DBSA	539 972	-	-	-	50 800	-	-	-	-	590 772
SALAIIDA Funding	320 443	-	-	-	-	-	-	-	-	320 443
SIDA Development Trust	50 596	-	-	-	-	-	-	49 888	-	100 484
SETA Fund	-	-	-	-	1 543 477	-	-	-	-	1 543 477
LOTTO Contribution	-	-	-	-	-	30 203	-	89 159	945 310	1 064 672
Dutch Embassy	98 634	-	-	-	-	-	-	-	-	98 634
Umsobomvu Youth Fund	179 455	-	-	-	-	-	-	-	-	179 455
Leiden	15 458	-	-	-	-	-	-	203 487	-	218 945
HIV AIDS Toolkit	1 977	-	-	-	-	-	-	-	-	1 977
European Commission Funding	-	-	31 800	-	-	1 999 999	984 145	6 006 111	-	9 022 055
IMEP	-	-	-	-	-	3 445 481	-	-	-	3 445 481
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS	1 206 535	-	92 350	-	1 648 315	5 475 683	2 543 671	6 348 645	945 310	18 260 509
BCDA	-	1 643 241	-	-	-	-	-	-	-	1 643 241
TOTAL CONDITIONAL GRANTS & RECEIPTS	19 507 274	3 211 081	35 485 810	17 171 678	7 230 237	18 673 949	6 702 157	22 260 900	1 396 237	131 639 322

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ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The consolidated 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 consolidated 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 consolidated annual financial statements are presented in South African Rand.

4. GOING CONCERN ASSUMPTION

These consolidated 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. The Economic Entity has been issued a certificate of exemption from the Compensation Commissioner and has been given permission to administer its own internal COID fund.

The Economic Entity 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.

The Economic Entity 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.

Interest earned on the fund is allocated to the fund and is recognised in the Statement of Financial Performance.

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 the Economic Entity.
- 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 the Economic Entity 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 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.

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- 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.

6.3 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.

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.

The environmental rehabilitation obligation is included in the cost of the related asset and changes in the liability resulting from changes in the estimates are accounted for as follows:

- Any decrease in the cost of the asset is limited to its carrying amount.
- These assets are depreciated over their useful lives.

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.

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7.1 Depreciation of Property, Plant and Equipment

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 the Economic Entity 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>
<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

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The Economic Entity 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 30013 dated 29 June 2007, the Economic Entity 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

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.

7.6 Agricultural Assets

Agricultural assets consist only of Biological Assets for exhibition purposes in the zoo and aquarium. These assets are measured at fair value and the increase or decrease in valuation is accounted for in the Statement of Financial Performance at each financial year end.

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 2007/08 financial year.

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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.

9.2 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.

9.3 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 2007/08 financial year. Buffalo City Municipality will accordingly present consolidated financial statements for 2007/08.

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. The Economic Entity did not make

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use of the exemption relating to the disclosure of water stock as per Government Gazette No. 30013 dated 29 June 2007. The Economic Entity will accordingly disclose the full value of water stock as at year end.

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

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

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

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.

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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.

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

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the investment. Interest may be transferred from the accumulated surplus to the CRR or the Insurance Reserve.

If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is recognised in the Statement of Financial Performance.

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

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 the Economic Entity 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

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.

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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.

Provision for performance bonuses

The Economic Entity makes provision for performance bonuses unpaid at year end based on the full possible amount payable.

Provision for the rehabilitation of Landfill sites

The net present value of future rehabilitation cost estimates as at year end is recognised and provided for in full in the financial statements. The estimates are reviewed annually to take into account the effect of changes in the estimates. Discount rates that reflect the time value of money are used in calculating the present value.

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

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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.

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

22.1 The Entity as Lessee

Finance leases

Leases are classified as finance leases when these confer with conditions as stipulated in IAS 17.

The Economic Entity recognises finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The depreciation of items of property, plant and equipment is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with GAMAP 17 Property, Plant and Equipment and IAS 38 Intangible Assets. If there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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Lease finance charges are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Operating leases are those leases which do not fall within the scope of the above definition. The Economic Entity did not make use of the exemption relating to recognising operating lease payments on a straight line basis as per Government Gazette No. 30013 dated 29 June 2007. The Economic Entity will accordingly recognise operating lease payments on a straight line basis over the period of the lease and account for such disclosure at year end.

Contingent rentals

Contingent rents are charged as expenses in the periods in which they are incurred.

22.2 The Entity as Lessor

The Economic Entity did not make use of the exemption relating to recognising operating lease receipts on a straight line basis as per Government Gazette No. 30013 dated 29 June 2007. The Economic Entity will accordingly recognise operating lease receipts on a straight line basis over the lease term and account for such disclosure at year end.

23. VALUE ADDED TAX

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

24. GRANTS-IN-AID

The Economic Entity transfers money to individuals, institutions and organisations. When making these transfers, the Economic Entity 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 over more than one financial year they are then treated in accordance with the accounting policy on provisions outlined under 16 above.

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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 the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is recognised 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 the Economic Entity are amortised according to the straight line method. By making use of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 the Economic Entity only includes software as intangible assets.

The amortisation rates of definite intangible assets are based on the following estimated useful lives:

	<u>Years</u>
Computer Software	3

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.

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28. EMPLOYEE BENEFITS

28.1 Defined Contributions

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

28.2 Defined Benefits

The Economic Entity provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Economic Entity. According to the rules of the medical aid funds, with which the Economic Entity is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 40% of the medical aid membership fee, and the Council for the remaining 60%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The additional cost effect of defined benefit retirement funds is immaterial and the costs thereof are charged to the Statement of Financial Performance as they fall due. The Economic Entity's net obligation in respect of post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods whereby that benefit is discounted to determine its present value.

The actuarial valuation is performed by an independent qualified actuary on a regular basis using the projected unit credit method. When the calculation results in a benefit to the Economic Entity, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. When the benefits become vested, the expense is recognised immediately in the Statement of Financial Performance.

**THE ECONOMIC ENTITY
ACCOUNTING POLICIES TO THE
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

29. BORROWING COSTS

Borrowing costs are recognised as incurred and expensed in the Statement of Financial Performance.

30. CURRENT TAX ASSETS AND LIABILITIES

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

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

Deferred tax assets and liabilities

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

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

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

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

4.6 REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF BUFFALO CITY MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying group financial statements of the Buffalo City Municipality which comprise the consolidated and separate statement of financial position as at 30 June 2008, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, 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 applicable basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financials statements and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA) 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) (PAA), 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 and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on 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 not effective for this financial year, I have determined that my audit of any disclosures made by the 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 prescribed by the National Treasury, as set out in accounting policy note 1. Refer to addendum A.

Basis for qualified opinion

Creditors

10. Included in creditors amounting to R269 million as reported in the statement of financial position are trade creditors, other creditors and payments received in advance totalling R233 million. Sufficient appropriate documentation in support of this amount could not be provided, as the municipality did not prepare adequate supplier reconciliations and did not have an adequate alternative system of ensuring that all goods and services received prior to year-end, but not yet paid, were accrued. Therefore, alternative procedures were performed which revealed that creditors were overstated by an estimated R4 million.
11. Furthermore, I was unable to determine the accuracy, obligation and cut-off of creditors as disclosed in the annual financial statements.

Irregular expenditure

12. In terms of section 111 of the MFMA, the accounting officer must ensure that the municipality has and implements a supply chain management policy (SCM). Therefore the municipality has disclosed irregular expenditure incurred to the value of R22, 5 million relating to tenders which were incorrectly awarded for R30 million. In addition, disclosure has been made of expenditure totalling R880 654 which was paid out of an investment vote and for which supporting documentation does not exist. However, a complete tender register and tender documentation requested could not in all instances be presented. I was therefore unable to determine whether all the SCM Regulations as set out in the MFMA were complied with and confirm the completeness of irregular expenditure incurred for the year under review.

Inventory

13. The municipality has not complied with GAMAP 12: Inventories, which requires that all material inventories should be accounted for at cost. Inventory as disclosed in note 13 to the annual financial statements did not include inventories under the control of the directorate of engineering services at year-end. Consequently, inventory is understated by a possible R5 million, while expenditure is overstated by the same amount.

Commitments

14. As a result of the lack of information provided relating to tender documents requested, I was unable to confirm the completeness and accuracy of the disclosure of commitments in the financial statements. The municipality's records did not permit the application of alternative audit procedures regarding commitments.

Opinion

Qualified Opinion

15. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Buffalo City Municipality and group as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the applicable reporting framework and in the manner required by the MFMA and DoRA.

Emphasis of matters

I draw attention to the following matters:

Amendments to the applicable basis of accounting

16. The National Treasury approved a deviation from the basis of accounting applicable to municipalities on 29 June 2007, which granted the municipality exemption from the disclosure of the reporting standards contained in addendum A.

17. The municipality has elected to early adopt the requirement(s) in GRAP, GAMAP and/or SA GAAP, contained in addendum A, which were exempted in terms of General Notice 522 of 2007, in Government Gazette No. 30013 of 29 June 2007.

Fruitless and wasteful expenditure

18. The municipality disclosed fruitless and wasteful expenditure of R442 399 relating to a second forensic investigation commissioned by the executive mayor on tender-related irregularities. This second investigation was not sanctioned by the council.

Restatement of corresponding figures

19. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2007 have been restated as a result of the additional deviations granted by the National Treasury during the year under review.

OTHER MATTERS

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

Internal controls

20. 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 table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Creditors			<input type="checkbox"/>		<input type="checkbox"/>
Irregular expenditure			<input type="checkbox"/>		<input type="checkbox"/>
Inventory			<input type="checkbox"/>		<input type="checkbox"/>
Commitments			<input type="checkbox"/>		<input type="checkbox"/>

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allow people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.

Matters of governance

21. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
The municipality had an audit committee in operation throughout the financial year.	<input type="checkbox"/>	
The audit committee operates in accordance with approved written terms of reference.	<input type="checkbox"/>	
The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.	<input type="checkbox"/>	
Internal audit		
The municipality had an internal audit function in operation throughout the financial year.	<input type="checkbox"/>	
The internal audit function operates in terms of an approved internal audit plan.	<input type="checkbox"/>	
The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	<input type="checkbox"/>	
Other matters of governance		
The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA for municipalities and municipal entities)	<input type="checkbox"/>	
The annual report was submitted for the auditor for consideration prior to the date of the auditor's report.		<input type="checkbox"/>
The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.		<input type="checkbox"/>
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		<input type="checkbox"/>
The prior year's external audit recommendations have been substantially implemented.		<input type="checkbox"/>
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.	<input type="checkbox"/>	
The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.	<input type="checkbox"/>	
The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.	<input type="checkbox"/>	

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

22. I have reviewed the performance information as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the performance information

23. 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

24. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008 and section 45 of the MSA.

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

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

Audit findings (performance information)

Non-compliance with regulatory requirements

27. Section 46(1)(c) of the Municipal Systems Act, 2000 (Act No.32 of 2000) requires that a municipality prepares a performance report reflecting measures to improve performance. When the performance report was inspected it was noted that for some of the targets which were not achieved there was no explanation in the performance report stating what measures the municipality has put in place to improve performance.

Measurable objectives not consistent

28. Section 9(1)(a) of the Municipal Planning and Performance Management Regulations requires that a municipality set key performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development and objectives. Several key performance indicators in the integrated development plan (IDP) of the municipality did not contain input, output or outcome indicators.

Lack of sufficient appropriate audit evidence

29. I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of the Buffalo City Municipality, as I was unable to obtain access to the records pertaining to the programmes/objectives/key performance indicators.

Changes to planned performance information not approved

30. Changes to the outputs/measures/indicators/targets in the current year's IDP were not approved.

Investigations

31. An investigation was being conducted by an independent consultancy firm on request of the municipality to determine if any material procedural irregularities occurred during the evaluation and awarding of the bids for the operation of waste sites and the implementation of waste management by-laws. A forensic report has been completed and referred to the council for consideration. The investigation was still ongoing at the reporting date but criminal action was being considered.

32. An investigation was being conducted to determine if any material procedural irregularities occurred during the evaluation and award of the bid of the grass-cutting contract and if all awards were made through the formal bid process. In addition, the excess value incurred on this contract was the subject of further investigation. There was no clarity at the reporting date on whether or not criminal or civil action would be taken.

33. An investigation was being conducted on allegations of theft of copper from cables in the municipal stores. The purpose of this investigation was to determine if any officials of the municipality were involved with the sale of copper to scrap merchants. Officials have been suspended but at the reporting date no criminal action had been considered.

34. Several other cases of irregularities were being investigated but at the time of the audit it was not clear whether they could be considered to be material in nature, i.e. cases of minor theft or damage to municipal property.

APPRECIATION

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

Auditor - General

East London

9 December 2008



A U D I T O R - G E N E R A L

Basis of preparation

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.

The 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	The 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 Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and 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.

The entity has elected to early adopt the following requirement(s) in GRAP, GAMAP and/or SA GAAP, which were exempted in terms of General notice 552 of 2007:

Standard no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of General Notice 552 of 2007, in Government Gazette no. 30013 of 29 June 2007, that have been early adopted
GAMAP 12	Inventories	<ul style="list-style-type: none"> ▪ The disclosure of water stock on hand only.
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

Standard no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of <i>General Notice 552 of 2007</i> , in <i>Government Gazette no. 30013 of 29 June 2007</i> , that have been early adopted
		defined benefit obligation disclosed by narrative information. (IAS 19.29, 48 – 119 and 120A(c) - (q))
IFRS 3	Business combinations	<ul style="list-style-type: none"> ▪ Preparation of consolidated financial statements

4.7 COUNCIL: 27 JANUARY 2009 REPORT OF THE ACTING CHAIRPERSON OF THE AUDIT COMMITTEE

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF BUFFALO CITY MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

INTRODUCTION

The Audit Committee is an independent advisory body to the Council. The Committee has considered the Report of the Auditor General on the Annual Financial Statements and Performance Information of the Buffalo City Municipality for the year ended 30 June 2008.

CONSIDERATION OF THE AUDITOR GENERAL'S REPORT

Management presented the Auditor General's report together with their comments thereon to a meeting of the Audit Committee held on 11 December 2008. All Directorates required to respond were represented at the meeting. It must be noted that submission of the report to the Audit Committee is to enable the Committee to interact with Management on the issues raised in the report for the purpose of providing Council with input in terms of section 166 [2] [c] of the Local Government: Municipal Finance Management Act.

The Committee registers concern regarding certain of the findings of the Auditor General and these are elaborated on hereunder. The Committee is, however, appreciative of the efforts of management to reduce the number of qualifications arising from the previous report of the Auditor General.

In general, the comments provided by management give no indication of resources required to implement the actions, or time frames and it is recommended that management should consider these matters and revert to the Audit Committee and Council thereon. Progress reports on implementation may also be of assistance. While noting the comments of management, the Committee was not in all cases satisfied therewith and these matters are highlighted in each section under Audit Committee comments.

Other matters, not highlighted in the Report of the Auditor General, will be dealt with by the Committee in the new calendar year.

THE REPORT

The comments of the Audit Committee are set out under each section of the Report of the Auditor General.

“REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF BUFFALO CITY MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

35. I have audited the accompanying group financial statements of the Buffalo City Municipality which comprise the consolidated and separate statement of financial position as at 30 June 2008, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

36. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financials statements and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA) 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

37. 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) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

38. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

39. 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.

40. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

41. 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 not effective for this financial year, I have determined that my audit of any disclosures made by the Buffalo City Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
42. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

43. The municipality's policy is to prepare financial statements on the basis of accounting prescribed by the National Treasury, as set out in accounting policy note 1. Refer to addendum A.

Basis for qualified opinion

Creditors

44. Included in creditors amounting to R269 million as reported in the statement of financial position are trade creditors, other creditors and payments received in advance totalling R233 million. Sufficient appropriate documentation in support of this amount could not be provided, as the municipality did not prepare adequate supplier reconciliations and did not have an adequate alternative system of ensuring that all goods and services received prior to year-end, but not yet paid, were accrued. Therefore, alternative procedures were performed which revealed that creditors were overstated by an estimated R4 million.
45. Furthermore, I was unable to determine the accuracy, obligation and cut-off of creditors as disclosed in the annual financial statements."

Management Comments:

Controls are in place to ensure that monthly supplier reconciliations are performed. At the year end it is possible that creditors could be overstated. However, in order to determine whether there was an overstatement and the precise amount thereof, a detailed listing in this regard would be required from the Office of the Auditor General. Weaknesses in the year end procedures have since been identified and have been addressed and further controls will be implemented.

Audit Committee Comments:

The Committee expresses concern regarding the matter of the supplier reconciliations as well as the apparent weaknesses in the year end procedures. It is considered that these weaknesses contribute to the findings under Irregular expenditure [12] and Commitments [14] and will be elaborated on further under those sections.

While noting the comments from the General Manager: Asset and Risk at the meeting regarding controls to obviate duplicate payments the Committee records concern that in the absence of "adequate supplier reconciliations" as reported by the Auditor General this process may be compromised.

The Committee accordingly recommends that the procedures to ensure the preparation of adequate supplier reconciliations be reviewed possibly to include monthly reporting thereon, and that the year end procedures be revisited.

“Irregular expenditure

46. In terms of section 111 of the MFMA, the accounting officer must ensure that the municipality has and implements a supply chain management policy (SCM). Therefore the municipality has disclosed irregular expenditure incurred to the value of R22, 5 million relating to tenders which were incorrectly awarded for R30 million. In addition, disclosure has been made of expenditure totalling R880 654 which was paid out of an investment vote and for which supporting documentation does not exist. However, a complete tender register and tender documentation requested could not in all instances be presented. I was therefore unable to determine whether all the SCM Regulations as set out in the MFMA were complied with and confirm the completeness of irregular expenditure incurred for the year under review.”

Management Comments:

The disclosure of irregular expenditure in the Annual Financial Statements to the value of R22, 5 million relates to amounts of R20.2 million and R 2.3 million in respect of Casalinga Investments cc t/a Waste Rite and Neo Solutions (Pty) Ltd respectively. Forensic investigations were instituted in both these cases as disclosed in the Annual Financial Statements.

With regard to a complete tender register the Auditor Generals comments are noted and management will ensure that all necessary required details will be included in the register.

The additional disclosure of expenditure totalling R880 654 relates to a payment made to Zinala Investments. A civil case has been instituted as disclosed in the Annual Financial Statements.

Audit Committee Comments:

The Committee expresses serious concern regarding the reported irregular expenditure of R22, 5 million, and understands that this is being dealt with through other processes. Never the less, the apparent failures within the Bid Committee system which gave rise to this event are viewed as material risks to the institution given the substantial values transacted through the system. This system is required to apply certain controls to obviate such instances and a review of these processes may therefore be prudent.

The failure to maintain a complete tender register as well as the apparent inability to produce all required tender documentation is indicative of control issues within the departments concerned. [Refer to section 20 – Internal Controls.] The failure to maintain and safeguard all tender documentation could compromise the administration of contracts and jeopardise potential legal cases. A complete tender register would assist the institution with the determination of the value of outstanding creditors at year end as well as the commitments referred to under point 14. Given the substantial values transacted through the bid committee system it is considered to be a material risk.

The Committee accordingly recommends that attention be given to strengthening the bid committee process to reduce the likelihood of irregular transactions. In addition, the establishment of a complete and up to date tender register should receive urgent attention, as should the processes to file and safeguard all tender documentation.

The payment of R880 654, apparently without value, is noted by the Committee. However, the event gives rise to the impression that the internal control system relating

to such payments requires to be reviewed. It is understood that management has reviewed the system. Nevertheless, the fact that the payment was processed against an investment account, without being detected, remains a concern to the Committee. It is considered that adequate reconciliations of the account against the formal register of investments should have highlighted this incorrect payment. The action being taken to recover the amount paid out is noted.

On the matter of the R880 654 reported, the Committee recommends that the reconciliation and monitoring processes relating specifically to the investment account be strengthened.

“Inventory

47. The municipality has not complied with GAMAP 12: Inventories, which requires that all material inventories should be accounted for at cost. Inventory as disclosed in note 13 to the annual financial statements did not include inventories under the control of the directorate of engineering services at year-end. Consequently, inventory is understated by a possible R5 million, while expenditure is overstated by the same amount.”

Management Comments:

The practice over the years has been for the Directorate of Engineering Services to maintain a stock of materials for daily maintenance which is well below the cost of R5 million. These goods are expensed and utilized as and when required. The situation has improved in that the stock levels have been reduced from previous years. In future the Engineers will be instructed to schedule and take stock of these goods as at year end and the necessary adjustment will be made to reduce expenditure and increase inventory accordingly. Every effort will also be made to reduce the amount of materials on hand without impacting on service delivery.

Further to the above cognizance must be taken that a portion of this stock could relate to stock taken over from the Public Works Department which was previously considered to be obsolete and accounted for accordingly which may distort the perception that these levels were in excess of R5 million. The fact is that some stock is obsolete and was left behind by Public Works during 1998. Therefore it would be incorrect to assume that this would form part of BCM’s inventory.

Audit Committee Comments:

The inventory value reported is considered to be substantial and the Committee expresses concern that inventory to such a value was omitted from the financial statements. The action proposed by management to ensure that the value is reported in future financial statements is noted.

The explanation regarding obsolete stock is not accepted as it is considered that even if the stock is considered to be obsolete and has been accounted for accordingly, it should still be recorded on an official stock schedule and be subjected to stock counts if it remains on Municipal property. A failure to do so could result in shrinkage .The Directorate of Engineering Services provided the value from their own records and the comments by the General Manager: Asset and Risk Management are therefore not considered valid.

The Committee accordingly recommends that management establish all material inventories held by the municipality which may not be scheduled and that these be inspected at year end and valued for the purposes of the financial statements.

“Commitments

48. As a result of the lack of information provided relating to tender documents requested, I was unable to confirm the completeness and accuracy of the disclosure of commitments in the financial statements. The municipality’s records did not permit the application of alternative audit procedures regarding commitments.”

Management Comments:

This relates to the outstanding amounts on tender contracts as at year end. The Auditor General comments are noted and management will ensure that the tender register is properly maintained and updated to enable the confirmation of the completeness and accuracy of the disclosure of commitments in the financial statements.

Audit Committee Comments:

The Committee views the finding that the Auditor General was unable to determine the accuracy, obligation and cut-off of creditors as disclosed in the annual financial statements [refer finding 11] and as a result of a lack of information provided relating to tender documents and was unable to confirm the completeness and accuracy of the disclosure of commitments, in a serious light. Both of these matters have been elaborated on above.

The proposed actions of management in this regard are noted, but the Committee nevertheless is concerned regarding the potential impact that these findings may have on the institution. The complete tender register [refer finding 12] would assist the institution with the determination of the value of outstanding creditors at year end as well as the commitments referred to under this finding. Given the substantial values transacted through the supply chain system the maintenance of the tender register should be seen as a priority.

The Committee recommends accordingly.

“Opinion

Qualified Opinion

49. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Buffalo City Municipality and group as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the applicable reporting framework and in the manner required by the MFMA and DoRA.

Audit Committee Comments:

The Committee notes the qualified opinion.

The basis for the qualification appears to stem, in the main, from the bid and related supply chain processes e.g. bid committee system, tender registers, lack of documentation and inventory. Based thereon, the Committee concludes that these

activities need to receive special attention by management to ensure that they are strengthened.

The Committee also believes that the processes of supervision and monitoring should also be reviewed as these are the core processes through which the qualifications can be best addressed. The comments under 20 – Internal Control give rise to the unfortunate perception that although basic internal control processes have been designed in certain cases these are not always fully implemented and maintained. While the qualifications arise from issues as set out above, the Committee cautions that internal control processes should be reviewed by management to ensure that they are in operation in areas other than those mentioned by the Auditor General.

The Committee recommends accordingly.

Emphasis of matters

I draw attention to the following matters:

Amendments to the applicable basis of accounting

50. The National Treasury approved a deviation from the basis of accounting applicable to municipalities on 29 June 2007, which granted the municipality exemption from the disclosure of the reporting standards contained in addendum A.
51. The municipality has elected to early adopt the requirement(s) in GRAP, GAMAP and / or SA GAAP, contained in addendum A, which were exempted in terms of General Notice 522 of 2007, in Government Gazette No. 30013 of 29 June 2007.

Management Comments:

The Auditor General Statement is confirmed.

Audit Committee Comments:

These matters are for the information of users of the financial statements and are simply statements of record.

Fruitless and wasteful expenditure

52. The municipality disclosed fruitless and wasteful expenditure of R442 399 relating to a second forensic investigation commissioned by the executive mayor on tender-related irregularities. This second investigation was not sanctioned by the council.”

Management Comments:

The disclosure of fruitless and wasteful expenditure in the Annual Financial Statements relates to Thabani Zulu investigation and report. Procedures are in place to recover the amount involved.

Audit Committee Comments:

While noting the comments of management, it appears that this finding arises from lapses within the governance processes. The Committee accordingly recommends that attention be given to how decisions relating to such matters are taken at an

administrative level to ensure that all actions have a legal basis .The lack of an appropriate documented system of delegations contributes to lapses within governance processes as set out under 20 – Internal Controls.

“Restatement of corresponding figures

53. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2007 have been restated as a result of the additional deviations granted by the National Treasury during the year under review.

Management Comments:

The Auditor General Statement is confirmed.

Audit Committee Comments:

This matter is for the information of users of the financial statements and is simply a statement of record.

Notwithstanding, the complexities of the Accounting Standards are well known in the accounting field. Differences of opinions exist between role players, and it may therefore be prudent to consider the appointment of an expert to review the interpretation and application of the applicable standards to ensure that they are applied in a correct and consistent manner. Interaction between these experts and the Auditor General should also occur to ensure a common understanding and application to ensure that differences of opinion are minimised.

This would be a matter of policy for Council to consider following further input from the Chief Financial Officer.

“OTHER MATTERS

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

Internal controls

54. 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 table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Creditors			√		√
Irregular expenditure			√		√
Inventory			√		√
Commitments			√		√
<p><u>Control environment</u>: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.</p> <p><u>Risk assessment</u>: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.</p> <p><u>Control activities</u>: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.</p> <p><u>Information and communication</u>: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allow people to carry out their financial reporting duties.</p> <p><u>Monitoring</u>: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process."</p>					

Management Comments:

Internal control is the responsibility of each Directorate and they are to ensure that proper control procedures are in place. A booklet detailing all relevant internal control procedures has been developed and circulated to all line managers for the necessary implementation thereof.

Audit Committee Comments:

The Committee concurs with the view of the Auditor General that the root cause of certain of the findings contained in the report are as a result of deficiencies relating to control and monitoring activities. The report refers in the main to control activities relating to financial objectives, but the Committee cautions that similar principles exist regarding operating processes e.g. service delivery objectives. The findings relating to performance information illustrate this principle.

While not mentioned specifically, the matter of delegations of power and authority are considered worth mention. The Committee is of the view that the lack of a comprehensive delegations framework has the potential to materially compromise the control environment.

While noting the preparation of a booklet relating to internal controls, which is considered to be a prudent action, it is considered that this is simply guidance. The booklet, while informative, simply sets out brief principles – it contains no concrete rules or further guidance. Officials need to take the process further by preparing appropriate documented internal control procedures otherwise the situation is not likely to improve.

The concern of the Committee is that the core issues identified relate to financial operations i.e. creditors, inventory and commitments, where such principles should be already established. While not downplaying the importance of the process in operational Departments the fact that they were not correctly applied in the financial operations raises certain concerns. Line managers in all departments, both financial and operational, need to be trained to implement the principles of internal control.

It is recommended that further training relating to the principles of internal control practices, including the documentation of appropriate standard operating procedures within Departments should be considered. This could also include the practice of supervision and monitoring.

The Committee accordingly recommends that management focus attention on the control areas listed by the Auditor General, most specifically on the systems or processes to be applied, supervision of the activities and the management oversight there over.

In addition, the Committee recommends that the delegations framework receive urgent attention as this is the basis from which certain internal controls can be exercised. Without it, internal controls may be compromised.

“Matters of governance

55. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
The municipality had an audit committee in operation throughout the financial year.	√	
The audit committee operates in accordance with approved written terms of reference.	√	
The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.	√	
Internal audit		
The municipality had an internal audit function in operation throughout the financial year.	√	
The internal audit function operates in terms of an approved internal audit plan.	√	
The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	√	
Other matters of governance		
The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA for municipalities and municipal entities)	√	
The annual report was submitted for the auditor for consideration prior to the date of the auditor’s report.		√
The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.		√
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		√

Matter of governance	Yes	No
The prior year's external audit recommendations have been substantially implemented.		√
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.	√	
The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.	√	
The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008."	√	

Management Comments:

The Director: Executive Support Services has commented as follows:

The draft performance report will be ready in September of each financial year for inclusion in the draft annual report for consideration prior to the date of the auditor's report.

No other management comments have been received.

Audit Committee Comments:

The four [4] areas requiring attention are set out in the table above [part of the Auditor General's report]. The first finding, namely the Annual report will be commented on under the section relating to performance information. The alterations to the financial statements are understood to be as a result of the complexities of the standards and the comments set out under 19 above are relevant here as well.

The main concerns of the Committee are, however, the delays mentioned by the Auditor General and the actions taken regarding the prior years findings. The delays in providing information and feedback to the Auditor General impacted on their scheduled deadlines and therefore those of the Audit Committee as well. The Committee is therefore not satisfied with the control over the audit process. It appears to the Committee that the level of participation by senior management during the audit itself was not adequate and could possibly be improved. It was only once the draft report was prepared that management realised the problems and acted to deal therewith. This interaction should have commenced at an earlier stage.

It may be that additional Audit Steering Committee Meetings could assist with this process. However, this may not deal with the root cause of the delays and may create accountability / relationship problems. The Audit Work Group was established to deal with the day to day activities during the audit, and the problems experienced at that level e.g. lack of documentation or information, should have been escalated to the Audit Steering Committee where management should have taken immediate action. The Auditor General raised these warnings during Audit Steering Committee meetings.

The matter is, however, one for management to address in the most appropriate manner they see fit and the Committee accordingly recommends that management consider the most cost effective solution thereto, at the same time ensuring that accountability is maintained. The involvement of senior management in the audit process should also be reconsidered.

“OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

56. I have reviewed the performance information as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the performance information

57. 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

58. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008 and section 45 of the MSA.

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

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

Audit findings (performance information)”

Management Comments:

It is the considered opinion of the Director that negative findings in the AG Audit Report are symptoms of a far more fundamental challenge relating to a shared understanding, within BCM and between BCM and the AG offices (as a key stakeholder/partner in this regard) of an approach to performance management in theory and in its execution.

Without a high level change management exercise in BCM in consultation with the AG office it is not possible for the Director to give timelines for improvement in the areas of concern. A fundamental challenge in this regard is the misplaced notion that performance management is driven from the Directorate in its totality rather than a broad agreement that performance management is a generic line function of all levels of management and a key competence in that regard.

Audit Committee Comments:

At the outset, it is necessary to indicate that the Committee has expressed serious reservations in writing regarding the functionality of the Performance Management System as well as its operations. The Committee in fact considers the Performance Management System to be materially flawed and non functional. These concerns are now endorsed by the Auditor General.

Given that the Auditor General will, in future, issue a report on Performance Information which may give rise to a qualification in the financial year 2008 / 2009, it is recommended that management give serious attention to the underlying flaws in the current Performance Management System. Particular attention should be given to the Institutional Scorecard which is intended to measure the achievement of objectives laid out in the Integrated Development Plan. If this is not done, then the likelihood of a qualification relating to Performance Information cannot be ruled out. The scorecard is assessed by the Committee as inadequate, and for all practical purposes, non functional.

Regarding the matter of a draft annual report, the Committee is of the view that the data required for inclusion therein should be information arising from the Directorates normal course of business. The process for the preparation of the Annual Report was discussed by the Oversight Council appointed by Council early in 2008. If the recommendations of that Committee are implemented, it is envisaged that the preparation of the report could be simplified. This, however, is not a substitute for refining the current Institutional Scorecard.

The Committee accordingly recommends that the findings of the Council's Oversight Committee should be revisited to ensure the timely completion of a draft Annual Report and that the Performance Management System also be reviewed - in particular the Institutional Scorecard.

The Committee also concurs with the view of the Director that a change management process is urgently required. While accepting this suggestion, the Committee cautions that such a process would have to include the rationale for the Performance Management System as well as its operation. It appears to the Committee that there is an incomplete understanding relating to the Performance Management System as tested by the Auditor General. This part of the system is intended to track the achievement of the objectives set in the Integrated Development Plan and not the activities of individuals. The performance of individuals is measured at another level. The Committee submits that if these distinctions cannot be dealt with, then a change management process is unlikely to deliver on its objective.

The Committee, however, is not in a position to recommend a change management process without knowing its terms of reference.

“Non-compliance with regulatory requirements

61. Section 46(1) (c) of the Municipal Systems Act, 2000 (Act No.32 of 2000) requires that a municipality prepares a performance report reflecting measures to improve performance. When the performance report was inspected it was noted that for some of the targets which were not achieved there was no explanation in the performance report stating what measures the municipality has put in place to improve performance.”

Management Comments:

The review of the Institutional Performance Management Policy has been included as a target for the 2008/9 financial year which will include the roles and responsibilities of all relevant stakeholders within and outside the institution, specific information relating to planning, measurement, monitoring and reporting standards.

Audit Committee Comments:

The Committee notes and concurs with the findings of the Auditor General. While noting the comments of management, the processes to actually implement the framework appear to be the main issue. The framework currently refers to the matters raised by

management and it is not clear that a review at that level will solve the problem. It appears to the Committee that the principles set out in the framework require to be developed into operational activities and be applied.

A change management process, if correctly scoped, could assist by developing a common understanding of the Performance Management System [as tested by the Auditor General] which could then serve as a platform for the actual implementation of the system.

“Measurable objectives not consistent

62. Section 9(1)(a) of the Municipal Planning and Performance Management Regulations requires that a municipality set key performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development and objectives. Several key performance indicators in the integrated development plan (IDP) of the municipality did not contain input, output or outcome indicators.”

Management Comments:

Framework will elucidate how the indicators will be prepared to meet the requirements of legislation. Further a common understanding amongst Directors relating to the formulation of indicators - target date June 2009.

Audit Committee Comments:

The Committee notes and concurs with the findings of the Auditor General. The written reports of the Audit Committee highlight this failing in the current Institutional Scorecard. Detailed reports on this matter have been submitted to management by the internal audit unit and the findings of these reports should be seriously considered by management to assist in dealing with this matter. The matters highlighted over the past two [2] financial years by the Auditor General and the internal audit unit appear to have received limited or minimal management attention. The framework currently refers to the matters raised by management and it is not clear that a review at that level will solve the problem. It appears to the Committee that the principles set out in the framework require to be developed into operational activities and be applied.

The Committee recommends that management review the reports of the internal audit unit and implement the recommendations contained therein.

“Lack of sufficient appropriate audit evidence

63. I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of the Buffalo City Municipality, as I was unable to obtain access to the records pertaining to the programmes/objectives/key performance indicators.”

Management Comments:

Framework / Policy does not indicate how evidence will be kept / filled. The departments will be encouraged to keep their own evidence on a quarterly basis. The unit will make an effort to get departments to file evidence on the fourth quarter 2008/9.

Audit Committee Comments:

The Committee notes and concurs with the findings of the Auditor General. The written reports of the Audit Committee highlight this failing in the current Institutional Scorecard. Detailed reports on this matter have been submitted to management by the internal audit

unit and the findings of these reports should be seriously considered by management to assist in dealing with this matter. The matters highlighted over the past two [2] financial years by the Auditor General and the internal audit unit appear to have received limited or minimal management attention. The framework currently refers to the matters raised by management and it is not clear that a review at that level will solve the problem. It appears to the Committee that the principles set out in the framework require to be developed into operational activities and be applied.

The Committee recommends that management review the reports of the internal audit unit and implement the recommendations contained therein.

“Changes to planned performance information not approved

64. Changes to the outputs/measures/indicators/targets in the current year’s IDP were not approved.”

Management Comments:

Changes / alterations to strategies and indicators during the IDP and institutional scorecard review will be submitted to council for approval.

Audit Committee Comments:

The Committee notes with concern the findings of the Auditor General that the provisions of the legislation regarding amendments to the Integrated Development Plan have not been complied with. The framework currently refers to the matters raised. It appears to the Committee that the principles set out in the framework require to be developed into operational activities and be applied.

The Committee is of the view that this failure is symptomatic of other underlying issues relating to the formulation of the Integrated Development Plan. The change management process may be of assistance in this regard. However, the Committee is of the view that substantial changes should be duly motivated.

“Investigations”

Audit Committee Comments:

The Audit Committee notes the various investigations being conducted. While accepting that fraud within an institution cannot be eliminated, it is important that there be clear processes to deal with fraud and fraud risk issues. The Committee has raised this matter with management but remains concerned that it appears that it is not receiving the level of attention which the Committee considers appropriate. The Committee wishes to stress that these matters do not fall under the internal audit activity and are management tasks.

The Audit Committee notes the matter and recommends that the processes of fraud, risk and fraud risk issues should be elevated within the institution to create a disincentive. The Committee also cautions that in the current economic situation, the likelihood of fraud related issues will surely increase. Management needs to strengthen supervisory and related monitoring controls to create a disincentive.

It is also vital that the internal audit activity be strengthened and the Committee recommends accordingly.

The Committee accordingly recommends that urgent attention be given to the functions of risk, fraud risk and fraud.

65. "An investigation was being conducted by an independent consultancy firm on request of the municipality to determine if any material procedural irregularities occurred during the evaluation and awarding of the bids for the operation of waste sites and the implementation of waste management by-laws. A forensic report has been completed and referred to the council for consideration. The investigation was still ongoing at the reporting date but criminal action was being considered.

Management Comments:

This relates to Gobodo Forensic Services which Council has already actioned.

Audit Committee Comments:

The Audit Committee notes the matter and recommends that this matter be dealt with as expeditiously as is practical.

66. An investigation was being conducted to determine if any material procedural irregularities occurred during the evaluation and award of the bid of the grass-cutting contract and if all awards were made through the formal bid process. In addition, the excess value incurred on this contract was the subject of further investigation. There was no clarity at the reporting date on whether or not criminal or civil action would be taken.

Management Comments:

This relates to the Forensic investigation undertaken by Deloitte which is being addressed by Council.

Audit Committee Comments:

The Audit Committee notes the matter and recommends that this matter be dealt with as expeditiously as is practical.

67. An investigation was being conducted on allegations of theft of copper from cables in the municipal stores. The purpose of this investigation was to determine if any officials of the municipality were involved with the sale of copper to scrap merchants. Officials have been suspended but at the reporting date no criminal action had been considered.

Management Comments:

Line Departments have been requested to take necessary disciplinary action.

Audit Committee Comments:

The Audit Committee notes the matter and recommends that this matter be dealt with as expeditiously as is practical.

68. Several other cases of irregularities were being investigated but at the time of the audit it was not clear whether they could be considered to be material in nature, i.e. cases of minor theft or damage to municipal property."

Management Comments:

Management is not able to comment in this instance as insufficient details have been provided.

Audit Committee Comments:

The Audit Committee notes that the finding refers to “cases of minor theft or damage to municipal property” which can not for practical reasons be elaborated on. Never the less, it is clear that the Auditor General wishes to caution that a number of cases of irregularities are on record.

The Audit Committee cautions that in the current economic situation, the likelihood of fraud related issues will surely increase. Management needs to strengthen supervisory and related monitoring controls to create a disincentive.

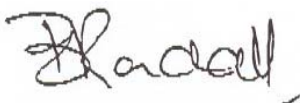
It is also vital that the internal audit activity be strengthened and the Committee recommends accordingly.

The Committee accordingly recommends that urgent attention be given to the functions of risk, fraud risk and fraud.

RECOMMENDATIONS

*Having considered the above matters the Committee accordingly **RECOMMENDS***

- 1. That the report of the Auditor General on the Group Financial Statements and Performance Information of Buffalo City Municipality for the year ended 30 June 2008 be accepted by Council.*
- 2. That the comments of Management as set out in the report to the Audit Committee meeting held on 11 December 2008 be noted by Council.*
- 3. That the concerns of the Audit Committee as set out in the report of the Acting Chair person of the Audit Committee be noted by Council.*
- 4. That the recommendations embodied in the report of the Acting Chair person of the Audit Committee be included as formal recommendations of the Council.*
- 5. That the concerns of the Audit Committee relating to Performance Information be noted by Council.*
- 6. That appropriate measures be introduced to ensure compliance with the legislation, including the formulation of well constructed measurement tools [indicators and data sets] for the Performance Management System.*



B RANDALL
ACTING CHAIRPERSON
BUFFALO CITY: AUDIT COMMITTEE.

4.8 GOVERNANCE MATTERS: INTERNAL AUDIT REPORT OF THE ACTING CHAIRPERSON OF THE AUDIT COMMITTEE

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

INTRODUCTION

In terms of section 166 [1] of the Local Government: Municipal Finance Management Act, No. 56 of 2003 the municipality and each of the municipal entities must have an audit committee.

In terms of legislation an audit committee is an independent advisory body appointed by the Council which must —

advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to, inter alia, internal financial control and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the Local Government: Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation and performance evaluation.

The Committee is, in addition, required to review the annual financial statements to provide the council of the municipality and, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with the Local Government: Municipal Finance Management Act and any other applicable legislation and should respond to the council on any issues raised by the Auditor-General in the audit report.

The Audit Committee is required to report in the Annual Report of the Municipality on their perception of the overall control environment and whether or not they consider that the Annual Financial statements should be accepted by the Council.

APPOINTMENT OF AUDIT COMMITTEE

The Audit Committee was appointed by Council following recommendation by the Executive Mayor.

The members of the Audit Committee during the period under review were:

Member	Position
Mr. Chris Guest (Chairperson)	Chairperson [Resigned December 2007.]
Ms. Brechtje Randall	Acting Chairperson [January 2008.]
Ms. Patience Phindiwe Ndamase	Member
Mr. Dumisani Sonamzi	Member

A vacancy exists on the Committee and the recommendation is that the vacancy be filled as soon as is possible to enable the Committee to more effectively carry out its mandate.

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee has adopted appropriate terms of reference which are encapsulated in an Audit Committee Charter, approved by Council. The committee has, in addition, approved an internal audit charter which regulates the operations of the Internal Audit unit.

The Audit Committee is also the Performance Audit Committee of the Municipality as well as the Audit Committee for the one Municipal entity, the Buffalo City Development Agency.

MEETINGS OF THE COMMITTEE

The Audit Committee convened regularly during the financial year.

Date	C Guest *	B Randall	P Ndamase	D Sonamzi
2 August 2007.	√	√	√	√
6 September 2007. [Special private meeting]	√	√	√	√
1 November 2007.	√	√	√	√
3 November 2007. [Special private meeting]	√	√	√	Apology
14 December 2007	√	√	√	√
6 February 2008	N/A	√	√	√
30 May 2008	N/A	√	√	Apology
Total	5/5	7/7	7/7	5/7

The Accounting Officer [Municipal Manager] attended and participated in Audit Committee meetings.

Members of the Committee sat on other official Committees as follows:

Date	Event
25 July 2007	Audit Readiness meeting
20 August 2007	Credit Control Policy seminar
22 February 2008.	Committee appointed to consider the payment of bonuses to Contract General Managers.
28 February 2008	Oversight Committee appointed to consider the Annual Report.
12-13 March 2008	Oversight Committee appointed to consider the Annual Report.
26 March 2008	Oversight Committee appointed to consider the Annual Report.
31 March 2008	Council Meeting
25 April 2008	Oversight Committee appointed to consider the Annual Report.
26 May 2008	Audit Steering Committee
28 May 2008	Private meeting with Manager: Internal Audit to discuss the process followed for Bonus Moderation.
29 May 2008	Council Meeting

* The Chairperson, Mr C Guest, resigned in December 2007 to take up a position in the United Arab Emirate. Ms B Randall was appointed as Acting Chairperson in January 2008.

EFFECTIVENESS OF INTERNAL CONTROL

The Manager: Internal Audit reports operationally to the Audit Committee. The Audit Committee has reviewed reports from the Internal Audit Unit in terms of the approved internal audit plan. Based on our evaluation of the work of the Internal Audit Unit, as well as feedback received from the Office of the Auditor-General, the Committee is of the opinion that the control environment requires to be reinforced to ensure that a generally sound system of internal control exists. The findings of reports from the Internal Audit Unit, as well as the unfortunate recent press releases, give rise to the unfortunate view that the control environment is currently stressed. Follow up reviews have, in addition, revealed that management actions proposed in response to findings contained in internal audit reports have not in all cases been implemented. Control weaknesses identified by the internal audit unit and the Auditor-General require to be addressed by management, specifically in the areas of monitoring, review and reconciliations. Supervisory control is also identified as a control weakness which requires attention by management. The importance of the findings contained in these reports to management should not be down played.

The Committee is therefore of the opinion that the control environment within many sections of the Municipality is currently stressed and that a concerted effort should be put in place to deal with this situation. A failure to do so may result in further audit qualifications. The Supply Chain Management System in particular is considered to present substantial reputation and service delivery risks and requires urgent interventions to bring it back on course.

RISK MANAGEMENT, FRAUD AND LOSS CONTROL

No formal risk assessment exercise was performed by management during the period under review. The original risk assessment performed in June 2005 therefore essentially remains in place. There has been no update of this assessment which is now considered to be outdated and in urgent need of revision as evidenced by the comments under the effectiveness of internal control. The lack of a formalized Policy or Framework to co-ordinate, control and monitor risks prevalent in the institution is a contributing factor.

While a draft Risk Management Framework was compiled late in the year under review, this Framework, while sound in many respects is considered not to be aligned with the structure of the Municipality, or its key activities – a point stressed by the Manager: Internal Audit who prepared the draft Framework at short notice. While efforts have been made to provide some form of Risk Management structure, the lack of ownership of the process by senior management appears to be a major reason for the process not becoming embedded within the institution. A high level champion is required to manage the process and ensure that it becomes embedded within the organizational culture. An annual risk assessment exercise is considered to be an important informant of the Integrated Development Planning process.

While certain Departments may have performed individual and specific risk assessments at varying levels, the principle of enterprise wide integrated risk assessment, based on a uniform standard, is not apparent.

The committee therefore reports that the principles of effective risk management appear not to be apparent in the institution. The lack of this important process is considered to be one of the root causes of certain of the unfortunate instances reported on by the Auditor General. To improve this situation it is important that the Municipal Manager and Directors assume the role of risk champions. If this is not done, then it is unlikely that the principles of risk management will become embedded within the Municipality.

Regarding Fraud, the existing Fraud Policy does not meet the expectations of the Audit Committee. While a revised draft has been prepared there is no ownership of this vital process. In these current difficult times, fraud risks escalate and need to be effectively managed.

The committee reports that an effective fraud mitigation strategy is not apparent in the institution. It is considered that the instances reported on by the Auditor General may be but the “tip of an ice berg”. Without an effective strategy to identify, investigate and prosecute fraud, there will be no disincentive to those bent on fraud. It is therefore important that the Municipal Manager and Directors assume a proactive role in this matter. If this is not done, then the likelihood of further cases of fraud can not be ruled out.

PERFORMANCE MANAGEMENT

Institutional

The Audit Committee has reviewed the quarterly reports from the Internal Audit Unit and reports that a performance management system has been approved by Council and measurements against this system were performed.

The quarterly reports of the internal audit unit relating to the performance management system, however, conclude that attention needs to be given specifically to the determination of indicators and the measurement thereof. The reports laid before the Committee indicate that considerably more attention requires to be given to the indicators and targets set out in the institutional scorecard as many did not meet the expected criteria of being specific or measurable. Where measurements were performed, many indicators were either inadequately or inaccurately measured. This mitigates against the use of the system as a tool to assist with the review of the Integrated Development Plan. In addition, it is not clear that the objectives and strategies contained in the Integrated Development Plan are correctly structured which in turn gives rise to misaligned or inappropriate indicators.

The Audit Committee expresses concern that the findings contained in reports in the current year are not substantially different to those reported in the previous year. The Committee is therefore concerned that the findings are not being adequately considered and dealt with, resulting in the continuation of a system which is not operationally effective and not in compliance with the requirements of legislation. The discussion on this matter at Audit Committee Meetings gives rise to an impression that the Performance Management System and its associated measurement is the responsibility of the Integrated Development Planning Unit. It is important that this observation be dealt with, lest it result in an audit qualification in the financial year 2008 / 2009. For the financial year 2008 / 2009, the Auditor General will express an opinion on the Performance Management system. Based on the review for the financial year 2007 /2008 the prognosis is not favourable. It is therefore important that the Municipal Manager and Directors pay close attention to this matter to avoid an audit qualification.

The Committee is therefore of the opinion that the institutional performance management system was not functional during the period under review and this has resulted in the Council and stakeholders not being in a position to accurately measure the performance of the municipality against predetermined and agreed targets as required by legislation.

Individual

A member of the Committee attended at the Moderation Committee appointed to review the performance bonuses paid to senior staff. The limitations of this process are such that while it appears that every effort was made to approach the matter in a diligent manner, the

construction of certain of the indicators and the lack of specific evidence to support measurements mitigates against the result.

The concern exists that the process was used essentially to deal with the matter of bonuses payable. The view is expressed that the management of performance and the payment of bonuses should, to the extent possible, be separated. As matters currently stand, the process is complicated by the emotions of those being evaluated for the purpose of payment of a bonus; an understandable response.

The Committee, while noting the outcome, records that it can give no assurance on this matter.

INTERNAL AUDIT PLAN

The staff situation in the unit is severely strained. A complement of only five operational Internal Auditors, which includes the Manager, cannot hope to adequately serve the interests of the institution. Difficulties in attracting appropriate staff complicate this matter further. As a result the Internal Audit Plan for the year had to be curtailed. Nevertheless, the Committee is satisfied with the progress being made by the Internal Audit Unit. The quality of reports is high and add value to the operations of the Municipality.

The current staff situation complicates efforts to comply with the Standards of the Institute of Internal Auditors and a caution is issued that the operations of the Internal Audit Unit are not sustainable with the current staff levels. Unless additional resources are allocated to the Internal Audit Unit, the Unit will not be in a position to continue to deliver on its mandate. The overall control environment within the institution is then likely to decline further, increasing the risks associated therewith. As a result, the strategic development of the unit is compromised. As an aspirant Metro, it is considered that the time has now come for the required resources to be allocated to the Unit to enable it to better perform its mandate.

The Internal Audit Unit does not currently utilize the wording “work conducted in accordance with the Standards of the Institute of Internal Auditors” as no external assessment has been conducted.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee reports that the annual financial statements for the year under review were compiled as required by legislation and were submitted to the Auditor General for statutory examination. The Committee expresses concern that the Auditor General appears to have experienced problems in obtaining certain information necessary for their review purposes. This provides further evidence of a stressed control environment.

The Audit Committee was engaged with the Audit Steering Committee during the Audit process. The Audit Committee has considered the Auditor-General’s Report and concurs with the findings. While noting the responses received from management, which comments are considered to be only partially acceptable, the Committee stresses the need for further detailed interventions to deal with the underlying causes. The Committee accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General, the report of the Municipal Manager to the Audit Committee meeting held on 11 December 2008 and the Audit Committee’s report to Council.

The findings of the Committee in this regard were tabled in a separate report to the Council and will be submitted to the Council’s Oversight Committee.

COMPLIANCE WITH LEGISLATION

The Audit Committee considered a report from the internal audit unit relating to compliance with selected provisions of legislation. In general, the Committee is satisfied that management has adopted a proactive approach to compliance issues, more specifically those requirements set out in the principle pieces of legislation, namely the Local Government: Municipal Structures Act, the Local Government: Municipal Systems Act and the Local Government: Municipal Finance Management Act. Notwithstanding, concern is expressed regarding the lack of appropriate operating delegations from the Accounting Officer to Senior Managers and from these Senior Managers to operational levels. It is apparent that an appropriate delegations framework is not in place. The risks associated with a failure to set appropriate delegations include possible legal challenges, as well as actions not aligned with the objectives of Council which may have a negative impact on service delivery. The matters appearing in the press are sufficient evidence of this.

Other important issues reported include processes to give effect to transparent systems of governance including the lack of a process to manage potential conflicts of interest through declarations and gifts registers. Allied with this, operations of the Bid Evaluation Committee, in particular, revealed unfavourable findings regarding the quality of reports submitted for consideration. The operations of the bid committees were compromised through poor quality reports as well as capacity within the Bid Committees. Accordingly, the Committee considers procurement operations to be a material risk.

A report on Loss Control, considered in the previous year, indicated that while there was an awareness of legislation relating to operational loss control activities, not all loss control activities were receiving appropriate attention. It is understood that in certain cases, the availability of resources is a challenge. These matters include occupational health and safety, data security for stand alone computers, etc. These matters pose substantial risks for the institution.

These assessments provide further indications that the control environment is currently stressed.

REPORTS BY THE COMMITTEE

During the year, the Audit Committee submitted quarterly progress reports to the Executive Mayor on the operations of the Audit Committee and the Internal Audit Unit. Bi-annual reports on the Performance Management System were, as required by legislation, submitted to the Executive Mayor for tabling in Council.

BUFFALO CITY DEVELOPMENT AGENCY

The Buffalo City Development Agency [an entity] did not have an internal audit activity during the year. The Internal Audit Unit of the parent Municipality does not have the resources to support the entity. Consequently, the Agency outsourced this activity. A report on this assignment [largely a follow up on an assignment conducted in the previous year] was considered by the Audit Committee after the close of the financial year. This report revealed that bid as well as leave processes pose certain risks.

The Committee is of the view that the Management of the entity should be more proactive in this regard and ensure that appropriate internal audit and related reviews are conducted at regular intervals. This is a matter of concern which the Audit Committee will pursue in early 2009.

MANAGEMENT ASSURANCES

Other than for the report relating to the report of the Auditor General, Management provided no other assurances relating to the status of controls within the institution. This is a matter of concern which the Audit Committee will pursue in early 2009.

APPRECIATION

The Committee expresses its sincere appreciation to the Council, Executive Mayor, Accounting Officer [Municipal Manager], Directors and General Managers, as well as other management officials, for their support and interest in the activities of the Committee during the year under review. The support and advice of the Business Executive of the Provincial Office of the Auditor – General, Mr. Singa Ngqwala and his staff is also acknowledged as are the untiring efforts of my committee members in furthering the cause of effective corporate governance and sound accountability within Buffalo City Municipality. Special thanks must also be extended to Mr. C R Guest, the Chairperson for part of the year, for the way in which he managed and developed the newly appointed Committee.

Appreciation is also extended to the staff who minuted meetings of the Committee.

A special word of appreciation is extended to Mr. Geoff Walton and his staff in the Internal Audit unit for their steadfast efforts during the year under review, despite the limited resources at their disposal.



**B RANDALL
ACTING CHAIRPERSON
BUFFALO CITY AUDIT COMMITTEE**

INTERNAL AUDIT PLAN 2007/2010

INTRODUCTION

The Institute of Internal Auditors (IIA) defines internal auditing as follows:

“..... an independent, objective assurance and consulting activity designed to add value and improve organizations operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

PURPOSE

This document sets out the Internal Audit Plan for the period 2007/8 to 2009/10 for consideration and approval by the Audit Committee. The plan incorporates:

- Annual Internal Audit Plan for the financial year ending 30 June 2008
- Strategic Three-year rolling Internal Audit Plan

The Internal Audit Plan was designed to provide an independent, objective assurance and advisory / consulting service, in an efficient and effective manner, to the following key stakeholders:

- The Audit Committee;
- The Accounting Officer
- Top Management Team; and
- Line Management.

The overall approach was to formulate a risk-based plan to align the priorities of the Internal Audit Unit with the strategic objectives and goals of the Buffalo City Municipality and the related strategic and major business risks as identified by management.

INTERNAL AUDIT – ROLE AND RESPONSIBILITIES

The Internal Audit Unit evaluates and contributes to the improvement of risk management, control and governance systems.

Governance

The Internal Audit Unit assists Management in achieving the goals of the Buffalo City Municipality by evaluating the process through which:

- Goals and values are established and communicated.
- Risk and control information is communicated.
- The accomplishment of goals is monitored (Municipal performance)
- Accountability is ensured and corporate ethics and values are preserved.

Risk Management

Internal Audit Unit assists Buffalo City Municipality in facilitating the risk management process. This includes assisting management in identifying, evaluating and assessing significant strategic and organizational risks, and the monitoring thereof.

Controls

The Internal Audit Unit evaluates the internal controls upon which management relies to mitigate the risks to acceptable levels, to determine if they are appropriate and function as intended and develops recommendations for enhancements or improvements to the control environment.

The Internal Audit unit is authorized to:

- Have unrestricted access to all functions, records, property and personnel of the Buffalo City Municipality.
- Have full and uninhibited access to the Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel, Directorates and Departments of Buffalo City Municipality where they perform reviews, as well as other specialized services from within or outside the municipality.

The Internal Audit Unit is not authorized to:

- Perform any operational duties for Buffalo City Municipality
- Initiate or approve accounting transactions external to the Internal Audit Unit.
- Direct the activities of any municipal employee not employed by the Internal Audit Unit, except to the extent that such employees may have been assigned to auditing teams or to otherwise assist the internal auditors in carrying out investigations.

The Internal audit Unit will conduct audits in accordance with the “*Code of Ethics*” and “*Standard for the Professional Practice of Internal Auditing*” of the Institute of Internal Auditors as well as relevant Municipal legislations.

Other internal audit responsibilities / activities

Additional internal audit activities include:

Planning and reporting

Planning and reporting activities of the Internal Audit Unit include amongst others:

- Preparation of a detailed annual internal audit plan;
- Liaison with management, external auditors and key stakeholders;
- Reporting to the Audit Committee and management.

Project management

Project management activities of the Internal Audit Unit include amongst others:

- Organizing and directing internal audit staff.
- Review of working papers and reports;
- Monitoring actual activities against plan; and
- Quality assurance reviews.

Consulting services

Advisory or consulting service activities of the Internal Audit Unit include amongst others;

- Providing assistance and expertise on either newly developed systems or improving current systems;
- Assisting management with facilitation of risk assessments and implementation of a formal system of risk management; and
- Act as a “sounding board” to management for ad-hoc projects.

Management responsibilities

Management is responsible for the establishment and maintenance of effective systems of governance, risk management and internal control.

The objectives of the system of internal control are, *inter alia*, to provide management with reasonable, but not absolute, assurance that:

- Risks are properly managed,
- Assets are safeguarded,
- Financial and operational information is reliable,
- Operations are effective and efficient, and
- Laws, regulations and contracts are complied with.

The principal safeguard against fraud, misstatement and irregularities is an effective system of internal control. It must, however, be recognized that there are inherent limitations in any system of internal control – including human error and circumventions through collusion. The prevention and detection of fraud is a management responsibility.

STATUTORY AUDIT/WORK 2007/2008

1.1 Institutional Performance in accordance with the I D P

<p>Audit Objectives/Approach:</p> <p>[Four [4] audits are required during the year]</p> <p>The purpose of this audit is to determine</p> <ul style="list-style-type: none"> • the level of compliance with legislation • the functionality and reliability of the Performance Management System • the adequacy and effectiveness of controls instituted to ensure the completeness and reliability of information used to measure performance indicators in accordance with the Municipal Systems Act and the Performance Management Regulations. 	<p>These audits are complicated, to an extent subjective, and emotionally charged.</p> <p>Estimated 5 weeks per audit per audit = 20 weeks plus reporting of 4 weeks</p> <p>1 000 hours</p>
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1.2 Compliance with MFMA / MSA / MStA and other applicable legislation

<p>Audit Objectives/Approach</p> <p>The purpose of this audit is to determine</p> <ul style="list-style-type: none"> • the level of compliance with the selected provisions of the MFMA and related regulations. 	<p>Estimated time for completion 8 weeks.</p> <p>400 hours</p>
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1.3 DORA

<p>Audit Objectives/Approach</p> <p>The purpose of this audit is to determine</p> <ul style="list-style-type: none"> • the adequacy and effectiveness of internal controls over the accounting for and use of funds allocated by other spheres of Government. 	<p>400 hours</p>
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1.5 Auditor General's Report [ongoing work] and follow ups as required by Department of Housing, Local Government and Traditional Affairs

<p>This work will focus on the presentation of the Auditor General's report to the Audit Committee and Council.</p>	<p>480 hours</p>
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1.6 Audit Committee Support [ongoing work]

<p>This work will concentrate on providing the Audit Committee with ongoing advice and service.</p>	<p>300 hours</p>
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1.7 Staff Training

Training.

850 hours**Total.****3430 hours****2 Audits taken from the Risk Register of Buffalo City Municipality.****2.1 Account Processing**

The purpose of this audit is to determine the adequacy and effectiveness of internal controls over.

1 000 hours

- Opening Accounts
- Standing data
- Data Amendments
- Meter Reading
- Authorizing of input
- Journal Vouchers
- Interest
- R D cheques
- Balancing of input
- Deposits & guarantees
- Credits etc
- Vote balancing
- Statistics
- Reconciliation statement
- Meter readings complete
- Meter Changes
- Private works [Sundries]
- Sewer/elect/water call outs
- Administration of Estates
- Tariffs
- Customer care

2.2 Receipting and Reconciliation**Audit Objectives/Approach****800 hours**

The purpose of this audit is to determine

- management and physical control of cash and negotiable items.
- the reliability of internal controls relating to receipting, balancing and depositing of cash [control, accounting, and processing of cash related transactions]
- safeguards against waste, loss, unauthorized use and misappropriation,
- systems to ensure all cash receipted is correctly

<p>uploaded and balanced to the ledgers and accounts</p> <ul style="list-style-type: none"> • Cash pick up procedures [to determine the extent of the controls over the collection of Municipal funds by both private contractors as well as Municipal officials and compliance by Directorates therewith.] • Opening of mail / Crossing of cheques • Manual receipts • Rolling of Cash • Safes and Strong rooms • Key control • Cash in transit • Security in Banking hall <p>Risk level</p> <p>The risk level is high, and the value is high.</p>	
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2.3 Procurement, Contract administration and Reconciliation of Creditors

<p>Audit Objectives/Approach</p> <p>The purpose of this audit is to determine</p> <ul style="list-style-type: none"> • the adequacy and effectiveness of internal controls over the procurement procedures. • the review of procedures and systems involved in contracts and consultancy appointments, • the review of contract agreements, solicitation and competitive bidding, awarding, contract administration, payment certificates, compliance with contractual terms, retention etc. • Management and physical control of creditor's payments and reconciliations as well as internal controls which ensure prompt reconciliations, reviews, and managerial oversight. <p>Risk level</p> <p>The risk level is high, and the value is high</p>	<p>500 hours</p>
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2.4 Internal Control Review - Human Resources System

<p>Audit Objectives/Approach</p> <p>The purpose of this audit is to determine</p> <ul style="list-style-type: none"> • an evaluation of the controls including input controls over data received for processing, proper authorisation, reasonable assurance that data processing has been performed as intended for 	<p>1 000 hours</p>
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<p>the particular application, that all transactions are processed as authorized, that no authorized transactions are omitted, and that no unauthorized transactions are added.</p> <ul style="list-style-type: none"> • Internal controls over leave applications and recording. • Staff terminations - adequacy and effectiveness of internal controls over staff terminations • Staff induction - the adequacy and effectiveness of induction procedures followed for newly appointed staff. • Issue and recovery of identity cards. <p>Risk level</p> <p>The risk level is high, and the value is high</p>	
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Total.	3300 hours
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3 Audits taken from management requests
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3.1 Stock take

<p>Audit Objectives/Approach</p> <p>The purpose of this audit is to determine</p> <ul style="list-style-type: none"> • the adequacy and effectiveness of internal controls over the stock take procedure. <p>Risk level</p> <p>The risk level is moderate, but the value is high</p>	300 hours
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Total.	300 hours
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4 Follow up audits

4.1 Pharmacy

<p>Audit Objectives/Approach</p> <p>The purpose of this audit is to</p> <ul style="list-style-type: none"> • follow up on the implementation of findings relating to the Pharmacy. <p>Risk level</p>	240 hours
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The risk level is high and the value is moderate.

4.2 Fresh Produce Market

Audit Objectives/Approach:

The purpose of this audit is to

- follow up on the implementation of findings relating to the Fresh Produce Market.

Risk level

The risk level is moderate, but the value is high.

300 hours

4.3 Swimming Pools

Audit Objectives/Approach:

The purpose of this audit is to

- follow up on the implementation of findings relating to the Swimming Pools.

Risk level

The risk level is moderate, but the value is high.

240 hours

4.4 Supply Chain Management

Audit Objectives/Approach:

The purpose of this audit is to

- follow up on the implementation of findings relating to the Supply Chain Management System including Bid Committees.

Risk level

The risk level is moderate, but the value is high.

800 hours

4.5 Gonubie Resort

Audit Objectives/Approach:

The purpose of this audit is to

- follow up on the implementation of findings relating to the Gonubie Resort.

300 hours

Risk level	
The risk level is moderate, but the value is high.	

Total.	1880 hours
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5 Consultancy and Advisory Services.

5.1 Risk Assessment and Management

Audit Objectives/Approach:	480 hours
The purpose of this assignment is to <ul style="list-style-type: none"> assist and facilitate at Risk Assessment workshops initiated by Management to identify strategic, operational and process risks for inclusion in the Risk Register. 	

5.3 Anti Fraud Strategy.

Audit Objectives/Approach	200 hours
This purpose of this assignment is to <ul style="list-style-type: none"> assist management with the development of an anti fraud strategy and educate officials thereon. 	
Risk level	
The risk level is high, and the value is high.	

Total.	680 hours
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6 Special investigations

As may be required and approved by the Audit Committee.	
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Total.	400 hours
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Total time available [based on 100% of staff]	10 074 hours
Project time	9 990 hours

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NOTE.

The implementation of the above work is reliant upon the appointment of qualified staff to prepare and perform the audit work.

All time based on one person for the period stipulated.

It must be noted that no programs currently exist for the work to be performed [save for the Institutional Performance Management System] and these will require time for development.

Alignment with Risk Register

<u>Risk No</u>	<u>Strategic Risk</u>	<u>Where covered</u>
1	Inefficient debt recovery	Receipting and reconciliation. Account processing.
2	Inadequate / Inappropriate skills resulting in:- Non compliance to policies and procedures - Lack of accountability - Poor service delivery - Insufficient funds to provide training - Incorrect and inaccurate qualifications - Safety and health hazard - Legal liability - Insufficient experience	Human Resources.
3	Misuse of power - Roles and responsibilities of all concerned - Pressure to make decision - Power struggle / Conflict of interest	Not covered.
4	Inability to grow the economic base of the City as a result of: - Macro economic environment - Closure of current business - Inadequate development planning - Unemployment - Globalisation - Competitiveness - Currency fluctuation	Not covered.
5	Lack of financial resources - Insufficient funds to provide training - Poor service delivery - Ageing infrastructure (capital funding)	Not covered.
6	Occupational Health and Safety risks	Not covered.
7	Ineffective utilisation of assets / resources - Attendance of inappropriate meetings - Inadequate systems and tools - Improper allocation of the budgetary process	Covered in all audits scheduled.

	and organogram	
	Inappropriate design of municipal structure - Scope of responsibility too high - Split responsibility	Not covered.
9	Aging infrastructure- Sustainability of delivery	Not covered
10	Scarcity of skills	Human Resources
11	Lack of proper channels of communication - Delay in response time - Lack of communication channels across the Municipality	Not covered.
12	Non compliance with policies, procedures and bylaws.	Covered in all audits scheduled.
13	Non compliance with legislation	Covered in all audits scheduled.
14	Reputation risk - Misunderstanding of local government by the outside people - Lack of customer care - Unrealistic expectations in terms of job creation, etc. - Negative perception	Institutional Performance in accordance with IDP as well as in other audits
15	HIV / AIDS - Loss of productivity / expertise	Not covered
16	Poor service delivery - More time doing paper work than service delivery - Poor productivity - Ageing infrastructure - Absenteeism (use of temporary untrained staff) - Lack of commitment. Inadequate budgets	Not covered
17	Improper allocation of funding - Core functions of the Municipality - How realistic / will it be able to meet the strategic objectives	Not covered
18	Lack of strategic direction	Not covered
19	Failure by Provincial / National / District Government to perform its functions / duties	Not covered.
20	Failure to broaden the economic base	Not covered.
21	Socio economic risks: - Crime	Not covered.

	<ul style="list-style-type: none"> - Vandalism - Tampering 	
22	<p>Ineffective integration / coordination resulting in:</p> <ul style="list-style-type: none"> - SILO management / mentality - Territorial disputes 	Not covered.
23	<p>Over complicated and outdated internal control systems</p> <ul style="list-style-type: none"> - Technological innovation 	Covered in all audits scheduled.
24	Established Municipal entities not achieving their objectives	Separate internal audit of Buffalo City Development Agency. [If required but not included in the Plan.]
25	<p>Sustainability of labour cost:</p> <ul style="list-style-type: none"> - Increase in the labour cost resulting in a decrease in services being delivered 	Not covered.
26	Strategies not aligned to mission and vision	Not covered.
27	<p>Poor governance resulting in fraud and corruption:</p> <ul style="list-style-type: none"> - Non compliance to policies and procedures - Existence of employee on payroll - Unauthorised system changes - IT, errors - Lack of internal controls across the board - Human factor - division of duties - Collusion between developers and staff during land disposal. 	Covered in all audits scheduled.
28	<p>Low staff morale as a result of:</p> <ul style="list-style-type: none"> - The transition at the Municipality - Outdated equipment - Overregulation - Political interference - Uncertainty of direction - Lack of capacity - High stress levels 	Not covered.
29	<p>Unfunded mandates</p> <ul style="list-style-type: none"> - Performance of service delivery no in terms of mandate - Performance of functions on behalf of other spheres of Government 	Not covered.
30	<p>Inadequate management of service providers</p> <ul style="list-style-type: none"> - Poor service delivery - Reputation risk - Labour disputes - Sustainability of services (continued use of contractors) 	Procurement, Contract administration and reconciliations. Stock take

31	Change in legislation	Not covered.
32	Lack of management of transformation risk	Not covered.
33	Impact of RED's- Loss of income for the Municipality	Not covered.
34	Inability to take decisions as a result of: - Over regulation - Bureaucracy - Lack of accountability - More time doing paper work than service delivery - Lack of delegation	Not covered.
35	Theft and abuse of Councils assets	Covered in all audits scheduled.
36	Inadequate stakeholder buy in	Not covered.
37	Loss of staff	Human Resources.
38	Lack of performance	Institutional Performance in accordance with IDP
39	Un sustainability of environmental management.	Not covered.

No	Stage	Key Processes within Stage
1	Planning	<ul style="list-style-type: none"> ▪ Communicate timing and scope of project to key management and staff of auditable area. ▪ Document the systems of control in detail. ▪ Obtain analytical / comparative information. ▪ Identify key objectives and risks of auditable area. ▪ Determine audit resources required and project timing.
2	Adequacy Assessment	<ul style="list-style-type: none"> ▪ Review the adequacy of controls in place to mitigate risks. ▪ Where controls are inadequate or non-existent, report on this. ▪ Where controls are adequate, carry forward to “effectiveness testing” below. ▪ Design an appropriate audit programme.
3	Effectiveness Testing	<ul style="list-style-type: none"> ▪ Determine appropriate sample sizes for testing of control effectiveness. ▪ Test the effectiveness/ proper functioning of controls in place. ▪ Where controls are effective, no further reporting required. ▪ Where controls are not effective/ not functioning, report on this.
4	Reporting	<ul style="list-style-type: none"> ▪ Discuss audit findings with management and gain agreement on the timing and accountability of corrective action. ▪ Prepare internal audit report, with each finding detailing: <ul style="list-style-type: none"> □ Standard – control norm or standard. □ Condition – deficiency found during project. □ Impact – impact of deficiency on organisation. □ Cause – “root” cause of deficiency identified. □ Recommended corrective action – internal audit’s recommendation to management on how to effectively address the identified deficiency. □ Management’s agreed corrective action – the timing and persons responsible to address the identified deficiency. ▪ Distribute the internal audit report to appropriate management, appropriate Council members, the Audit Committee and external audit. ▪ Report on findings at Audit Committee meetings.
5	Follow-up	<ul style="list-style-type: none"> ▪ Follow up on previously issued reports/ findings, to ensure that deficiencies have been adequately addressed by management and risk mitigated. ▪ Re-report unmitigated risks/ deficiencies previously identified.

CHAPTER 5

FUNCTIONAL AREA SERVICE DELIVERY REPORTING

5.1 INTRODUCTION

5.1.1 Strategic Objectives of a Performance Management System

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).

5.1.2 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 of the Republic of South Africa (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:

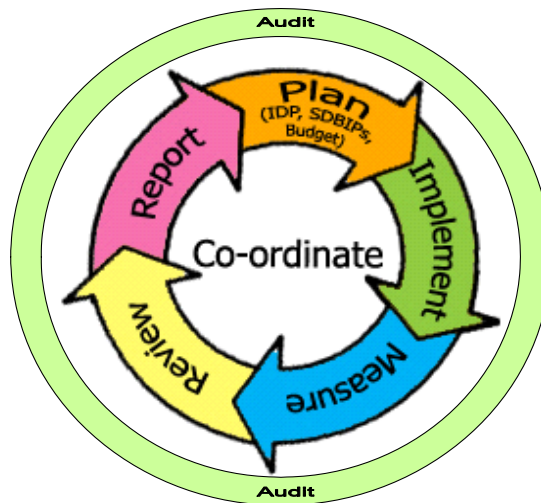
1. The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.
2. The percentage of households earning less than R1100-00 per month with access to free basic services.
3. The percentage of the Municipality's capital budget actually spent on capital 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.

5.2 THE PROCESS OF MANAGING ORGANISATIONAL PERFORMANCE

The process of performance management is central to modern notions of management i.e. it is inseparable from the things that a manager must do. It is important that performance management is mainstreamed in a municipality as an approach to daily management.



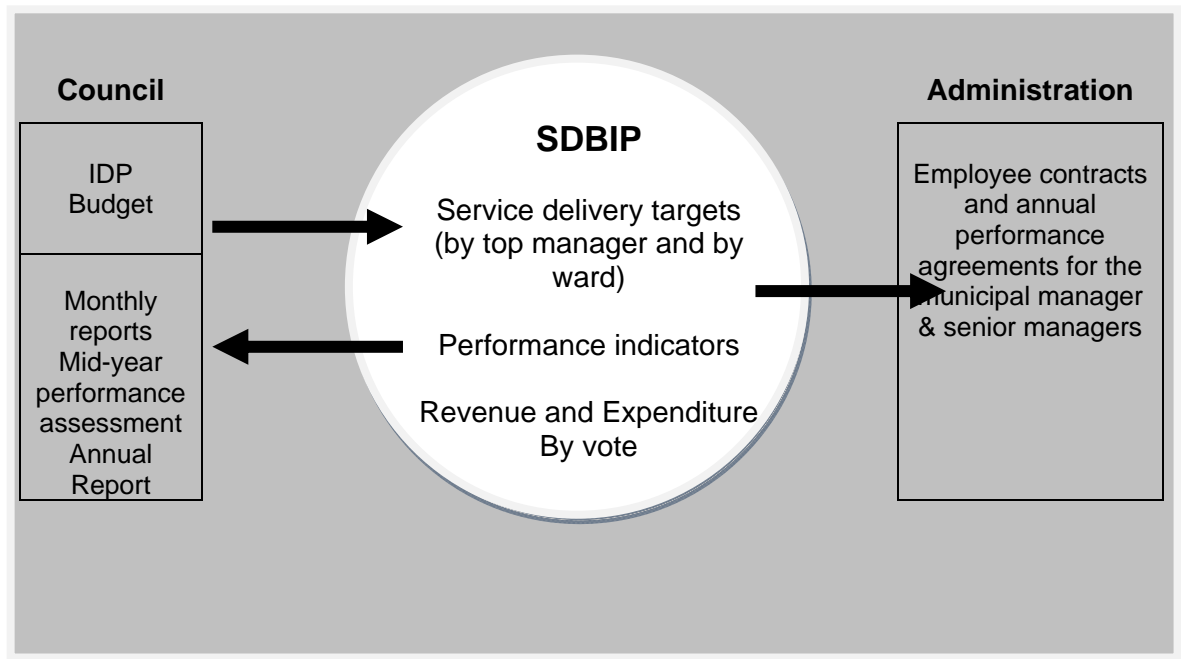
5.3 INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEMS (IPMS)

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.



5.4 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.

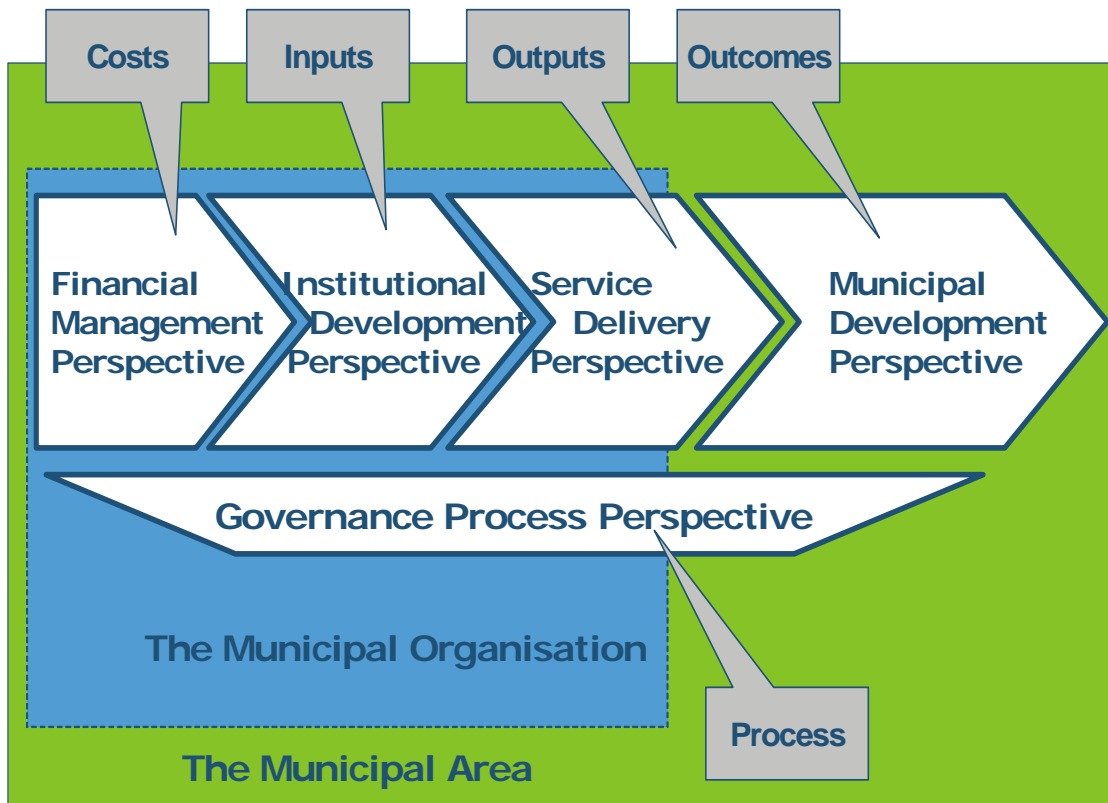
Scorecards must be:

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.

5.4.1 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 five perspectives in line with the 5 KPA of strategic Local Government Agenda as depicted in the figure below, e.g. inputs, process, outputs and outcomes.



Source : Palmer Development Group (2006)



5.4.2 Institutional Scorecard

BCM completed the process of institutionalizing the organizational performance management. This is in line with the requirements of the Municipal Systems Act (32 of 2000) Municipal Planning and Performance Management Regulations 2001 and Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006). The Institutional Scorecard reflects six (6) priorities listed below:

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

5.5 Service Delivery & Budget Implementation Plan (SDBIP) as at 30 June 2008

Directorate: Municipal Manager

Finance & Admin

Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
							Q1	Q2	Q3	Q4			
I&F5 Operating budget efficiently and effectively structured to support service delivery.	% of funding spent year to date	Expenditure Reports	Quarterly	90%	92%		Q1	Q2	Q3	Q4	Improvement of expenditure by various Directorates	Improvement of expenditure by various Directorates	Municipal Manager
						Original	10%	40%	50%	92%			
						Amended	NA	50%	80%	92%			
						Achieved	30%	50%	67%	94.2%			
	% of Municipality's capital budget actually spent on capital projects in terms of the IDP	IDP & Capital Budget	Quarterly	75%	81%		Q1	Q2	Q3	Q4	Improvement of expenditure by various Directorates	Improvement of expenditure by various Directorates	Municipal Manager
						Original	10%	30%	60%	81%			
						Amended	NA	30%	60%	81%			
						Achieved	10%	30%	35%	82%			
i) Investigate service delivery options and public/ private partnerships.	Number of signed SLA's entered into in respect of agency functions.	signed SLA's	Yearly	0	4		Q1	Q2	Q3	Q4			Municipal Manager
						Original	0	1	2	4			
						Amended	NA	1	2	4			
						Achieved	0	1	2	4			
	Number of initiatives for alternative service delivery	Section 78 Reports	Yearly	0	5		Q1	Q2	Q3	Q4			Municipal Manager
						Original	0	2	4	5			

	undertaken in terms of section 78 of MSA					Amended	NA	2	4	5			
						Achieved	0	2	4	5			
I&S12	% overall satisfaction with the rendering of municipal services as expressed by residents in the quality of life survey.	report - quality of life survey	Yearly	60%	65%		Q1	Q2	Q3	Q4	Results not available	Results not available	Municipal Manager
Sustainable Service Delivery.						Original	0%	0%	0%	65%			
						Amended	NA	0%	0%	65%			
						Achieved	0%	0%	0%	N/A			

Service Delivery & Budget Implementation Plan (SDBIP) as at 30 June 2008													
Directorate: Executive Support Services													
Executive & Council													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
I&F14													
BCM provides democratic and accountable Local Government.													
ii) Support the development of fully functional Ward Committees - capacity building for Ward Committees.	% of fully functional Ward committees (regular meetings with formal agendas, minutes and 80% attendance rate).	Concerns & attendance registers	Monthly	60	80%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	80%	80%	80%	80%			
						Amended	NA	80%	80%	80%			
						Achieved	80%	80%	80%	80%			
iv) Residents in Mdantsane increasingly participate in decision-making and project implementation.	Number of fully functional public meetings in BCM's 45 wards (meeting with formal agenda, minutes 98% attendance rate).	Minutes and attendance registers	Quarterly	125	130		Q1	Q2	Q3	Q4			Executive Support Services
						Original	130	130	130	130			
						Amended	NA	130	130	130			
						Achieved	130	130	130	130			

Finance & Admin													
CC1							Q1	Q2	Q3	Q4			
Address the HIV/Aids pandemic & mitigate the negative impact on Buffalo City.	Number of the HIV/Aids Cross-cutting Strategies implemented	Council approved updated HIV/Aids Cross-cutting Strategy plan of action	Yearly	0	1	Original	0	0	0	1	No funding to undertake review	Continue to source funding	Executive Support Services
						Amended	NA	0	0	1			
						Achieved	0	0	0	0			
ii) 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 Senior Management Meetings where HIV/Aids is an item on their agenda.	Senior Management Meetings - minutes of meetings	Yearly	0	5		Q1	Q2	Q3	Q4	0 HIV/Aids standing agenda items at Senior Management Meetings in 07/08	Strive to correct in 08/09	Executive Support Services
						Original	1	2	3	5			
						Amended	NA	2	3	5			
						Achieved	1	0	3	0			
	Number of BCM Directorates that have integrated HIV/Aids prevention, mitigation and care programmes into their	Mainstreaming training documentation	Yearly	0	1		Q1	Q2	Q3	Q4	BCM Workplace Peer Educator mandated to train departments post vacant - advertised	Commence training once post filled	Executive Support Services
						Original	0	0	0	1			
						Amended	NA	0	0	1			

	service delivery and business plans, i.e. mainstreaming as assessed by the Department: Special Programmes.					Achieved	0	0	0	0			
iii) 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 partnerships entered into by BCM.	HIV/Aids initiate partnership agreements	Yearly	1 HIV/Aids initiatives partnerships agreements 05/06	1		Q1	Q2	Q3	Q4	N/A	N/A	Executive Support Services
						Original	0	0	0	1			
						Amended	NA	0	0	1			
						Achieved	1	0	0	1			
I&F8													
BCM has the practical and physical infrastructure to enable the Municipality to deliver on its mandate.													
i) Audit & develop plans	% of progress made towards Office furniture audit and plan completed.	Plan submitted to CFO	Half-yearly	0	100%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	20%	30%	50%	100%			
						Amended	NA	30%	50%	100%			
						Achieved	20%	30%	50%	100%			

I&F11							Q1	Q2	Q3	Q4			
Transform organizational culture to be developmental and performance oriented, thus enabling BCM to realize its vision & mission.	% compliance with statutory requirements in respect of employee and organisational performance management systems.	Internal Audit Reports	Yearly	Draft strategy documents; risk assessment reports, workplace skills plan	40%	Original	10%	20%	30%	40%			Executive Support Services
						Amended	NA	20%	30%	40%			
						Achieved	10%	20%	30%	40%			
v) Implement an Integrated Performance Management System.	% Progress made toward the Institutional Scorecard being approved by Council	Council Resolution	Yearly	100%	100%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
	Number of reports measuring the Institution (monitored against scorecard) submitted.	Quarterly report to council	Quarterly	0	4		Q1	Q2	Q3	Q4			Executive Support Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	1	2	3	4			
vi) Roll-out individual Performance Management in BCM.	Progress made with cascading a performance management system to levels 1 - 4	HR records and quarterly reports	Yearly	Post level 2	4		Q1	Q2	Q3	Q4	lack of resources	proposal submitted to management	Executive Support Services
						Original	3	4	5	6			
						Amended	NA	4	5	6			
						Achieved	2	2	2	2			
vii) Develop and monitor Service Delivery & Budget Implementation Plans	% progress made towards the review of the SDBIP	SDBIP report to council	Quarterly	100%	100%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	20%	50%	75%	100%			

(SDBIP).														
I&F13														
BCM has an efficient, integrated information management system.														
iv) Continuous development and updating of a sustainable and integrated Geographic Information System.	% Progress made toward the development of a long term GIS development strategy	Acceptance of a revised GIS strategy by the IDP Standing Committee	Half-yearly	Provision of outdated GIS strategy	100%		Q1	Q2	Q3	Q4				Executive Support Services
						Original	25%	50%	75%	100%				
						Amended	NA	50%	75%	100%				
						Achieved	25%	45%	45%	100%				
	% Progress made toward the implementation of a long term GIS strategy	Progress reports against accepted GIS strategy.	Half-yearly	20% (Carried over from outdated strategy)	40%		Q1	Q2	Q3	Q4				Executive Support Services
						Original	25%	30%	35%	40%				
						Amended	NA	30%	35%	40%				
						Achieved	25%	20%	20%	40%				
I&F16							Q1	Q2	Q3	Q4				
BCM is a Customer focused organization.	% Progress made toward the development of a Customer Care Strategy	Strategy Document and Management Reports	Quarterly	40 % Draft document	100%		Original	50%	60%	80%	100%			Executive Support Services
							Amended	NA	60%	80%	100%			
							Achieved	50%	60%	80%	100%			
i) Implement an Integrated Customer Care Strategy.	% Progress made toward the Annual Customer Satisfaction survey being conducted	Survey report and management report	Half-yearly	0%	0%		Q1	Q2	Q3	Q4				Executive Support Services
						Original	0%	0%	0%	0%				
						Amended	NA	0%	0%	0%				
						Achieved	0%	0%	0%	0%				
	% of BCM in touch implemented	Reports to management and BCM in touch	Quarterly	0%	40%		Q1	Q2	Q3	Q4	BCM in touch project cancelled by Management			Executive Support Services
						Original	10%	20%	30%	40%				
						Amended	NA	0%	0%	0%				

		system					Achieved	0%	0%	0%	0%			
Health														
S2														
Training has capacitated of health care givers and communities on HIV/AIDS prevention, treatment, care and support within BCM area														
iii) Provide social and health support services through one-stop HIV/Aids support centres.	Number of One Stop Centres established	Annual report and minutes of strategic committee meetings	Yearly	0 Centres currently in place - no annual report	3		Q1	Q2	Q3	Q4				Executive Support Services
						Original	1	2	3	3				
						Amended	NA	2	3	3				
						Achieved	2	2	2	3				
Other														
ED6a							Q1	Q2	Q3	Q4				
BCM utilizes the opportunity of the 2010 Soccer World Cup to grow the local economy and position itself as tourism and sports tourism destination.	Number of 2010 specific international high profile sporting events & visits to city.	Report to Council	Half-yearly	1	2									Executive Support Services
						Original	0	0	1	2				
						Amended	NA	0	1	2				
						Achieved	0	0	1	2				
i) Further develop and	% progress made towards	Business Plans	Yearly	0	100%		Q1	Q2	Q3	Q4				Executive Support
						Original	0%	30%	50%	100%				

implement the 2010 Game Plan	the development of Business Plans					Amended	NA	30%	50%	100%			Services
						Achieved	0%	30%	50%	100%			
ii) Facilitate the upgrade of key infrastructure in preparation for 2010 (in accordance with the 2010 Game Plan).	% of infrastructure upgraded as per the 2010 Business Plans.	Upgraded Infrastructure	Yearly	0	30%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	0%	0%	20%	30%			
						Amended	NA	0%	20%	30%			
						Achieved	0%	0%	20%	30%			
ii) Market & brand the city as a base camp for participating teams and as a destination of choice.	% progress made towards the development of brand strategy.	The strategy	Yearly	0	100%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	15%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	15%	50%	75%	100%			
Planning & Development													
CC5	Number of BCM's Youth Development Strategies reviewed	Council approved updated Youth Development Strategy & plan of action in 05/06	Yearly	1	1		Q1	Q2	Q3	Q4	N/A	N/A	Executive Support Services
Original						1	1	1	1				
Amended						NA	1	1	1				
Achieved						0	0	1	1				
i) Implement a Youth & Children's Development Strategy.	% progress made with implementation of BCM's Youth & Children	Reports & minutes strategic committee	Quarterly	0	25%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	5%	10%	20%	25%			
						Amended	NA	10%	20%	25%			

	Development Strategy.					Achieved	0%	10%	20%	25%			
							Q1	Q2	Q3	Q4			
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	1	Original	1	1	1	1	No reports generated to date	Strive to generate report in new financial year	Executive Support Services
						Amended	NA	1	1	1			
						Achieved	0	0	0	0			
iii) Prioritise the involvement and participation of young people in the municipality's developmental projects. (PWP, Youth Council, Learner ships)	Number of sustainable youth development partnerships entered into by BCM	Youth development partnership agreements	Yearly	1	1		Q1	Q2	Q3	Q4	N/A	N/A	Executive Support Services
						Original	1	1	1	1			
						Amended	NA	1	1	1			
						Achieved	1	0	1	1			
ED2													

BCM undertakes its activities/ mandate in a way that supports economic growth, job creation and the reduction in inequalities through a competitive business environment (quality infrastructure and efficient services).													
iv) Ensure the development and implementation of a municipal telecommunication network strategy and digital divide strategy	% progress made towards the establishment of a broad band task team to address and develop key outputs as identified in the economic development strategy.	Minutes from Broad band steering committee	Quarterly	0	100%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	0%	50%	75%	0%			
ED4													
Increased competitiveness of key manufacturing sub-sectors													
i) Ensure port expansion investment plan receives funding	Rand value of funding sourced to fund actions as identified	funding report from the committee	Yearly	250000	500000		Q1	Q2	Q3	Q4	Contract for 250000 only started in Feb 2007 for a six month period.	Port Steering Committee has put strategies in place to fast	Executive Support Services

commitment from national government and all role-players	by the port steering committee.					Original	0	0	0	50000	Only later was a motivation done for the release of further funds	track progress. Currently in roll out process	
						Amended	NA	0	0	50000			
						Achieved	0	0	0	28000			
I&F14	% participation rate by members of the IDP Forum in meetings of the Forum.	Attendance Register	Half-yearly	55% attendance	60%		Q1	Q2	Q3	Q4			Executive Support Services
Original						60%	60%	60%	60%				
Amended						NA	90%	90%	90%				
Achieved						75%	90%	90%	90%				
BCM provides democratic and accountable Local Government.	% progress made toward the implementation of a comprehensive City Development Strategy (long-term growth & development strategy)	Reports to Council	Yearly	0	100%		Q1	Q2	Q3	Q4			Executive Support Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	15%	50%	75%	100%			

Service Delivery & Budget Implementation Plan (SDBIP) as at 30 June 2008													
Directorate: Financial Services													
Finance & Admin													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
I&F1							Q1	Q2	Q3	Q4			
Increase BCM's revenue.	Revenue collection rate	Monthly financial report	Monthly	94.30%	97%		Q1	Q2	Q3	Q4	Debtor accounts not paid	Debt collection	Financial Services
						Original	80%	90%	93%	97%			
						Amended	NA	90%	93%	97%			
						Achieved	81.22%	93.63%	93.25%	93.9%			
	% increase in actual revenue from the previous financial year above CPIX Council responsibility.	Financial Statements	Yearly	2006/07 financial statements	1.5%		Q1	Q2	Q3	Q4			Financial Services
						Original	0%	0%	0%	1.5%			
						Amended	NA	0%	0%	1.5%			
						Achieved	0%	0%	0%	1.5%			
	The rand value (%) increase in the Municipal Valuation roll.	Valuation roll	Yearly	valuation roll	5%		Q1	Q2	Q3	Q4			Financial Services
						Original	0%	0%	0%	5%			
						Amended	NA	0%	0%	5%			
						Achieved	0%	0%	0%	5%			
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%		Q1	Q2	Q3	Q4	Debt Collection	Debt collection	Financial Services
						Original	18%	18%	18%	18%			
						Amended	NA	18%	18%	18%			
						Achieved	5.93%	6.37%	7%	3.15%			

							Q1	Q2	Q3	Q4			
i) Review & implement a Credit Control Policy.	% Progress made towards a reviewed approved Credit Control Policy	Council minute	Yearly	Approved Credit Control Policy Dec 2007	100%								Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	100%	100%			
ii) Review & implement an Indigent Policy.	% Progress made towards a reviewed Indigent Policy	Council minutes	Yearly	Approved Policy	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	100%	100%			
iii) Develop & implement a Uniform Tariff Policy.	% Progress made towards a reviewed Tariff Policy	Council resolution	Yearly	Approved Policy - June	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	5%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	5%	50%	100%	100%			
iv) Develop & implement Property Rates policy & Valuation Roll.	% Progress made with the implementation of the Municipal Property Rates Act	Progress reports	Quarterly	Old valuation roles	40%		Q1	Q2	Q3	Q4	Delay in appointing contractors	All required contractors have been appointed and the General Valuation process is on track. The valuation roll will be implemented on 1 July 2009. Future quarterly targets for 08/09 = 55%,70%,85	Financial Services
						Original	20%	25%	30%	40%			
						Amended	NA	20%	20%	80%			

						d						% & 100% by end June 2009.	
						Achieved	20%	20%	20%	40%			
							Q1	Q2	Q3	Q4			
v) Project consolidate - free basic services, billing systems and municipal services arrears.	% of consumers who will receive accurate monthly accounts in terms of Council's Uniform Tariff Policy	Monthly Reports/Data Clean up meetings	Monthly	2006/7 Reports	100%								
						Original	100%	100%	100%	100%			
						Amended	NA	100%	100%	100%			
						Achieved	100%	100%	100%	100%			
vi) Review & implement an improved Payment Strategy.	% of an Improved Payment Strategy implemented	Monthly targets	Monthly	Annual targets	100%		Q1	Q2	Q3	Q4			
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
I&F2	% of progress made with the development of a Municipal Asset Management Policy & Strategy.	Council Minutes	Quarterly	Approved road map	100%		Q1	Q2	Q3	Q4			
Original						25%	50%	75%	100%				
Amended						NA	50%	75%	100%				
Achieved						25%	50%	75%	100%				
i) Review and update the Infrastructural Asset Action Plan	% of asset records corrected for each service	Number of verified asset records	Quarterly	IMFO asset register based on globular capital programmes	50%		Q1	Q2	Q3	Q4			
						Original	10%	20%	30%	50%			
						Amended	NA	20%	30%	50%			
						Achieved	10%	20%	30%	50%			

iv) Review and update the Asset and Risk Insurance Procedure Manual.	% of Progress made towards the review of an Asset and Risk Insurance Procedure Manual	Updated Procedure Manual	Yearly	Asset and Risk Insurance Procedure Manual	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
I&F3	% compliance with MFMA	Auditor General's Report	Yearly	Met all Finance MFMA deadlines for 2007/08	100%		Q1	Q2	Q3	Q4			Financial Services
Original						100%	100%	100%	100%				
Amended						NA	100%	100%	100%				
Achieved						100%	100%	100%	100%				
i) Review of the computerised accounting system.	% progress made towards a systems specification and recommendation report being developed	Report	Yearly	0%	100%		Q1	Q2	Q3	Q4	not applicable	not applicable	Financial Services
						Original	20%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	20%	50%	50%	100%			
iii) Development of a GRAP compliant MTREF budget.	% progress made towards MFMA Compliant Budget being adopted by Council	MTREF Budget, Council Minute	Yearly	2006/07	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	25%	40%	75%	100%			
						Amended	NA	40%	75%	100%			
						Achieved	25%	40%	75%	100%			

iv) Develop and implement budget development process in accordance with legislated requirements.	% progress made towards Budget process plan (budget schedule) developed and approved by council	Council resolution approving the budget process plan	Yearly	0	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	100%	100%	100%	100%			
						Amended	NA	100%	100%	100%			
v) Develop and implement uniform budget reporting framework.	% progress made towards being MFMA and National Treasury guidelines compliant.	Monthly, Quarterly and Mid-year Statutory reports	Monthly	2006/07 Monthly, Quarterly, Mid-year Statutory Reports	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
vi) Review of post-GRAP implementation accounting policies and updating as required	% progress made towards Preparation of Annual Financial statements in accordance with GRAP/GAMA P/GAAP standards	Audited Annual Financial Statements	Yearly	100%	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
vii) Training and development of financial and other staff.	Number of trained interns	Output achieved and evaluate performance	Quarterly	Staff and interns needing training and development	25		Q1	Q2	Q3	Q4			Financial Services
						Original	5	10	15	25			
						Amended	NA	10	15	25			
	% of staff trained.	Report	Yearly	Staff Trained 2005/6	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			

						Achieved	25%	50%	75%	100%			
							Q1	Q2	Q3	Q4			
viii) Enhance budgetary controls and timeliness of financial data.	% progress made towards Reviewed budget policy approved	Council resolution	Yearly	Approved budget policy by council - May 2007	100%	Original	20%	40%	75%	100%			Financial Services
						Amended	NA	40%	75%	100%			
						Achieved	20%	40%	75%	100%			
	% progress made towards Budget procedure manual developed.	Budget procedure manual	Yearly	Approved Budget Procedure Manual	100%	Original	20%	40%	75%	100%	Environmental changes to be continue sly updated	Environmental changes to be continue sly updated	Financial Services
						Amended	NA	40%	75%	100%			
						Achieved	20%	40%	60%	75%			
I&F4							Q1	Q2	Q3	Q4			
Improved access to capital.	The ability of BCM to cover is working costs	Capital and Operating budget - monthly reports	Quarterly	Cost Coverage	3	Original	0.2%	0.2%	0.2%	0.2%	Increase in funds on hand	Achieved Better Coverage	Financial Services
						Amended	NA	0.2%	0.2%	3%			
						Achieved	0.2%	0.2%	3.22%	3.87%			
	Debt coverage ratio as defined in the Municipal Planning & Performance Management Regulations (2001)	Financial Statements	Half-yearly	External interest and redemption as % of total operating revenue.	5		Q1	Q2	Q3	Q4	Debt remained constant	Debt is covered more than the target	Financial Services
						Original	5	5	5	5			
						Amended	NA	35	35	5			
						Achieved	20	35	14	19			
	Total capital debt to annual income.	Financial Statements	Half-yearly	2005/2006 financial statements	35%		Q1	Q2	Q3	Q4	Minimal Deviation	Within Target	Financial Services
						Original	35%	35%	35%	35%			
						Amended	NA	35%	35%	35%			
						Achieved	20%	35%	34.8%	34.37%			

i) Develop and implement a debt capacity policy.	% progress made towards completing debt capacity policy.	Council resolution	Yearly	No current debt policy	100%		Q1	Q2	Q3	Q4	Staff Capacity	Engaged with consultants	Financial Services
						Original	5%	50%	75%	100%			
						Amended	NA	50%	75%	15%			
						Achieved	2%	20%	0%	0%			
I&F5	Operating budget efficiently and effectively structured to support service delivery.	Financial Statements	Half-yearly	Monthly fixed cost	2.5		Q1	Q2	Q3	Q4	to be verified	to be verified	Financial Services
Original						0	2.5	0	2.5				
Amended						NA	2.5	0	2.5				
Achieved						0	2.5	0	2.5				
i) Investigate service delivery options and public/ private partnerships.	% progress made towards service delivery options renewed	Reports to Standing Committee	Half-yearly	0	100%		Q1	Q2	Q3	Q4	not applicable	not applicable	Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
I&F6	All households, earning less than R1640 per month, that have access to basic services access the indigent grant.	Indigent register	Monthly	55 000	100%		Q1	Q2	Q3	Q4			Financial Services
Original						25%	50%	75%	100%				
Amended						NA	50%	75%	100%				
Achieved						25%	50%	100%	100%				

i) Implement & review strategy to ensure all qualifying serviced households have free basic services grants.	% of indigent Households that qualify receive free basic services	monthly reports	Monthly	June 2006	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	100%	100%	100%	100%			
						Amended	NA	100%	100%	100%			
						Achieved	100%	100%	100%	100%			
I&F11													
Transform organizational culture to be developmental and performance oriented, thus enabling BCM to realize its vision & mission.													
vii) Develop and monitor Service Delivery & Budget Implementation Plans (SDBIP).	% progress made towards SDBIP components 1, 2 and 5 developed in terms of Circular 13 of the MFMA	Council minutes	Yearly	0	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	0%	40%	60%	100%			
						Amended	NA	0%	50%	100%			
						Achieved	0%	0%	50%	100%			

	% progress made towards Quarterly, Half-Yearly and Annual report on SDBIP components 1,2 and 5 submitted to Council	Council minute	Quarterly	0	100%		Q1	Q2	Q3	Q4			Financial Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	0%	50%	75%	100%			
viii) The improvement of the overall control and corporate governance environment.	Number of internal controls reviewed	Reports to Director	Quarterly	6	12		Q1	Q2	Q3	Q4	not applicable	not applicable	Financial Services
						Original	3	6	9	12			
						Amended	NA	6	9	12			
						Achieved	3	6	9	12			

Service Delivery & Budget Implementation Plan (SDBIP) as at 30 June 2008													
Directorate: Health & Public Safety													
Environmental Protection													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
E11b Minimize air pollution	% progress made toward an Air Quality Forum established.	Minutes of Air Quality Forum	Half-yearly	0	100%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
	Number of fully functional air quality monitoring stations in BCM	presence of air quality monitoring stations	Yearly	1	2		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	2	2	2	2			
						Amended	NA	2	2	2			
						Achieved	2	2	2	2			
i) Implementation of Air Evaluation Monitoring & Enforcement Programme, in line with National Policy & Legislation.	% progress made toward the development of an Emission database	An Emission Data-base.	Yearly	0	100%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
	Established & functioning Air Monitoring Network.	Digital air quality data.	Yearly	Procurement partially completed.	50%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	10%	15%	25%	50%			
						Amended	NA	15%	25%	50%			
						Achieved	10%	15%	25%	50%			
E11c	% progress	Council	Yearly	0	100%		Q1	Q2	Q3	Q4	public	submitted for	Health & Public Safety

Minimize noise pollution	made toward the finalisation of Draft By-Laws	approved Noise By-Laws				Original	25%	50%	75%	100%	participation process not completed	public comment	
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	90%			
i) Implementation of Noise Evaluation Monitoring & Enforcement Programme, in line with National Policy & Legislation.	% progress made toward the documented research report on Noise Management procedures in terms of National trends, Noise Control Policy	Compiled document	Yearly	Fragmented enforcement/ No policy guidelines.	40%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	10%	20%	30%	40%			
						Amended	NA	20%	30%	40%			
						Achieved	10%	20%	30%	40%			
Finance & Admin													
I&F5													
Operating budget efficiently and effectively structured to support service delivery.													
i) Investigate service delivery options and public/ private partnerships.	% progress made toward the service delivery options for Public Safety and Disaster Management being investigated.	Management Report	Yearly	0	10%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	0%	5%	7%	10%			
						Amended	NA	5%	7%	10%			
						Achieved	0%	5%	7%	10%			
I&F8													

BCM has the practical and physical infrastructure to enable the Municipality to deliver on its mandate.													
i) Audit & develop plans	Office Space Audit and plan completed.	Schedule of office space available and needed	Yearly	0	100%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
I&F11													
Transform organizational culture to be developmental and performance oriented, thus enabling BCM to realize its vision & mission.													
viii) The improvement of the overall control and corporate governance environment.	% reduction of audit queries	Audit report	Yearly	2	10%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	0%	0%	0%	10%			
						Amended	NA	0%	0%	10%			
						Achieved	0%	0%	0%	10%			
Health													
S1	% compliance with	District Health	Quarterly	70% complian	85%		Q1	Q2	Q3	Q4			Health & Public

													Safety		
Accessible, equitable and comprehensive primary health services for all communities	provincial standards and targets in BCM run clinics.	Information Database		ce			Original	72%	75%	80%	85%				
								Amended	NA	75%	80%				85%
								Achieved	72%	75%	80%				85%
i) Negotiate a fully funded Service Level Agreement (including capital requirements) with Province.	Number of Service Level Agreements concluded (signed by Province and BCM).	Copy of Signed Service Level Agreement	Yearly	1	1		Q1	Q2	Q3	Q4					Health & Public Safety
						Original	0	0	0	1					
						Amended	NA	0	0	0					
						Achieved	0	1	0	0					
ii) Develop and implement a Functional Integration Strategy (sharing and integration of resources/ services & future planning).	Documentation of Strategy and Plans to be implemented by BCM and Province	Correspondence from Province, Management meetings and Council Reports	Yearly	No documented plan	1		Q1	Q2	Q3	Q4					Health & Public Safety
						Original	0	0	0	1					
						Amended	NA	0	0	1					
						Achieved	0	0	0	1					
	Number of Functional Integration Strategies Implemented.	Correspondence from Province	Yearly	Functional Integration Meetings not taking place regularly	1		Q1	Q2	Q3	Q4					Health & Public Safety
						Original	0	0	1	2					
						Amended	NA	0	1	2					
						Achieved	0	0	1	1	Meetings with Province did not take place	Awaiting Province Plans on Provincialisation			

v) Establish Community Health Committees.	Health Committees established.	Reports to Standing Committee	Quarterly	4	10		Q1	Q2	Q3	Q4	No funding for training	Ongoing meetings with community members to encourage participation. Councillors are involved in the efforts to establish these committees.	Health & Public Safety	
						Original	2	5	8	10				
						Amended	NA	5	8	10				
						Achieved	0	0	8	0				
vi) Ensure the availability & supply of medication to clinics.	Availability of medication in clinics.	Reports from Clinics	Monthly	90% PHC Level 1, Essential Drugs	93%		Q1	Q2	Q3	Q4			Health & Public Safety	
						Original	93%	93%	93%	93%				
						Amended	NA	93%	93%	93%				
						Achieved	95%	95%	93%	93%				
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	550 trained	300		Q1	Q2	Q3	Q4	Unavailability of trainer	Trainer will be appointed	Health & Public Safety
Original							0	0	300	600				
Amended							NA	0	300	600				
Achieved							116	43	300	300				
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	20 Training sessions	25		Q1	Q2	Q3	Q4	No funding & availability of trainers	Sourcing funding	Health & Public Safety	
						Original	0	0	10	25				
						Amended	NA	0	10	25				
						Achieved	5	2	10	7				

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	4		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	0	1	3	4			
S3	% compliance with National Policy and associated indicators.(monitoring, enforcement, promotion, vector control)	Quarterly Reports	Quarterly	2006 Quarterly reports	80%		Q1	Q2	Q3	Q4			Health & Public Safety
Original						70%	72%	75%	80%				
Amended						NA	72%	75%	80%				
Achieved						70%	72%	75%	80%				
iii) Monitoring and control of food establishments.	% of the Database of food establishments, including compliance status & dates premises monitored - updated quarterly	Documented database of food establishments indicating compliance status & dates premises monitored	Quarterly		85%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	85%	85%	85%	85%			
						Amended	NA	85%	85%	85%			
						Achieved	85%	85%	85%	85%			

iv) Review and implement the Informal Trading Policy.	% progress of the Informal trading policy relative to Environmental Health implemented	Reports to Standing Committee	Yearly	Draft Informal Traders database	85%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	20%	40%	50%	85%			
						Amended	NA	40%	50%	85%			
v) Implement a Vector Control Programme throughout BCM.	% progress made toward the Vector Control Programme implemented within BCM.	Draft Implementation Plan	Yearly	Limited Vector Control Service Delivery	100%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
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%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	85%	85%	85%	85%			
						Amended	NA	85%	85%	85%			
	Number of sessions of formal training of operators & staff of day care centres	Monthly report	Half-yearly	36	36		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	9	18	27	36			
						Amended	NA	18	27	36			
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%		Q1	Q2	Q3	Q4	stakeholder consultation not completed	stakeholder consultation to be completed	Health & Public Safety
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	85%			

	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%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	85%	85%	85%	85%			
						Amended	NA	85%	85%	85%			
						Achieved	85%	85%	85%	85%			
Public Safety													
S7							Q1	Q2	Q3	Q4			
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%	Original	0%	0.5%	1%	2%	Not applicable	Not applicable	Health & Public Safety
						Amended	NA	0.5%	1%	2%			
						Achieved	0%	0.5%	1%	2%			
							Q1	Q2	Q3	Q4			
	% increase in the recovery of traffic fines	Fines recovery report	Yearly	2005/2006 stats	5%	Original	0%	0%	0%	5%	Not applicable	Not applicable	Health & Public Safety
						Amended	NA	0%	0%	5%			
						Achieved	0%	0%	0%	5%			
S8							Q1	Q2	Q3	Q4			
Improved Traffic Safety.	% of total accidents to vehicles registered within the RSA	Statistics on number of accidents vs. number of vehicles registered	Yearly	stats for 2005/6	2%	Original	0%	0%	0%	2%	Not applicable	Not applicable	Health & Public Safety
						Amended	NA	0%	0%	2%			
						Achieved	0%	0%	0%	2%			
S9	All BCM	Signed	Yearly	Develop	0%		Q1	Q2	Q3	Q4			Health &

BCM departments all co-operate in formulating and implementing a mutually agreed crime prevention reduction strategy	Departments sign departmental approval of the Crime Prevention Strategy (CPS) prior to Council approval.	document.		ment of Crime Prevention Strategy not yet started			Original	0%	0%	0%	0%			Public Safety
							Amended	NA	0%	0%	0%			
							Achieved	0%		0%	0%			
S10								Q1	Q2	Q3	Q4			
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		Original	60	60	60	60	NA	NA	Health & Public Safety
							Amended	NA	60	60	60			
							Achieved	60	60	60	60			
i) Investigate requirements and obtain adequate resources to provide the fire & rescue function.	Number of submissions of Fire Service Delivery and Budget implementation plan	Quarterly Report	Quarterly	12	12			Q1	Q2	Q3	Q4			Health & Public Safety
							Original	3	6	9	12	NA	NA	
							Amended	NA	6	9	12			
							Achieved	3	3	9	12			
ii) Undertake a public awareness and fire safety education programme.	Number of school visits and evacuation drills conducted per quarter	Monthly reports	Quarterly	40	40			Q1	Q2	Q3	Q4			Health & Public Safety
							Original	10	20	30	40	NA	NA	
							Amended	NA	20	30	40			
							Achieved	10	20	10	40			
iii) Prepare plans for	Number of plans	Plans	Quarterly	24	24			Q1	Q2	Q3	Q4	NA	NA	Health & Public
							Original	6	12	18	24			

special risks.	reviewed					Amended	NA	12	18	24			Safety
						Achieved	6	12	12	24			
S11							Q1	Q2	Q3	Q4			
Proactive and reactive integrated disaster management for all communities, so that the consequences of disasters can be reduced through a safe and sustainable environment.	% achievement of framework policy objectives	Disaster management annual report - approved by Council	Yearly	Framework currently at approval stage.	55%	Original	5%	25%	35%	55%	SLA not concluded with ADM	Discussed with Director	Health & Public Safety
						Amended	NA	25%	25%	25%			
						Achieved	5%	10%	0%	25%			
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 minutes	Yearly	Existing Plan	50%		Q1	Q2	Q3	Q4	SLA not concluded with ADM	Discussed with Director	Health & Public Safety
						Original	10%	10%	30%	50%			
						Amended	NA	25%	10%	10%			
						Achieved	5%	10%	5%	0%			
	% progress with DMC and satellite established and operational	Annual report	Yearly	BCM centre 95%. KWT sub centre 70% complete	100%		Q1	Q2	Q3	Q4	King Williams Town Centre closed	Nil	Health & Public Safety
						Original	10%	25%	60%	100%			
						Amended	NA	25%	60%	80%			
						Achieved	5%	25%	50%	80%			
ii) Develop & review a	% progress with disaster	Council minutes	Yearly	0	20%		Q1	Q2	Q3	Q4	Insufficient staff	Nil as current workload will	Health & Public
						Original	0%	2%	10%	20%			

disaster risk reduction policy.	Risk Reduction Policy					Amended	NA	5%	4%	5%		not permit	Safety
						Achieved	0%	2%	4%	0%			
iii) Prepare and evaluate response & recovery plans.	Number of response and recovery exercises conducted per year	Evaluation report	Yearly	2 Exercises per year	2		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	0	1	1	2			
						Amended	NA	1	1	3			
						Achieved	0	1	3	3			
iv) Maintain information and communication systems.	Number of communication tests conducted	Test log	Quarterly	24	24		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	6	12	18	24			
						Amended	NA	0	0	0			
						Achieved	0	0	0	0			
v) Undertake research, provide ongoing education, training and awareness.	Number of Councillor and official training courses conducted	Course register	Yearly	0	4		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	1	1	3	4			
						Amended	NA	2	3	3			
						Achieved	1	0	0	3			
	% of staff developed	Course reports	Yearly	0	100%		Q1	Q2	Q3	Q4			Health & Public Safety
						Original	25%	25%	75%	100%			
						Amended	NA	50%	20%	0%			
						Achieved	0%	10%	0%	0%			

Service Delivery & Budget Implementation Plan (SDBIP) as at 30 June 2008													
Directorate: Corporate Services													
Executive & Council													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
I&F14 BCM provides democratic and accountable Local Government.	Number of reported attendance by Councillors of Council and Portfolio meetings	Report to Council	Quarterly	0	4		Q1	Q2	Q3	Q4			Corporate Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	1	2	3	4			
	Number of Council resolutions circulated to all Directorates and reported to Mayoral Committee and Council.	Council Reports	Half-yearly	0	2		Q1	Q2	Q3	Q4			Corporate Services
						Original	1	2	1	2			
						Amended	NA	2	1	2			
						Achieved	1	2	1	2			
i) Ensure efficiency of council processes and systems.	% progress made towards the implementation of a functional electronic system for Mayoral Committee meetings	Management Report	Quarterly	60% equipment procured and installed	100%		Q1	Q2	Q3	Q4	All attempts by the Head: Admin & Council Support to get a commitment from Executive Mayor's meeting members for training on the use of the software	Enlisted the assistance of the Director: Corporate Services for intervention on a higher and/or political level.	Corporate Services

						Original	70%	80%	90%	100%	failed, but system is being implemented.		
						Amended	NA	80%	90%	100%			
						Achieved	70%	80%	90%	95%			
iii) Implementation of e-governance processes and solutions.	% progress made towards the development and implementation of e-Governance Strategy.	Management Report	Quarterly	Non-existent	40%		Q1	Q2	Q3	Q4			Corporate Services
						Original	25%	30%	35%	40%			
						Amended	NA	30%	35%	40%			
						Achieved	25%	30%	35%	40%			
Finance & Admin													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets	Reason for Deviation				Corrective Action	Directorate	
CC1							Q1	Q2	Q3	Q4			
Address the HIV/Aids pandemic & mitigate the negative impact on Buffalo City.													
i) Directorates are provided with a comprehensive support service to assist them to plan and implement HIV workplace prevention and mitigation programmes	Number of Directorates to have Management of HIV & AIDS as their indicator at the performance centre	Number of indicators per directorate	Yearly	Only Peer education & adhoc support	100%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	25%	100%	100%	100%			
						Amended	NA	50%	100%	100%			
						Achieved	25%	100%	100%	100%			

I&F2													
Efficient management of BCM's assets.													
iii) Develop an institutional strategic plan on data disaster recovery.	% progress towards the development of an institutional strategic plan for disaster recovery for electronic data	Management report	Quarterly	20%	100%		Q1	Q2	Q3	Q4			Corporate Services
						Original	20%	5%	70%	100%			
						Amended	NA	5%	70%	100%			
						Achieved	20%	40%	70%	95%			
I&F5													
Operating budget efficiently and effectively structured to support service delivery.													
i) Investigate service delivery options and public/ private partnerships.	% progress made towards the investigation options for provision of IT services to BCM	Management & Council Report	Half-yearly	20	60%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	20%	30%	40%	60%			
						Amended	NA	30%	40%	60%			
						Achieved	20%	30%	45%	60%			
I&F8	100% of Budget spent.	Management Reports	Quarterly	100% actual budget spent	100%		Q1	Q2	Q3	Q4	Invoices still being processed at SCM	Processing of invoices	Corporate Services
BCM has the practical and physical infrastructure						Original	20%	40%	70%	100%			

to enable the Municipality to deliver on its mandate.						Amended	NA	40%	70%	100%				
						Achieved	20%	40%	75%	84%				
i) Audit & develop plans	% of plan completed	Plan submitted to Director	Yearly	0	100%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services	
						Original	0%	25%	55%	100%				
						Amended	NA	25%	55%	100%				
						Achieved	0%	50%	75%	100%				
I&F9	% progress made with the implementation of an integrated HR strategy.	Management Report	Quarterly	HR strategy developed	40%		Q1	Q2	Q3	Q4	nil	nil	Corporate Services	
Effective, efficient & coordinated Human Resources Management.							Original	10%	20%	30%				40%
							Amended	NA	40%	50%				60%
							Achieved	38%	40%	50%				60%
	% progress made with the development of an integrated HR strategy	Council minutes	Quarterly	HR Strategy in progress	100%		Q1	Q2	Q3	Q4	nil	nil	Corporate Services	
						Original	100%	100%	100%	100%				
						Amended	NA	100%	100%	100%				
						Achieved	100%	100%	100%	100%				
i) Develop and implement an Integrated Human Resources Strategy.	Reviewal of Integrated HR Strategy	reviewed strategy	Yearly	Draft Strategy	80%		Q1	Q2	Q3	Q4	nil	nil	Corporate Services	
						Original	20%	40%	60%	80%				
						Amended	NA	40%	60%	80%				
						Achieved	20%	40%	60%	80%				
ii) Build HR capacity .	The number of performance optimisation projects introduced to the directorates	Management report	Half-yearly	3 Directorates with Performance Optimisation	2		Q1	Q2	Q3	Q4	still developing questionnaire for assessment	complete development	Corporate Services	
						Original	0	2	2	2				
						Amended	NA	0	0	2				

				Project		Achieved	0	0	2	0			
I&F10													
Improved health & well-being of all BCM employees.	Further 50% implementation of the employee wellness programme.	Management report and treatment statistics	Quarterly	20% implementation of the employee wellness programme	70%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	10%	20%	35%	70%			
						Amended	NA	20%	35%	70%			
						Achieved	6%	20%	35%	100%			
i) Develop and implement an Employee Wellness Programme.	% progress made towards a completed and approved Employee Wellness policy	Council minute	Quarterly	Employee Wellness Strategy in place, Draft policy	100%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	100%	100%	100%	100%			
						Amended	NA	50%	100%	100%			
						Achieved	30%	100%	100%	100%			
ii) Implement the HIV/Aids workplace programme linked to the employee wellness programme (as per HIV/Aids Cross-cutting Strategy).	% progress made towards the implementation of the HIV/ AIDS Peer Education programme	Implementation Report	Quarterly	10% implementation of HIV/AIDS development	50%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	10%	50%	50%	50%			
						Amended	NA	20%	50%	50%			
						Achieved	10%	50%	50%	100%			
I&F11							Q1	Q2	Q3	Q4			
Transform organizational culture to be developmental and performance oriented, thus enabling BCM to realize its vision & mission.	% of Municipal Budget actually spent on implementing the Workplace Skills Plan.	Financial Report	Yearly	0	100%	Original	10%	20%	50%	100%	nil	nil	Corporate Services
						Amended	NA	30%	40%	100%			
						Achieved	19.84%	60%	100%	100%			

i) Develop and instil a knowledge management based culture.	% implementation of the KM education and awareness programmes throughout BCM.	Knowledge Management Programme ; Training Stats; Management Report	Yearly	5% implementation	20%		Q1	Q2	Q3	Q4	N/A	N/A	Corporate Services
						Original	5%	10%	15%	20%			
						Amended	NA	10%	15%	20%			
							Q1	Q2	Q3	Q4	Report still with Senior Management for perusal	Feedback to be given to staff once report back from Senior Management	Corporate Services
	Progress made with Knowledge Management Audit Report	Audit Report; Management Report	Yearly	0	30%	Original	10%	20%	25%	30%			
						Amended	NA	20%	25%	30%			
						Achieved	10%	20%	25%	25%			
ii) Review and implement the Workplace Skills Plan.	100% Implementation of Council approved WSP per year	WSP and implementation report	Quarterly	0	100%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	20%	50%	75%	100%			
						Amended	NA	40%	75%	100%			
						Achieved	20%	50%	100%	100%			
	% of municipal budget spent on implementing the workplace skills plan.	Management Report	Quarterly	0.18%	0.2%		Q1	Q2	Q3	Q4	insufficient funds allocated	request for more funding to equal target	Corporate Services
						Original	0.09%	0.1%	0.18%	0.2%			
						Amended	NA	0.1%	0.18%	0.2%			
						Achieved	30%	50%	100%	0.18%			
iii) Review and implement the Employment Equity Plan.	% of staff in BCM that are from the designated groups in terms of disability (all staff levels).	EE plan	Quarterly	0.45 %	0.53%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	0.48%	0.5%	0.51%	0.53%			
						Amended	NA	0%	0.98%	1.1%			
						Achieved	0.47%	0.97%	1.1%	0.53%			

	% of the highest 4 levels of management in BCM that are from the designated group in terms of gender.	Employment Equity plan	Quarterly	24.21%	32.6%		Q1	Q2	Q3	Q4	Resignation of two females.	Concerted efforts to appoint females in this category is needed.	Corporate Services
						Original	24.98%	25%	27%	32.6%			
						Amended	NA	25%	27%	28.4%			
						Achieved	24.98%	25%	28.4%	27.5%			
	% of the highest 4 levels of management in BCM that are from the designated group in terms of race.	Employment Equity Plan	Quarterly	54.12	60%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	54.8%	55.12%	58.12%	60%			
						Amended	NA	55.12%	58.12%	59%			
						Achieved	52.11%	55.12%	59%	59%			
	% progress made towards the implementation and development of the Employment Equity plan.	Council Minutes	Quarterly	Implementation of Plan	20%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	5%	10%	15%	20%			
						Amended	NA	50%	70%	100%			
						Achieved	5%	50%	100%	100%			
viii) The improvement of the overall control and corporate governance environment.	% progress made on the reduction in the number of audit queries raised by both external and internal auditors	External & internal reports	Half-yearly	existing reports	25%		Q1	Q2	Q3	Q4	n/a	n/a	Corporate Services
						Original	5%	10%	15%	25%			
						Amended	NA	0%	70%	75%			
						Achieved	5%	70%	70%	50%			
	Conduct of internal audits in accordance	Approved internal audit plan.	Quarterly	Approved plan	75%		Q1	Q2	Q3	Q4	4 Major assignments completed	No corrective action required	Corporate Services
						Original	25%	35%	50%	75%			

	with the approved internal audit plan.					Amended	NA	35%	50%	75%			
						Achieved	25%	35%	50%	75%			
I&F12	Research, policy, knowledge management processes undertaken in BCM are coordinated, credible and linked to the information and knowledge requirements of the municipality.	Management Report	Quarterly	5% implementation	20%		Q1	Q2	Q3	Q4	N/A	N/A	Corporate Services
Original						5%	10%	15%	20%				
Amended						NA	10%	15%	20%				
Achieved						5%	10%	15%	20%				
i) Update and monitor the implementation of the research coordinating guidelines.	% progress made towards the implementation and development of research co-ordinating guidelines	Guidelines and management reports	Quarterly	Research guidelines in place and approved in 2005	100%		Q1	Q2	Q3	Q4	N/A	N/A	Corporate Services
Original	30%	35%	40%	100%									
Amended	NA	35%	40%	100%									
Achieved	15%	35%	40%	100%		Q1	Q2	Q3	Q4	Busy with three research studies	Report to be ready by end of next week	Corporate Services	
Original	20%	40%	60%	100%									
Amended	NA	40%	60%	100%									
Achieved	20%	40%	60%	90%		Q1	Q2	Q3	Q4				

iii) Establish partnerships with strategic role-players.	% progress made on the establishment of a research and knowledge management forum.	Establish forum, minutes and memorandum understanding signed	Quarterly	0	60%		Q1	Q2	Q3	Q4	Research reports still with Senior Management	Research & KM Seminar to be hosted by end August 2008	Corporate Services
						Original	10%	20%	30%	60%			
						Amended	NA	20%	30%	60%			
						Achieved	10%	20%	30%	55%			
I&F13	% progress made on a fully integrated and modernized ICT infrastructure and systems based on good governance practices.	Management Report, General Audit	Quarterly	Non Integrated IS applications	70%		Q1	Q2	Q3	Q4			Corporate Services
Original						40%	50%	60%	70%				
Amended						NA	50%	60%	70%				
BCM has an efficient, integrated information management system.						Achieved	40%	50%	60%	86%			
i) Modernise the ICT infrastructure.	% progress made on an Adequate ICT infrastructure that meets 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.	80%		Q1	Q2	Q3	Q4			Corporate Services
						Original	50%	60%	70%	80%			
						Amended	NA	60%	70%	80%			
						Achieved	50%	60%	70%	95%			
ii) Implement information	% progress made on the	Management Report	Quarterly	No Enterprise	100%		Q1	Q2	Q3	Q4			Corporate Services

systems integration strategies.	development of information system integration strategies			e Information Architecture and/or MSP, No Municipal Wide Data warehouse		Original	50%	70%	90%	100%			
						Amended	NA	70%	90%	100%			
						Achieved	20%	30%	90%	80%			
iii) Implement good ICT governance practices.	% progress made with the implementation of ICT Strategies.	Management Report	Quarterly	20%	70%		Q1	Q2	Q3	Q4			Corporate Services
						Original	40%	50%	60%	70%			
						Amended	NA	50%	60%	70%			
						Achieved	40%	50%	60%	85%			
Planning & Development													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
CC2	% Progress made toward the adoption of a Gender Strategy	Council minutes	Yearly	20%	100%		Q1	Q2	Q3	Q4			Corporate Services
Reduce gender inequalities as they affect access to jobs, land, services and housing.						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	100%	75%	100%			
ii) Promote and monitor the incorporation of gender sensitivity, within BCM's	Participate and input in sector and policy development	Minutes of meetings	Quarterly	0	2		Q1	Q2	Q3	Q4			Corporate Services
						Original	0	1	2	2			
						Amended	NA	1	2	2			

sector plans/policies.						Achieved	0	0	0	2			
iii) Facilitate/support the establishment of gender structures internally and externally.	Number of Gender forum meetings held	Minutes of gender structure meetings	Quarterly	BCM Gender Forum in place	4		Q1	Q2	Q3	Q4			Corporate Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	1	0	3	4			
iv) Establish and maintain links with all spheres of government and organisations.	% of intersectional meetings held	Minutes of intersectional forum meetings	Quarterly	Establishment of an intersectional forum	4		Q1	Q2	Q3	Q4			Corporate Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	1	2	3	4			
v) Vulnerable women in Mdantsane participate in activities that secure their social and economic rights and interests.	Number of violence prevention programmes held	Minutes of meetings	Half-yearly	0	4		Q1	Q2	Q3	Q4			Corporate Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	1	1	0	4			
CC3	Establishment of disability targets and strategies in the line dept sector plans. Progress in achieving sector plan disability targets. HR report positive line departmental	Indicator & targets still to be identified in the Disability Strategy.		0	0%		Q1	Q2	Q3	Q4			Corporate Services
Original						0%	0%	0%	0%				
Amended						NA	0%	0%	0%				
Achieved						0%	0%	0%	0%				

	support in achieving internal disability employment targets.												
i) Develop & implement a Disability Strategy.	% implementation of BCM's Disability Strategy	Council minute	Yearly	0	20%		Q1	Q2	Q3	Q4			Corporate Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	25%	75%	100%			
ii) Promote and monitor the incorporation of sensitivity to people living with disabilities, within BCM's sector plans/policies.	% Progress and BCM sector plans established	BCM sector plans/policies established	Quarterly	Existing plans and policies	20%		Q1	Q2	Q3	Q4			Corporate Services
						Original	5%	10%	15%	20%			
						Amended	NA	10%	15%	20%			
						Achieved	5%	0%	15%	20%			
iii) Develop a database of NGO's and organisations that represent people with disabilities.	% Progress and establishment of a database of NGO's and organisations representing people with disabilities	A developed database	Yearly	A comprehensive database in place	100%		Q1	Q2	Q3	Q4			Corporate Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
iv) Establish and maintain links with all spheres of government and organisations.	Number of inter-sectorial forum meetings	Minutes of inter-sectorial forum meetings	Quarterly	Establishment of an inter-sectorial forum	4		Q1	Q2	Q3	Q4			Corporate Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	1	2	3	4			

CC4							Q1	Q2	Q3	Q4			
The needs of aged are fully taken into account in municipal service delivery	% Progress made towards and elderly people strategy and policy developed	Adopted policy and strategy	Yearly	Creating awareness on issues affecting the aged	10%	Original	0%	0%	5%	10%			Corporate Services
						Amended	NA	0%	5%	10%			
						Achieved	0%	0%	0%	10%			
i) Promote and monitor the incorporation of sensitivity to older persons, within BCM's sector plans/policies.	% Progress made with the development of an Elderly People Strategy	Reports to council	Quarterly	0	100%		Q1	Q2	Q3	Q4			
						Original	25%	50%	75%	100%	Funding sourced	Strategy will be developed	Corporate Services
						Amended	NA	50%	75%	100%			
						Achieved	25%	0%	0%	10%			

Service Delivery & Budget Implementation Plan (SDBIP) as at 30 June 2008													
Directorate: Community Services													
Community Services													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
							Q1	Q2	Q3	Q4			
S4	% 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	100%		Q1	Q2	Q3	Q4			Community Services
BCM citizens experience enhanced access to libraries, halls, arts facilities and sports facilities						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
i) Formulate and implement a Community Facilities Policy and Programme.	Presentation of new Community Halls Policy to Council.	Completed Document	Yearly	0	100%		Q1	Q2	Q3	Q4	NO INPUT RECEIVED FROM COMMUNITY PARTICIPATION	Proceed with general workshop	Community Services
						Original	20%	50%	70%	100%			
						Amended	NA	50%	50%	70%			
						Achieved	20%	20%	70%	50%			
	Formulation of Cultural Heritage Policy.	Completed policy document	Yearly	0	50%		Q1	Q2	Q3	Q4			Community Services
						Original	10%	20%	30%	50%			
						Amended	NA	20%	30%	50%			
						Achieved	10%	20%	30%	50%			
ii) Reinstate existing community	Facilities reinstated in accordance	capital expenditure report	Monthly	0	3		Q1	Q2	Q3	Q4			Community Services
						Original	1	2	3	3			

facilities to an optimum level within the next 3 years.	with programme (Sportsfields, Parks).					Amended	NA	2	3	3			
						Achieved	1	2	0	3			
	Upgrading of existing Community Halls and Libraries as provided for in the approved Capital Budget	Expenditure of capital allocated	Yearly	0	50%		Q1	Q2	Q3	Q4	Outperformed target	none	Community Services
						Original	0%	25%	40%	50%			
						Amended	NA	25%	40%	50%			
						Achieved	0%	25%	40%	95%			
iii) Negotiate a fully funded Service Level Agreement for libraries with Province.	Progress made with concluding a service level agreement.	Correspondence	Yearly	0	100%		Q1	Q2	Q3	Q4			Community Services
						Original	0%	30%	60%	100%			
						Amended	NA	30%	60%	100%			
						Achieved	0%	0%	60%	100%			
iv) Establishment of basic sports facilities in rural communities	Basic Sports facilities established in accordance with programme.	capital expenditure report	Monthly	0	2		Q1	Q2	Q3	Q4	Funds that were in the previous financial budget were taken to repay a debt that the section had in the financial year of 2006/2007, which finance dept failed to inform us in good time, i.e. prior making any commitmen	This project was then moved to be catered for in the current financial year, whereby it has to be a priority taking into consideration that preparations were at an advanced stage with the Cllr, his ward committee and the community at large of ward 25.	Community Services
						Original	0	1	1	2			
						Amended	NA	1	1	2			
						Achieved	0	1	0	1			

												ts that we ended up doing with the com		
							Q1	Q2	Q3	Q4				
v) Enhance the range and quality of social support services and utilisation thereof by residents of Mdantsane.	Establish an additional sports facility	Capital expenditure report	Monthly	0	1	Original	0	0	0	1			Community Services	
						Amended	NA	0	0	1				
						Achieved	0	0	0	1				
S6	BCM provides an acceptable standard of service and has sufficient, well-maintained, regulated cemeteries and crematoria.	Quarterly Report	Yearly	29 - cemetery 1- crematorium	1		Q1	Q2	Q3	Q4			Community Services	
Original						1	1	1	1					
Amended						NA	1	1	1					
						Achieved	1	0	1	1				
iv) Establish new regional cemeteries.	% Progress made toward the identification of land suitable for regional cemeteries distributed throughout area of jurisdiction.	Zoning of suitable land for 3 regional cemeteries (Report)	Yearly	40%	70%		Q1	Q2	Q3	Q4			Community Services	
						Original	40%	50%	60%	70%				
						Amended	NA	50%	60%	70%				
						Achieved	40%	50%	60%	70%				

v) Promote other burial techniques and alternatives to burials.	% progress made towards funding been secured to conduct community awareness programmes.	No of wards	Yearly	40%	60%		Q1	Q2	Q3	Q4			Community Services	
						Original	40%	50%	55%	60%				
						Amended	NA	50%	55%	60%				
						Achieved	40%	50%	55%	60%				
vi) Develop and undertake community awareness programmes.	% increase in the number of usage of alternative burial methods	Increase in number of usage of alternative methods.	Yearly	0	10%		Q1	Q2	Q3	Q4			Community Services	
						Original	0%	0%	5%	10%				
						Amended	NA	0%	5%	10%				
						Achieved	0%	0%	5%	10%				
Environmental Protection														
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets				Reason for Deviation	Corrective Action	Directorate		
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		Q1	Q2	Q3	Q4			Community Services
Original							4	8	12	16				
Amended							NA	8	12	16				
						Achieved	4	8	12	16				
i) Review & implement the Integrated Environmental Management	% progress made toward the IEMP being reviewed	Reviewed IEMP	Yearly	IEMP completed 2006.	100%		Q1	Q2	Q3	Q4	Still in Progress	To complete reviewal of IEMP	Community Services	
						Original	25%	50%	75%	100%				
						Amended	NA	50%	75%	100%				
						Achieved								

Plan (IEMP).						Achieved	25%	50%	75%	75%			
	% Progress made toward the implementation of the IEMP	Reports to Strategic Committee & minutes	Quarterly	40%	60%		Q1	Q2	Q3	Q4			Community Services
						Original	40%	45%	50%	60%			
						Amended	NA	45%	50%	60%			
						Achieved	40%	45%	50%	60%			
iii) Develop, review and implement environmental by-laws as per legal register.	% Progress made toward the adoption of a critical environmental by-law	Council minute - adoption of by-law	Yearly	IEMP, CZMP detail key areas of focus.	100%		Q1	Q2	Q3	Q4	Further Study & Investigation to be done	Funding sourced for environmental by-laws	Community Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	75%			
iv) Develop a Metropolitan Open Space Management Plan that enhances the value of biological resources.	% Progress made toward the development of a Metropolitan Open Space Management Policy Strategy.	Metropolitan Open Space Management Policy	Yearly	0	33%		Q1	Q2	Q3	Q4	completed	completed	Community Services
						Original	10%	18%	25%	33%			
						Amended	NA	18%	25%	33%			
						Achieved	10%	18%	90%	100%			
E3							Q1	Q2	Q3	Q4			
Improved environmental management capacity in all BCM Departments.	% Progress made toward the Departmental Environment Register being developed	Environment Register	Yearly	0	100%	Original	25%	50%	75%	100%			Community Services
						Amended	NA	50%	75%	100%			
						Achieved	25%	25%	75%	100%			
i) Develop & implement an Environmental Management System.	% Progress made toward the development of an	Environmental Management System Framework	Yearly	0	100%		Q1	Q2	Q3	Q4	Need to source funds	Business Plan to be submitted	Community Services
						Original	25%	50%	75%	100%			

	Environmental Management System Framework.					Amended	NA	50%	75%	100%				
						Achieved	25%	50%	75%	75%				
	% Progress made toward the implementation of the Environmental Management System	EMS Report	Yearly	0	10%		Q1	Q2	Q3	Q4			Community Services	
						Original	2.5%	5%	7.5%	10%				
						Amended	NA	5%	7.5%	10%				
						Achieved	2.5%	5%	7.5%	10%				
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	Attendance register and Training material	Yearly	5	5		Q1	Q2	Q3	Q4			Community Services	
						Original	0	2	2	5				
						Amended	NA	2	2	5				
						Achieved	0	2	2	5				
iv) Implement a plan for staffing and resourcing the strategic Integrated Environmental Management Unit.	Unit fully staffed according to organogram	Number of posts filled	Quarterly	2	2		Q1	Q2	Q3	Q4		no funding	To source funding	Community Services
						Original	0	0	1	2				
						Amended	NA	0	1	2				
						Achieved	0	0	1	1				

v) Create councillor & community awareness of the implications of unsustainable environmental practices.	Number of workshops held	Attendance Register and Training material	Yearly	0	2		Q1	Q2	Q3	Q4			Community Services
						Original	0	1	0	2			
						Amended	NA	1	0	2			
						Achieved	0	1	0	2			
E4	% Progress made toward the evaluation of the Key variables identified in the state of the Environment reports (SOE/SOS CZMP).	State of Environment Report	Yearly	0	10%		Q1	Q2	Q3	Q4			Community Services
Original						2.5%	5%	7.5%	10%				
Amended						NA	5%	7.5%	10%				
Achieved						2.5%	5%	7.5%	10%				
i) Implement an Alien Species Management & Eradication Programme to prevent loss of biological diversity.	% Progress made toward the completion of an Alien Eradication Management Plan and Strategy	Alien Eradication Plan	Yearly	0	100%		Q1	Q2	Q3	Q4	NO FUNDING	BUSINESS PLAN TO BE SUBMITTED	Community Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	75%			

E5							Q1	Q2	Q3	Q4			
Sustainable use of coastal resources (including estuaries).	% compliance with recreational water quality guidelines.	Water quality reports	Yearly	State of the Coast Report	60%								Community Services
						Original	20%	40%	50%	60%			
						Amended	NA	40%	50%	60%			
						Achieved	20%	40%	50%	60%			
	Key variables identified in the state of Environment reports.	Valuation reports/Impact assessments	Quarterly	State of the coast report adopted by Council 2005	100%		Q1	Q2	Q3	Q4			Community Services
						Original	20%	40%	80%	100%			
						Amended	NA	40%	80%	100%			
						Achieved	20%	40%	80%	100%			
i) Successful implementation of Nahoon Point & Nahoon Estuary Nature Reserve Pilot Projects.	Nature Reserves fully operational	Report to standing committee - project complete	Yearly	50%	90%		Q1	Q2	Q3	Q4			Community Services
						Original	60%	70%	80%	90%			
						Amended	NA	70%	80%	90%			
						Achieved	60%	70%	80%	90%			
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	40%		Q1	Q2	Q3	Q4			Community Services
						Original	10%	20%	30%	40%			
						Amended	NA	20%	30%	40%			
						Achieved	10%	20%	30%	40%			
	CZMP action plans implemented	Final report submitted to standing committee	Yearly	Action plans prepared to be implemented	1		Q1	Q2	Q3	Q4			Community Services
						Original	0	0	1	1			
						Amended	NA	0	1	1			
						Achieved	0	0	1	1			
iii) Promotion	Number of	Minutes of	Yearly	Public	1		Q1	Q2	Q3	Q4			Community

of community and stakeholder participation.	consultation workshops	public meetings held.		consultation meetings held in preparation of the CZMP		Original	0	0	0	1			Services
						Amended	NA	0	0	1			
						Achieved	0	1	0	1			
iv) Establish dedicated coastal management capability within Social Services.	Appointment of trained staff according to organogram	Appointments made	Quarterly	3 of 7 coastal conservation posts filled.	7		Q1	Q2	Q3	Q4	Funds were not made available to employ permanent staff members as per our planning and in accordance with the organogram	We have submitted our human resource needs to the offices of our supervisors with the hope that they will liaise with the HR section to resolve this matter.	Community Services
						Original	3	4	5	7			
						Amended	NA	4	5	7			
						Achieved	3	4	1	0			
v) Establish coastal community forums.	Number of forums established	Number of coastal forums established	Quarterly	2 coastal forums	4		Q1	Q2	Q3	Q4			Community Services
						Original	2	2	3	4			
						Amended	NA	2	3	4			
						Achieved	2	2	3	4			
vi) Maintain established partnerships.	Meet quarterly with identified partners.	Minutes of quarterly meetings.	Quarterly	4	4		Q1	Q2	Q3	Q4			Community Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	1	2	3	4			
E6	% Per capita reduction consumption of energy	State of Energy Report	Yearly	2%	4%		Q1	Q2	Q3	Q4			Community Services
Utilize BCM's natural resources in sustainable manner.						Original	1%	2%	3%	4%			
						Amended	NA	2%	3%	4%			

						Achieved	1%	0%	3%	4%			
							Q1	Q2	Q3	Q4			
	% Progress made toward the completion of an Energy Efficient & Sustainable Energy Policy and Strategy, and State of Energy Report	Council Minute	Yearly	0	100%								Community Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	15%	75%	100%			
ii) Develop and implement an Energy Conservation Plan.	% Progress made toward the completion of Energy Efficiency Plan	Energy Efficiency Plan	Yearly	0	50%		Q1	Q2	Q3	Q4			Community Services
						Original	10%	20%	35%	50%			
						Amended	NA	20%	35%	50%			
						Achieved	10%	0%	35%	50%			
E7													
Reduction in the negative impact of sanitation on the environment.													
ii) Ensure the Water Services Development Plan incorporates issues of environmental sustainability.	% Progress made toward the completion of a Water Services Development Plan	Water Services Development Plan	Yearly	0	100%		Q1	Q2	Q3	Q4			Community Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			

iv) Implement a programme of awareness regarding environmental impacts of sanitation.	% Progress made toward the development and operationalisation of a Sanitation Resources Centre	Council Minute and Report	Quarterly	0	75%		Q1	Q2	Q3	Q4			Community Services
						Original	15%	20%	45%	75%			
						Amended	NA	20%	45%	75%			
						Achieved	15%	20%	45%	75%			
E8	Number of wards maintained (Environmental maintenance)	Ward Maintenance Reports	Quarterly	5	9		Q1	Q2	Q3	Q4			Community Services
Original						5	6	7	9				
Amended						NA	6	7	9				
Achieved						5	6	7	9				
i) Develop & implement environmental beautification plans for all new settlements.	Number of community parks maintained	Quarterly Reports	Quarterly	2	4		Q1	Q2	Q3	Q4			Community Services
						Original	0	1	3	4			
						Amended	NA	1	3	4			
						Achieved	0	1	3	4			
ii) Develop and implement plans to enhance the green environment within existing settlements, especially previously disadvantaged areas.	Total number of trees planted in disadvantaged areas of BCM	Quarterly Reports	Quarterly	300	500		Q1	Q2	Q3	Q4			Community Services
						Original	0	200	250	500			
						Amended	NA	200	250	500			
						Achieved	0	200	250	500			

E9	Realization of economic opportunities offered by environmental assets.	% Progress made towards the feasibility study of 2 sustainable livelihoods supported by natural environmental assets	Feasibility Study Reports	Yearly	0	100%		Q1	Q2	Q3	Q4	Further investigations to be done	Funding to be sourced	Community Services
Original							25%	50%	75%	100%				
Amended							NA	50%	75%	100%				
Achieved							10%	50%	50%	50%				
i) Identify sustainable economic opportunities from environmental assets.	% Progress made toward all opportunities identified being included in the EDS	Feasibility study	Yearly	0	100%		Q1	Q2	Q3	Q4			Community Services	
							Original	25%	50%	75%	100%			
							Amended	NA	50%	75%	100%			
							Achieved	25%	50%	75%	100%			
E10	Respond to climate change.	% Progress made toward the implementation of the project identified in the National Climate Strategy	National Climate Change Strategy	Yearly	Individual projects have been implemented without coordination	100%		Q1	Q2	Q3	Q4			Community Services
Original							25%	30%	45%	100%				
Amended							NA	50%	75%	100%				
Achieved							25%	25%	70%	100%				
i) Implement a Climate Change Programme.	% Progress made toward the implementation of the 5 ICLEI milestones	Certificate from the Cities and Climate Protection Assessment Unit	Yearly	Individual projects have been implemented without coordination	60%		Q1	Q2	Q3	Q4			Community Services	
							Original	15%	30%	45%	60%			
							Amended	NA	30%	45%	60%			
							Achieved	15%	30%	45%	60%			

Planning & Development												
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets				Reason for Deviation	Corrective Action	Directorate
I&S32												
Mdantsane residents have improved access to urban amenities, municipal services, transport, economic opportunities, housing, and a clean and safe living environment.												
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	% progress made towards a study been conducted	Council Minute and report	Yearly	0	100%		Q1	Q2	Q3	Q4		Community Services

intensity, and community initiative at the neighbourhood level.							Original	25%	50%	75%	100%			
							Amended	NA	50%	75%	100%			
							Achieved		50%	75%	100%			
Sports & Recreation														
S5								Q1	Q2	Q3	Q4			
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	Quarterly	4	4		Original	1	2	3	4			Community Services
							Amended	NA	2	3	4			
							Achieved	1	2	3	4			
	% occupancy of BCM owned resorts.	Reports from Tourism Buffalo City & report to Standing Committee	Quarterly	75% occupancy	80%			Q1	Q2	Q3	Q4			Community Services
							Original	76%	77%	78%	80%			
							Amended	NA	77%	78%	80%			
							Achieved	76%	77%	78%	80%			
i) Upgrade key sporting facilities.	Number of key sports facilities at relevant national and international events	Reports to standing committee	Quarterly	6 facilities of international standard	1			Q1	Q2	Q3	Q4			Community Services
							Original	0	0	0	1			
							Amended	NA	0	0	1			
							Achieved	0	0	0	1			
ii) Develop and implement the Zoo Master Plan.	% progress made towards the development of the zoo master plan	Master plan document completed	Yearly	Approved zoo master plan	100%			Q1	Q2	Q3	Q4			Community Services
							Original	0%	0%	0%	100%			
							Amended	NA	0%	0%	100%			
							Achieved	0%	0%	0%	100%			
iii) Upgrade	Develop new	capital	Yearly	65	1			Q1	Q2	Q3	Q4			Community

the zoo.	enclosure in the zoo	expenditure report		enclosures		Original	0	0	0	1			Services
						Amended	NA	0	0	1			
						Achieved	0	0	0	1			
iv) Upgrade the aquarium and develop marine educational capacity.	Completion of Environmental Center at Aquarium and upgrade of Marine Nursery	capital expenditure report	Quarterly	No existing Environmental Center, Inadequate Marine Nursery	2		Q1	Q2	Q3	Q4			Community Services
						Original	0	0	0	2			
						Amended	NA	0	0	2			
						Achieved	0	1	0	2			
v) Beach front recreational assets improved/developed to support tourist and recreational use	Number of facilities upgraded	Reports to Management	Quarterly	Existing Facilities	2		Q1	Q2	Q3	Q4			Community Services
						Original	0	1	0	2			
						Amended	NA	1	0	2			
						Achieved	0	1	0	2			

Service Delivery & Budget Implementation Plan as at 30 June 2008													
Directorate: Engineering Services													
Electricity													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
							Q1	Q2	Q3	Q4			
I&S24	% of progress made in completing independent due diligence report that confirms BCM can integrate into RED	EDIH Due Diligence Report	Quarterly	MSA Section 78(3) Assessment	75%								Engineering Services
BCM Electricity Department ready for integration into the Regional Electricity Distributor.						Original	25%	40%	60%	75%			
						Amended	NA	40%	60%	75%			
						Achieved		40%	60%	75%			
i) Complete MSA Section 78 process.	% of Electricity Ringfencing exercise completed	Council minutes	Yearly	MSA Section 78(3) assessment	75%								Engineering Services
						Original	25%	40%	60%	75%			
						Amended	NA	40%	60%	75%			
						Achieved		40%	60%	75%			
I&S25	% of progress made in the development of a NERSA compliant Power Quality Report	NERSA Audit Report	Yearly	2003 NERSA Audit Report - Non compliance to Power Quality Directive	50%								Engineering Services
Compliance with NERSA licence conditions						Original	10%	20%	30%	50%			
						Amended	NA	20%	30%	50%			
						Achieved		20%	30%	50%			

i) Install power quality monitoring equipment.	% of progress made in installing Power Quality Meters in BCM Network	NERSA Power Quality Management Report	Yearly	0	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	10%	40%	80%	100%			
						Amended	NA	40%	80%	100%			
ii) Ensure compliance with the Occupational Health & Safety Act.	% of compliance with the Occupational Health & Safety Act	Report from Municipality's Safety Officer	Yearly	80% Compliance	80%		Q1	Q2	Q3	Q4			Engineering Services
						Original	80%	80%	80%	80%			
						Amended	NA	80%	80%	80%			
I&S26 A safe, efficient, functioning and well-maintained electricity infrastructure network.	Rand value of capital invested into electrical infrastructure.	Financial Reports	Quarterly	R6 million	15		Q1	Q2	Q3	Q4			Engineering Services
						Original	2	5	10	15			
						Amended	NA	5	10	15			
	Number of annual high voltage outages	Outage Reports	Quarterly	100	90		Q1	Q2	Q3	Q4	This was due to load shedding		Engineering Services
						Original	30	50	70	90			
						Amended	NA	50	70	90			
i) Develop & implement a	% of progress made in the 5 Year Maintenance Programme	Report to standing committee	Yearly	20 %	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	40%	60%	80%	100%			
						Amended	NA	60%	80%	100%			

routine and preventative 5-year electricity infrastructure maintenance programme throughout BCM.	Plan						Achieved	40%	60%	80%	100%			
ii) Refurbish or repair electricity infrastructure in accordance with resource availability & priority.	% of progress made in the implementation of the Annual Plan	Report submitted to GM	Quarterly	10%	100%		Q1	Q2	Q3	Q4	Shortage of staff and the additional switching required during load shedding		Engineering Services	
						Original	50%	60%	80%	100%				
						Amended	NA	60%	80%	100%				
iii) Repair and replace non-functional street lights in accordance with the available budget.	Number of days taken in reducing response time to repair street lights	Number of Days to Repair from Receipt of Outage Report	Quarterly	7 Days	7		Q1	Q2	Q3	Q4			Engineering Services	
						Original	7	7	7	7				
						Amended	NA	7	7	7				
I&S27	% of progress	Load Flow	Half-yearly	2002	10%		Q1	Q2	Q3	Q4			Engineering	

Sufficient electricity infrastructure capacity to safely, sustainably and reliably meet existing electricity load and future development needs (household & business).	made in upgrading overloaded cables and transformers	report		Load Flow Report		Original	1%	3%	8%	10%			Services
						Amended	NA	3%	8%	10%			
						Achieved		3%	8%	10%			
i) Upgrade trunk feeders and new switch houses.	% of progress made in upgrading cables and transformers	Load Flow report	Yearly	2002 Load Flow report	40%		Q1	Q2	Q3	Q4			Engineering Services
						Original	5%	10%	20%	40%			
						Amended	NA	10%	20%	40%			
						Achieved		10%	20%	40%			
ii) Develop and implement a network strengthening and development plan.	% of progress made in developing Network Strengthening Plan	Report to standing committee	Yearly	0%	80%		Q1	Q2	Q3	Q4			Engineering Services
						Original	10%	25%	50%	80%			
						Amended	NA	25%	50%	80%			
						Achieved		25%	50%	80%			
	Number of projects	Report on Network	Yearly	2005 Network	3		Q1	Q2	Q3	Q4			Engineering Services
						Original	0	0	1	3			

	Implemented in support of the Network Strengthening Plan	strengthening projects		strengthening projects		Amended	NA	0	1	3			
						Achieved		0	1	3			
iii) Continuously monitor electricity load growth due to development and strengthen electricity networks accordingly.	Number of Updated Load Flow studies	Load Flow Report	Half-yearly	2002 Load Flow Report	2		Q1	Q2	Q3	Q4			Engineering Services
						Original	0	1	1	2			
						Amended	NA	1	1	2			
						Achieved		0	1	2			
I&S28							Q1	Q2	Q3	Q4			
All low-income settlements are electrified	% of available INEP funding spent	INEP Report	Yearly	80%	90%	Original	0%	10%	40%	90%			Engineering Services
						Amended	NA	10%	40%	90%			
						Achieved	0%	10%	40%	90%			
i) Electrify all low-income households, according to the BCM housing programme.	% of available MIG funding spent to electrify low-income households.	MIG Report	Yearly	0%	95%		Q1	Q2	Q3	Q4			Engineering Services
						Original	10%	20%	60%	95%			
						Amended	NA	20%	60%	95%			
						Achieved	10%	20%	60%	95%			
ii)	% of available	MIG	Yearly	0%	95%		Q1	Q2	Q3	Q4			Engineering

Provision of street lights in conjunction with the programme for the electrification of low-income households.	funding spent for the provision of street lights	Funding/Reports				Original	0%	10%	60%	95%			Services
						Amended	NA	10%	60%	95%			
						Achieved	0%	10%	60%	95%			
I&S29	% of the INEP schools electrification annual allocation.	DME agreement and monthly reports	Yearly	60%	65%		Q1	Q2	Q3	Q4	No schools or funds available	funding	Engineering Services
Original						60%	61%	62%	65%				
Amended						NA	61%	62%	65%				
Achieved						0%	0%	0%	0%				
i) Electrify schools according to application and the allocated funding from the Integrated National Electrification Programme (INEP).	% of available Annual INEP funding spent.	INEP Report	Yearly	80%	90%		Q1	Q2	Q3	Q4	No funds	funding	Engineering Services
						Original	0%	0%	40%	90%			
						Amended	NA	0%	40%	90%			
						Achieved	0%	0%	0%	0%			
I&S30	% reduction in overall losses (unit)	Report to standing committee	Quarterly	14%	11%		Q1	Q2	Q3	Q4			Engineering Services
Electricit						Original	14%	14%	13%	11%			

Energy losses reduced	Number of purchases less unit sales).					Amended	NA	14%	13%	11%			
						Achieved	14%	12%	13%	11%			
i) Develop a model to identify and quantify technical losses within the network.	Number of Statistical Metering devices installed	Statistical Meter Readings	Quarterly	None	5		Q1	Q2	Q3	Q4			Engineering Services
						Original	1	3	4	5			
						Amended	NA	3	4	10			
						Achieved	1	0	10	10			
ii) Implement revenue protection measures.	Number of physical meter audits and visits undertaken/conducted	Audit Register	Quarterly	15600	15600		Q1	Q2	Q3	Q4			Engineering Services
						Original	3900	7800	11700	15600			
						Amended	NA	7800	11700	15600			
						Achieved	3900	9640	10678	16975			
iii) Replace dysfunctional metering.	% of electromechanical meters that have been identified dysfunctional and replaced	Report to standing committee	Quarterly	50%	75%		Q1	Q2	Q3	Q4			Engineering Services
						Original	55%	60%	70%	75%			
						Amended	NA	60%	70%	75%			
						Achieved	55%	60%	70%	75%			
Environmental Protection													
E6							Q1	Q2	Q3	Q4			
Utilize BCM's natural resources in sustainable manner.	% utilization of raw water	Raw Water affordability report	Monthly	50%	60%		Original	50%	50%	55%	60%		Engineering Services
							Amended	NA	50%	55%	60%		
							Achieved	50%	50%	55%	60%		
i)	% progress	Report to	Monthly	40 %	35%		Q1	Q2	Q3	Q4			Engineering

Develop and implement a Water Conservation Plan.	made towards the development of a Water Conservation Plan	standing committee				Original	40%	39%	35%	35%			Services
						Amended	NA	39%	35%	35%			
						Achieved	40%	39%	35%	35%			
E7	% reduction of E-Coli and nutrient levels discharged from Waste Water treatment works	Lab results	Monthly	70 %	100%		Q1	Q2	Q3	Q4			Engineering Services
Original						70%	73%	75%	100%				
Amended						NA	73%	75%	100%				
	Achieved	70%	73%	75%	100%								
ii) Ensure the Water Services Development Plan incorporates issues of environmental sustainability.	% of WSDP encompassing environmental issues	Revised WSDP	Yearly	50%	100%		Q1	Q2	Q3	Q4			Engineering Services
Original						60%	70%	85%	100%				
Amended						NA	70%	85%	100%				
	Achieved		70%	85%	100%								
E11a	% of anti water pollution activities completed	Report on Pollution Impact	Monthly	70%	90%		Q1	Q2	Q3	Q4			Engineering Services
Original						70%	70%	80%	90%				
Amended						NA	70%	80%	90%				
Contribute to the minimization of water pollution.	Achieved	70%	70%	80%	90%								

i) Implementation of Water Evaluation Monitoring & Enforcement Programme, in line with National Policy & Legislation.	% of compliance with National Policy and Legislation in terms of implementing Water Evaluation Monitoring	Lab results	Monthly	60%	80%		Q1	Q2	Q3	Q4			Engineering Services
						Original	60%	60%	70%	80%			
						Amended	NA	60%	70%	80%			
						Achieved	60%	60%	70%	80%			
E11d	% progress made towards the establishment of interdepartmental key work groups	Key Work Group Minutes	Quarterly	Fragmented information transfer	100%		Q1	Q2	Q3	Q4			Engineering Services
Original						25%	50%	75%	100%				
Amended						NA	50%	75%	100%				
						Achieved	40%	50%	75%	100%			
i) Revise routine monitoring programme in line with current legislative requirements governing WSA's	% of sampling frequency, distribution, collection and analysis compliant with legislation by the end of the year.	Analytical Reports	Monthly	60%	70%		Q1	Q2	Q3	Q4			Engineering Services
						Original	62%	65%	68%	70%			
						Amended	NA	65%	68%	70%			
						Achieved	62%	65%	68%	70%			
ii) Reduction in turnaround time	Average of lag period between sample receipt and results	Analytical Report Sheets	Quarterly	14 days	10		Q1	Q2	Q3	Q4			Engineering Services
						Original	14	14	12	10			
						Amended	NA	14	12	10			

between sample receipt and analytical results submission	submission.					Achieved	14	14	12	10			
iii) Support Water and Sanitation Departments towards achieving improved statutory compliance of WTWs and STWs	Average of days to provide non-compliant analytical results.	Verbal or electronic notification of non-compliant analytical results	Quarterly	14 days	10		Q1	Q2	Q3	Q4			Engineering Services
						Original	14	14	12	10			
						Amended	NA	14	12	10			
						Achieved	14	14	12	10			
iv) Accreditation of the BCM laboratory	% of completion of gap analysis with budgetary requirements.	Feasibility Report	Quarterly	2%	5%		Q1	Q2	Q3	Q4			Engineering Services
						Original	2.5%	3%	4%	5%			
						Amended	NA	3%	4%	5%			
						Achieved	2.5%	2%	3%	5%			
E12	% of Scientific Services complied with in terms of the requirements of the Industrial Pollution Control Forum.	Report to Council	Quarterly	100%	100%		Q1	Q2	Q3	Q4			Engineering Services
Original						100%	100%	100%	100%				
Amended						NA	100%	100%	100%				
Achieved						100%	100%	100%	100%				
i)	% of small	Site audit	Quarterly	Draft by-	40%		Q1	Q2	Q3	Q4			Engineering

Promote environmental awareness among medium & small enterprises.	and medium industrial sites visited and permit renewals required.	Reports		laws and existing permits.		Original	25%	30%	35%	40%			Services
						Amended	NA	30%	35%	40%			
						Achieved	25%	30%	35%	40%			
ii) Develop and implement an audit programme for assessing pollution risks associated with activities in all industry in BCM (water, air & noise pollution)	% of progress made in implementing the trade effluent environmental management system.	Internal Audit Report	Quarterly	Fragmented management system	40%		Q1	Q2	Q3	Q4			Engineering Services
						Original	25%	30%	35%	40%			
						Amended	NA	30%	35%	40%			
						Achieved	10%	25%	35%	40%			
Finance & Admin													
I&F2	% of Development of City Wide Maintenance Management System implemented.	Progress reports to Council	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering Services
Efficient management of BCM's assets.						Original	30%	50%	100%				
						Amended	NA	50%	100%	100%			
						Achieved	30%	50%	100%	100%			
ii)	% progress	Reports to	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering

Implement the Infrastructural Asset Action Plan	made in implementing Water Services Management System for Sanitation and Scientific Services	Council				Original	10%	20%	50%	100%			Services
						Amended	NA	20%	50%	100%			
						Achieved	10%	20%	80%	100%			
	% of progress made in developing and implementing the Asset Management System for Electricity Infrastructure.	ES&ID Report	Quarterly	0	10%		Q1	Q2	Q3	Q4			Engineering Services
						Original	2%	4%	8%	10%			
						Amended	NA	4%	8%	10%			
Achieved		4%	8%	10%									
I&F5	Operating budget efficiently and effectively structured to support service delivery.												
i) Investigate service delivery options and public/private partnerships.	Number of options investigated to upgrade infrastructure through Public Private Partnerships.	Progress reports to Council	Quarterly	1	4		Q1	Q2	Q3	Q4			Engineering Services
						Original	1	2	3	4			
						Amended	NA	2	3	4			
						Achieved	2	2	1	4			
I&F8													

BCM has the practical and physical infrastructure to enable the Municipality to deliver on its mandate.														
i) Audit & develop plans	% of Furniture and Equipment requirements for the Directorate of Engineering Service	Approval by Director	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering Services	
						Original	72%	72%	100%	100%				
						Amended	NA	72%	100%	100%				
						Achieved	72%	72%	100%	100%				
I&F11	Transform organizational culture to be developmental and performance oriented, thus enabling BCM to realize its vision & mission.													
viii) The improve	% of Compliance	Financial Statements	Half-yearly	Existing Policy	100%		Q1	Q2	Q3	Q4			Engineering Services	

ment of the overall control and corporate governance environment.	with policies to improve overall control within the Directorate			Documents		Original	100%	100%	100%	100%			
						Amended	NA	100%	100%	100%			
						Achieved	95%	100%	100%	100%			
I&S12	% Improvement in Customer Satisfaction.	Customer Satisfaction Survey	Yearly	2005/2006 Statistics	5%		Q1	Q2	Q3	Q4	Survey not undertaken	Survey to be undertaken	Engineering Services
Sustainable Service Delivery.						Original	1%	2%	3%	5%			
						Amended	NA	2%	3%	5%			
						Achieved	0.5%	0%	1%	0%			
i) Investigate alternative sources of funding	Number of investigations conducted with alternate funding secured.	Report to Council	Yearly	1	2		Q1	Q2	Q3	Q4	the above target is for the office of Chief Financial Officer	To be reallocated in 2008/9	Engineering Services
	% of progress made in the investigation of a funding mechanism to develop Buffalo City Municipality's Water Services & Sanitation Infrastructure.	Reports To Council	Quarterly	0	50%	Original	0%	20%	30%	50%			
						Amended	NA	20%	30%	50%			
						Achieved	0%	20%	40%	50%			
ii) Support economic development	% of progress made to develop the WS Infrastructure to support	Report to Council	Quarterly	0	60%		Q1	Q2	Q3	Q4			Engineering Services
						Original	30%	40%	50%	60%			
						Amended	NA	40%	50%	60%			
						Achieved	30%	40%	50%	60%			

through infrastructure provision	development stemming from fund availability.					d							
							Q1	Q2	Q3	Q4			
	% Increase of road and stormwater infrastructure.	Report to Standing Committee and Council	Yearly	0	1%	Original				1%			Engineering Services
						Amended	NA	0.25%	0.5%	1%			
						Achieved	0%	0%	0.5%	1%			
	% of progress made in the development of the Electricity Master Plan.	Report to Council	Yearly	0	40%	Original	5%	10%	20%	40%	SALA-IDA project	Will be implemented this financial year	Engineering Services
					Amended	NA	10%	20%	40%				
					Achieved		10%	20%	0%				
iii) Formulation of a services charter to establish levels of services to be provided.	% of Electricity Customers at which Service Level Agreements are implemented.	Report to Council and Standing Committee	Quarterly	Current SLA: ESKOM	50%	Original	10%	20%	35%	50%	New staff	Working on the sample document	Engineering Services
					Amended	NA	20%	35%	50%				
					Achieved		10%	10%	0%				
	% progress made in the development of a Service Charter with levels of Service for Water Services & Sanitation.	Report to Council.	Quarterly	0	60%	Original	0%	10%	20%	60%			Engineering Services
					Amended	NA	10%	20%	60%				
					Achieved	0%	10%	20%	60%				
	Service Charter with levels of	Reports to Council	Yearly	0	1	Original	0	0	0	1	No funding for the exercise	Shelved for 2008/9	Engineering Services

	service for roads submitted to Council for approval.					Amended	NA	0	0	1				
						Achieved	1	0	0	0				
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	0	100%		Q1	Q2	Q3	Q4	Late award of Major Contracts	Deadline set 06-2008 (DPLG), target met by BCM	Engineering Services
Original							25%	35%	60%	100%				
Amended							NA	35%	60%	100%				
Achieved							25.4%	35%	60%	82.5%				
	% spending of capital MIG funding earmarked for WS provision.	Financial Report	Quarterly	100%	100%		Q1	Q2	Q3	Q4			Engineering Services	
Original						0%	50%	75%	100%					
Amended						NA	50%	75%	100%					
Achieved						8.8%	50%	75%	100%					
i) Advertise, adjudicate, report on and award tenders in good time.	% increase of projects implemented for the year.	Supply Chain Management Report	Quarterly	95%	100%		Q1	Q2	Q3	Q4			Engineering Services	
Original						25%	40%	75%	100%					
Amended						NA	40%	75%	100%					
Achieved						12.5%	100%	75%	100%					
ii) Submit business plans,	% of Provincial acceptance	Report to Council	Quarterly	95%	100%		Q1	Q2	Q3	Q4			Engineering Services	
						Original	100%	100%	100%	100%				

registrati on forms and detailed technical reports.	and acknowledge ment of Submitted Projects.					Amende d	NA	100%	100%	100%			
						Achieve d	0%	3%	100%	100%			
iii) Identify, impleme nt and manage projects to address backlogs, within local communi ties.	% Reduction of project backlogs within local communities.	StatSA	Quarterly	Current StatsSA figures.	10%		Q1	Q2	Q3	Q4			Engineering Services
						Original	1%	4%	7%	10%			
						Amende d	NA	4%	7%	10%			
						Achieve d	3%	3%	5%	10%			
iv) Adhere to, and promote, complian ce with all aspects of the Occupati onal Health & Safety Act.	% of Construction sites complying with Health & Safety Objective.	Health & Safety Audits	Quarterly	80%	90%		Q1	Q2	Q3	Q4			Engineering Services
						Original	90%	90%	90%	90%			
						Amende d	NA	90%	90%	90%			
						Achieve d	100%	92%	90%	90%			
v) An efficient small capital works design and construct ion service is provided	% of value of works completed equivalent to allocated budget.	Financial Reports	Quarterly	Current expendit ure patterns	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	25%	50%	75%	100%			
						Amende d	NA	50%	75%	100%			
						Achieve d	25%	40%	75%	100%			

to BCM line departments.													
I&S16							Q1	Q2	Q3	Q4			
Create and capacitate an optimum structure within the municipality to manage the Water Service Authority function.	% progress made in the approval of the WSA Structure for the Municipality.	Report to Council	Quarterly	Only Manager and Administrator post currently approved by Council	2%	Original	0.25%	1%	1.5%	2%	Restructuring process has been cancelled	Restructuring process has been cancelled	Engineering Services
						Amended	NA	1%	1.5%	2%			
						Achieved	0%	0.5%	1.5%	0%			
i) Appoint Water Service Authority staff.	Number of additional WSA posts filled.	HR Records	Quarterly	One staff member currently employed under the WSA	8		Q1	Q2	Q3	Q4	Restructuring process has been cancelled	Restructuring process has been cancelled	Engineering Services
						Original	0	0	3	8			
						Amended	NA	0	3	8			
ii) Implement the Water Service Authority Capacity business plan.	% progress made in the development and approval of the Free Basic Sanitation Policy	KPI report to DWAF	Quarterly	40% of KPI already implemented	80%		Q1	Q2	Q3	Q4	Service Provider is behind implementation schedule	To be completed in 2008/2009 financial year	Engineering Services
						Original	50%	60%	70%	80%			
						Amended	NA	60%	70%	80%			
iii) Secure	% of funding secured to	Financial Reports	Quarterly	0	100%		Q1	Q2	Q3	Q4	Some projects to	To be completed	Engineering Services
						Original	25%	50%	75%	100%			

the required internal & external funding to capacitate a WSA.	capacitate Water Service Authority utilising applicable (DWAF) budget.					Amended	NA	50%	75%	100%	continue on 08/09 financial year	during 08/09 financial year	
						Achieved	25%	50%	75%	80%			
iv) Establish an inter-directorate planning committee at BCM to enhance water service development.	% of completed formalised structure to annually review WSDP.	WSDP	Quarterly	0	100%		Q1	Q2	Q3	Q4	Attending comments from Mayoral Committee	To be resubmitted to MC in 08/09	Engineering Services
						Original	20%	40%	60%	100%			
						Amended	NA	40%	60%	100%			
						Achieved	20%	40%	60%	80%			
I&S31	% of BCM Refuse fleet availability.	Workshop Statistics Report.	Quarterly	50 %	65%		Q1	Q2	Q3	Q4	Periodic budget shortages	None	Engineering Services
Adequate, well-maintained and roadworthy BCM fleet.						Original	60%	60%	65%	65%			
						Amended	NA	60%	75%	75%			
						Achieved	66.07%	77.57%	82%	73.5%			
Vehicle downtime due to maintenance as % of overall production time.	manual record - job cards	Quarterly	40%	35%		Q1	Q2	Q3	Q4	Manual Records not accurate	Restore Promis Fleet Management System in 200809	Engineering Services	
					Original	40%	40%	35%	35%				
					Amended	NA	40%	35%	35%				
					Achieved	0%	40%	0%	0%				
% of operating budget	Budget Report	Quarterly	2.5%	5%		Q1	Q2	Q3	Q4	Insufficient funding	Motivate for additional	Engineering Services	
					Original	5%	5%	5%	5%				

	available for the maintenance of Council Vehicle fleet.					Amended	NA	5%	5%	5%	made available	funding or improve efficiency of fleet	
						Achieved	2.4%	2.5%	2.5%	2.4%			
							Q1	Q2	Q3	Q4			
i) Regular maintenance of the mechanical fleet.	% of BCM fleet repair requests completed.	Workshop Statistics Report.	Quarterly	70 %	75%	Original	70%	75%	75%	75%			Engineering Services
						Amended	NA	75%	75%	80%			
						Achieved	81%	75%	0%	80%			
	Percentage (%) major repairs completed within 15 working days.	Workshop Statistics Report.	Quarterly	75 % tasks major repairs completed within 15 working days (05/06).	76%	Original	75%	75%	76%	76%			Engineering Services
						Amended	NA	75%	76%	76%			
						Achieved	72%	72%	0%	76%			
ii) Develop & implement a computerised Workshop Management System.	% of developed and implemented computerised workshop management system.	Statistics Reports generated.	Monthly	0	100%	Original	25%	50%	75%	100%	System Integration not achieved.	IT consultation.	Engineering Services
						Amended	NA	50%	75%	100%			
						Achieved	25%	40%	50%	90%			
iii) Adoption & implementation of a Fleet Management Policy.	% of vehicles replaced in time as per the municipality's fleet replacement policy.	Fleet Management Policy	Quarterly	10%	15%	Original	10%	0%	0%	15%	Only 45 replaced in 200708 - Large units	None	Engineering Services
						Amended	NA	0%	0%	10%			
						Achieved	10%	0%	4.3%	5%			
	Number of	Supply	Quarterly	Fleet	2		Q1	Q2	Q3	Q4			Engineering

	tenders awarded in terms of Fleet Management Policy.	Chain Management Report		Management Policy adopted.		Original	0	1	1	2			Services
						Amended	NA	0	1	2			
						Achieved	0	0	2	2			
Planning & Development													
ED2													
BCM undertakes its activities/ mandate in a way that supports economic growth, job creation and the reduction in inequalities through a competitive business environment (quality infrastructure and efficient services)													
iii) Monitor the implementation of Poverty Alleviation	% of Extended Public Works Programme projects implemented.	Annual MIG Report	Yearly	0	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	0%	0%	0%	100%			
						Amended	NA	0%	0%	100%			
						Achieved	0%	0%	0%	100%			

n & Job Creation initiatives e.g. EPWP													
v) Investigate the infrastructure requirements (which are the responsibility of BCM) for the extension of the Bulembu Airport outside KWT.	% of the New Mayoral Imbizo Project Implemented.	Report to Council	Quarterly	0	100%		Q1	Q2	Q3	Q4	Services not responsibility of BCM		Engineering Services
						Original	5%	10%	50%	100%			
						Amended	NA	10%	50%	100%			
						Achieved	5%	0%	90%	100%			
I&S17	% of WSDP review meetings held within Buffalo City Municipality.	Council approval of updated WSDP	Yearly	Has only been reviewed once since year 2001	100%		Q1	Q2	Q3	Q4			Engineering Services
Original						50%	70%	80%	100%				
Amended						NA	70%	80%	100%				
Review the Water Service Development Plan in conjunction with IDP development and review						Achieved	30%	70%	80%	100%			
i) Develop a generic	% of progress made in WSDP Plan	Meetings of the task team	Yearly	2001 Review	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	25%	50%	75%	100%			

review programme and implement the annual review using ...	reviewed and completed.	updating WSDP				Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
I&S32	Mdantsane residents have improved access to urban amenities, municipal services, transport, economic opportunities, housing, and a clean and safe living environment.												
iv) Support studies that identify mechanisms by which municipal service delivery could be	Number of different studies approved for pilot implementation in Mdantsane.	Study Reports	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering Services
Original						25%	50%	75%	100%				
Amended						NA	50%	75%	100%				
Achieved						25%	50%	75%	100%				

rendered in ways that enhance municipal financial viability, consumer affordability, increased employment intensity, and community initiative at the neighbourhood level.													
	% of Provision of electricity services to all customers within registered erven in Mdantsane.	Report on customers with electricity in Mdantsane	Yearly	0	60%		Q1	Q2	Q3	Q4			Engineering Services
						Original	0%	10%	20%	60%			
						Amended	NA	10%	20%	60%			
						Achieved		10%	20%	60%			
Roads Transport													
I&S13a							Q1	Q2	Q3	Q4			
Provide and Maintain a safe and economical road and stormwater	Kilometers of roads upgraded annually to surfaced standards.	Road Management System	Yearly	4km	5	Original	0	0	0	5			Engineering Services
						Amended	NA	0	0	5			
						Achieved	0	0	0	5			

network which supports the development and economic growth of the City.													
	Kilometers of surfaced roads maintained annually.	Road Management System	Quarterly	20km	25		Q1	Q2	Q3	Q4			Engineering Services
						Original	5	15	25				
						Amended	NA	10	15	25			
						Achieved	0	0	15	25			
i) Use the Roads Management System (RMS) to secure funding for maintenance, rehabilitation and upgrade of roads, stormwater systems and associated structures.	% improvement of condition of Road Network (Road Management System).	Road Management System	Quarterly	0	5%		Q1	Q2	Q3	Q4			Engineering Services
						Original	1%	2%	3%	5%			
						Amended	NA	2%	3%	5%			
						Achieved	0%	2%	3%	5%			
ii)	% of Bridges	Bridge	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering

Implement a Bridge Management System (BMS).	inspected in terms of the Bridge Management System.	Assessments				Original	20%	40%	75%	100%			Services
						Amended	NA	40%	75%	100%			
						Achieved	20%	0%	75%	100%			
iii) Engage in community partnerships for roads maintenance.	Kilometres of roads maintained.	Roads Management System	Quarterly	0	2		Q1	Q2	Q3	Q4	Current utilizing annual contract and learner Contractors	Policy to be formulated in 2008/9	Engineering Services
						Original	0	0	1	2			
						Amended	NA	0	1	2			
iv) Implement a Stormwater Management System in conjunction with the Flood Management Policy (to be developed).	% of Municipal Budget used.	Progress Report	Yearly	0	50%		Q1	Q2	Q3	Q4			Engineering Services
						Original	0%	15%	35%	50%			
						Amended	NA	15%	35%	50%			
I&S13b Financing mechanisms for the funding of road and	% Increase in the annual budget of roads and stormwater maintenance work.	Annual operating budget spent	Yearly	2006/2007 Operating Budget Allocation	100%		Q1	Q2	Q3	Q4	The above target is for the office of the Chief Financial Officer	Control dependent on prevailing Institutional Status Quo	Engineering Services
						Original				100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			

stormwater infrastructure maintenance have been established														
I&S14							Q1	Q2	Q3	Q4				
Create work opportunities and training for local communities.	Number of EPWP Projects implemented by the Municipality	Reports to Council	Yearly	10 learnerships	10									
						Original	10	10	10	10				
						Amended	NA	10	10	10				
						Achieved	10	10	10	10			Engineering Services	
i) Fast-track PEW Learnerships and Mentorship Programme.	% of contracts / projects awarded to learnerships.	Report to Council	Quarterly	0	10%		Q1	Q2	Q3	Q4				
						Original	10%	10%	10%	10%				
						Amended	NA	10%	10%	10%				
						Achieved	13%	13%	10%	10%			Engineering Services	
ii) Undertake projects using labour intensive options where possible.	Number of man-days of labour created through the Expanded Public Works Programme.	Report to Council and Contracts Awarded	Quarterly	6500	7500		Q1	Q2	Q3	Q4				
						Original	2500	2500	5000	7500				
						Amended	NA	2500	5000	7500				
						Achieved	10873	10800	45344	21141.5	More jobs created due to a number of major projects awarded	N/A	Engineering Services	
Waste Water Management														
I&S20	Availability of	wastewater	Monthly	80%	95%		Q1	Q2	Q3	Q4			Engineering	

Well maintained and operated water and sewerage infrastructure network	wastewater services to serviced consumers.	service availability				Original	80%	85%	90%	95%			Services
						Amended	NA	85%	90%	95%			
						Achieved	80%	85%	90%	95%			
i) Develop a model and undertake a detailed analysis of the bulk system to identify possible areas of surplus capacity and supply constraints.	% of progress made in the development and analysis of a model for Water Services Infrastructure Capacity.	Model Operational - (SEWSAN - procured)	Quarterly	0	25%		Q1	Q2	Q3	Q4			Engineering Services
						Original	5%	10%	15%	25%			
						Amended	NA	10%	15%	25%			
						Achieved	5%	10%		25%			
ii) Progressively upgrade existing and build new infrastructure, focusing	% of capital budget spent by the end of the financial year.	Capital Budget Expenditure	Quarterly	0	80%		Q1	Q2	Q3	Q4			Engineering Services
						Original	15%	25%	65%	80%			
						Amended	NA	25%	65%	80%			
						Achieved	15%	25%		80%			

on areas with current shortages & identified development areas.													
iii) Prevent storm water ingress into sewer system.	% of Inspection conducted on properties for illegal stormwater ingress into the sewer system.	Inspection Reports	Quarterly	0	2.5%		Q1	Q2	Q3	Q4			Engineering Services
						Original	0.5%	1%	1.5%	2.5%			
						Amended	NA	1%	1.5%	2.5%			
						Achieved	0.3%	0.6%		2.5%			
iv) Identify and resolve high impact problems in terms of pollution.	Number of problem areas identified and resolved.	Water Quality Reports	Quarterly	0	2		Q1	Q2	Q3	Q4			Engineering Services
						Original	1	1	2	2			
						Amended	NA	1	2	2			
						Achieved	1	1		2			
v) Develop and implement a routine and preventative Water Services Infrastructure Maintenance Program	% of components of WMIS programme implemented.	Components of WMIS to be implemented by June 2007	Quarterly	WMIS Reports	75%		Q1	Q2	Q3	Q4			Engineering Services
						Original	15%	25%	50%	75%			
						Amended	NA	25%	50%	75%			
						Achieved	15%	25%		75%			

me througho ut BCM.													
I&S22	% of households with access to the minimum basic standard of sanitation provision.	BCM Water Services Master Plan and Progress Report	Quarterly	60	70%		Q1	Q2	Q3	Q4			
Eliminate the sanitation backlog.	% reduction in the number of households still making use of the bucket system.	Water Services Master Plan and Progress Report	Quarterly	0	100%	Original	60%	63%	67%	70%			Engineering Services
						Amended	NA	63%	67%	70%			
						Achieved	60%	63%	67%	70%			
i) Implementation of the approved Water Services Development Plan projects.	% of Implementation of approved projects.	Implementation Reports.	Quarterly	0	80%	Original	0%	20%	30%	100%			Engineering Services
						Amended	NA	20%	30%	100%			
						Achieved	0%	20%	30%	100%			
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	Quarterly	2	2	Original	15%	25%	50%	80%			Engineering Services
						Amended	NA	25%	50%	80%			
						Achieved	15%	25%	80%				
							Q1	Q2	Q3	Q4			
						Original	1	0	1	2			Engineering Services
						Amended	NA	0	1	2			
						Achieved	1	0	2				

I&S18							Q1	Q2	Q3	Q4			
Create and capacitate an optimum structure within the municipality to manage the Water Services Provision function by 2008	% progress made on the establishment of the WSP in terms of Section 78 of MSMA.	Approved new WSP/WSA structure	Quarterly	0	100%	Original	20%	20%	50%	100%			Engineering Services
						Amended	NA	20%	50%	100%			
						Achieved	20%	20%	65%	100%			
iv) Improve service delivery payment levels and credit control in partnership with other BCM departments.	% of progress made in the reduction of unaccounted for water.	Financial Reports	Quarterly	40%	35%		Q1	Q2	Q3	Q4	Has to be categorised as per recommendations for Institutional Scorecard	Has been reported regarding Institutional Scorecard and being addressed with ring fencing of the Water & Sanitation Department	Engineering Services
						Original	40%	38%	36%	35%			
						Amended	NA	38%	36%	35%			
						Achieved		40%	36%	41%			
I&S19							Q1	Q2	Q3	Q4			
Efficient Water Resource Management	% water losses.	Water statistics.	Quarterly	45 %	35%	Original	45%	40%	38%	35%	Needs to be categorised as per report to Institutional Scorecard	Reported to Institutional Scorecard	Engineering Services
						Amended	NA	40%	38%	35%			
						Achieved	45%	40%	41%	41%			

	% availability of potable water.	water management system	Quarterly	80%	90%		Q1	Q2	Q3	Q4			Engineering Services
						Original	80%	83%	87%	90%			
						Amended	NA	83%	87%	90%			
						Achieved	80%	83%	87%	90%			
	% compliance of DWAF guidelines for selected surface water quality variables (DWAF)	Water Quality Report	Quarterly	60%	70%		Q1	Q2	Q3	Q4			Engineering Services
						Original	60%	63%	67%	70%			
						Amended	NA	63%	67%	70%			
						Achieved	60%	63%	67%	70%			
i) Implement a Water Management Programme in urban and rural areas to reduce water losses.	% reduction in non-revenue water.	Water Statistics	Quarterly	45%	39%		Q1	Q2	Q3	Q4	Water loss needs to be categorised as "losses" after metering is not the responsibility of the Water Division	Has been reported regarding Institutional Scorecard and being addressed with ring fencing of the Water & Sanitation Department	Engineering Services
						Original	45%	43%	41%	39%			
						Amended	NA	43%	41%	39%			
						Achieved	42%	43%	41%	41%			
ii) Eradicate alien vegetation, by implementing working for water programme in catchments areas.	% of programme implemented.	Department of Water Affairs & Forestry (Catchment Management Agency)	Quarterly	Establish CMA and implement programme	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			

iii) Undertake a detailed investigation of the adequacy of supply for local supply schemes.	% Progress made toward investigations under implementation	Internal (BCM) and external (Consultants) Reports.	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
iv) Investigate alternative measures to augment raw water yield including reclamation of effluent.	Investigations initiated.	Statistics on dam capacity and authorised yield.	Quarterly	0	2		Q1	Q2	Q3	Q4			Engineering Services
						Original	0	0	1	2			
						Amended	NA	0	1	2			
						Achieved	0	0	1	2			
v) Formalise water service supply agreements with Service Providers (egg Amatola Water & ADM) to secure adequate yield	% of agreement with parties concerned signed.	Monthly drainage reports	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	100%	100%	100%	100%			
						Amended	NA	100%	100%	100%			
						Achieved	100%	100%	100%	100%			

concerning shared water resources.														
I&S20							Q1	Q2	Q3	Q4				
Well maintained and operated water and sewerage infrastructure network	% of Availability of water services to serviced consumers.	Water Service availability	Quarterly	80 %	95%	Original	80%	85%	90%	95%			Engineering Services	
						Amended	NA	85%	90%	95%				
						Achieved	80%	85%	90%	95%				
i) Develop a model and undertake a detailed analysis of the bulk system to identify possible areas of surplus capacity and supply constraints.	% of analysis completed.	WADISA (Component of the Water Management Information System)	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering Services	
						Original	25%	25%	25%	100%				
						Amended	NA	25%	25%	100%				
Achieved	25%	25%	25%	100%										
ii) Progress	% of capital budget spent	Financial Reports	Quarterly	Allocation of	80%		Q1	Q2	Q3	Q4			Engineering Services	

vely upgrade existing and build new infrastructure, focusing on areas with current shortages & identified development areas.	by the end of each financial year.			Funds and Vote Numbers		Original	20%	40%	60%	80%			
						Amended	NA	40%	60%	80%			
						Achieved	20%	40%	75%	80%			
v) Develop and implement a routine and preventative Water Services Infrastructure Maintenance Programme throughout BCM.	% progress made in the implementation of the WMIS programme.	WMIS implemented by September 2006	Quarterly	Implement and work with components of the WMIS.	80%		Q1	Q2	Q3	Q4			Engineering Services
						Original	20%	40%	60%	80%			
						Amended	NA	40%	60%	80%			
						Achieved	20%	40%	80%	80%			
I&S21	% of households with access to the minimum basic standard of water provision.	Water Services Master Plan and Progress Report	Quarterly	70%	80%		Q1	Q2	Q3	Q4			Engineering Services
Original						70%	73%	77%	80%				
Amended						NA	73%	77%	80%				
Achieved						70%	73%	77%	80%				

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	Quarterly	0	100%		Q1	Q2	Q3	Q4			Engineering Services
						Original	70%	80%	90%	100%			
						Amended	NA	80%	90%	100%			
						Achieved	70%	80%	90%	100%			
ii) Secure sufficient internal and external funding to meet the water backlog targets.	% progress made in the approval for funding.	Budget Allocated	Quarterly	0	50%		Q1	Q2	Q3	Q4			Engineering Services
						Original	20%	30%	40%	50%			
						Amended	NA	30%	40%	50%			
						Achieved	20%	30%	40%	50%			
I&S23	% increase in the Level of Awareness.	Perception Survey	Quarterly	0	60%		Q1	Q2	Q3	Q4			Engineering Services
Create awareness of water services acts, policies and by-laws.						Original	50%	50%	55%	60%			
						Amended	NA	50%	55%	60%			
	Achieved	0%	50%	55%	60%								
i) Develop a communication and education programme	% progress made in the development of a communication and education programme.	Document for Education	Quarterly	0	80%		Q1	Q2	Q3	Q4	Awaiting funding to secure consultant to review/implement	Secure funding	Engineering Services
						Original	15%	25%	55%	80%			
						Amended	NA	25%	55%	80%			
						Achieved	15%	25%		65%			

concerning water services for residents, officials and councillors.														
	% of progress made in developing a communication and education Forum.	Minutes of Meetings	Quarterly	0	100%		Q1	Q2	Q3	Q4				Engineering Services
						Original	25%	50%	75%	100%				
						Amended	NA	50%	75%	100%				
						Achieved	25%	50%	75%	100%				

Service Delivery & Budget Implementation Plan (SDBIP) as at 30 June 2008													
Community Services													
Objectives & Strategies	Indicators	Measurement Source	Frequency	Baseline	Target 07/08	07/08 Quarterly Targets					Reason for Deviation	Corrective Action	Directorate
S4													
BCM citizens experience enhanced access to libraries, halls, arts facilities and sports facilities													
v) Enhance the range and quality of social support services and utilisation thereof by residents of Mdantsane.	% of progress made in improving the range and quality of community support services and their utilisation	Annual survey of community support services	Yearly	Mdantsane Baseline Study	5%		Q1	Q2	Q3	Q4	N/A	Community Support Centre fully operational and supported by MURP.LED also held a seminar in support of this initiative.	Planning & Economic Development
						Original	1%	2%	4%	5%			
						Amended	NA	2%	4%	5%			
							Achieved	1%	0%	0%	5%		
Finance & Admin													
I&F5													
Operating budget efficiently and effectively structured to support service delivery.													
i) Investigate service delivery options and public/ private partnerships.	Section 78 Assessments completed for Tourism and the	Completed report	Yearly	0	2		Q1	Q2	Q3	Q4	INSUFFICIENT FUNDING	SOURCE FUNDING IN 08/09	Planning & Economic Development
						Original	0	0	1	2			
						Amended	NA	0	1	2			
							Achieved	0	1	1			

	Market												
I&F8													
BCM has the practical and physical infrastructure to enable the Municipality to deliver on its mandate.													
i) Audit & develop plans	Ascertain furniture and equipment requirements from all Directorates of Development Planning departments/divisions.	Approval by Director of furniture and equipment requirements from the various departments/divisions.	Half-yearly	0	100%		Q1	Q2	Q3	Q4			
						Original	25%	100%	100%	100%			
						Amended	NA	100%	100%	100%			
						Achieved	25%	100%	100%	100%			
	% building maintenance projects for municipal buildings completed within project programs and project budgets.	Building Maintenance project reports	Yearly	90%	80%		Q1	Q2	Q3	Q4			
						Original	20%	40%	60%	80%			
						Amended	NA	40%	60%	80%			
						Achieved	20%	40%	60%	80%			

	% architectural design and construct projects for municipal buildings completed within project programmes and project budgets.	Architectural Project reports	Quarterly	80%	80%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	10%	25%	60%	80%			
						Amended	NA	25%	60%	80%			
						Achieved	10%	25%	60%	80%			
ii) Investigate the financial and infrastructural feasibility of building a Civic Centre for Buffalo City Municipality.	% Progress made toward the completion of the Architectural Designs of the Civic Centre	Management Report	Yearly	0	25%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	5%	10%	15%	25%	NONE	NONE	
						Amended	NA	10%	15%	25%			
						Achieved	5%	10%	15%	25%			
I&F11													
Transform organizational culture to be developmental and performance oriented, thus enabling BCM to realize its vision & mission.													

viii) The improvement of the overall control and corporate governance environment.	10% reduction in audit queries	Audit report	Yearly	10 queries	10%		Q1	Q2	Q3	Q4	NONE	NONE	Planning & Economic Development	
						Original	0%	0%	6%	10%				
						Amended	NA	0%	6%	10%				
						Achieved	0%	10%	6%	10%				
Housing														
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	1300	1500		Q1	Q2	Q3	Q4	greater output from contractors	none	Planning & Economic Development
Original							200	400	800	1500				
Amended							NA	400	800	1500				
						Achieved	200	400	800	2432				
	% achievement of targeted allocation of public sector housing stock to designated beneficiary groups	Annual Report	Yearly	0	1%		Q1	Q2	Q3	Q4	none	none	Planning & Economic Development	
						Original	0%	0%	0%	1%				
						Amended	NA	0%	0%	1%				
						Achieved	0%	0%	1%	1%				
i) Review and implement the Municipal Housing Policy.	Revised Municipal Housing policy and impleme	Council approval	Yearly	approved policy	100%		Q1	Q2	Q3	Q4	matter still to be reviewed by the service provider with the respective departments.	internal capacity challenges	Planning & Economic Development	
						Original	10%	30%	75%	100%				
						Amended	NA	30%	75%	100%				

	ntation plan to address the housing needs					Achieved	10%	30%	0%	75%			
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.	Integrate d human settleme nt plan for BCM	Council approval	Yearly	approv ed 3 year imple mentat ion plan	100%		Q1	Q2	Q3	Q4	internal capacity challenges.	acquiring new staff will finalise programme within the 2008-2009 financial year	Planning & Economic Development
						Original	10%	20%	80%	100%			
						Amended	NA	20%	80%	100%			
						Achieved	10%	20%	0%	10%			
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.)	BCM accredite d to perform level 1 function	Certificate of accreditation	Yearly	0	100%		Q1	Q2	Q3	Q4	Still recruiting new staff and currently busy with compliance audit with the Auditor General	Unable to recruit staff., had to readvertise posts	Planning & Economic Development
						Original	20%	30%	50%	100%			
						Amended	NA	30%	50%	100%			
						Achieved	20%	10%	50%	90%			
iv) Formulate a housing allocation policy/ waiting list for the city to meet the needs of the various groups.	Draft housing allocatio n policy with a integrate d housing waiting list	Council approval	Yearly	0	100%		Q1	Q2	Q3	Q4	High staff turnover. Currently recruiting new staff.	Programme will be completed within the 2008-2009 financial year	Planning & Economic Development
						Original	10%	20%	50%	100%			
						Amended	NA	20%	50%	100%			
						Achieved	10%	10%	10%	10%			
v) Formulate a support programme for housing	Approve d support program	Council approval	Yearly	Resolu tion of council	10%		Q1	Q2	Q3	Q4	programme currently be undertaken by Supply chain	none	Planning & Economic Development
						Original	2%	2%	2%	10%			

developers within the city.	me for housing developers and social housing						Amended	NA	2%	2%	10%	management		
							Achieved	2%	2%	2%	0%			
Other														
ED6	Function al tourism intelligence system	Annual survey	Yearly	Touris m master plan report information	100%			Q1	Q2	Q3	Q4	Funding was not received from Thina Sinako	Application for funding to other stakeholders is being submitted	Planning & Economic Development
Growth of Tourism sector in BCM							Original	25%	50%	75%	100%			
							Amended	NA	50%	75%	100%			
							Achieved	25%	0%	0%	0%			
	Growth in the number of participating tourism related businesses	Annual report/survey	Half-yearly	0	3			Q1	Q2	Q3	Q4	No funding allocated	apply for funding	Planning & Economic Development
							Original	0	0	0	3			
							Amended	NA	0	0	3			
							Achieved	0	0	0	0			
ii) Establish and support City Tourism Forum to facilitate and coordinate consultation with and between all tourism role-players on key tourism issues	Function al tourism forum	Minutes	Quarterly	0	100%			Q1	Q2	Q3	Q4	Currently the focus is on the establishment of CTO's which will constitute the Forum	Establishment of the Forum	Planning & Economic Development
							Original	25%	50%	75%	100%			
							Amended	NA	50%	75%	100%			
							Achieved	25%	0%	0%	0%			

iii) Facilitate transformation of the tourism industry in BCM through design and implementation of a Tourism Entrepreneurship Program.	Establishment of fully functional ICTOs	Annual reports	Yearly	0%	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
	Number and type of awareness raising programmes held	Council reports	Half-yearly	5	2		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	1	0	1	2			
						Amended	NA	0	1	2			
						Achieved	1	0	0	2			
iv) Support tourism product development with a focus on strategic initiatives identified in the economic development strategy.	Number of tourism products developed	Annual reports	Yearly	6	2		Q1	Q2	Q3	Q4	No funding has been received in this financial year for product development	Applications have been submitted to DEAT	Planning & Economic Development
						Original	0	0	0	2			
						Amended	NA	0	0	2			
						Achieved	0	0	0	0			
v) Tourism Buffalo City markets and positions the city as a desirable tourist destination.	Completed section 78 assessment	Report to council	Half-yearly	0	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			

Planning & Development													
ED8	A cost effective well managed municipal market	Turnover of market	Comparative market turnover report	Monthly	Annual market share is 3% (national)	3%		Q1	Q2	Q3	Q4	Planning & Economic Development	
Original							3%	3%	3%	3%			
Amended							NA	3%	3%	3%			
Achieved							3%	3%	3%	3%			
i) Ensure an efficient and self-sustaining market.	Increase in suppliers	Suppliers data-base	Yearly	5700 active suppliers	5762		Q1	Q2	Q3	Q4	Confirmed this figure on Freshmark System by JF	To set realistic targets for 08/09	Planning & Economic Development
						Original	5731	5740	5752	5762			
						Amended	NA	5740	5752	5762			
						Achieved	5731	5740	5752	854			
ii) Investigate the restructuring of the market.	Restructured Market	Council Report	Yearly	40%	50%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	42%	45%	48%	50%			
						Amended	NA	45%	48%	50%			
						Achieved	42%	50%	48%	50%			
CC2													
Reduce gender inequalities as they affect access to jobs, land, services and housing.													
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%		Q1	Q2	Q3	Q4	Initiative has just started.	Through the Livelihoods initiative a fund has been set up. Therefore initiative underway. The set target has already been surpassed as groups were already existing.	Planning & Economic Development
						Original	1%	2%	4%	5%			
						Amended	NA	2%	4%	5%			
						Achieved	1%	0%	0%	5%			

ED1						Q1	Q2	Q3	Q4				
BCM and key stakeholders commit to a common economic vision and strategy for the city.	Adoption of the ED strategy by full Council	Council minutes	Yearly	Draft LED strategy	100%	Original	30%	60%	100%	100%	strategy tabled at Executive Mayor's Meeting on 3/6/8 and deferred for further consultation with new Portfolio Councillor for LED	N/A	Planning & Economic Development
						Amended	NA	60%	100%	100%			
						Achieved	20%	60%	95%	90%			
	Progress made with an implementation of red tape initiative	Completion report	Half-yearly	0	100%	Original	20%	40%	60%	100%	The Implementation Department to finalise funding sources prior to approval	Prepare funding proposals	Planning & Economic Development
						Amended	NA	40%	60%	100%			
						Achieved	20%	80%	60%	80%			
i) Review and implement the Economic Development Strategy in partnership with key stakeholders	Multi-stakeholder steering committee signs off final draft strategy	LED forum minutes	Monthly	0	10%	Original	7%	8%	9%	10%	awaiting final endorsement of Council prior action	N/A	Planning & Economic Development
						Amended	NA	8%	9%	10%			
						Achieved	0%	9%	9%	9%			
ii) Ensure an understanding of the 'space economy' is incorporated into the Economic Development Strategy	Integration of the EDS into BCM Spatial Development Framework	BCM SDF	Yearly	0	100%	Original	0%	30%	60%	100%	awaiting final endorsement of Council prior action	N/A	Planning & Economic Development
						Amended	NA	30%	60%	100%			
						Achieved	0%	30%	60%	80%			

iii) Review and address the implications of the Economic Development Strategy for the structure and resourcing of BCM including the Economic Development Department	Revised LED, Tourism & Rural Development Department Organogram	Council report	Yearly	0	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	20%	40%	60%	100%			
						Amended	NA	40%	60%	100%			
						Achieved	20%	100%	60%	100%			
ED2	BCM undertakes its activities/ mandate in a way that supports economic growth, job creation and the reduction in inequalities through a competitive business environment (quality infrastructure and efficient services).	Report to Council	Half-yearly	1405 Jobs created	700		Q1	Q2	Q3	Q4			Planning & Economic Development
Original						100	250	560	700				
Amended						NA	250	560	700				
Achieved						33	180	560	700				
	Number of LED initiatives undertaken with the support of BCM officials	Departmental report	Yearly	0	3		Q1	Q2	Q3	Q4			Planning & Economic Development

	and Councilors					Original	0	1	2	3			
						Amended	NA	1	2	3			
						Achieved	0	0	2	3			
i) Implement ongoing continuous improvement 'Red Tape Reduction Programme' in partnership with key departments to address priority constraints on business establishment & growth	Mainstreaming of Economic Issues in sector plans and at project implementation	Annual report	Yearly	0	75%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	25%	35%	50%	75%			
						Amended	NA	35%	50%	75%			
						Achieved	0%	35%	50%	75%			
ii) Facilitate and monitor BCM's compliance with BBBEE principles.	Developed BBBEE monitor in accordance with legislation	Adoption by Council	Yearly	0	100%		Q1	Q2	Q3	Q4	Project discontinued (possible duplication with SCM BBBEE Interventions)	Alignment of activities between SCM Supplier Development and LED SMME Development	Planning & Economic Development
						Original	20%	50%	80%	100%			
						Amended	NA	50%	80%	100%			
						Achieved	20%	40%	20%	50%			
ED3	Number of investments secured	Annual Reports from relevant institutions (ELIDZ & BCDA) and BCM	Yearly	4	2		Q1	Q2	Q3	Q4			Planning & Economic Development
Original						0	0	1	2				
Amended						NA	0	1	2				
Achieved						0	0	1	2				
Increased trade with and foreign and domestic investments in Buffalo City													

	Investment strategy developed and adopted by Council	Council minutes	Yearly	0	20%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	5%	10%	15%	20%			
						Amended	NA	10%	15%	20%			
						Achieved	0%	15%	15%	20%			
ED4							Q1	Q2	Q3	Q4			
Increased competitiveness of key manufacturing sub-sectors	Manufacturing Survey	Council Minutes	Yearly	0	10%	Original	0%	2%	5%	10%	The project was unfunded	N/A	Planning & Economic Development
						Amended	NA	2%	5%	10%			
						Achieved	0%	2%	5%	2%			
iii) Develop & implement Business Retention, Expansion, Aftercare Strategy for the automotive sector in partnership with the Department of Trade and Industry, Education role-players and other partners	Buffalo City Auto Sector Partnership approved	Council reports	Yearly	0	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	10%	40%	60%	100%			
						Amended	NA	40%	60%	100%			
						Achieved	5%	50%	40%	100%			
v) Develop a sector development strategy for the automotive with a focus on a skills development and supplier development strategy (including	Automotive Skills Audit and Skills Development Strategy	Council Minutes	Yearly	0	100%		Q1	Q2	Q3	Q4	Project discontinued (lack of funding)	Prepare funding proposals in line with BCM Budgeting processes	Planning & Economic Development

benchmarking club)							Original	10%	50%	80%	100%			
							Amended	NA	50%	80%	100%			
							Achieved	5%	45%	80%	50%			
ED7	% Implementation of SMME Support Programme 1. Business Registrations, 2. Business Development Services, 3. Business Information Services and establish partnerships with institutions involved in SMME Development	Report to the standing committee and signed Memorandums of Understanding (MoU)	Quarterly	0	100%			Q1	Q2	Q3	Q4			
Facilitate the development and support of the SMME sector							Original	25%	50%	70%	100%			
							Amended	NA	50%	70%	100%			
							Achieved	25%	50%	70%	100%			Planning & Economic Development

i) Refine the BCM Supply Chain Management Policy and develop a Tender Advice Support Programme to maximise municipal procurement opportunities for local small businesses with a focus of the construction sector.	% of progress made towards adopting SMME strategy	Report to the standing committee and final strategy document	Yearly	Service Provider appointed.	100%		Q1	Q2	Q3	Q4	Final draft to be presented to the LED, Tourism and Rural Development Strategic Committee	Finalising the final draft strategy	Planning & Economic Development
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	95%			
	% of the SMME Strategy implemented	Report to the standing committee	Quarterly	0%	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	0%	75%	100%			
ii) Strengthen & coordinate business development support by entering into a MOU with SEDA and supporting service providers through a Business Voucher Program to expand access to advice and mentorship support.	Number of trade fairs & exhibitions attended.	Report to the standing committee	Half-yearly	2 exhibitions attended in 2005/6	3		Q1	Q2	Q3	Q4	no more exhibitions were held	explore other avenues of marketing SMME's	Planning & Economic Development
						Original	0	1	2	3			
						Amended	NA	1	2	3			

						Achieved	0	1	0	1			
iii) Develop a Business Support Strategy for Mdantsane with a Task Team of key role-players to enhance access to a range of business opportunities and support infrastructure.	Number of partnerships established with institutions involved in SMME development.	Signed Agreements	Yearly	0	1		Q1	Q2	Q3	Q4	establishing partnerships with institutions involved in SMME Development	facilitate signing of an MOU	Planning & Economic Development
						Original	0	0	0	1			
						Amended	NA	0	0	1			
						Achieved	0	0	0	0			
ED9							Q1	Q2	Q3	Q4			
Facilitate the development of and support of sustainable agricultural production to existing & emerging agricultural producers within BCM.	Number of BCM Agricultural Stakeholders forum meetings held	Minutes of the meetings	Quarterly	2	4	Original	1	2	3	4	Awaiting Adoption of the Integrated Agric & Rural Dev Strategy by Council	Working on refining the IARDS and resubmit to Mayoral Committee	Planning & Economic Development
						Amended	NA	2	3	4			
						Achieved	0	0	0	0			
i) Fully investigate the agricultural potential in BCM, develop and implement an Integrated Agricultural Strategy (linked to the Economic Strategy).	% of Integrated Agriculture and Rural Development Strategy implemented per prioritised program	Council Minutes	Yearly	Consultants appointed.	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	30%	30%	40%	100%			
						Amended	NA	30%	40%	100%			
						Achieved	10%	30%	20%	100%			

	mes												
ii) Facilitate access to livelihood opportunities through capacity-building for productive agricultural activities.	Number of people trained on agricultural skills for the capacity building plan	Capacity building plan	Half-yearly	120	240		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	0	60	80	240			
						Amended	NA	60	80	240			
						Achieved	0	20	80	240			
	Establishment of an Urban Agricultural Forum	Steering Committee Meeting Reports	Quarterly	0	1		Q1	Q2	Q3	Q4	N/A	N/A	Planning & Economic Development
						Original	0	0	0	1			
						Amended	NA	0	0	1			
						Achieved	0	0	1	1			
iii) Audit land owned by BCM and develop and implement a policy for the usage thereof.	% of progress made towards developing BCM Agricultural Land Management Policy	BCM Agricultural Land Management Policy	Yearly	0	100%		Q1	Q2	Q3	Q4	project being implemented by Land Administration department	To work closely with Land admin	Planning & Economic Development
						Original	10%	30%	70%	100%			
						Amended	NA	30%	70%	100%			
						Achieved	10%	10%	0%	0%			
iv) Develop & promote urban community gardening.	% of progress made towards developing organic group certification for urban agriculture	Report to council	Yearly	0	100%		Q1	Q2	Q3	Q4	Lack of funds	Mobilising funds for organic certification of the groups	Planning & Economic Development
						Original	10%	40%	70%	100%			
						Amended	NA	40%	70%	100%			
						Achieved	10%	40%	70%	40%			

ED10							Q1	Q2	Q3	Q4			
Enhanced access to and utilisation of economic opportunities by residents of Mdantsane.	% Progress made towards the establishment of the MURP offices in Mdantsane	MURP Reports	Yearly	0	100%		100%	100%	100%	100%	N/A	N/a	Planning & Economic Development
						Original	100%	100%	100%	100%			
						Amended	NA	100%	100%	100%			
						Achieved	40%	100%	100%	100%			
i) Strengthen & expand local consumer goods (retail) and service markets.	% increase on gross turnover of retail and service sector enterprises located within Mdantsane.	Local formal enterprise survey	Yearly	Mdantsane European Commission Baseline Study	3%		Q1	Q2	Q3	Q4	baseline has not yet been completed therefore it is not possible to report accurately on the above.	Service provider has been appointed. Low response due to nature of the assignment.	Planning & Economic Development
						Original	0%	0%	0%	3%			
						Amended	NA	0%	0%	3%			
						Achieved	0%	0%	0%	0%			
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%		Q1	Q2	Q3	Q4	Although baseline has not been compiled these figures are available.	Service provider has been appointed. Low response due to nature of the assignment.	Planning & Economic Development
						Original	0%	3%	3%	3%			
						Amended	NA	3%	3%	3%			
						Achieved	0%	0%	0%	3%			
iii) Develop and implement capacity building programmes for local small businesses in line BCM Supply Chain	% Increase in gross turnover of Mdantsane	SARS Data	Yearly	Mdantsane Baseline study	2%		Q1	Q2	Q3	Q4	Report will only be available later on in the year (08/09)	Service provider has been appointed. Low response due to	Planning & Economic Development
						Original	0%	0%	0%	2%			

Management.	located enterprises as recorded gross revenue recorded for Mdantsane.					Amended	NA	0%	0%	2%		nature of the assignment.	
						Achieved	0%	0%	0%	0%			
	Number of training sessions for SMME's on 1. Emerging Contract or Development 2. Cooperative Development 3. SMME Support Service 4. Local Supplier Development	Reports to standing committee	Quarterly	0	2		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	0	1	1	2			
						Amended	NA	1	1	2			
						Achieved	1	1	1	2			
iv) Increased share of external markets and Government spend.	%of progress made in market linkages (access to public and private sector	SCM Reports	Yearly	0	10%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	0%	5%	5%	10%			
						Amended	NA	5%	5%	10%			
						Achieved	0%	5%	5%	10%			

	contracts)													
	Total turnover of targeted enterprises serving external markets and government.	Local formal enterprise survey	Yearly	Mdantsane Baseline Study	2%		Q1	Q2	Q3	Q4		Report will only be available later on in the year (08/09)	Service provider has been appointed. Low response due to nature of the assignment.	Planning & Economic Development
						Original	0%	0%	0%	2%				
						Amended	NA	0%	0%	2%				
						Achieved	0%	0%	0%	0%				
v) Mdantsane work seekers have been assisted to be more competitive in regional employment markets.	Increase d proportional recruitment of Mdantsane residents .	Survey of representative sample of regional employers conducted prior to final evaluation.	Quarterly	Mdantsane Baseline Study	4		Q1	Q2	Q3	Q4		Although baseline has not been compiled these figures are available.	Service provider has been appointed. Low response due to nature of the assignment.	Planning & Economic Development
						Original	1	2	3	4				
						Amended	NA	2	3	4				
						Achieved	1	0	0	4				
vi) Enhance livelihood support services with respect to social capital and income generation.	Number of savings clubs, co-operative s and micro-enterprises involved in the MURP(livelihood) projects.	Steering Committee Meeting Reports	Quarterly	Livelihood Surveys 06/07	40		Q1	Q2	Q3	Q4		N/A	N/A	Planning & Economic Development
						Original	10	20	30	40				
						Amended	NA	20	30	40				
						Achieved	10	0	30	40				
	Establishment of a	Steering Committee	Half-yearly	Livelihood	1		Q1	Q2	Q3	Q4		N/A	Service provider	Planning & Economic
						Original	0	0	1	1				

	local social fund.	Meetings		surveys 06/07		Amended	NA	0	1	1		has been appointed.	Development
						Achieved	0	0	0	1			
I&S1							Q1	Q2	Q3	Q4			
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	Building plan completed database	Yearly	4200	4400	Original	1100	2200	3300	4400	This is dependent on external factors such as the economic climate.	We will look at formulating our targets so that they can be controlled internally.	Planning & Economic Development
					Amended	NA	2200	3300	4400				
					Achieved		1101	1411	1724				
i) Compile forward planning policy.	% of progress made on Council Approved Policy which should be completed in terms of the SDF	Report to standing committee	Yearly	Polices currently approved	80%		Q1	Q2	Q3	Q4			
						Original	10%	30%	60%	80%			Planning & Economic Development
					Amended	NA	15%	40%	80%				
					Achieved	10%	15%	40%	80%				
I&S2							Q1	Q2	Q3	Q4			
Land use management effectively directs and regulates development and use in desired manners whilst promoting economic efficiency and growth	Council approval of Land Use Applications	Council Minutes or approvals under delegated authority	Yearly	0%	50%	Original	5%	15%	30%	50%			Planning & Economic Development
					Amended	NA	30%	35%	50%				
					Achieved	25%	30%	35%	50%				

i) Proactively manage land use in accordance with the appropriate levels of service (LOS) to achieve sustainability in urban, peri-urban & rural areas.	% of land use applications received and submitted	Council Minutes or approval under delegated authority	Yearly	0%	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
ii) Efficient processing of development applications.	% of land use applications received and submitted to council	Council Minutes or approvals under delegated authority	Yearly	0%	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	25%	50%	75%	100%			
						Amended	NA	50%	75%	100%			
						Achieved	25%	50%	75%	100%			
iii) Continuously update and correct the cadastral layer (accurate data).	Number of data sets provided to the GIS Unit to be downloaded into the cadastral layer of the GIS	Handovers to the GIS Unit	Quarterly	8	8		Q1	Q2	Q3	Q4	Data has been made more frequently available	None	Planning & Economic Development
						Original	2	4	6	8			
						Amended	NA	4	8	10			
						Achieved	3	6	8	12			
iv) Provide land-surveying services to internal & external customers.	Number of jobs started and recorded in Survey job lists	Survey job lists	Quarterly	60	60		Q1	Q2	Q3	Q4	Based on number of works instructions received	none	Planning & Economic Development
						Original	15	30	45	60			
						Amended	NA	30	30	40			
						Achieved	14	22	39	55			

I&S6							Q1	Q2	Q3	Q4			
A safe aesthetic built environment, compliant with legislation & regulations	Number of building plans approved	Approved Building Plans	Yearly	4200	4400	Original	1100	2200	3300	4400	Is dependent on external factors such as the economic climate.	We will relook at the strategy formulation so that we can have targets which we can control.	Planning & Economic Development
						Amended	NA	2200	3300	4400			
						Achieved	1126	1917	2639	3297			
i) Implementation of a comprehensive building control function in compliance with National Building Regulations.	Number of building inspections carried out	Building Control reports	Yearly	10000	10000		Q1	Q2	Q3	Q4	The level of development was higher than envisaged.	no need for correction.	Planning & Economic Development
						Original	2500	5000	7500	10000			
						Amended	NA	5000	7500	10000			
ii) Extend building control function to areas currently not served.	% of progress made in rural area roll out policy	Architectural Division report	Yearly	Initial draft in progress	50%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	15%	25%	40%	50%			
						Amended	NA	0%	0%	0%			
iii) Implementation of a comprehensive commercial advertising signage control function.	% of progress made on revision of the Advertising Signage Policy for Buffalo City.	Architectural Division Report	Yearly	5% complete	75%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	20%	30%	70%	75%			
						Amended	NA	15%	50%	75%			

I&S32							Q1	Q2	Q3	Q4			
Mdantsane residents have improved access to urban amenities, municipal services, transport, economic opportunities, housing, and a clean and safe living environment.	% Progress made toward the conducti on of a satisfacti on survey	Quality of Life Survey	Yearly	0	20%						N/A	N/A	Planning & Economic Development
						Original	0%	0%	0%	20%			
						Amended	NA	0%	0%	20%			
						Achieved	0%	20%	20%	20%			
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.	% Increase in investme nts.	Strategic Developme nt Plan and the CBD Developme nt framework	Quarterly	Situati on analysi s in CBD Frame work Plan & Strate gic Develop ment Plan	10%		Q1	Q2	Q3	Q4	N/A	N/A	Planning & Economic Development
						Original	3%	5%	8%	10%			
						Amended	NA	5%	8%	10%			
						Achieved	3%	2%	8%	10%			
iii) Enhance the amenity of selected central strategic location(s) in Mdantsane.	% increase of persons utilising selected	Annual counts of users in the targeted areas at selected	Quarterly	Mdant sane Baseli ne Study	10%		Q1	Q2	Q3	Q4	N/A	MURP conducted it's own survey utilising DHLGTA	Planning & Economic Development
						Original	3%	5%	7%	10%			

	central strategic locations.	times				Amended	NA	5%	7%	10%		funding under the Stakeholder Mobilisation initiative.	
						Achieved	0%	0%	0%	10%			
v) Promote, support and document, successful models of community-driven initiatives, targeting the improvement of local neighbourhood amenity, housing, transportation and safety.	% of Proportion of recorded community-initiated neighbourhood improvement initiatives .	Focus Group Assessments	Quarterly	0	5%		Q1	Q2	Q3	Q4	N/A	Community Support Centre fully operational and supported by MURP.MURP also recently held a successful youth week in support of this initiative.	Planning & Economic Development
						Original	2%	2%	4%	5%			
						Amended	NA	2%	4%	5%			
						Achieved	0%	2%	4%	5%			
Roads Transport													
I&S8							Q1	Q2	Q3	Q4			
A fully integrated transport system to increase accessibility for people and freight in the whole of Buffalo City.	% of capital budget spent on transport infrastructure construction.	Report to Council	Yearly	85%	85%	Original	10%	25%	60%	85%			Planning & Economic Development
						Amended	NA	25%	60%	85%			
						Achieved	10%	25%	60%	85%			
i) Prepare and implement an integrated Transport Plan (NLTTA) with specific detail on Public Transport, non-motorised transport and Traffic Safety.	% of the integrated Transport Plan updated and approved	Report to council	Yearly	Integrated Transport plan	100%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	0%	50%	50%	100%			
						Amended	NA	50%	50%	100%			

						Achieved	0%	50%	100%	100%			
							Q1	Q2	Q3	Q4			
ii) Establish a Transport Authority (NLTTA).	% of progress made in establishing a Transport Authority	Transport Authority	Yearly	Preliminary Investigations complete July 2006	25%	Original	5%	10%	25%	25%	Project relies on other process beyond BCM control	Wait for external process to proceed.	Planning & Economic Development
						Amended	NA	10%	25%	25%			
						Achieved	0%	5%	10%	10%			
I&S9							Q1	Q2	Q3	Q4			
A public transportation network that satisfies social, economic & strategic investment criteria.	% of first phase public system operational	Public Transportation Report	Yearly	Draft plans prepared	15%	Original	5%	10%	12%	15%			Planning & Economic Development
						Amended	NA	10%	12%	15%			
						Achieved	5%	10%	12%	15%			
i) Implement, in a phased manner, the Integrated Public Transport System based on regulated competition.	% of progress made in the implementation of first phase of public transport plan	Public Transportation Report	Yearly	Draft plans prepared	15%		Q1	Q2	Q3	Q4			Planning & Economic Development
						Original	5%	10%	12%	15%			
						Amended	NA	10%	12%	15%			
						Achieved	5%	10%	12%	15%			
I&S10							Q1	Q2	Q3	Q4			
A prioritised public & non-motorised transportation system	% of capital budget spent for/on new infrastruc	Capital Budget	Yearly	Integrated Transport Plan	85%	Original	10%	25%	60%	85%	Spent funds in excess of 85%	None required	Planning & Economic Development
						Amended	NA	25%	60%	85%			
						Achieved	10%	25%	60%	95%			

	ture												
i) Provide transport infrastructure for private, public and non-motorised transport in accordance with programmes (UTA and NLTTA). (e.g. pedestrianisation).	% of capital budget spent on transport infrastructure for private, public and non-motorised transport	Capital Budget	Yearly	Integrated transport plan	85%		Q1	Q2	Q3	Q4	Spent for than expected	None	Planning & Economic Development
						Original	10%	25%	60%	85%			
						Amended	NA	25%	60%	85%			
						Achieved	10%	25%	10%	95%			
I&S11	% of capital budget spent on improving traffic safety	Capital budget	Yearly	Traffic Safety Plan	85%		Q1	Q2	Q3	Q4	Spent more than expected	None	Planning & Economic Development
Improved traffic safety situations in Buffalo City, especially for pedestrians and cyclists.						Original	10%	25%	60%	85%			
Amended						NA	25%	60%	85%				
Achieved						10%	25%	50%	95%				
i) Implement the Traffic Safety Plan.	% of capital budget spent on Traffic Safety measures in terms of the Traffic Safety Plan	Traffic Safety Plan	Yearly	Draft Traffic Safety plan completed June 2006	85%		Q1	Q2	Q3	Q4	Spent more than expected	None	Planning & Economic Development
						Original	10%	25%	60%	85%			
						Amended	NA	25%	60%	85%			
						Achieved	10%	25%	60%	95%			

5.6 BUFFALO CITY MUNICIPALITY INSTITUTIONAL SCORECARD 2007/2008

KPA	Over-arching Objectives & Strategies	Indicators	Measurement Source	Frequency	IDP / SDBIP Indicator Number	Baseline	Target 07/08	Target Achieved
Assets	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*	Vehicle downtime due to maintenance as a percentage of overall production time	Manual record - job cards	Quarterly	BCM2 I&S31	40%	35%	35%
		% of operating budget available for the maintenance of Council vehicle fleet	Budget	Bi-annually	BCM2/BCM3 I&F5/I&S31	2.5%	5%	5%
		% of vehicles replaced in time as per the municipality's fleet replacement policy	Fleet Management Policy	Quarterly	BCM2 I&S31	10%	15%	15%

Finance	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.	% of project funding spent year to date	Grant expenditure reports	Quarterly	BCM2/BCM3I&F5	90%	92%	94%
		% of Municipality's capital budget actually spent on capital projects in terms of the IDP	IDP and capital budget	Quarterly	BCM2/BCM3 I&F5 National	75%	81%	82%
		Cost Coverage as defined in the Municipal Planning and Performance Management Regulations (2001)	Financial statements	Bi-annually	BCM2/BCM3 I&F5 National	Monthly fixed cost	2.5	2.5
		Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001)	Financial statements	Bi-annually	BCM2/BCM1 I&F1/I&F4 National	External interest and redemption as a % of total operating revenue	35%	35%

		Outstanding Service Debtors to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001)	Financial statements	Bi-annually	BCM2/BCM1 I&F1/I&F4 National	Outstanding service debtors to billing	18%	18%
		Revenue collection rate	Monthly financial report	Quarterly	BCM3/BCM1/BCM2 I&F1	94.3%	97%	93.25%
		Total capital debt to annual income	Financial statements	Bi-annually	BCM3/BCM1/BCM2 I&F4	2005/2006 financial statements	35%	35%
Human Resources	BCM 3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.	Employee Satisfaction Survey conducted	Annual survey	Once every second year	BCM3I&F11	n/a	n/a	n/a

		% of municipal budget actually spent on implementing the workplace skills plan.	Financial Report	Yearly	BCM3 I&F11	0.18%	0.2%	0.25%
		% of staff in BCM that are from the designated group in terms of disability	EE Plan	Annually	BCM3 I&F11	0.45%	0.53%	0.53%
		% of the highest four levels of management in BCM that are from the designated group in terms of gender	EE Plan	Annually	BCM3 I&F11	24,21%	32.6%	32.6%
		% of the highest four levels of management in BCM that are from the designated group in terms of race	EE Plan	Annually	BCM3 I&F11	54,12%	60%	60%
		% progress made with the development of an integrated HR strategy	Council minutes	Annually	BCM3 I&F9	HR Strategy in Progress	100%	100%

Human Resources	BCM 3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.	% progress made with the implementation of an integrated HR strategy	Management report	Annually	BCM3I&F9	0	40%	40%
		Extent of compliance with statutory requirements in respects of employee and organisational performance management systems as assessed by the GM: Internal Audit	Internal audit report	Bi-annually	BCM3 I&F11	60%	40%	40%
		Progress made with cascading a performance management system to levels 1-4	HR Records and quarterly reports	Annually	BCM3 I&F11	Post Level 2	Post Level 4	2
Communication	BCM 3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.	% progress made with implementation of ICT Strategies	Quarterly management report	Quarterly	BCM3 I&F13	20%	70%	70%

		Progress made with the review of the communication strategy for BCM	Reviewed document	Annually	BCM3/BCM4 I&F15	100%	100%	100%
Consultation and Participation	BCM 1 Buffalo City has a clearly defined long-term development strategy, enabling BCM and stakeholders to work together	% participation rate by members of the IDP Forum in meetings of the Forum	Attendance register	Half Yearly	BCM1/BCM3/BC M5I&F14	55% Attendance	60%	60%
		% of fully functional (regular meetings with formal agenda and minutes and > 80% attendance rates) ward committees	Minutes & Attendance register	Monthly	BCM1/BCM3/BC M5 I&F14	60%	80%	80%
	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.	Number of signed SLAs entered into in respect of Agency functions	Signed SLA's	Annually	BCM2/BCM3 I&F5	0	4	4

Council	BCM 3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.	Report attendance by Councillors of Council and Portfolio Committee meetings	Report to Council	Quarterly	BCM3/BCM5I&F14	0	4	4
		Progress made with the review of the BCM Youth Development Strategy	Strategic Documentation	Annually	BCM3/BCM5/BCM1 I&F21	100%	100%	50%
Economic Development	BCM 1 Buffalo City has a clearly defined long-term development strategy, enabling BCM and stakeholders to work together	Number of days taken to approve building plans	Approved building plan/s	Annually	BCM1/BCM5/BCM6 I&S6	3 weeks	3 weeks	3 weeks
		Establishment of a comprehensive city development strategy	Plan adopted	Annually	BCM1/BCM4 I&F14	0%	100%	100%

	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.	% progress made with the establishment of a BBEE monitor in accordance with legislation	Adoption by Council	Annually	BCM2/BCM3/BCM4 ED3	0	100%	
Finance	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.	Adoption of an annual budget schedule	Council resolution	Annually	BCM2/BCM3I&F 3	0	100%	100%
		Progress made with the implementation of the Municipal Properties Rates Act	Progress reports	Quarterly	BCM2/BCM1 I&F1	Old Valuation Roles	40%	40%

<p>Safety</p>	<p>BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	<p>Progress made with the update of the Disaster Management Framework Plan</p>	<p>Updated Plan / Council Minutes</p>	<p>Yearly</p>	<p>BCM5/BCM6 S11</p>	<p>Existing plan</p>	<p>100%</p>	<p>10%</p>
<p>Solid Waste</p>	<p>BCM 6 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>	<p>Progress made with review of IWMP</p>	<p>Copy of reviewed plan</p>	<p>Bi-annually</p>	<p>BCM6/BCM1 E13</p>	<p>Existing plan</p>	<p>100%</p>	<p>40%</p>

Communication	<p align="center">BCM 3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.</p>	Progress made with the implementation of the communication strategy for BCM	Production tools e.g.: Mayoral Outreach Programmes Newspaper Inserts	Annually	BCM3/BCM4 I&F15	100%	75%
Disability, Gender and Special Interest Groups	<p align="center">BCM 3 BCM's institution is capacitated and structured to enable efficient, effective, and sustainable service delivery.</p>	Progress made with the implementation of BCM's Disability strategy	Council Minutes	Annually	BCM3/BCM5/BC M1 I&F19	0	20%
		Progress made with the implementation of BCM's Gender strategy	Strategic Documentation	Annually	BCM3/BCM5/BC M1 I&F18	0	100%
		Progress made with the implementation of the BCM Youth Development Strategy	Strategic Documentation	Annually	BCM3/BCM5/BC M1 I&F21	20%	100%

		The rand value (%) increase in the Municipal Valuation roll	Valuation role	Annually	BCM1/BCM2 I&F1	2005/2006 Valuation Roll	5%	5%
Economic Development	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*.	% progress made with the implementation of the BBBEE monitor	Report to Council	Annually	BCM2/BCM4/BCM3ED3	0	0	0
	BCM 4 Buffalo city 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.	Progress made with the implementation of an LED strategy	Management Report	Bi-annually	BCM4/BCM1 ED1	0	10%	10%

Electricity	BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)	% reduction in electricity losses	Monthly statistics as per finance	Quarterly	BCM5/BCM2 I&S30	14%	11%	9%
		% value of capital investment into electrical infrastructure	Capital budget	Quarterly	BCM5/BCM4 I&S26	90%	95%	96%
Environment	BCM 6 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.	Key variables identified in the state of the Environment reports (SOE/SOS CZMP) show improvement	Strategic Report	Annually	BCM6/BCM1 E4	0%	10%	10%

Health	<p>BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	<p>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 Directorate: Special Programmes</p>	<p>Cross-cutting HIV Strategies</p>	<p>Annually</p>	<p>BCM5 (Cross-cutting)I&F17</p>	<p>0%</p>	<p>3%</p>	<p>0%</p>
	<p>BCM 6 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>	<p>Number of training sessions conducted for professionals, NGOs and support groups on STIs, HIV, PMTC, VCT and ARVs</p>	<p>Quarterly reports</p>	<p>Quarterly</p>	<p>BCM6/BCM5/BC M4 S2</p>	<p>20</p>	<p>25</p>	<p>20</p>

		Appropriate measure re sustainable settlements	Number of inter-divisional and inter-governmental meetings	Bi-annually	BCM5/BCM4/BCM1 /&S3	2 meetings	2	2
		Number of houses built in subsidised housing schemes	Annual Report	Annually	BCM5 I&S7	1300	1500	2500

Poverty	<p align="center">BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	<p>% of registered indigent households entitled to basic services that are registered and receive the Indigent Grant.</p>	Indigent Register	Monthly	BCM5I&F6	55 000	100%	100%
Roads	<p align="center">BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	Kilometers of roads upgraded annually to surfaced standards	Roads Management System	Quarterly	BCM5/BCM4 I&S13	4km	5km	5km
		(% of allocated) Kilometers of surfaced roads maintained annually (budget spent on maintenance)	Roads Management System	Quarterly	BCM5/BCM4 I&S13	20km	25km	25km

<p>Safety</p>	<p>BCM 6 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>	<p>Number of meetings held regarding the crime prevention strategy</p>	<p>Minutes/Attendance register</p>	<p>Quarterly</p>	<p>BCM6/BCM5/BCM4 S9</p>	<p>10</p>	<p>20</p>	<p>0</p>
<p>Sanitation</p>	<p>BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	<p>% reduction in the number of households still making use of the bucket system</p>	<p>Masterplan</p>	<p>Quarterly</p>	<p>BCM5/BCM6I&S 22</p>	<p>0</p>	<p>100%</p>	<p>100%</p>

Solid Waste	<p>BCM 6 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>	% reduction in the number of unlicensed landfill sites that are operational	Copies of permits	Annually	BCM6/BCM4 E15	0	33%	33%
		Progress made with implementation of IWMP projects	Project reports	Annually	BCM6/BCM1 E13	25%	50%	50%
Transport	<p>BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	Transport infrastructure constructed	Relevant report to council	Annually	BCM5/BCM4 I&S8	85% Capital Budget spent	85%	85%

Water	<p>BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	% water losses	Water statistics	Quarterly	BCM5/BCM6I&S 19	45%	35%	35%
		% availability of portable water	Water management system	Quarterly	BCM5/BCM6 I&S19	80%	90%	90%
		% spending of capital MIG funding earmarked for water provision	Financial report	Quarterly	BCM5/BCM2/BCM3 I&S15	100%	100%	100%
Economic Development	<p>BCM 4 Buffalo city 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>	% growth in the local economy as measured through an annual economic survey broken down into three sectors namely (1) manufacturing, (2) tourism and (3) agriculture	Statistics	Every second year	BCM4/BCM5/BCM1 ED6/ED7/ED9	1%	2%	0%

		% increase in the rand value of building plans approved	Annual Report	Annually	BCM4/BCM5/BCM6 I&S6	10%	10%	44%
Electricity	BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)	Percentage (number) of households with access to the minimum basic standard of electricity provision	INEP Report	Annually	BCM5 I&S28	80%	85%	90%
Health	BCM 6 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.	% HIV prevalence of antenatal women reporting to clinics in the Buffalo City area	Annual Survey	Annually	BCM6/BCM3/BCM5 S1	29%	29%	29%

		Number of reported incidents of Typhoid, Cholera and Hepatitis A	District Health Information System and BCM Health Department Report	Annually	BCM6/BCM5S3	1	0	0
		Life expectancy at birth	South African Health Review Report/Actuarial Society of SA	Every second year	BCM6/BCM3/BCM5 S1	Monitoring for information and strategy planning 47	47	Females 50,4 Males 46,5
Housing	BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)	% of public sector housing stock still to be transferred to beneficiaries	Annual Report	Annually	BCM5/BCM4/BCM1I&S7	20%	20%	20%
		Number of informal settlements upgraded	Annual Report	Annually	BCM5/BCM4/BCM1 I&S4	2	4	4

		Number of jobs created through Council's LED initiatives and capital projects and capital projects including EPWP	Report to Council	Bi-annually	BCM4/BCM3 ED3	1405	700	700
	BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)	The percentage of households earning less than R 1100 per month with access to free basic electricity	Indigent Register	Bi-annually	BCM5 I&S28 National	100% of registered indigents	100%	100%
		The percentage of households earning less than R 1100 per month with access to free basic water	Indigent Register	Bi-annually	BCM5/BCM6 I&S21 National	90% of registered indigents	80%	80%
Safety	BCM 6 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.	% reduction / increase of resident's perceptions on crime as measured by the Quality of Life Survey	Quality of Life Survey	Every second year	BCM6/BCM5/BCM4S9	Assumptions based on the relation between the results of the Quality of Life Survey i.t.o reference to general public safety and the	To report on statistics	n/a

						level of crime		
		Number of traffic accidents in relation to the number of vehicles registered in BCM	Accident records and registrations	Annually	BCM6/BCM5/BC M4 S8	Number of accidents / number of vehicles in 2005/2006	2%	2%
		Average response time from call to dispatch to all fire emergencies	Fire Records	Annually	BCM6/BCM5/BC M4 S10	Within 60 seconds	60 seconds	90 seconds

<p>Sanitation</p>	<p>BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)</p>	<p>Percentage (number) of households with access to the minimum basic standard of sanitation provision</p>	<p>Masterplan</p>	<p>Quarterly</p>	<p>BCM5/BCM6 I&S22 National</p>	<p>60%</p>	<p>70%</p>	<p>70%</p>
<p>Solid Waste</p>	<p>BCM 6 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>	<p>% (number) of households supplied with the minimum level of solid waste management service</p>	<p>Census Data</p>	<p>Annually</p>	<p>BCM6/BCM5 E14 National</p>	<p>70%</p>	<p>71%</p>	<p>71%</p>

Water	BCM 5 Buffalo City is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs. (live, work & play)	Percentage (number) of households with access to the minimum basic standard of water provision	Masterplan	Quarterly	BCM5/BCM6I&S 19	70%	80%	80%
		% exceedence of DWAF guidelines for selected surface water quality variables (DWAF*)	Water quality report	Quarterly	BCM5/BCM6 I&S19	60%	70%	70%
Finance	BCM 2 Effective, efficient, co-ordinated financial management and increased revenue - enabling BCM to deliver its mandate*	% increase in actual revenue from the previous financial year above CPIX Council responsibility	Financial statements	Annually	BCM2/BCM1 I&F1	2005/2006 financial statements	1.5%	1.5%