



1ST DRAFT

DRAFT ANNUAL REPORT:

BUFFALO CITY MUNICIPALITY

Financial Year 2009 - 2010

OUR VISION

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



Buffalo City Municipality

Draft Annual Report 2009/2010

Foreword by Executive Mayor

It gives me great pleasure to present, to the Council and people of Buffalo City, this Annual Report for the Financial Year 2009/2010.

The report endeavours to mirror the outcomes of our service delivery and infrastructure development programmes for the period under review, whilst simultaneously presenting a brief profile of the Buffalo City area of jurisdiction and its people, the potential for growth and development, as well as the challenges that continue to confront us in our constitutional mandate to deliver quality services to the people.

Primarily, this Annual Report articulates the responses, by the Municipality, to the expressed needs and aspirations of the people of Buffalo City for growth and development, as expressed during the series of public hearings that were designed for this purpose. These needs and aspirations were translated into the Municipality's integrated Development Plan, which in turn informed the Capital Budget for the Financial Year under review. In short, this Annual Report captures the extent to which we have addressed the will and expectations of our people; how we have endeavoured to translate their ideals into reality.

One will find that some of the operations encapsulated in this report are a continuation of activities from the previous Financial Year, whilst some have of necessity had to flow into the next Financial Year. This is because infrastructure development and service delivery are ongoing processes that are not bound by time or space. As the primary driver of these functions within Buffalo City, the Municipality is primarily concerned with and continuously engaged in delivering services to the people.

It is my hope that our stakeholders, both within and outside Government, will also find, in this report, reason to increase their input and involvement in the development of Buffalo City and its people, and that the report itself will go a long way in answering questions that are pertinent to our service delivery programmes 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

Executive Mayor



Overview by the Municipal Manager

The 2009/2010 Annual Report is an expression of the municipality's response to the service delivery commitments of Council as articulated in the Integrated Development Plan and Budget for 2009/2010.

The report is structured thematically to provide a performance account on the five (5) key performance areas of local government, deduced from the White Paper on Local Government (1998) and the Strategic Agenda for Local Government (2006-2011). These Key Performance Areas include Basic Service Delivery, Municipal Transformation and Institutional Development, Local Economic Development, Municipal Financial Management and Viability and Good Governance and Public Participation. Each chapter of the report is dedicated to discussing the afore-mentioned key performance areas.

The report also contains a profile of the municipality in terms of the jurisdiction, the people, the economy and the developmental challenges. It also contains a detailed functional reporting section from key support and service delivery directorates that make the anatomical building blocks of the municipality.

The year under review is the penultimate financial year before the end of the five (5) year tenure of council. The content is articulately presented to enable the Council and the people of the municipality to assess the service delivery progress since the inauguration year of 2006. The report should also be seen with the lenses of the governance and administration challenges that have pervaded the municipality in the last few years. It also enables the Council and the people of Buffalo City plan the next multi-year service delivery plan of the municipality from an informed position.

The decision by the Municipal Demarcation Board (MDB) in 2008 and the subsequent gazetting of the Amendments to the Section 12 Notice by the MEC for Local Government and Traditional Affairs (LGTA) in 2010, to award Buffalo City a category A (metro) status in 2011, is a show of confidence in the municipality's potential and ability and as such, provides an opportunity for both the Council and people of the City to prepare for this transition from an informed position.

This report is therefore a critical informant to the future integrated development planning processes and institutional review/re-engineering processes towards assuming the new mandate, responsibilities and developmental local government challenges as the municipality transforms into the second metropolitan city in the Eastern Cape Province.

A. Fani

Acting Municipal Manager



GLOSSARY OF ABBREVIATIONS

A.B.E.T.	<i>Adult Basic Education Training</i>
A.B.W.S	<i>Amatole Bulk Water Supply System</i>
A.D.M.	<i>Amathole District Municipality</i>
A.R.T.	<i>Anti-Retroviral Therapy</i>
B.B.B.E.E.	<i>Broad-Based Black Economic Empowerment</i>
B.C.M.	<i>Buffalo City Municipality</i>
B.C.D.A.	<i>Buffalo City Development Agency</i>
B.C.D.S.	<i>Buffalo City Development Strategy</i>
B.E.E.	<i>Black Economic Empowerment</i>
B.M.S.	<i>Bridge Management System</i>
C.B.D.	<i>Central Business District</i>
C.D.S.	<i>City Development Strategy</i>
C.I.P.	<i>Capital Investment Plan</i>
D.B.S.A.	<i>Development Bank South Africa</i>
D.C.S.A.	<i>Daimler Chrysler South Africa</i>
D.L.A.	<i>Department of Land Affairs</i>
D.L.G.H.	<i>Department of Local Government & Housing</i>
D.M.F.	<i>Disaster Management Fund</i>
D.P.L.G.	<i>Department of Provincial & Local Government</i>
D.P.L.G.H.	<i>Department of Provincial & Local Government & Housing</i>
D.T.I.	<i>Department of Trade & Industries</i>
D.V.R.I.	<i>Duncan Village Redevelopment Initiative</i>
D.W.A.F.	<i>Department of Water & Forestry</i>



E.C.	European Commission
E.C.D.O.H.	Eastern Cape Department of Health
E.C.G.D.S.	Eastern Cape Growth & Development Strategy]
E.F.F.	External Financing Fund
E.L.	East London
E.L.I.D.Z.	East London Industrial Development Zone
E.P.W.P.	Expanded Public Works Programme
E.U.	European Union
F.M.G.	Finance Management Grant
G.A.M.A.P.	Generally Accepted Municipal Accounting Practice
G.D.P.	Growth and Development Plan
G.D.S.	Growth & Development Strategy
G.I.S.	Geographic Information Systems
G.R.A.P.	Generally Recognized Accounting Practice
G.T.Z.	German Agency for Technical Cooperation
G.V.A.	Gross Value Added
H.H	Households
H.R.	Human Resources
I.C.Z.M.P.	Integrated Coastal Zone Management Plan
I.D.C.	Industrial Development Cooperation
I.D.P.	Integrated Development Plan
I.D.Z.	Industrial Development Zone
I.E.M.	Integrated Environment Management
I.E.M.P.	Integrated Environmental Management Plan



I.N.E.P.	<i>Integrated National Electrification Programme</i>
I.P.M.S.	<i>Individual Performance Management System</i>
I.T.	<i>Information Technology</i>
KfW	<i>German Development Bank</i>
K.P.A.	<i>Key Performance Area</i>
K.W.T.	<i>King Williams Town</i>
L.A. 21	<i>Local Agenda 21</i>
L.E.D.	<i>Local Economic Development</i>
L.G.H.	<i>Local Government Housing</i>
L.O.S.	<i>Levels of Service</i>
L.S.D.F.	<i>Local Spatial Development Framework</i>
M.E.C.	<i>Member of the Executive Council</i>
M.E.L.D.	<i>Mdantsane East London Development</i>
M.F.M.A.	<i>Municipal Finance Management Act</i>
M.I.G.	<i>Municipal Infrastructure Grant</i>
M.S.	<i>Municipal Scorecard</i>
M.S.A.	<i>Municipal Systems Act</i>
M.T.I.E.F.	<i>Medium-Term Income and Expenditure Framework</i>
M.U.R.P.	<i>Mdantsane Urban Renewal Programme</i>
N.A.T.I.S.	<i>National Traffic Information system</i>
N.E.R.S.A.	<i>National Electricity Regulator of South Africa</i>
N.G.O.'s	<i>Non-Government Organisations</i>
N.S.D.P.	<i>National Spatial Development Perspective</i>
O.D.A.	<i>Organizational Development Africa</i>



O.S.S.	Open Space System
P.I.U.	Project Implementation Unit
P.G.D.P.	Provincial Growth and Development Plan
P.H.C.	Primary Health Care
P.M.S.	Performance Management System
P.M.T.C.T.	Prevention of Mother to Child Transmission
P.P.E.	Property, Plant & Equipment
P.M.U.	Project Management Unit
P.P.P.'s	Public Private Partnerships
R.D.P 1	Reconstruction and Development Programme
R.D.P 2	Rural Development Plan
R.G.	Restructuring Grant
R.M.S.	Road Management System
R.W.S.S	Rural Water Supply Scheme
R.S.A.	Republic of South Africa
S.A.	South Africa
S.A.C.N.	South African Cities Network
S.D.	Sustainable Development
S.D.B.I.P.	Service Delivery and Budget Implementation Plan
S.D.F.	Spatial Development Framework
S.I.D.A.	Swedish international Development Cooperation Agency
S.L.G.P.	Strengthening Local Governance Programme
S.M.M.E.	Small, Medium & Micro Enterprises
S.P.S.P.	Sector Policy Support Programme



S.T.E.P.	<i>Sub-Tropical Thicket Ecosystem Planning</i>
U.N.C.E.D.	<i>United Nations Conference on the Environment & Development</i>
V.C.T.	<i>Voluntary Counselling & Testing</i>
V.I.P.	<i>Ventilated Improved Pit Latrine</i>
W.S.A.	<i>Water Services Authority</i>
W.S.D.P.	<i>Water Services Development Plan</i>
W.S.P	<i>Water Services Provider</i>
WC/WDM	<i>Water Conservation and Water Demand Management</i>
W.T.P	<i>Water Treatment Plant</i>



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PART 1: Overview of the Municipality

1. Buffalo City Profile

1.1 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.

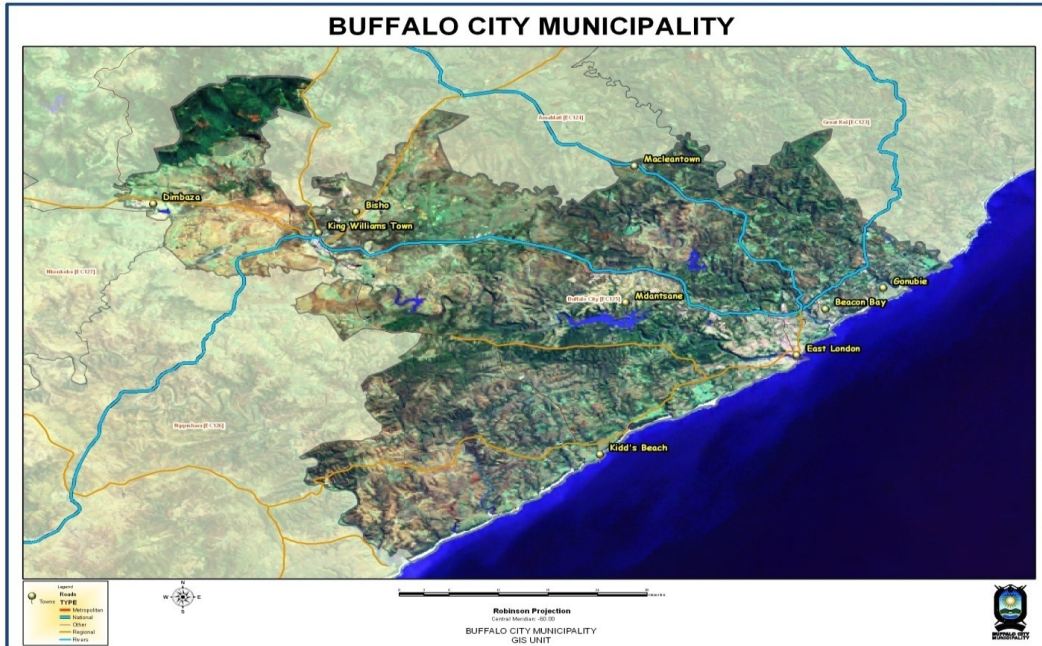


Figure 1: BCM Boundaries and Key Urban Centres

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 Buffalo City Population

The 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 BCM population was broken down as follows:

Table 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



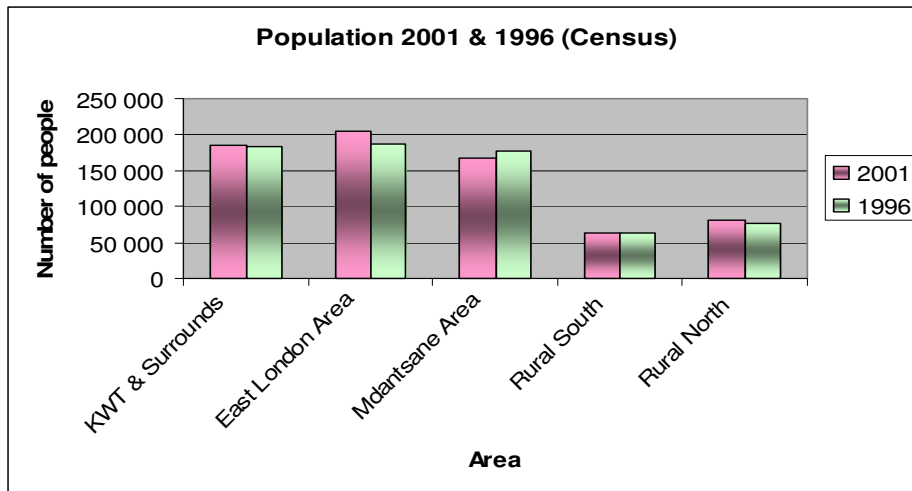


Fig 2: Population 2001 & 1996 (Census)

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

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 2 below shows that out of the total population residing in Buffalo City, the Black African population accounted for 598 258 in 2001 and 616 833 in 2007. The smallest group was the Indian/Asian population with 4 334 in 2001 and 1 950 in 2007.

Table 2: Buffalo City Municipality population by population group, 2001 and 2007

Population group	2001		2007	
	N	%	N	%
Black African	598 258	85.2	616 833	85.2
Coloured	39 998	5.7	52 212	7.2
Indian or Asian	4 334	0.6	1 950	0.3
White	59 300	8.4	53 311	7.4

Source: Statistics South Africa, Population census 2001, CS 2007



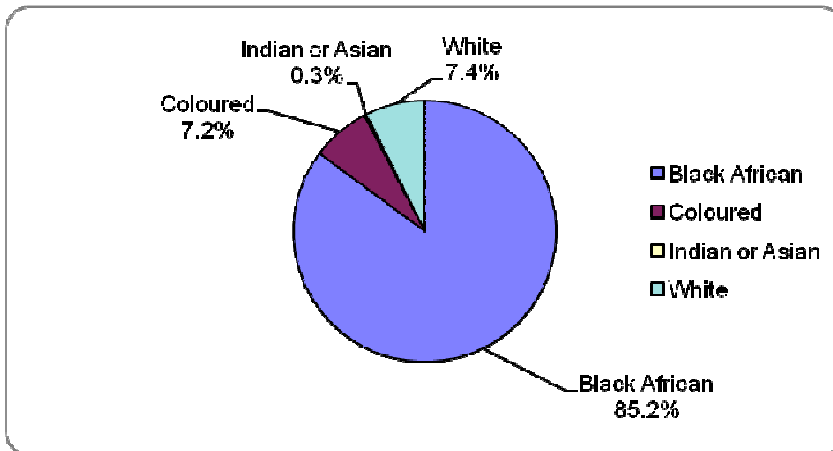


Figure 3: Buffalo City Municipality population by population group, 2007

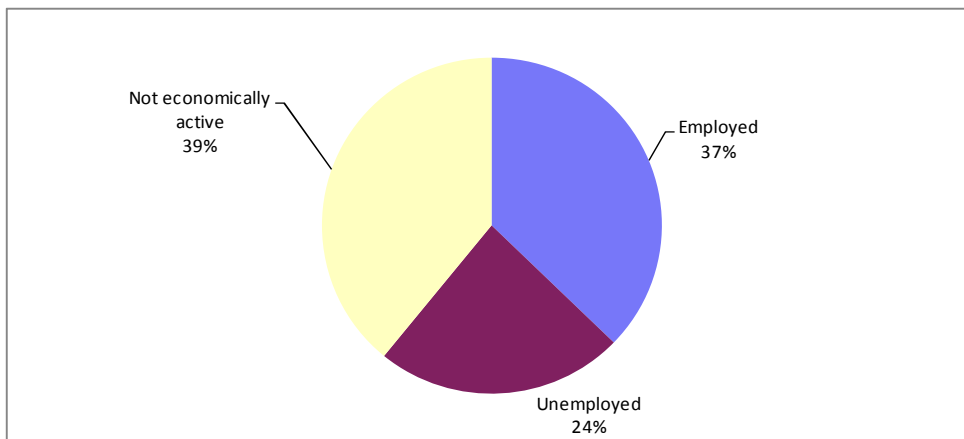
Source: Statistics South Africa, Population Community Survey 2007

1.3 Buffalo City's Economy

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.

Figure 4 indicates that in Buffalo City in 2007: a proportion of 37% of the working-age population were employed, 24% unemployed and 39% not economically active.

Figure 4: Distribution of labour market status, Buffalo City, 2007



Source: Statistics South Africa, Community Survey, 2007



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. The top three sub sectors of BCM’s economy are Finance & Business Services, Manufacturing and Government Services.

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.

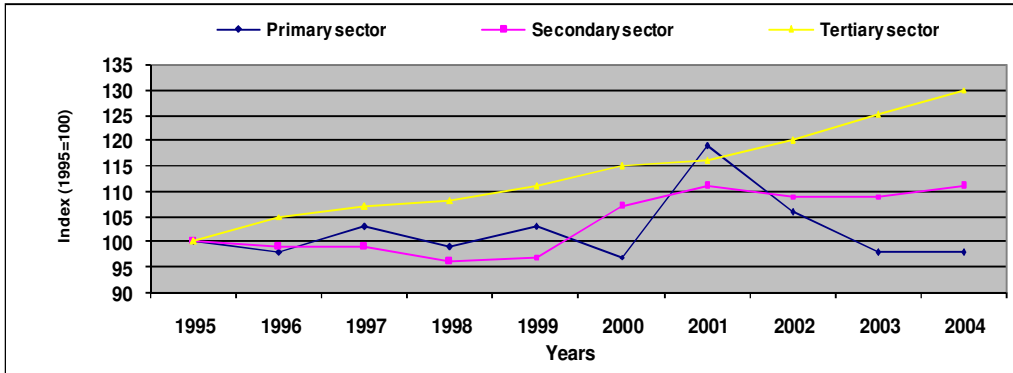


Figure 5: Growth Trends in the Broad Sectors of the Economy of Buffalo City, 1995 – 2004, constant 2000 rands
Source: SACN Skills Report

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 global 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.

Employment, Income & Skills

The shifts in the economy have implications for employment, with the past three decades showing a decline of employment in the primary (agriculture, mining) and secondary (manufacturing, construction) sectors and relatively higher employment in the tertiary sector (transport, trade, finance, and services).

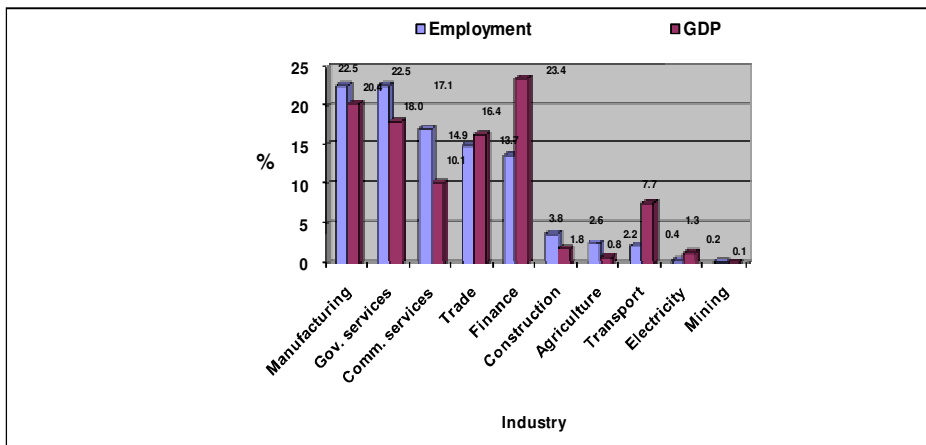


Figure 6: Employment and GDP by industry, 2004, Source: SACN Skills Report



The largest contributors to job creation in Buffalo City Municipality, after the public and community services sectors are finance, manufacturing and trade.

Cognisance also needs to be taken of the informal sector and its contribution to job creation in BCM. The SACN Skills Report defines the informal sector as the “economic activity that is not recorded in the national accounts and which is mostly unregulated.” Buffalo City has, in comparison to the other nine cities, a lower proportion of workers in the informal sector (23%) and a higher proportion of workers in the formal sector (77%).

1.4 Disability

Definition

A disabled person is defined as someone who has a sight, hearing, physical, intellectual, communication or emotional impairment that has lasted six months or more, that also prevents their full participation in daily activities or in educational, economic and social activities.

Note that in all the analyses that follow, persons with multiple disabilities are grouped separately. Data for absolute totals for each disability are available for Stats SA.

Table 3 below shows the number of people that were classified as disabled in Eastern Cape and South Africa, and the proportions suffering from each type of disability. It shows that:

- The largest proportion of disabled population in Buffalo City suffered from a physical disability (29, 0%) and emotional disabilities (18, 7%).
- The communication disabilities (3,4%) are the least form of disability among the disabled population of Buffalo City.

Disability	Buffalo City		Eastern Cape		South Africa	
	N	%	N	%	N	%
Sight	2 918	6.9	36 558	8.9	249 787	9.7
Hearing	2 780	6.6	35 539	8.6	180 395	7.0
Communication	1 453	3.4	16 028	3.9	91 067	3.5
Physical	12 309	29.0	130 080	31.6	769 774	30.0
Intellectual	2 183	5.1	24 129	5.9	128 840	5.0
Emotional	7 925	18.7	71 947	17.5	373 618	14.5
Multiple disabilities	2 025	4.8	17 907	4.3	122 738	4.8
Institutions	10 808	25.5	79 897	19.4	651 773	25.4
Total	42 401	100.0	412 085	100.0	2 567 992	100.0

Table 3: The disabled by type of disability, Eastern Cape and South Africa, 2007

Source: Statistics South Africa, Community Survey, 2007

1.5 Housing conditions

Distribution of households by Type of main dwelling

Dwellings have been classified into four basic categories in this report: (a) formal¹ (b) traditional, (c) informal and (d) other². Figure 7 indicates the type of main dwelling in which households lived in 2001 and 2007.



- It shows that the percentage of households living in formal dwellings has increased from 62,9% in 2001 to 70,6% in 2007.
- There was a corresponding decrease in the proportion of households living in the traditional dwellings over the time period from 8,1% in 2001 to 4,5% in 2007.
- The percentage of households living in informal dwellings decreased from 28,6% in 2001 to 24,5% in 2007.

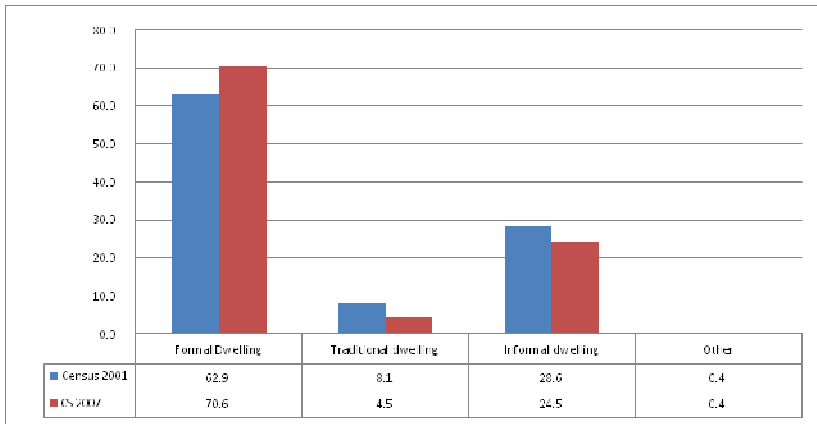


Figure 7: Percentage distribution of household by type of main dwelling, BCM, 2001 and 2007

1. Grouping “formal dwelling” includes the following categories: house, flat, semi-detached house, unit in a complex (e.g. simplex), room in backyard and room not in backyard.
2. “Other” includes caravan, private ship and workers hostel.

Tenure Status

Figure 8 shows that the percentage of households who owned and fully paid off their dwellings increased from 36,6% in 2001 to 43,3% in 2007. The percentage of households who owned but had not yet paid off declined by 1,3%.

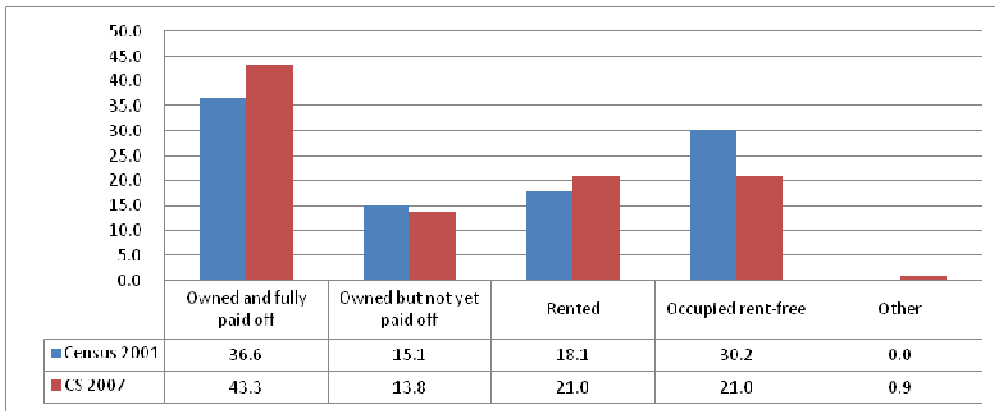


Figure 8: Percentage of households by tenure status, BCM, 2001 and 2007



Refuse disposal

Figure 9 shows that the percentage of households whose refuse was removed by local authority at least once a week increased from 71,3% in 2001 to 70,8% in 2007. The graph also shows the percentage of households that relied on their refuse dump increased by 1,8% in 2007.

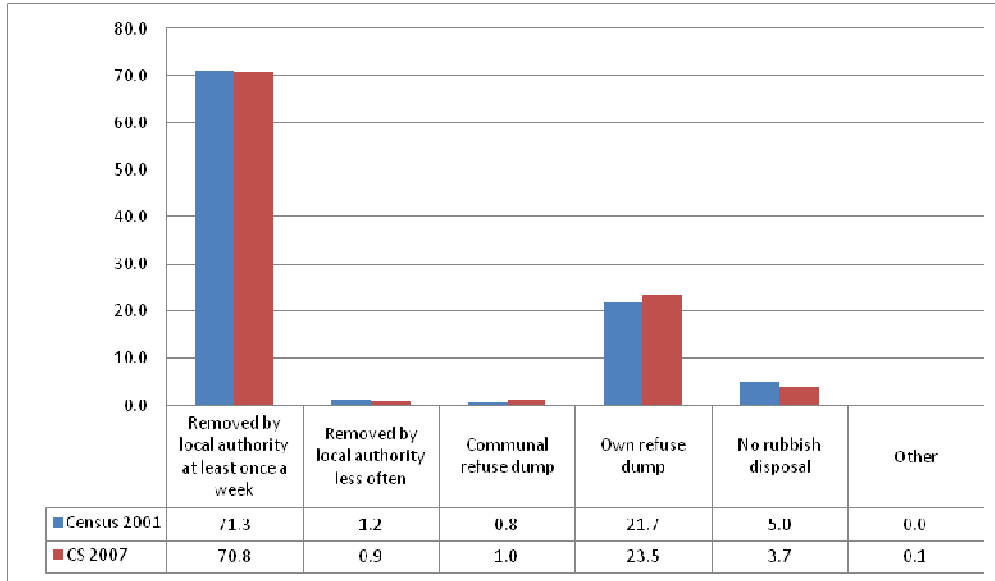


Figure 9: Percentage distribution of households by type of refuse disposal, BCM, 2001 and 2007

Toilet facilities

Figure 10 indicates that the percentage of households with access to flush toilet connected to a sewerage system increased from 63,8% in 2001 to 62,0% in 2007. While the use of pit latrines (without ventilation) declined from 15,2% in 2001 to 14,1% in 2007. However the proportion of households without access to any toilet facility also declined from 12,4% in 2001 to 11,6% in 2007. Dry toilet was not asked in Census 2001.

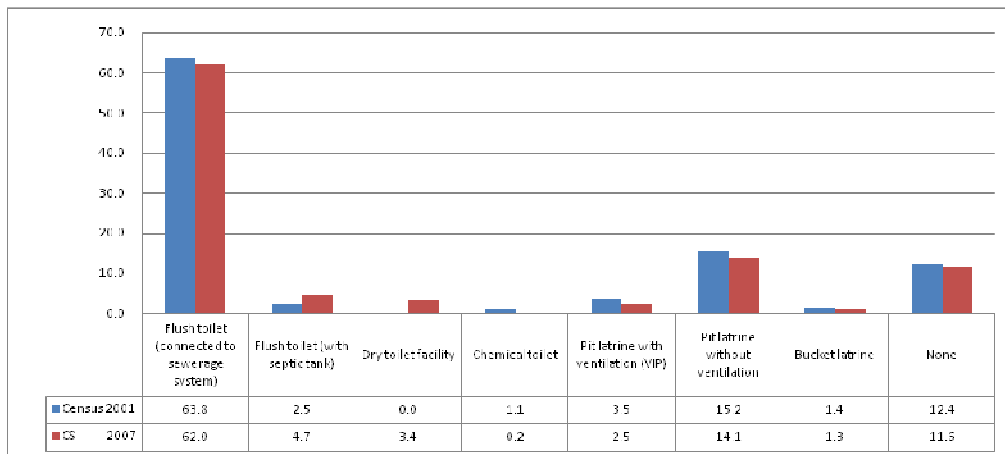


Figure 10: Percentage distribution of households by type of toilet facility, BCM, 2001 and 2007



Energy/Fuel

Figure 11 shows that in 2001 and 2007, electricity has been the main energy source for lighting. The use of electricity by households as the main source of lighting rose from 62,9% in 2001 to 74,3% in 2007. There was a corresponding decrease of households using paraffin and candles for lighting over the period, (paraffin: 34,5% in 2001, to 23,8% in 2007 and candles: 1,8% in 2001, to 1,0% in 2007).

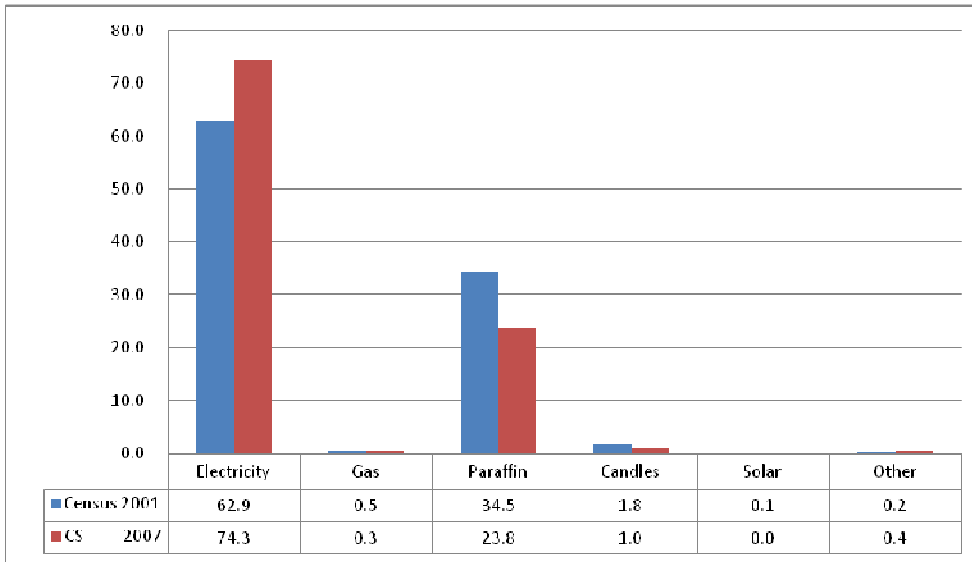


Figure 11: Percentage distribution of households by type of energy used for lighting, BCM, 2001 and 2007

Figure 12 shows that most of the households in Buffalo City use electricity for cooking. The percentage of households which use of electricity for cooking has increased from 43,0% in 2001 to 59,6% in 2007. The use of gas, paraffin, wood, coal and animal dung as the source of energy for cooking has been declining from 2001.

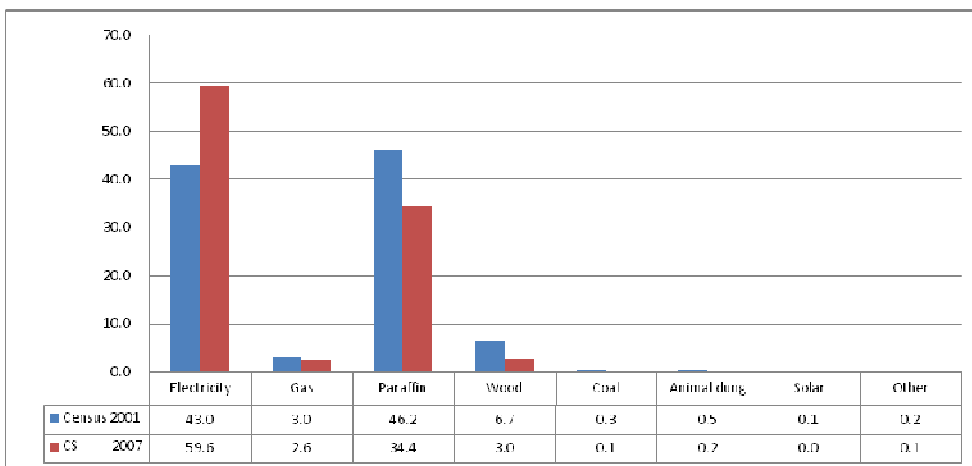


Figure 12: Percentage distribution of households by type of energy used for cooking, BCM, 2001 and 2007



Figure 13 shows that most of the households in Buffalo City use electricity for heating. The percentage of households which use electricity as the main source of energy for heating increased from 35,8% in 2001 to 46,5% in 2007. The percentage of households which use other sources of energy for heating with exception of solar and gas has been decreasing from 2001 to 2007.

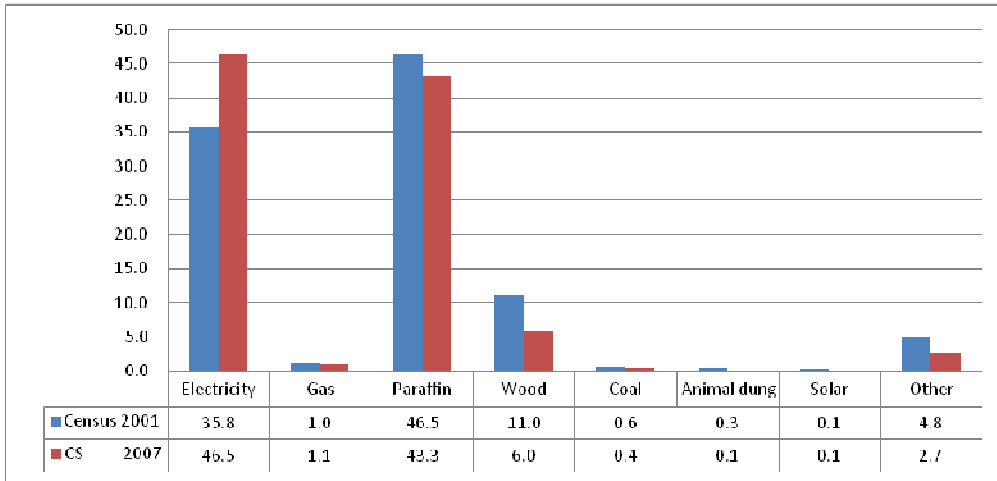


Figure 13: Percentage distribution of households by type of energy used for heating, BCM, 2001 and 2007

Access to Water

Figure 14 shows an increase in the percentage of households obtaining water from piped water inside the dwelling from 31,4% in 2001 to 47,8% in 2007. It also shows a corresponding decrease in the percentage of households which obtain piped water inside the yard from 27,4% in 2001 to 18,4% in 2007 and piped water from access point outside the yard from 34,9% in 2001 to 31,8% in 2007.

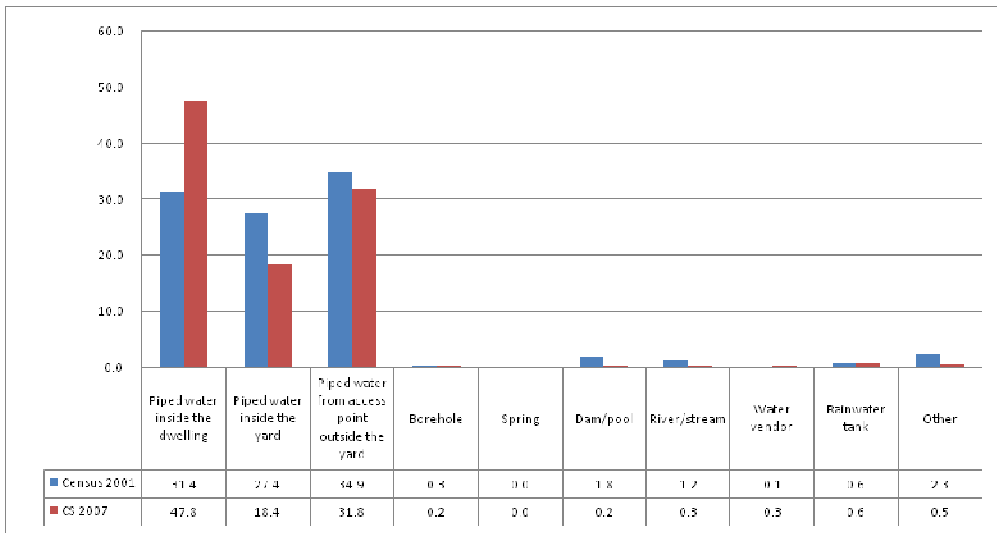


Figure 14: Percentage distribution of households by main source of water, BCM, 2001 and 2007

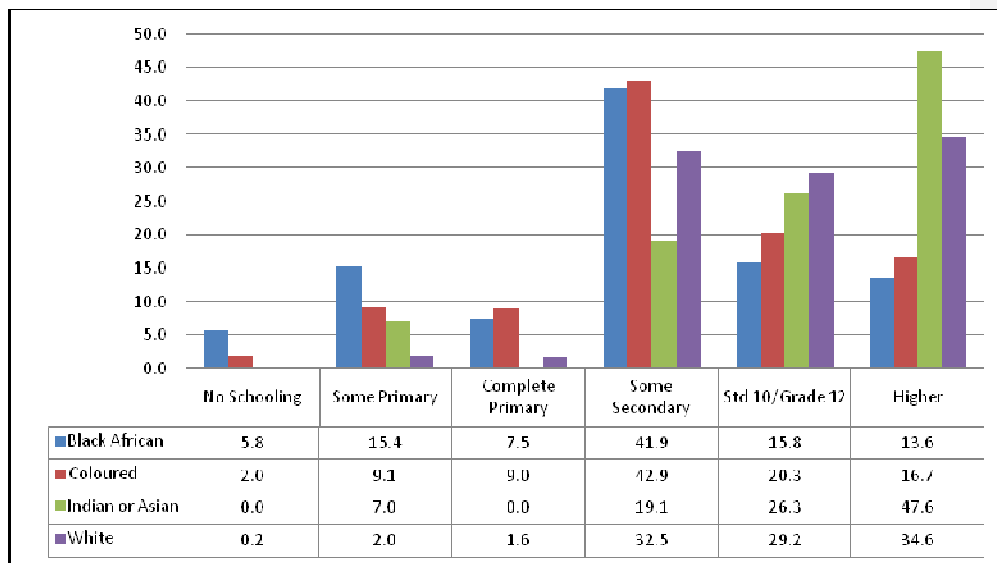


1.5 Education

Table 3 and figure 14 below illustrate the highest level of education attained amongst persons aged 20 years and above by population group during Census 2001 and Community Survey 2007. There is a significant decrease in persons with no schooling across all population groups. The figure shows that in 2007, Black African had highest percentage on no schooling amongst the persons aged 20 years and above (5, 8 %) compared to Coloured (2, 0%), Indian or Asian (0, 0%) and Whites (0, 2%). Both diagrams show that Indian or Asian population (47, 6%) and Whites (34, 6%) had the highest proportion on persons who attained higher levels of education compared to Coloured (16, 7%) and black African population (13, 6%).

Education levels	Black African		Coloured		Indian or Asian		White	
	2001	2007	2001	2007	2001	2007	2001	2007
No Schooling	12.7	5.8	4.6	2.0	4.1	0.0	1.1	0.2
Some Primary	16.6	15.4	10.0	9.1	3.3	7.0	1.3	2.0
Complete Primary	8.6	7.5	8.3	9.0	2.8	0.0	1.0	1.6
Some Secondary	34.9	41.9	47.2	42.9	25.5	19.1	32.4	32.5
Std 10/Grade 12	18.9	15.8	21.6	20.3	33.5	26.3	39.3	29.2
Higher	8.4	13.6	8.2	16.7	30.7	47.6	25.0	34.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 3: Highest level of education amongst persons aged 20 years and above by population group: BCM, 2001 and 2007.



Source: Statistics South Africa, Community Survey 2007

Figure 15: Highest level of education amongst persons aged 20 years and above by population group, BCM, 2007



Table 4 shows that 40, 6% of persons aged 20 years and above attained secondary education. Only 12,1% of persons completed grade 12. The table also shows gender disparity and there is noticeable percentage gap between female with no education (13,4%) and males with no education (10,4%).

Level of education	Male		Female		Grand Total	
	N	%	N	%	N	%
No Schooling	8 031	3.8	14 054	6.0	22 085	5.0
Some Primary	30 869	14.8	29 815	12.8	60 684	13.7
Completed Primary	14 515	7.0	16 567	7.1	31 082	7.0
Secondary	85 843	41.1	95 707	41.1	181 550	41.1
Std 10/ Grade 12	38 682	18.5	37 848	16.2	76 530	17.3
Higher	30 749	14.7	38 948	16.7	69 697	15.8
Grand Total	208 689	100.0	232 939	100.0	441 628	100.0

Table 4: Highest level of education attained amongst persons aged 20 years and above by gender, BCM, 2007



PART 2: KPA ACHIEVEMENT REPORT

Chapter 1: Human resource and other organization management

1.1. Overview

The focus of the Directorate of Corporate Services is to create an enabling environment through the provision of effective and efficient support services to all business units within Buffalo City Municipality (BCM).

Activities of the Directorate

- Effective management of human resources in order to ensure the transformation of skills development and employment equity.
- The provision of effective management of an administration system that is efficient and facilitates decision-making and service delivery throughout Buffalo City Municipality.
- The assurance that the support system, e.g. IT, , telecommunication etc., are used and enable the implementation of the Integrated Development Plan.

The Directorate of Corporate Services consists of three departments namely:

- Human Resource Department:** is responsible for the provision of strategic human resources support to all council business functions, people development and to ensure the maintenance of sound labour relations. The Human Resources Department consists of three sub-divisions, namely Personnel, Labour and Organisational Development.
- Organisational Support Department:** the purpose of this department is to provide administrative, logistical, operative, telecommunication and information management support to the Municipality and consist of three sub-divisions. The first, being the Auxiliary and Telecommunication Support Unit, which provides office, administrative and telecommunication support to the organisation. The second is the Administrative and Council Support unit, which provides secretariat and related support services to the municipality and council committees. The third is the Information Management and Technology unit. This unit is responsible for providing information management and technological support services.
- The Internal Audit Department:** this department reports operationally to the Audit Committee and functionally to the Director of Corporate Services and is responsible for internal auditing, review of risk management activities as well as the review of forensic investigations. It also offers advisory services and deals with issues of corporate governance.

1.2. Presentation of the organizational structure (attached as Annexure 2)

BCM has an organizational structure which is aligned to the IDP and is continuously reviewed in order to ensure operational effectiveness. The organizational structure comprises of a total of 5025 funded posts. Of these funded posts, 450 are vacant as at 30 June 2010. BCM has an office for the Municipal Manager and 8 Directorates. The Municipal Manager and Directors have all signed performance agreements and contracts which have been submitted to the DPLG, as required.

1.3. Staff development initiatives during the Financial Year

The following statistics reflect the staff development initiatives that occurred during the 2009/10 financial year:-

a)

Category	Number of Interventions	No. of People Trained
Directors & Managers	2	47
Professionals	23	144
Technicians & Trade Workers	31	275
Community & Personal Service Workers	11	315
Clerical & Administrative Workers	24	255
Machine Operators & Drivers	7	105
Labourers	12	323
Total No of Employees Trained	110	1464

b)

Target Employment Category	Course Name	Skills Priority Area
Directors & Managers	Employment Equity Training: Training of Training Committee Certificate Programme in Management Development (CPMD)	Management/ Leadership Financial
Professionals	Labour Law Principles of Management Municipal leadership Development Performance Management Organisational design and development training ICDL Project Management Handling of disciplinary enquiry	Management/ Leadership Management/ Leadership Management/ Leadership Specialist skills required by legislation Project Management/ planning Computer literacy Project Management/ planning Corporate, legal & support



Target Employment Category	Course Name	Skills Priority Area
Technicians & Trade Workers	Practical Labour Law Crane Truck Training Water and wastewater AllyCad & IT management Train the trainer Supervisors Team Leader Assessor Training Training of mentors/ coaches Train the trainer / assessor/ moderator Facilitation Skills and SDF Labour law update	Management/ Leadership Specialist / Technical Specialist / Technical Specialist / Technical Training Skills Life Skills Training Skill Training Skill Training Skills Training Skills Training Skills Corporate, legal & support
Community & Personal Service Workers	Health Management Training Fraud and forensic investigation Peace officer's training Basic Ambulance Course Traffic Officer Training	Specialist skills required by legislation Corporate, legal & support Specialist skills required by legislation Social/ community/ economic development & planning Social/ community/ economic development & planning
Clerical & Admin Workers	Municipal Finance Management Auditing & Budgeting Supply Chain Management Secretarial course Office Admin Local Government Admin MS Word, Excel, Powerpoint (all levels) Access, Email, internet Customer Care Business Process Management Business Writing Skill / Report Writing Finance for non-financial managers	Financial Financial Financial Administration Administration Specialist skills required by legislation Computer literacy Computer literacy Client Service Administration Administration Life Skills



Target Employment Category	Course Name	Skills Priority Area
Machine Operators & Drivers	Handling of machinery/ equipment	Life skills
	Safety Reps	Life Skills
Labourers	Financial Life Skills	Life Skills
	Chainsaw	Social/community/ economic development and planning
	Labour intensive construction	Social/community/ economic development and planning
	Training on cleaning services	Social/ community/ economic development & planning
	Cleaning Skills	Social/ community/ economic development & planning
First Aid Handling of dangerous goods	Life Skills Social/ community/ economic development & planning	

1.4. Key HR statistics per functional area

The following information is provided as at 30 June 2010 re the Municipal Manager and Section 57 posts:-

1.4.1.

	Approved positions (e.g. MM-Sect 57 etc.)	Number approved of budgeted and posts per position	Filled posts	Vacant posts
1	Municipal Manager	1		1
2	Chief Financial Officer	1		1
3	Director: Corporate Services	1	1	
4	Director: Engineering Services	1	1	
5	Director: Planning & Economic Development	1	1	
6	Director: Community Services	1	1	
7	Director: Executive Support Services	1	1	
8	Director: Health & Public Safety	1		1
9	Chief Operating Officer	1	1	



1.4.2. Technical staff registered with professional bodies

Technical Service (e.g. water, electricity etc...)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Environmental	2	N/A	N/A	2
City Planning	1	1	0	0
City Planning (LUMS)	18	6	1	11
City Planning (Set. Planning)	2	2	0	0
City Planning (For. Planning)	3	1	1	1
Architecture	12	5	0	7
Survey Technicians	3	3	0	0
Land Surveyors	3	3	0	0

1.4.3 Levels of education and skills

Total number of staff	Number of staff without Grade 12 NQF 1 TO NQF 3	Number of staff with Senior Certificate only NQF 4	Number of staff with Tertiary/accredited professionals training NQF 5
4575	2322	804	980

1.4.4 Trends on total personnel expenditure

Financial years	Total number of funded posts	Total approved operating budget	Personnel expenditure	Percentage of expenditure
2007/08	5014	1,757,087,719	589,588,497	33,55
2008/09	4 956	2,138,759,495	659,247,385	30,82
2009/10	5025	3,670,959,710	794,449,415	21.65



1.4.5 List of pension and medical aids to whom employees belong (please add if necessary)

Name of pension fund	Number of members	Names of Medical Aids	Number of members
Cape Joint Pension Fund	48	LA Health	539
Cape Joint Retirement Fund	2326	Bonitas	1272
MEPF	113	Keyhealth	225
GEPP	93	Samwumed	392
SAMWU	1036	Hosmed	129
SALA	44		
ECLA	620		
LGPF	27		
Orion	0		
Liberty Life (ELM Provident Fund)	270		
Sanlam	25		
Total	4575	Total	2557

1.5. Senior officials' wages and benefits

Municipal Manager's total package as at 30 June 2010: - R 1 338 093.00.

Directors (Section 57 employees) total package as at 30 June 2010:- R 1 070 484.00 p.a. per person.

1.6. Implementation of the Performance Management System (PMS):

Background

Integrated Development Planning, Budgeting and Performance Management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area.

Performance Management is a strategic approach through which the performance objectives of the Municipality are identified, defined, translated into business plans and cascaded into individual scorecards allowing for regular planning, monitoring, evaluating and reviewing of performance at both organisational and individual levels, effectively responding to inadequate performance and recognising outstanding performance.

Performance Management fulfils the implementation of the Integrated Development Plan. The performance of an organisation is integrally linked to that of its staff. It is critical and important for any organisation to periodically review its own performance as well as that of its employees. In order to comply with legislation and to improve on good governance and service delivery it is essential for municipality to adopt a policy on Institutional and individual performance management. On the 28 August 2007 Council approved Framework for Institutional Performance Management. The Framework contains an annual work plan with processes to be followed in developing and implementing Performance Management.



Chapter 6 of Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), requires local government to:

- Develop a performance management system;
- Set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP);
- Publish an annual report on performance management for the councillors, staff the public and other spheres of government;
- Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for local government;
- Conduct an internal audit on performance before tabling the report;
- Have the annual performance report audited by the Auditor-General; and
- Involve the community in setting indicators and targets and reviewing municipal performance.

Institutional challenges that hinder the implementation of PMS:

- No clearly defined performance objectives of the municipality, the six BCM overarching objectives are too broad therefore difficult to translate into institutional scorecards, SDBIP and cascade to individual scorecards;
- Lack of regular monitoring and evaluation which are management tools that assist in the observation or verification of project/program activities to ensure that they are progressing according to plan and resources are used efficiently and effectively. Evaluation which further assist to determine the value of the fulfilment and impact;
- Individual performance management is not formalized, there is no policy and is not in operation;
- Lack of integration between formal reporting and reporting to communities, e.g. performance is reported quarterly in addition to that, political leadership should also report to communities regularly on municipal performance;
- Lack of integrated municipal planning and reporting on basic services;
- The misplaced notion that performance management is primarily about the payment of bonuses – this is arguably the single biggest factor that has hindered progress; and
- The lack of continuity in both political leadership (e.g. the Executive Mayor is ultimately responsible for the performance of the institution) and senior management (prolonged absence of a municipal manager and high turnover of senior management) has contributed significantly to the non-alignment and misunderstandings with regard to the objectives of performance management.

Performance Management action plan:

- Given the challenges stated above, progress in the mainstreaming and cascading of the PMS can only take place through the implementation of a change management exercise in BCM;
- Feedback from Internal Audit and Audit Committee should be implemented on an ongoing basis;
- Review of Delegation of authority with regard to development of IDP and PMS;
- Strengthening the process of regular reporting to the Council, other political structures, political office bearers, staff of the municipality, the public and



- appropriate organs of state;
- Ensuring the involvement of community in setting of KPI's and targets;
- Integrating risk management strategy within PMS processes; and
- Capacitate managers on IDP/PMS processes.

1.7. Annual performance as per KPIs in municipal transformation and OD

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	5 075	4 575	90%	Difficulty in filling due to scarce skills
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	9	6	66%	MM's position still vacant CFO & DHPS positions vacant
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	6	1	16%	The remaining management will be training by NMMU 2010/11
4	Percentage of Managers in Technical Services with a professional qualification	361	361	100%	
5	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	4575	1233	26%	Most of BCM staff do not take serious the issue of skills audit as such departmental task teams have been formed to address this challenge.
6	Percentage of councillors who	89	80	89.89%	Non-availability of



	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	attended a skill development training within the current 5 year term				councillors due to council commitments
7	Percentage of staff complement with disability	33	31	94%	Resignation of two employees with Disabilities
8	Percentage of female employees	1647	1647	100%	
9	Percentage of employees that are aged 35 or younger	1 251	2380	53%	

1.8. Major challenges and remedial actions with regard to HRM.

- **Recruitment of certain categories of staff**

Due to the scarce skills situation facing the entire country, BCM has struggled to recruit certain categories of staff, specifically technically orientated posts or other specialized posts such as Property Valuers. In order to address this situation, BCM has developed a Talent management strategy which has been partially implemented.

- **Implementation of Job Evaluation**

Implementation of this project which is run by the South African Local Government Bargaining Council (SALGBC) has been delayed due to the non-finalization of a wage curve setting out the monetary amounts linked to each post level. An agreement was signed at a national (SALGBC) level with both unions on 21 April 2010 with regards to the categorisation and job evaluation wage curve. Job evaluation results are expected to be implemented as from the 1st July 2010 for all evaluated jobs, including those for which appeals have been lodged and any amendments resulting from appeals will be implemented in due course.



Chapter 2: Basic Service Delivery Performance Highlights

2.1. Overview

This chapter focuses on the extent to which the municipality has progressed in delivery of basic services to the citizenry of the city as was planned in the integrated development plan. The chapter reviews performance of the period under review and highlights the challenges which confronted the municipality in discharging its constitutional obligations. The Directorates of Engineering Services, Community Services, Health and Public Safety, Office of the Chief Operating Officer and part of Development Planning responsible for service delivery within the Municipality have provided input in the chapters following in this report. In these chapters these Directorates further elaborate on the remedial actions to be undertaken with regard to those areas where the municipality has not met its target.

2.2. Water services

BCM is both the Water Services Authority (WSA) for its entire area of jurisdiction and the Water Services Provider (WSP) for a large percentage of the area. The Amatola Water Board is an external WSP contracted to the provision on bulk potable water to BCM in order to augment the demand by consumers. BCM has an established WSA in place, which has the ability and resources to undertake the WSA functions in its current format. However, it has been identified that the current form of the WSA is inadequate to successfully undertake all its functions, and needs to be restructured and appropriately resourced. The report on the restructuring has been forwarded to the Section 78 Committee for consideration after which it will be cascaded upwards to Council for approval.

Water Services Provider

BCM is the retail WSP for its entire area of jurisdiction and the bulk WSP for three of the six surface water supply areas servicing BCM and all the groundwater sources. Amatola Water is an external bulk WSP contracted to BCM to provide bulk potable water to the remaining three surface water supply areas, delivering 40% of the total volumes of potable water consumed within BCM. In addition Amatola Water also deliver raw water in bulk to both the BCM (supply to the KWT water treatment plant) and Da Gama Textiles in the KWT area. A service level agreement exists between BCM and Amatola Water in terms of the provision of bulk potable water by the latter to BCM. This SLA is being revised especially as BCM is to become a Metro. By resolution of Council the Water Services Department will form an internal mechanism and ring fence the two internal provider functions (water and sanitation). An SLA will be drawn up between the WSA Business Unit and these internal WSP's therefore it is imperative that the SLA with the external WSP (Amatola Water) be revised with definite KPA's.

Key areas requiring attention include the following:

- Ability/mechanisms to ensure compliance with the by-laws;
- Development and implementation of a WC/WDM strategy;
- Development of a mechanism to manage and monitor the implementation of the WSDP; and
- Establishment of WSA staff capacity and systems.

BCM has recently completed the preparation of a WSA capacity building business plan, based on which funding will be made available to address the identified capacity building requirements.

Levels and standards in water services:

Rural:

The level of service for households outside of the Urban Edge is the basic level of service (i.e communal standpipes to RDP standards).

Urban:

The level of service for households within the Urban Edge is as follows:

- Target level: erf connection and water borne sanitation; and
- Minimum level: yard connection

c. Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	225249	7671	2685	1249	47%
2	Percentage of indigent households with access to free basic potable water	65539	7671	2685	1249	47%
4	Percentage of clinics with access to potable water	28	N/A	28	N/A	100%
5	Percentage of households using buckets	0	0	0	0	0



Major challenges in water services and remedial actions

BCM is currently serviced by 4 No. regional surface water supply schemes located primarily within BCM, 2 No. surface regional water supply schemes located primarily outside of BCM but feeding portions of BCM, 1 No. regional groundwater scheme and a number of smaller local groundwater schemes.

- The main schemes, which service around 81% of the BCM population reside within the KWT/East London corridor, are as follows:
 - Upper Buffalo RWSS – KWT, Breidbach & surrounds
 - Middle Buffalo RWSS – KWT, Bhisho, Zwelitsha, Ndevana, Phakamisa, Berlin & Mdantsane; and
 - Lower Buffalo RWSS – Mdantsane & the greater East London;
- The Sandile and the Peddie RWSS's service around 14% of the BCM population, which reside in the Dimbaza and Chalumna areas respectively;
- The Ncera RWSS services several rural villages and Kaysers Beach, to the west of East London;
- The groundwater schemes service rural villages to the north of KWT and many of the resorts on the coast to the west of East London;
- The Upper Buffalo RWSS is stressed from a water resource perspective, with supplies to the KWT area already being augmented from the Middle Buffalo RWSS. Infrastructure capacity constraints however restrict the extent of augmentation possible.
- The Middle Buffalo RWSS has surplus yield, but the WTP is operating near capacity, the same applies for the Sandile RWSS;
- The Lower Buffalo RWSS is stressed from a water resource perspective and water treatment is nearing capacity for the scheme as a whole. The yield of this scheme can however be augmented with supplies from the Wriggleswade Dam;
- The Ncera WTP is scheduled to be decommissioned shortly, with supplies to the Ncera RWSS being fed from the Lower Buffalo RWSS (Damspot Reservoir);
- Apart from the resource and treatment constraints, the following are seen as key infrastructure constraints:
 - The conveyance capacity of the Buffalo River pumping system;
 - Inadequate storage in the East London and KWT areas;
 - The conveyance capacity from the Laing dam WTP to the Beacon Hill Reservoir;
 - Conveyance capacity to the West Bank high level zone;
 - The conveyance capacity of the Ncera pipeline and the ability to feed Kidds Beach;
 - The absence of a dedicated bulk supply system for large parts of East London and also in the Breidbach area;
 - The zoning in East London, KWT, West Bank & Gonubie;
 - High water loses in the Duncan Village/Gompo and KWT areas; and
 - Lack of accurate as-built record for infrastructure in the Dimbaza and Zwelitsha areas.

OBJECTIVES:
<ul style="list-style-type: none"> • Infrastructure of adequate capacity to reliably meet existing and expected demands in key identified development areas within BCM, within 5 years. • Infrastructure of adequate capacity to reliably meet existing demands within with identified supply problem areas, within 5 years.
IDENTIFIED STRATEGIES
<ul style="list-style-type: none"> • Engage with the City Planning Department and IDP Unit in general and the Housing Branch in particular, to obtain greater clarity with regard anticipated future housing requirements with BCM and: <ul style="list-style-type: none"> ➢ The key development areas within BCM; ➢ Housing demands and level of service requirements; ➢ Other anticipated development.
<ul style="list-style-type: none"> • Via the ongoing Water Services Master Plan: <ul style="list-style-type: none"> ➢ Develop and calibrate hydraulic models; ➢ Review the implication of various scenarios (ranges) of levels of service; ➢ Present findings to Council for consideration; ➢ Review level of service policy; and ➢ Undertake detailed master planning based on the reviewed / adopted level of service policy.
<ul style="list-style-type: none"> • Define WC/WDM as the key service delivery objective and implement WC/WDM initiatives on a sustained basis as defined in terms of strategies defined previously.
<ul style="list-style-type: none"> • Form part of the committee to be established to implement the Reconciliation Strategy for the ABWSS and assist in investigating measures of institutional reform leading to operational efficiency of key bulk water supply infrastructure components.
<ul style="list-style-type: none"> • Undertake the necessary master planning to: <ul style="list-style-type: none"> ➢ Adequately identify and cost the infrastructure upgrade requirements for BCM in general, and the key delivery areas in particular; ➢ Review zoning, storage and requirements; ➢ Identify areas with surplus capacity where development and readily proceed; ➢ Determine appropriate/affordable levels of service; ➢ Identify, prioritise and package projects for implementation
<ul style="list-style-type: none"> • Investigate alternative measures to obtain the necessary funding to undertake the required capital works, including the following: <ul style="list-style-type: none"> ➢ Private sector contributions; ➢ PPP intervention.
<ul style="list-style-type: none"> • Progressively upgrade existing and build new infrastructure, focusing on areas with current shortages and identified priority development areas.
<ul style="list-style-type: none"> • Address the rural backlogs as identified in terms of the interim rural water master plan.



2.3. Electricity services

- 2.3.1. The Electricity master plan indicates a backlog of Capital Replacement at approximately R680 million. It is imperative that capital funding be made available annually over the next couple of years so that a comprehensive Capital Replacement program is put in place to ensure network reliability. This is crucial as the Electricity Department is the biggest revenue generator within the Municipality;
- 2.3.2 In terms of electrification of RDP housing, the Electricity Department in conjunction with the Department of Energy (DoE) provide electricity to formal houses. Annually, Buffalo City's Electricity Department is invited to request funding from the DoE's Integrated National Electrification Program (INEP). Every project that is proposed to the DoE is visited by the DoE to ensure that it meets the criteria set by the DoE and if approved, funding is made available. The funding that is provided by the DoE is only partial funding, as the Municipality is required to provide counter funding. Therefore the number of houses that can be connected is dependent on the funding from DoE, the counter funding provided by Buffalo City Municipality and the number of housing projects that are completed;
- 2.3.3 The Buffalo City Council has taken a decision to pilot Electrification to informal dwellings in Duncan Village. The Electricity Department has prepared a Document calling for proposals which includes a feasibility study on the processes which need to be followed to make it a success, this includes consultation with the community and other role players involved in the upgrade of Duncan Village.
- Based on the current status of Duncan Village, the following needs to be addressed to comply with the Occupational Health and Safety Act:
- ❖ De-densification of the area in order to make road reserves for access to install and maintain the network.
 - ❖ Upgrading of the electrical backbone infrastructure to Duncan Village in order to cater for all the shacks. Other factors that need to be taken into consideration are as follows:
 - ❖ The cost to carry out this electrification will have to be funded by BCM at the present time as, the Department of Minerals and Energy will only fund the connection to a formal sites. A positive to the funding is that Metro Municipalities and two major Municipalities including BCM have set up a national committee to discuss this issue with the Department of Energy which is in the process of making policy changes that may assist in the Electrification of informal settlements.
 - ❖ Once the connection has been done to an informal dwelling, the owner will be responsible to pay for the removal of supply when relocating to a formal dwelling.
- 2.3.4 The DoE also provide funding to upgrade the electrical network if it is required to supply electricity to low income areas. BCM has been the recipient of two such projects namely Reeston Sub-station which has been completed and Queens Park Zoo sub-stations. The need for these Injection substations was required since numerous Low Cost Developments within the boundaries of the Municipal area has taken place over a number of years. This in turn has exhausted the City's spare capacity. New developments are constructed on a continuous basis and Commercial Developments and other Municipal services have all resulted in large power requirements in the City. The latest being the Queenspark Injection Substation which is designed for an ultimate 40 MVA firm

capacity. That is to say, initially 2 x 40 MVA 132/11kV Power Transformer Substation and enough space to upgraded in the future with an additional 40 MVA Power Transformer.

The Environmental Impact Assessment has been completed; all role players consulted and no objections were received. The Department has submitted all relevant documentation to the Department of Environmental Affairs for approval before construction begins. This process of approvals could take up to 6 months before BCM can commence work on site. The construction phase should be complete by December 2012 subject to delivery of major equipment which has long lead times dependent on demand. The project should be complete by December 2012 subject to delivery of major equipment which has long lead times and is also dependent on demand.

2.3.5 The BCM electricity Department provide a 40 amp RDP service connection which is higher than the normal 20 amps RDP service connection. Access to this supply for low income consumers is through the INEP funding, BCM counter funding and an approved subsidized connection fee. The council has approved that indigent consumers are provided with a service connection free of any charges.

2.3.6 REDS may be implemented in the near future and therefore the ring fencing of the electricity department needs to be updated and a final section 78.4 decision needs to be taken to ensure that BCM is ready to move to REDS. The electricity Department is in the process of updating all the required information.

2.3.7 Network Enhancement:

The Electricity Department received R6, 84 million on the capital budget and roll over of R 8,48 million for the 2009/2010 financial year and the following projects have been completed or are in progress:

2.3.7.1 The following switch Houses were Built or extended:

- Dawn Switch House: new building and switchgear project completed
- Dyer Switch House: new building and switch gear project completed
- North end Switch: House new building and switch gear project completed
- Amalinda Switch House: Building re-vamped and new switch gear installed
- Wilsonia Switch House: building extended and new switch gear installed.
- Royston Switch House: new building and switchgear project in progress
- Greenacres Switch House: new building and switchgear project in progress

2.3.7.2 The installation of two new 300 mm² cables from Progress substation to Wilsonia Switch House, and from Progress substation to Amalinda Switch Houses

2.3.7.3 A number of new commercial and industrial connections were also successfully completed.

2.3.8 Streetlighting

Through the Mayoral Imbizo, funded projects are being carried out in a number of areas as indicated below:

Duncan Village: Ward 8 & 9



Fynbos: Ward 5
 Needs Camp: Ward 33
 Newlands: Ward 13
 Mdantsane East: Ward 13
 Mdantsane Highway Rank
 Clubview Ext. 30:

2.3.9 Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	97% of all formalized dwellings have access to electricity	2000	1000	385	19.25 %
2	Percentage of indigent households with access to basic electricity services	45% Based on all HH (including informal HH)	75 000 Based on all HH (including informal HH)	1000	385	0.5 %
4	Percentage of indigent households with access to free alternative energy sources	NIL				

2.3.10 Major challenges in electricity services and remedial actions

The Electricity Department have estimated a backlog of refurbishment, capital replacement and capital investment of R680 million. The budget provided to the electricity department is only 1.47 % of the required budget in terms of the backlog, this of course is not adequate to reduce the backlog, for the network to remain stable into the future, a substantial investment into the network needs to be provided. The master plan being completed will provide a tool to be used to identify the areas requiring immediate action.



The Electricity Department has a shortage of skilled labour such as engineers, technicians and electricians, at present the department has a shortage of 10 to 15 Electricians for the areas maintained within the Electricity supply area. These positions have been advertised on numerous occasions over the last few years and as can be confirmed by HR the amount of vacancies still exists. Government as a whole has acknowledged the shortage of skilled personnel in various sectors of the Engineering field. Numerous Municipalities throughout the country have implemented the skills shortage allowance to retain existing staff and to gain additional staff to fill their vacancies. At the present moment you find electrical staff with municipal experience moving to the larger municipalities because of the incentive schemes offered BCM would need to implement the skills shortage allowance ASAP to retain the experienced staff they have and to attract skilled staff to fill the vacancies.

With the shortage of staff in the department the implementation and updating of the asset register has become a major burden and additional staff and computer programming is required to ensure full compliance. The electricity department is in the process of extending the program already being used by the Water branch this will go a long way to ensure that the assets register is updated.

Illegal electricity connections have escalated at a dramatic rate during the past financial year and there is an urgent need to electrify these informal houses.

One of the strategized solutions is the formulation of a new electricity fines system. This approach has already been approved by Council and will mean that in the near future, electricity fines will be issued to illegal electricity users in much the same manner as a traffic speeding fine is currently issued. The role out process is almost complete and it is envisaged that this approach will assist the department in limiting the number of illegal connections, until such time as the long term solution of electrification has been completed.

2.4 Fleet Services

The IDP strategy for Fleet is simply “Improved Vehicle availability by providing adequate, well-maintained & roadworthy BCM Fleet.”The Fleet Management Policy has been used as the operational guidelines to assist with addressing of problems relating to use and of Municipal vehicles, record keeping and replacement scheduling.

The R 90 million made available to address the problem of inadequate maintenance and the general poor condition of the fleet, resulted in new purchases of vehicles of 186 (2006/07), 34 (2007/08), 92 (2008/09) and 30 (2009/10) to support service delivery.

2.5 Sanitation

Buffalo City Municipality is a designated Water Services Authority. BCM is also the main Water Service Provider (WSP) within its area of jurisdiction, undertaking all retail functions throughout BCM and the bulk functions for wastewater.

The provision of sanitation services is currently being undertaken as follows:

Provision of Basic Services

- ✓ *Inside Urban Edge: Informal settlements*



- Interim services are provided by BCM's Social Services Department to existing informal settlements;
- The Sanitation Department provided 11 movable ablution blocks in Duncan Village. The programme will be expanded throughout BCM.
- The provision of internal services to new RDP and social housing is undertaken by the Housing Branch as part of the housing programme. The Engineering Department is however responsible for the provision of the bulk services to support these developments;

“Rural” settlements (no formal planning): No interim services are provided;

- The provision of internal services to new and/or existing houses is undertaken by the Housing Branch and/or the Engineering Department, depending on the nature of the settlement upgrade proposed (i.e. type of service to be provided). The Engineering Department would be responsible for the provision of the bulk services to support these developments, if higher levels of service are to be provided, or to provide the on-site facilities where basic services are to be provided.

✓ *Outside Urban Edge:*

- No interim services are provided;
- The provision of basic services is undertaken by the Engineering Department; and
- The Sanitation Department is in the process of investigating various options with regards to the servicing of Ducats. The current installations were maintained and training was provided to the community on the use thereof.

Level and standards in sanitation services

Level of Service:

Rural:

It is anticipated that the level of service for households outside of the Urban Edge will remain at current standards; namely communal standpipes and VIPs (or equivalent). Alternative sanitation technology options are however being investigated to optimise the operation and maintenance implications for BCM.

Urban:

The level of service for households within the Urban Edge will remain as per the current Policy, namely:

- Target level: erf connection and water borne sanitation; and
- Minimum level: yard connection and VIP (or equivalent).

Although the above is the level of service policy of BCM, the target level of service is tending to be the default option provided.

Low Income Housing:

The objective of BCM is to move all residents residing in informal settlements into formal housing. This will result in those currently receiving a sub-RDP level of service, receiving a RDP or



higher level of service. Although the actual numbers and delivery rates of low income housing are uncertain, it is anticipated that there may be a significant increase in low income housing units in the short to medium term, with higher levels of service being provided.

Middle & High Income Housing:

Although the actual numbers and delivery timeframes for the middle to high income housing are uncertain at this stage, it is anticipated that delivery could be significant in the short to medium term, with full levels of service being provided. Delivery in certain areas could however be inhibited by bulk infrastructure constraints or financial constraints to provide the requisite infrastructure. The estimated funding shortfall to provide bulk infrastructure in the short to medium term for housing developments is R 365 Million.

Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	69%	59705	6416	5472	86%
2	Percentage of indigent households with access to free basic sanitation services	N/A	N/A	N/A	N/A	
4	Percentage of clinics with access to sanitation services	28	N/A	28	N/A	100%
5	Percentage of schools with access to sanitation services	N/A	N/A	N/A	N/A	



2.6.1 Major challenges in sanitation services and remedial actions

- Access to waterborne sanitation, with either off or on-site disposal, is limited to the formal and certain larger peri-urban settlements within the urban edge of BCM. These settlements are serviced by 9 No. wastewater treatment works, 6 No. oxidation ponds and 1 No. sea outfall, each with their own catchment area. The condition of the sewerage infrastructure throughout BCM is generally one of inadequate capacity, old infrastructure, resulting in periodic spillages into the river systems. Due to the topography of the region, there are a large number of sewer pump stations and pipe bridges within the respective drainage regions, which place additional operational and maintenance implications on the service branch. Upgrading the capacity of certain waste water treatment works in support of housing developments e.g. Gonubie, Reeston, Central and King Williams Town and surrounds; and Refurbishing and/or augmentation of key interceptors, rising mains and pump stations is required. The estimated Remaining Useful Life (RUL) of the Sanitation assets is 13.5 years. The Sanitation assets are valued at an estimated R 3 Billion. It is estimated that R 120 per annum is required to recapitalise Sanitation assets.

2.6.2 The sanitation backlogs will be addressed through two different programmes.

- *Rural households*, including those within the Urban Edge, will be addressed by the Engineering Department through a backlog eradication programme. The necessary planning and funding application in this regard has already been completed and delivery is therefore entirely dependent of funding availability. The objective is however to deliver this service within the time frames set by National Government. The current backlogs are estimated at 59705 households funding allocations will have to be increased to meet time frames set by National Government (estimated requirement of R 100 Million per annum).
- *Informal households* within the Urban Edge will be provided with services via the housing backlog eradication programme. The rate of delivery in this regard will to a large extent be dependent on the planning of others and bulk infrastructure capacity constraints. The current objective is however to eradicate this backlog by 2014.

2.6 Road maintenance

Maintenance/works are carried out by the Construction and the Roads branch respectively. Construction Branch currently fulfils two basic portfolios, namely:

- An “In-House” Civil Engineering Consulting/Construction facility for other Branches / Departments / Directorates, which includes Engineering Advice, Design, and Implementation of Small Engineering Works to fulfil internal needs ie. Parking Areas, Road Access to Pump Stations, etc.
- An “In-House” Construction facility for other Branches / Departments / Directorates to implement “Fast Track Projects” to cut out the need of appointing Consultants and to beat the Financial Year End ie. Speed Humps, Taxi/Bus Embayment’s, Traffic Circles / Round-a-Bouts, etc.

The Construction branch is also responsible for the following:-

- Construction of surfaced and gravel roads (including road-side furniture);
- Construction of traffic and pedestrian facilities on proclaimed roads (including signage, traffic circles, raised pedestrian crossings);
- Construction of sleeved road crossing for services across proclaimed roads;
- Construction of minor stormwater systems; and
- Construction of small civil engineering works, primarily related to access road and parking areas to municipal assets.

The Roads branch is responsible for the following:-

- Maintenance and construction of surfaced proclaimed roads (including road-side furniture);
- Maintenance and construction of gravel proclaimed roads (including road-side furniture);
- Maintenance and construction of major and minor stormwater systems;
- Maintenance and construction of minor and major structures (culverts, bridges, retaining walls);
- Maintenance of railway sidings and
- Managing all activities within the road reserve (design approvals, wayleaves, accommodation of utilities, traffic calming facilities).

Level and standards in road maintenance services

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

Construction Branch

- Provision of civil services to Simanyene 93 housing project, inclusive of water, sewerage and roadworks;
- Small works at Fleet Street Fire Department and Gonubie Vehicle Testing Bay, including speedhumps and access ramp;
- Asphalt overlay and guardrails to Pefferville School;
- Completion of Botha/Gately circle, Hudson/Chamberlain Circle, and Wyse Avenue Circle;
- Traffic calming using road studs, reflectors and solar powered flashers to Billie Road, Qumza Highway, Old Main Transkei Road, Voortrekker Road, Ziphunzana By-pass, Beaconhurst Drive and Gonubie Access Road;
- Emergency Christmas re-gravelling to Jiba Street;
- Re-gravelling and cleaning up of road reserve and channels to Reeceton 1 and Reeceton 3. Approximately 3 kilometers;
- Re-gravelling to NU1 cemetery – pilot program using chemical additive;
- Repair and replacement of paving around Munifin Building;
- Installation of approximately 2 kilometres of guardrails and sidewalks along the Ziphunzana By-Pass to improve pedestrian safety;
- Refurbishment to circles at Billie Road / Qumza highway, King Williams Town, Frere Hospital and Edge Road;
- Conversion of redundant cast-iron/fibre-glass Division Box cubicles around the CBD to more aesthetically pleasing face brick structures
- Installation of approximately 100 speed humps/pedestrian tables, within the municipal area. From Gonubie through to Dimbaza;
- Installation of approximately 50 road duct-crossings for the Electrical Department;



- Maintenance and refurbishment of proximately 100 speed humps/pedestrian tables, within the municipal area. Primarily in the Gompo / Buffalo Flats area;
- Repair to Zoo perimeter wall;
- Provision of “Kit – Form” precast lintels for electricity substation bases;
- Asphalt and Shapeports to Laboratory Premises – Claredon;
- On-going assistance with sand removal along the Esplanade and at Footprints – Nahoon.
- Specific emphasis on emergency clean-ups prior to Ironman and similar events; and
- Asphalt overlay to KWT traffic department

2.7 Roads & Storm water Branch

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

- The replacement of 650 numbers of railway sleepers;
- 97030m² of vegetation controlled on rail tracks;
- Bridge Maintenance - Painting of Buffalo Bridge;
- Sidewalks repaired – Concrete 436m², premix 1563m² slurried;
- Pothole Repairs – 281638,2m² potholes repaired;
- 818km of roads works bladed and regravelled ;
- Stormwater Repairs – Pipes Jetted 274,3km;
- 1173m Pipes repaired, 8379 Catch-pits cleared of debris and 392 Manholes repaired;
- 57km of gravel road works were upgraded throughout Buffalo City Municipality namely Mdantsane, Duncan Village, Zwelitsha, Nompumelelo, Mzamomhle, Reeston and other areas
- Construction of a Sidewalk 180metres long (216m²) at Quinera Drive ;
- Insulation of 43 Street Signs throughout BCM;
- Replacement and repairs of approximately 1.5km damaged guardrails throughout BCM.
- Council approval of BCM roads and streets by-law,
- Continuation of the implementation of the storm water management plan

2.8 PMU/PIU

The Projects department achieved an 80% expenditure rate of its Municipal Infrastructure Grant (MIG) funding allocation, which amounted to approximately R132 million for the period under review and also assisted with implementation of projects that are from external funding sources e.g. DBSA and DSRAC funding.

2.9 EPWP Learnership

Training of 10 Contractors and 20 Supervisors in terms of the Expanded Public Works Programme (EPWP), with the total value of contracts at about R6 000 000 per contractor already having been successfully completed, third and final project will completed in May 2011 and thus will provide the learner contractors with a CIDB registration capability of Grade 4 and NQF level 4 qualification. In total the learner contractors have awarded projects to the value of R10million per contractor to date. Negotiations pertaining to second intake of phase 2 learner contractors has commenced.



2.9.1 Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY Estimates	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	15%	700km	60	115	90%
2	Percentage of road infrastructure requiring upgrade	80%	1000km	57	120	90%
3	Percentage of planned new road infrastructure actually constructed	15%	700km	60	105	95%
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	5%	1000km	55	105	95%

2.9.2 Major challenges in road maintenance services and remedial actions

The Municipality has insufficient funding for maintenance. The only available funding is for reactive maintenance which is unplanned maintenance. This leads to the municipality having to always make ways and means in dealing with deferred maintenance which is estimated at +/- R 500million.

Challenges:

- Inadequate funding to address backlogs;
- No sufficient Plant, dependant on Plant Hire (TLB's, Trucks, Graders) etc;
- Staff compliment not responding to challenges, eg. unfunded critical positions.

2.10 Waste Management

2.10.1 Legal Framework

The Constitution of the Republic of South Africa, Act 108 of 1996 has in Schedule 5: Part B listed all functional areas that are a competence of local government. The functions performed by Solid Waste Management Department are obviously informed by the same legal framework. Those functions are streetsweeping, refuse removal, landfills, garden transfer stations & waste minimization and public conveniences.

The National Environmental Management Act was promulgated in 2008 and came into effect on 1 July 2009. The Act puts emphasis on reduce, recover, reuse, recycling and disposal of waste being the last resort. The same piece of legislation requires all municipalities to develop an Integrated Waste Management Plan (IWMP) and Buffalo City is in the process of reviewing its IWMP that was adopted by Council in 2003.

2.10.2 Programmes

2.10.2.1 Street Sweeping and Refuse Removal

Street sweeping is performed during the day and also at night with specific focus in the Central Business District (CBD) and strategic areas of Buffalo City. Whilst refuse removal is executed once a week in all serviced areas of BCM as per the National Domestic Collection Standards, business waste is collected from various business establishments according to the owner's request. In areas where infrastructure is challenged, the Department has constructed drop off points for storage purposes and ease of collection. This programme will be extended to other areas faced with similar challenges like Duncan Village.

2.10.2.2 Landfills and Waste Minimization

The refuse collected from different areas of BCM is disposed off in the two permitted landfill sites (King William's Town and Round Hill in Berlin). These sites are experiencing airspace challenges and the declaration that was taken in Polokwane which states that "zero waste to landfill sites by 2020" seems to be a farfetched realization. Waste minimization has taken the centre stage of the National Environmental Management Waste Act, promulgated in 2008 and came into effect on 1 July 2009.

Buffalo City has three (3) garden transfer stations namely IDZ, Beacon Bay and Stoney Drift in Amalinda. The majority of BCM residents are unable to access these facilities, as a result they end up dumping their garden waste illegally. The Department is in the process of procuring shipping containers that will serve as garden transfer stations in order to overcome the challenge of illegal dumping. Parallel to this, the Department has trained Peace Officers who will enforce waste management by law to those who contravene the law.

2.10.2.3 Public Conveniences

Public conveniences are in the process of being transferred to Engineering and Building Maintenance Department as they are best defined in those Departments in terms of legislation

and delegation framework. All these efforts seek to create a conducive environment for all BCM residents.

2.10.2 Annual performance as per key performance indicators in waste management services

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
Percentage of households with access to refuse removal services	N/A	N/A	116 000	115 512	99,5%

2.10.3 Major challenges in waste management services and remedial actions

CHALLENGES	REMEDIAL ACTION
1. Illegal Dumping	<ul style="list-style-type: none"> . The Department has trained 10 Peace Officers that will enforce waste management by-law. . The Department is in the process of procuring shipping containers that will serve as garden transfer stations. These will be placed in areas where garden transfer stations are not existing
2. Land for Central transfer station	<ul style="list-style-type: none"> . The Department will engage the (Integrated Environmental Management Planning) IEMP Unit to assist with Environmental Impact Assessment (EIA). . The Department has further engaged Land Administration Department to facilitate land acquisition process.
3. Polokwane declaration: zero waste to landfill site by 2020	. The Department, together with the Provincial Department of Social Development, have implemented SEPARATION AT SOURCE project in Quigney. This is a pilot project that will influence other similar projects to follow.
4. Funding for the 3 rd Cell: Roundhill Landfill Site	. The Department has engaged the Project Management Unit (PMU) Unit to assist with MIG funding.
5. Ageing Infrastructure: refuse	. The department has submitted a request to



compactor trucks	the Restructuring and Fleet Management Committee even though the committee has no available funds to assist Solid Waste.
6. Community mindset and behaviours	. The Department has conducted Clean-up Campaigns & radio awareness campaigns with the aim to educate the residents on ways of looking after their environment and surroundings.
7. Integrated Waste Management Plan aligned with NEMWA (National Environmental Management Waste Act)	. The Department is in the process of reviewing IWMP that was adopted in 2003 by Council.
8. Waste Management By-Law	. In line with NEMWA, the Department is in the process of reviewing these by-laws to be enforced by Peace Officers.



2.11 Housing and town planning

Low Income Housing:

The objective of BCM is to accommodate all residents residing in informal settlements into formal housing through an incremental process. This will result in those currently receiving a sub-economic RDP level of services, receiving full level of RDP or higher level of services. However, due to the extent of the housing to be delivered and the income levels of the beneficiaries, the impact of this housing programme will be significant both in terms of land acquisition, state land transfer water/sanitation services provision (extent of infrastructure required to support such development) and the sustainability of the Municipality to maintain such services (most beneficiaries of the housing programme will more than likely not be able to afford the higher levels of service). Therefore, there is a need to review and investigate alternative technology options, which will both have reduced impact in terms of water /sanitation service provision requirements and are acceptable to communities.

Although the actual numbers and delivery rates of low income housing are uncertain due to funding commitment, it is anticipated that there may be a significant increase in low income housing units in the short to medium term, with higher levels of service being provided.

Middle & High Income Housing:

Although the actual numbers and delivery timeframes for the middle to high income housing are uncertain at this stage, it is anticipated that delivery could be significant in the short to medium term, with full levels of service being provided. Delivery in certain areas could however be inhibited by bulk infrastructure constraints or financial constraints to provide the requisite infrastructure.

In the 2009/2010 financial various housing projects were implemented within the City by the Municipality and the Provincial Department of Human Settlements and other private service providers. These projects are located within East London, Reeston, Duncan Village, Mdantsane / Potsdam, King William's Town and rural areas.

In terms of low cost housing developments undertaken by the Municipality and the Provincial Department of Human Settlements, it was anticipated that approximately 6000 low cost units in various related projects within the City will be built. Top Structure construction took place in projects such as Reeston Phase 1 and 2, Ilitha South, Tyutyu Phase 1 and 2, Dimbaza Phase 2, Amalinda Simanyene, Z Soga, Tshabo phase 1 / 2, and Cambridge Phase 3, During the financial year 3614 top structure site excavations were completed, 3494 units were built to roof level, 3289 units were brought to practical completion and 1170 completed units were handed to beneficiaries. The delays in handing over the practical completed units were mainly attributed to the completion of minor technical remedial works and also illegal occupation of the units / sites approved to beneficiaries.

The Municipality has had various blocked housing projects due to poor performance of appointed contractors; these projects have now been unblocked with additional funding from the Provincial Department of Human Settlements.

Housing and town planning

In terms of the Housing Act of 1997 and also with reference to the housing accreditation framework, the Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate facilitate, promote and enable appropriate housing development. As part of the IDP take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and conditions not conducive to health and safety are removed. Provision of services such water, sanitation, electricity, roads, storm water drainage, transport, bulk infrastructure.

In terms of section 83 of Local Government: Municipal System Act, 2000 (Act 32 of 2000) and The Housing Act (No. 107 of 1997) a Housing Sector Plan (HSP) has been compiled and adopted for the period 2008 – 2012. HSP is intended to be a guiding document that will help the municipality achieve the objective of providing sustainable housing for its residents.

The HSP is based on the principles, policies and proposals of the Housing Policy and Implementation Plan, (HPIP) prepared in 2003.

As a contribution to the HSP, the City is in a process of developing an Integrated Sustainable Human Settlement Plan (ISHSP) that would define what is required to unlock housing delivery in a particular area of BCM & what other social, infrastructural goods and services would be required to do so in a holistic and integrated way. ISHSP will be part of the IDP and would not be seen as a stand-alone Strategic Development Plan.

The Municipality also acts as developer by undertaking the implementation of low cost housing projects.

The municipality is currently involved in the following priority housing programmes:

- Emergency housing programme;
- Upgrading of informal settlement programme ;
- Rural housing subsidy programme;
- Project linked subsidy programme;
- Disposal of municipal housing stock (discount benefit scheme);
- Social Housing support programme; and
- Consumer education.

The Key Role-Players are as follows:

Key Role Players	Roles played
Housing Department within the Office of the Chief Operating Officer.	Strategic planning , housing management, coordination and implementation
Directorate of Engineering Services.	Provision of bulk infrastructure services and internal reticulation services
Directorate of Planning and Economic Development.	Spatial planning, land identification, Township Establishment and Approval of General Plans.
Directorate of Community Services.	Environmental Impact assessment
Directorate of Finance.	Capital and Operating budget management.

Level and standards in Housing and town planning services

- With regard to Housing the SABS standards and National Building Regulations are applied. The minimum standards as set out in the Specifications of the Norms and Standards in respect of permanent residential structures are applied.

Density	Dwelling units per hectare	Erf sizes
High	50 + du/ha	n/a
Medium	20-50 du/ha	80 to 240 metre square
Low	5- 20 du/ha	300 to 1000 metre square

In the 2009/2010 financial various housing projects were implemented within the City by the Municipality and the Provincial Housing Department and other private service providers. These projects are situated within East London, Reeston, Duncan Village, Mdantsane / Potsdam, King Williams Town and rural areas.

In terms of low cost housing developments undertaken by the Municipality and the Provincial Department of Human Settlements, it was anticipated to construct approximately 6000 low cost units in various related projects within the City. House construction took place in projects such as Reeston Phase 1 and 2, Ilitha South, Tyutyu Phase 1 and 2, Dimbaza Phase 2, Amalinda Simanyene, Z Soga, Tshabo phase 1 / 2, and Cambridge Phase 3, During the financial year 3614 top structure site excavations were completed, 3494 units were built to roof level, 3289 units were brought to practical completion and 1170 completed units were handed to beneficiaries. The delays in handing over the practical completed units were mainly attributed to the completion of minor technical remedial works and also illegal occupation of the units / sites approved to beneficiaries.

The Municipality has had various blocked housing projects due to non performance of appointed contractors; these projects have now been unblocked with additional funding from the Provincial Department of Human Settlements.

2.11.1 Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	+/- 43022	75000	5000	5000	60% (change)
2	Percentage of informal settlements that have been provided with basic services					



	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	100% (change)	+/- 43022	5000	5000	60%

2.11.2 Major challenges in housing and town planning services and remedial actions

Challenges (Housing)

- Slow and complex land identification and development processes;
- Limited land in close proximity to the city centre;
- Land invasions and uncontrolled growth of informal settlements;
- Limited capacity of bulk services to meet the demands of new developments (roads, water, sewerage, electricity and storm-water);
- Securing funds for the coordinated supply of social infrastructure such as schools, clinics, sports and recreational facilities and operational costs associated with managing the services;
- Slow response by Province with respect to approval and conclusion of delivery contracts, movement of funds and poor decisions on approval of projects;
- Complex and time-consuming procurement processes;
- Illegal occupation of serviced sites and top structures.

2.11.3 Remedial Action (Housing)

- It is necessary to establish a designated multi-disciplinary team, formulate a set of procedures to guide implementation of projects, establish a Housing Development Bridging Finance Fund and devise an appropriate quota system for allocation of subsidized housing to meet the needs of special groups, aged and disabled;
- Attaining a high level of consumer participation, appropriate consumer relations and a Housing Needs Data Base;
- Effective stakeholder partnerships are required and in order to have effective participation it is necessary to establish an emerging contractor skills training and mentorship programme;
- Meeting the backlogs and addressing the housing needs of all income groups over the next five years;
- Developing Integrated Sustainable Human Settlements by linking new mixed use development projects to transportation, schools, clinics, retail facilities, employment opportunities and other services;
- The housing environment will need to be enhanced through providing sustainable development in safe areas, avoiding steep slopes and flood plains;



- The municipality intends to improve on the settlement upgrading programme in rural and urban areas as a matter of priority and in so doing it will conduct a detailed study and feasibility analysis of upgrading of all informal settlements;
- Acquisition and preparation of land is considered a vital component of housing delivery;
- As a component of achieving integrated sustainable human settlements, the municipality is committed to embark on a high density housing initiative to manage urban sprawl;
- The initiative proposes to position higher density housing in precincts close to transport nodes, along corridors and economic hubs;
- A further component of integrated sustainable human settlement is social housing and its role in directing development into designated inner city development zones;

These are key activities of housing department:

Project identification, prioritization and assessment.

- Developing and implementing housing strategies and Housing Sector/ Master Plans;
- Subsidy budget Planning and Allocation Process (on an annual basis in advance of and coincide with both the municipal annual financial year and the Provincial MTEF budgeting cycle; the municipality is required to allocate the municipal housing budget to various housing programs and projects operational within its jurisdiction; and
- Administer and manage housing programs and projects according to set time frames, quality standards and costs.
 - I. Informal settlement upgrading.
 - II. Greenfield development.
 - III. Block projects assessment.
 - IV. Emergency housing support.
 - V. Rural housing development.
 - VI. Consolidated housing subsidy programme
 - VII. Support to social housing development.
 - VIII. National Housing programmes (BNG)
 - IX. SCCCA
- Beneficiary management including registration, capturing and verification (Approval to be done by the Provincial Department of Housing.
- Quality assurance which includes inspection and verification of houses for all prioritized programmes and projects.
- Project implementation and management,

Housing Accreditation: Level 1

Currently the municipality has been delegated in terms of level 1 accreditation. Level 2 accreditation is to be accomplished in the 2011/2012 financial year. Capacity and operating funding for level 1 delegated function has been received from the Provincial Department of Human Settlements.

3.11.4 Housing Needs Demand Data Base and Housing Backlog

The Municipality has commenced with the establishment of a new Housing Needs Demand Data Base. The data base will capture housing requirements for all income groups, those with special needs, housing tenure requirements etc. One of key challenges affecting the Municipality is to ensure fairness and transparency in the housing allocation and registration process. To achieve



this, the Department has drafted a housing allocation and relocation policy which is to be approved by Council.

The policy will also reflect on the establishment of a single housing allocation committee of municipal and provincial housing officials. Approval of the policy by Council is expected in the 2010/2011 financial year.

In terms of the current demand data base 53 100 beneficiaries have registered (back yard shack dwellers, informal settlements, existing overcrowding). Included in the 53 100 applicants is the Duncan village shack and population survey of 21 000. Through technical support from the National Department service providers it has been established that within the 53 100 applicants, there are applicants who have previously been assisted with state/private housing, submission of incorrect identity documents, have applied more than once for housing assistance etc. These anomalies are being addressed by the Department. The registration process is ongoing and Council will be kept informed of progress.

Measures taken by BCM to prevent delivery of poor low-cost houses

On poor quality top structures being built, action is being taken against contractors in terms of the contractual agreements signed. The situation has improved with regular on site management. The BCM Housing Department has requested for additional accreditation funding from the Provincial Department of Human Settlements to increase capacity on quality control officers. Technical courses have also been identified to send officials for training. Challenges were experienced with limited municipal vehicles being available. BCM Housing department has requested through fleet management to acquire additional vehicles. This matter has been considered. Inspections are being done jointly between BCM and the Provincial Department building inspectors.

2.11.5 Getting ready for the Metro status

In preparation for the metro status of the municipality in 2011, the organogram of the Housing Department is being reviewed subject to Council approval. In line with this review, it is proposed that a new directorate should be established; named "Directorate of Human Settlements", headed by a Director, with a General Manager being second in charge. The directorate will have three specific divisions headed by respective Programme Managers, as follows:

- (i) Strategic and financial support;
- (ii) Housing administration and
- (iii) Project technical & Implementation.

A funding application has been submitted to the Provincial Department of Human Settlements to finance the positions of the Director and General Manager from accreditation funding.

2.12 Mdantsane Urban Renewal Programme (MURP) and Duncan Village Redevelopment Initiative (DVRI)

Key activities of MURP and DVRI

The key activities of MURP and DVRI entail the development of programmes and projects earmarked to:

- Fight poverty and underdevelopment in Mdantsane and Duncan Village.



- Maximize the quality and the quantity of service delivery in Mdantsane and Duncan Village.
- Achieve increased equity, by bringing the social facilities, amenities, economic and social opportunities to people of Mdantsane and Duncan Village.
- Encourage social cohesiveness in Mdantsane and Duncan Village.
- Eradicate informal settlements, particularly in Duncan Village.
- Solicit funding from external funders, i.e donors, relevant provincial and national departments, and the private sector, for implementation of projects in Mdantsane and Duncan Village.
- Create strategic partnerships with key stakeholders to realise the objectives of these two programmes.
- Coordinate projects implemented by line departments and provincial and national sector departments in Mdantsane and Duncan Village.
- Mainstream projects and programmes implemented in Duncan Village and Mdantsane in all BCM line departments.

2.12.1 Progress with Mdantsane Urban Renewal Programme (MURP)

Some projects which are implemented by line departments like roads are progressing fairly well in Mdantsane. However, the coordinating role played by the MURP unit remains a challenge, as there is still minimum cooperation from line departments. A number of projects to address the national URP objectives have been implemented with significant progress made, both infrastructure and socio-economic projects, as outlined in departmental reports within this Annual Report.



Chemical toilets replaced with waterborne toilets at Lillian Ngoyi informal settlement, N U 8, implemented by the Water and Sanitation division within Engineering Department.

The main funder of MURP remains the European Union (EU) through its Sector Policy Support Programme (SPSP). The EU has been unsatisfied with the performance of the municipality in implementing its SPSP and MURP broadly. The EU strongly considered closing the programme as a result thereof. The MURP unit fruitfully engaged the EU and stood its case, to an extent that the SPSP has been restored and further extended for additional two years, ending in December 2012.

This simply means that BCM will receive EU funding until such time.

Despite the coordinating role of MURP, there are some projects that are under direct implementation of the MURP unit, which are, Street and Neighbourhood naming; ICT Center;



Internship; MURP Audio News and CBD regeneration. The progress made in these projects during the 2009/10 financial year is outlined below:



Public meeting to present the draft database of street and neighbourhood names at N U 12 community hall

- Street and Neighbourhood naming: through public participation mechanisms, a database of street names was developed and demarcation of neighbourhoods was conducted. As a result thereof, six neighbourhoods were developed using fixed boundaries like ridges and valley. This project is funded by the European Union.

- ICT Center Phase 2: the center provided computer literacy tuition to 74 students. Also, support services have been rendered, ranging from photocopying, fax, internet, printing and design. This phase was funded by the Department of Local Government and Traditional Affairs.



Students using e-learning at the Mdantsane ICT Center

- Internship Programme: The objectives of this programme are to create access to employment opportunities for the unemployed graduates and thereby reducing the unemployment levels in Mdantsane. These graduates are given relevant working experience by employing them on a six months contract, placed various line departments of the municipality in accordance with their educational qualifications. The contract period is renewable depending on the performance of the incumbents and the need for further services by the department. During the 2009/10 financial year, 12 interns were appointed and placed at the following departments:

i) MURP



- ii) DVRI
- iii) Communications
- iv) Special Programmes
- v) Knowledge Management
- vi) Solid Waste Management and
- vii) Heritage, Arts and Culture

Out of the 12 interns employed during this period, 6 have acquired permanent employment within and outside BCM, as a result of the working experience acquired through this programme.

- MURP Audio News: The project was implemented as an enhancement to public participation mechanisms in the implementation of MURP. The main objective of this project was to create an awareness of MURP, its projects and programmes to its community. In the past, it has become clear that the community is not aware of whom or what is MURP, what MURP does and doesn't do, what its vision, mission and objectives are, and mainly what benefits MURP brings for them. The implementation of the MURP audio news project was two-fold; one component focused on designing tailor-made audio news for MURP. The second component focused on getting feedback from the community in a form of a customer satisfaction survey, specifically for MURP. These news were produced for a slot on Tru FM and Umhlobo Wenene radio stations.
- CBD regeneration: BCM received a funding commitment from National Treasury, through the Neighbourhood Development Partnership Grant, for the regeneration of the Mdantsane CBD. This grant comes with an operations guide that municipalities must comply with during its execution. In compliance with this guide, BCM had to commission the development of a Business Case for the CBD Regeneration project.





Kuyasa Mall and Taxi Rank at Mdantsane CBD. There are plans to extend the mall to increase the quality and quantity of the retail offering in the CBD, and include other uses in support of retail.

This Business Case is a comprehensive plan that enunciates specific projects that will be implemented to ensure that the CBD: i) attracts and accommodates the needs of the local community and its hinterland; ii) provides goods and services for the population it attracts; iii) expands its daily activity patterns to include the night economy; and iv) includes commerce and business opportunities; work and residential opportunities; better utilisation of public open spaces; recreational, social and entertainment facilities.

During the 2009/10 financial year, the draft Business Case has been developed and will be finalised in the 2010/11 financial year and adopted by council. Subsequently, it will be submitted to National Treasury to source capital grant and further technical assistance grant to implement the identified projects.

An Inter-sphere Coordination Forum was set up through the Office of the Premier and the Executive Mayor's Office as a special driving force to specifically focus on key projects implemented by the various departments in Mdantsane. These projects are roads infrastructure; 2010 legacy projects; sports complex; eco-park and the boxing museum. These projects are under the implementation wing of respective line departments, with the exception of the boxing museum, which forms part of the CBD Regeneration project. It has been identified as a catalytic



project within the sports precinct, as it will crowd in socio-economic opportunities in the CBD and Mdantsane broadly.

2.12.2 Progress with Duncan Village redevelopment Initiative

Similar to MURP, some projects which are implemented by line departments are progressing fairly well in Duncan Village. However, the coordinating role played by the DVRI unit remains a challenge, as there is still minimum cooperation from line departments. A number of projects to address the objectives of the DVRI have been implemented with significant progress made, both infrastructure and socio-economic projects, as outlined in departmental reports within this Annual Report.

The Buffalo City Municipality IDP and Spatial Development Framework regard Duncan Village as one of the most important inner-city Urban Renewal areas in Buffalo City. It is an area where demand for temporary and permanent residential accommodation is exceptionally high. This fact can be considered a key aspect of strategic importance for Duncan Village in the broader urban network of Buffalo City.



Duncan Village, currently accommodating an average of 21 000 households, under very high densities in a relatively small area as the precinct can only accommodate 5000 housing units.

Due to limited land availability within Duncan Village, people are relocated to other areas within BCM to create space for housing and other development initiatives, thereby creating a sustainable human settlement in Duncan Village. By the end of 2009/10 financial year there were 993 (cumulative) housing units developed in Reeston for both Duncan Village and Reeston residents. Further, land parcels have been identified for more beneficiaries to be provided with adequate housing around the city.



DVRI unit is also mandated to play a coordinating role of all projects that are implemented in Duncan Village by both internal and external stakeholders. Withal, there are some programmes and projects that are under direct implementation of the DVRI unit, which are, Stakeholder Mobilisation and Neighbourhood Development Partnership Grant (NDPG).

- Stakeholder Mobilisation: The Duncan Village Redevelopment Initiative has a number of stakeholders who are passive in its activities; therefore there is lack of sectoral community participation. To respond to this glaring lack of participation by stakeholders the municipality embarked on a stakeholder mobilisation project for the DVRI.

The main objective of this project is to mobilise and develop a credible database of stakeholders who will actively participate meaningfully in the redevelopment of Duncan Village. One of the key deliverables of the project is to identify key stakeholders locally, provincially and nationally in both the private and public sector. The project inception stage commenced in May 2010 and will be completed in December 2010.

- NDPG: Duncan Village has also been a beneficiary of the NDPG from National Treasury. The same operations guide conditions are applicable with DV as well and therefore, a Business Plan (case) has to be developed. The components of the Business Plan are similar to those of the Strategic Development Plan and as a result thereof, the two projects were combined into one, which is the Business Plan. The Business Plan will be commissioned during the 2010/11 financial year to unlock capital and technical assistance grant from National Treasury.

A strategic partnership was forged with DBSA to implement a waste management and recycling project within Duncan Village. The project inception phase commenced in December 2009 and later approved by council. Withal, local cooperatives were identified as secondary beneficiaries to the project, with the broader DV community as primary beneficiaries. The implementation of the project will be conducted in the 2010/11 financial year.

DVRI unit has also embarked on a venture to source funding for two multi-purpose centers for Duncan Village and Reeston. An application was submitted to the provincial Department of Human Settlements for consideration. In response it was indicated that the outcome of the application will only be made available in December 2010.

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2.14 Health and Public Safety

The mission of the Directorate of Health & Public Safety is to provide a safe, secure, healthy and environmentally friendly environment for Buffalo City Municipality's residents, citizens & visitors by providing equitable & sustainable health & safety services to all.

Traffic & Law Enforcement

- Successfully conducted 269 road worthy safety awareness campaigns,
- Impounded 1729 unroadworthy vehicles,
- Increased the visibility of traffic officers in high accident zones.
- Law Enforcement Officers were more active and visible throughout BCM thus achieving 1874 prosecutions in respect of by-laws.

Fire Department & Rescue Services

- 34 public awareness and fire safety education programmes,
- complied with national standards in terms of emergency response time,
- reviewed 28 plans for special risks
- conducted 40 evacuation drills throughout BCM.
- Took delivery of 4 4x4 Long Wheel Based Bush Fire Fighting Vehicles



- The approval of a new R11m fire station for the King Williams Town area
- 40 staff members have received basic ambulance training
- Fire & Rescue services involvement in 2010 World Cup Public Viewing Areas
- Fire clearance certificate issued for new Hemingway's Mall

Disaster Management Department

- Conducted 2 response and recovery exercises for the year.



- Two Disaster Management Officers appointed in May & June 2010
- Disaster Management's involvement in the Fifa 2010 Public Viewing Areas for Sisa Dukashe Stadium, Douw Stadium and Victoria Grounds & annual hosting of Ironman 70.3

CHALLENGES	REMEDIAL MEASURES
<ul style="list-style-type: none"> • Long waiting time in respect of learners & driving licences 	Establishment of additional testing stations
<ul style="list-style-type: none"> • Fragmentation of by-laws throughout BCM 	Rationalisation of by-laws
<ul style="list-style-type: none"> • Shortage of staff 	Request funding for the vacant unfunded posts
<ul style="list-style-type: none"> • Absence of a Disaster Management Policy Framework Plan 	Finalisation of DMPFP
<ul style="list-style-type: none"> • Shortage of Fire Engines & ageing fleet 	Acquisition & replacement of additional & new fire engines

Environmental Health

- Establish two Air Quality Monitoring Stations, one in East London to service the West Bank Industrial and City Centre areas and surrounds and one in King Williams Town



- Successfully managed to achieve a 90% functionality monitoring at the two stations
- It has also managed to achieve an 80% progress towards the development of an emission database.
- Noise By-Law successfully adopted & confirmed by Council

In its aim to monitor and control food establishments and accommodation establishments and provide training of day care centre personnel the department has successfully inspected and issued compliance certificates to:

- 751 formal food establishments out of 1028 registered on BCM's database
- 174 day care centres out of 203 registered on BCM's database



- 69 accommodation establishment out of 78 registered on BCM's database

Nursing Services and Health Support Services Departments has managed to create a safe and healthy environment through adequate, integrated and sustainable municipal health services by delivering medical health services functions as defined in the signed Service Level Agreement for 2009/2010.

In order to provide adequate, equitable and comprehensive primary health care services for all communities, the **Nursing Services Department** has improved the key national health indicators in BCM Health Care Facilities by achieving:

- 90% in the % of pregnant women testing for HIV;
- Enhanced the intensity and effectiveness of HIV/AIDS prevention & mitigation programmes within BCM, by ensuring that all 28 clinics offer VCT and syndromatic STI management;
- Successfully managed to complete the upgrading of clinics;
- 88% availability of medicine in BCM clinics;
- Commissioned the Sinebhongo Clinic on the 5th October 2009;
- Berlin clinic has been extended with 2 extra consulting rooms and a disabled toilet to ensure adequate space for additional services such as Voluntary Counselling & Testing;
- Fort Grey & Gompo C clinics have been fenced with a palisade wire to provide more security as the building is continuously being vandalized;
- Beacon Bay clinic has been fenced also with palisade wire to provide security from the bush dwellers that are littering the outside environment of the clinic;
- The Siyakhana Project (NGO) which BCM is in partnership with has managed to place 1 dedicated Professional Nurse and a Lay Councillor to improve VCT uptake in 6 BCM Health Care Facilities namely Berlin, John Dube, Chris Hani, Central, Gompo C and Zanempilo Clinics;
- Mass Campaign 1st Round commenced on the 12th April 2010 to the 7th May 2010 Buffalo City local service area reached the National Target = 90% for Polio and exceeded to 100%; and
- The measles National Target is 90% also and the Buffalo City Local Service Area achieved 106% which was also exceeded.

Health Support Services

- Procured health promotion equipment
- Trained 15 Duncan Village Volunteers on Paraffin Safety (04 September 09)
- Swine Flu Awareness for the Department of Sport, Arts & Culture to 800 participants (03 September 09)
- Trained 18 Inland Region Clinic Volunteers and 3 Health Promotion Assistants on First Aid & Home based care (01 February 09)
- Paraffin Safety Awareness day at Ziphunzana Informal Settlement (03 June 2010)
- Strengthening of circumcision programme in the Inland Region, medical services provided to would-be initiates on Tuesdays & Thursdays
- Only one circumcision death in the last circumcision season – December 09 in BCM
- Extension of Pharmacy – Coastal Region to ensure adequate space for medicine availability within BCM clinic



CHALLENGES	REMEDIAL MEASURES
<ul style="list-style-type: none"> Shortage of staff especially Professional Nurses 	Request funding for vacant unfunded posts
<ul style="list-style-type: none"> Insufficient PHC subsidy & delays in subsidy transfers 	Sufficient PHC subsidy allocation & timeous transfer of subsidy by Provincial Government
<ul style="list-style-type: none"> Mushrooming of formal & illegal food & accommodation establishments 	Continuous inspections and enforcement of applicable by-laws
<ul style="list-style-type: none"> Mushrooming of non complying funeral parlours 	Continuous inspections and enforcement of applicable by-laws
<ul style="list-style-type: none"> Medicine availability at Provincial Depot 	

2.142010 Progress & Related Legacy Projects

In 2008 the Provincial Department of Sport, Recreation, Arts & Culture (DSRAC) informed Buffalo City Municipality that an amount of R50m (fifty million rands) would be set aside for 2010 FIFA World Cup Legacy Projects in Buffalo City. The money was transferred to the BCM account in January 2009.

Following the recommendation of the 2010 Steering Committee the Buffalo City Municipality however resolved to embark on fourteen (14) 2010 Legacy Projects across the city in both rural and urban areas:

- 1.1 Buffalo City Stadium (former ABSA Stadium);
- 1.2 Gompo Stadium;
- 1.3 North End Stadium;
- 1.4 Sisa Dukashe Stadium;
- 1.5 Bhisho Stadium;
- 1.6 Victoria Grounds;
- 1.7 Dimbaza Sports Fields;
- 1.8 Lower Mnqesha Sports Fields;
- 1.9 Tsholomnqa Sports Fields;
- 1.10 Needs Camp Sports Fields;
- 1.11 Peelton Sports Fields;
- 1.12 St Mary's Sports Fields;
- 1.13 Ndevana Sports Fields; and
- 1.14 Phumlani Sports Fields.



A further two (2) projects, Amalinda Sports Field and Zwelitsha Sports Field were added at a total budget of R10m (ten million rands) of BCM own funding bring the total of 2010 Legacy projects to sixteen (16).

2.14.1 IMPLEMENTATION PLAN

For ease of implementation the 14 projects were divided into four clusters whereby **Cluster 1** (Buffalo City Stadium on its own) – with the biggest budget of R20m (twenty million rands) - was prioritized for purposes of preparing the stadium for a possible ‘2010 FIFA World Cup Training Venue’.

The balance of 13 projects was broken down as follows:

CLUSTER 2				
Bhisho	Dimbaza	Peelton	Lower Mnqesha	Victoria Grounds
CLUSTER 3				
Tsholomnqa	Parkside	North End	Needs Camp	
CLUSTER 4				
Sisa Dukashe	Gompo	Newlands	Ndevana	

The project execution process however included the two of BCM own funded 2010 Legacy Projects (Amalinda and Zwelitsha)

2.14.1.1 PROJECT STATUS (JUNE 2010)

2.14.1.1.1 BUFFALO CITY STADIUM (CLUSTER 1)

Cluster 1 (Buffalo City Stadium) completed. Work included floodlights/electrical Work, Building Works and Turf (Pitch) Preparations. Success of the project marked by the fact that the South African Rugby Union (SARU) granted East London a rare Springbok International Test Match – Springboks vs Italy – in June 2010.

2.14.1.1.2 BALANCE OF PROJECTS (CLUSTERS 2 - 4)

Cluster 2 (Bhisho, Dimbaza, Peelton, Lower Mnqesha & Victoria Grounds). Limited progress. Contractors appointed for Bhisho, Peelton and Victoria Grounds. Contractors for Dimbaza and Lower Mnqesha pending.

Cluster 3 (Tsholomnqa, Parkside, North End & Needs Camp). All turf (pitch) contracts awarded including the artificial turf for North End Stadium, a first for Buffalo City football.

Cluster 4 (Sisa Dukashe, Gompo Newlands & Ndevana). All turf (pitch) contracts awarded.

Amalinda Sports Fields (BCM Own Funding): contracts awarded and building in progress.



Zwelitsha Sports Fields (BCM Own Funding) : contracts awarded.

2.15 Transport Planning & Operations

Bus Rapid Transit (BRT) System

Bus Rapid Transit systems are a component of Integrated Rapid Public Transport Networks (IRPTNs) which are a key part of the Public Transport Strategy and Action Plan that was approved by the Cabinet in March 2007. BRT systems make road-based public transport faster, safer and more efficient through dedicated lanes, larger vehicles with multiple doors, special stations, smartcards instead of cash, a control centre to track vehicles, fully integrated feeder services and long term contracts.

In terms of resolution no. BCC 90/08 which was adopted on 29 April 2008, the implementation of the First Phase BRT system in BCM was supported by Council. The first phase focuses on the Mdantsane – East London Corridor with the appropriate services. Subsequently consultants were appointed to prepare a detailed operational plan, and this plan is now in the final draft. A report was submitted to Council after the first draft, and as a result an ‘in principle approval’ was obtained (BCC 129/09).

The detailed operational plan is the principal planning document for determining the key system characteristics, including network structure, vehicle requirements and infrastructure sizing. Further, the operational plan includes a costing analysis which will underpin the economic viability of the system. The principal components of the Operational Plan include:

- Data collection, modelling, and demand analysis;
- Route and corridor structure;
- Siting of key infrastructure components (stations, intermediate transfer stations, intermediate parking facilities, terminals, depots, control centre, park and ride facilities);
- Infrastructure design characteristics and sizing;
- Intersection design and signal phasing;
- Traffic impact study;
- Vehicle specifications; and
- Operational Cost Analysis.

The following aspects of the project are underway and are progressing:

- The Operational Plan for Phase 1 of the IRPTN was prepared by the ALG-SSI consortium and approved by the BCM Council on 6 May 2010. This consortium is providing ongoing advisory support to BCM for the infrastructure design, institutional structure and business plan, which tasks are currently being undertaken by other consultants, as described hereunder.
- The information technology system (ITS) planning is being done by the Techso-Khuthule consortium which has prepared a draft Concept of Operations report for the ITS, ticketing system and control centre. They must now prepare detailed specifications, cost estimates and tender documents to procure the ITS equipment and systems.



- The engineering design for the bus ways is being undertaken by three consortia of local civil engineering consultants. Topographical surveys for most of the Phase 1A BRT routes have been completed and preliminary designs for the bus ways are in process.

Additional work required which mainly involves the development of the business side of BRT but also includes architecture, environmental assessments and applications as well as town planning services is still to be undertaken.

2.16 Department Of Development Planning

The Building Control Branch deals with the building plans approval and building inspections of building construction within the city.

Information Relating To Building Plans

Cost to employer of building inspectors:	R2 870 440.92
No. of building inspectors:	14
No. of building plans approved:	3234
Value of building plans approved:	R896 528 152.41

The Commercial Advertising Signage Control Branch deals with the submission and approval of advertising signage, the identification of and removal of illegal advertising signage, and the assessment of applications to lease sites for signage display.

The Architectural Services Branch provides architectural services to client departments within the city, viz.; architectural designs and supervision of construction of municipal buildings within the city.

The Building Maintenance is responsible for the maintenance of municipal building

Land Administration is responsible for the Municipality's property portfolio

The main functions of the Division are as follows:

- Land and Property Disposal, Acquisition, Leases and Donations;
- Property Management;
- Land Transactions viz. Opening of Township Registers, Extended State Housing Discount Benefit Scheme; and
- Land Reform Programmes.

Settlement Planning

A number of major urban settlement planning projects were completed during 09/10:

Quantified achievements 2009/2010

- Duncan Village Competition Site (131 Erven);



- Duncan Village Meken Road (43 erven);
- Duncan Village Blockyard Transitional Relocation Area (TRA);
- Second Creek Township Establishment (310 erven);
- Completion of the study for the Formalisation of Mdantsane Infill Areas, Phase I; and
- BCM Informal Settlement Study and Implementation Programme – Technical Analysis and community consultation process.

The following projects also commenced

- BCM Informal Settlement Study and Implementation Programme – continuation of the work undertaken so far, with the focus on developing an implementation programme linked to the IDP for the next 5 years;
- Township establishment process for Duncan Village Proper and Duncan Village D-Hostel;
- Township Establishment for Braelynn Ext 10 North; and
- Feasibility study for the development of the Amalinda Junction and Environs.

National Policy and Targets

It is government's stated intention that informal settlements should be eradicated and upgraded by 2014. This has found expression in the "Breaking New Ground" Policy, and the vision of "Sustainable Human Settlements"

The January 2010 Cabinet Lekgotla approved an outcome based approach to service delivery. Outcome 8 affects Human Settlements being the "Creation of Sustainable Human Settlements and to Improve the Quality of Household Life"

The priority is to accelerate upgrading of informal settlements. The national target is to upgrade informal settlements and provide proper services and land tenure to 500 000 households by 2014.

At a National level it is confirmed that Human Settlements in South Africa must at least consist of the following :

- Development of suitably located and affordable housing (shelter) and decent human settlements;
- An understanding that human settlements is not just about building houses (Top Structures);
- Transforming our cities and towns (moving towards efficiency inclusion and sustainability);
- Building cohesive sustainable and caring communities with improved access to work and social amenities, including sports and recreation facilities.

The focus thus should be :

- Progressive informal settlement formalization and upgrading (incremental approach);
- Promoting densification and integration;
- Enhancing spatial planning;
- Enhancing the location of new housing projects;
- Supporting urban renewal and inner city regeneration; and
- Developing social and economic infrastructure.



The settlement planning programme that takes its cue from national policies and guidelines and the BCM Spatial Development Framework has made progress each year with the approval of layouts so that houses can be built and families can be settled on rural land.

Forward Planning (Spatial Planning)

Impact

The numerous SDF and Local SDF's completed by this division serve guide public and private investment. The approval of layouts for communities assists with the eradication of shacks and poverty. The approval of private development proposals allows the economy of the city to grow and allows businesses to create jobs and the city to increase its rates base.

Quantified Achievements 2009/10

Approval of the following Local Spatial Development Framework (LSDF):

- Duncan Village LSDF

b. Land use management:

Achievements for Land Use Management:

Approval of the new Zoning Scheme for the former Ciskei areas has been submitted to DLG&TA for final approval and has been advertised in the Provincial Gazette and will be open for inspection/comment for 60 days at the offices of the Department of Local Government and Traditional Affairs.

Construction on the multi million rand regional "Hemingways Mall" adjacent to the Hemingways Casino has been completed and this mega shopping centre provides the Buffalo City and hinterland shopper with a truly unique shopping experience.

Building operations on Phase2 of the Regent Hotel complex on the East London promenade has been completed and the East London International Convention Centre has opened its doors, drawing many visitors to our shores.

The city has received bids from two prospective casino operators in the city, the one being the existing Hemingway's Casino and the other being at the Regent Hotel on the Esplanade. The awarding of the license by the Eastern Cape Gambling and Betting Board is eagerly awaited.

The following number of Land Use Applications where processed during the 2009/2010 Financial year:

- | | |
|-------------------------------------|-----|
| • Rezoning | 63 |
| • Subdivisions | 85 |
| • Departures | 555 |
| • Special Consents | 16 |
| • Removal of restrictive conditions | 30 |

Major challenges in spatial planning services and remedial actions



Implementation of the policy

The communication and Implementation Strategy for the new policy will be developed once approved by Council. The indigent register is in place and is being updated daily as per the existing policy.

2.17 Overall service delivery backlogs

Basic service delivery area	30 June 2009			30 June 2010		
	Required	Budgeted	Actual	required	budgeted	Actual
Water backlogs (6KL/month)						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	7671	0	307	7364	7364	0
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)	3%	0	0.13%	2.87%	0	0
Spending on new infrastructure to eliminate backlogs (R000)	165,364,538	68,555,136	68,555,136	106 118 636	33,809,382	33,809,382
Spending on renewal of existing infrastructure to eliminate backlog (R000)	187,564,973	10,600,000	10,600,000	166,343,155	21,221,818	21,221,818
Total spending to eliminate backlogs (R000)	293,683,609	78,755,136	78,755,136	272,461,791	55,031,200	55,031,200
Spending on maintenance to ensure no new backlogs (R000)	5,000,000	4,500,000	4,500,000	18,000,000	10,222,453	10,222,453
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	73712	0	0	73712	1 000	385
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	40 %	0%	0%	40%	1.3%	0.5%



Basic service delivery area	30 June 2009			30 June 2010		
	Required	Budgeted	Actual	required	budgeted	Actual
Water backlogs (6KL/month)						
Spending on new infrastructure to eliminate backlogs (Roo)	1000 million	25 million	43646840	956353160	29080980	29080980
Spending on renewal of existing infrastructure to eliminate backlog (Roo)	680 million	13 million	39494468	640505532	22057572	22057572
Total spending to eliminate backlogs (Roo)	1680 million	38 million	83141308	1597 million	51138552	51138552
Spending on maintenance to ensure no new backlogs (Roo)		14.6 million	14 million		15.3 million	14.8 million
Sanitation backlogs						
Backlogs to be eliminated (no. HH not receiving the minimum standard service) Rural	83 131	1000	1000	82131	2900	1432
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality Rural	43.75%	0.53%	0.53%	40.95%	3.53%	1.81
Spending on new infrastructure to eliminate backlogs (Roo) Rural	497 786 000	28 200 000	28 200 000	497 786 000	17 400 000	8 951 472
Spending on renewal of existing infrastructure to eliminate backlog (Roo)	160 000 000	4 300 000	4 300 000	165 928 000	17 400 000	3 000 000
Total spending to eliminate backlogs (Roo)	657 786 000	32 500 000	32 500 000	663 714 000	34 800 000	11 951 472
Spending on maintenance to ensure no new backlogs (Roo) Rural	81 300 000	7 600 000	7 600 000	15 749 170/ pa	15 749 170	0
Road maintenance backlogs						
Backlogs to be	710	N/A	N/A	817	N/A	N/A



Basic service delivery area	30 June 2009			30 June 2010		
	Required	Budgeted	Actual	required	budgeted	Actual
Water backlogs (6KL/month)						
eliminated (no. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	49%	R16m	R16m	56%	R18m	R18m
Spending on new infrastructure to eliminate backlogs (R000)	R1,065,000,00	R1,065,000,00	R1,065,000,00	R65,000,400	R65,000,000	R40,000,000
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R256,000,000	R32,890,415	R32,890,415	R257,000,000	R100,000,000	R20,000,000
Total spending to eliminate backlogs (R000)	R1,321,000,000	R1,321m	R1,321m	R100,000,000	R100,000,000	R15,000,000
Spending on maintenance to ensure no new backlogs (R000)	R36,000,000	R10,290,415	R10,290,415	R100,000,000 (per year)	R80,000,000	R15,000,000
Refuse removal						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	83181	0	0	125 000	0	0
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	35.1%	0	0	39.9%	0	0
Spending on new infrastructure to eliminate backlogs (R000)	8 million	0	0	10 million	0	0
Spending on renewal of existing infrastructure to eliminate backlog (R000)	3 million	995 000	3.9 million	4.5 million	3.9 million	3 million
Total spending to	2million	51 million	44 million	48 million	61 million	63 million



Basic service delivery area	30 June 2009			30 June 2010		
	Required	Budgeted	Actual	required	budgeted	Actual
Water backlogs (6KL/month)						
eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)	N/A	11 836	4 401	N/A	12 576	12 574
Housing and town planning						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)				+ / - 43022		
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	+ / - 43022	N/A	N/A		N/A	N/A
Spending on new infrastructure to eliminate backlogs (R000)		+ / - R50752252	+ / - R37185515		+ / - R122124830	+ / - R56261495
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						



CHAPTER 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

3.1. Overview

This chapter focuses on programmes and activities that the municipality has been involved in, in stimulating local economy during the period under review. The chapter records the intervention implemented and challenges encountered in creating a vibrant economic climate of Buffalo City Municipality.

The chapter covers the period when the world including South Africa experienced economic recession. Negative impact of the economic recession lead to undesirable:

- Job losses through retrenchments;
- Limited investment attraction;
- Declining economy ;
- Business relocation; and
- Increasing numbers of unemployable graduates.

In response to this key challenge and many other socio-economic challenges the municipality had an Economic Development strategy. The strategy identified key interventions that were to be implemented in the year under review. Due to limited resources the successful implementation and geographic spread of some interventions was affected. These interventions will be discussed below in detail:

- Agriculture and Rural Development;
- Tourism Development and Promotion;
- SMME Development;
- Trade and Investment; and
- East Fresh Produce Market.

3.2 Agriculture and Rural Development

Performance Highlights and Achievements:

Rural development and agriculture are distinct activities. Agriculture is one of the main components towards achieving rural development.

The division of Agriculture & Rural Development within the LED, Tourism & Rural Development Department is mandated to facilitate agricultural development within Buffalo City Municipality, whereas rural development is a cross cutting activity through the BCM directorates, as it would include activities such as roads, transport, housing, health and all other socio economic activities.

In the 2009/2010 financial year, there has been no allocation for agriculture and rural development. The Cooperative Support Fund provided financial assistance to 10 co-operatives to the tune of R2 000 000, 00. In the King Williams Town area two Cooperatives have been trained in organic farming methods and five co-operatives have been trained on Hydroponic or tunnel farming.

During the 2009/2010 financial year the programme has managed to link farmers to the East London IDZ to access information related to incentives, export opportunities and how the Industrial Development Zone can be of assistance to farmers. The programme has also been mobilising funds and technical assistance from the Industrial Corporation (IDC), Eastern Cape Development Corporation (ECDC) as well as the Department of Economic Development and Environmental Affairs (DEDEA) for co-operative support funds. The programme is also assisting farmers to access land through the Department of Agriculture and Rural Development.

East London Fresh Produce Market

Performance Highlights and Achievements:

This is a municipal facility that provides facilities for the storage and distribution of the fresh produce. It receives and sells the produce to the public on behalf of the farmers who are the suppliers. This is also a revenue source for the municipality. The market agents operate in the allocated floor space. Transformation and economic empowerment still remains a challenge of as the Market Agents still remain a white dominated sector.

Key objective of the East Fresh Produce Market is to transform the municipality. This objective would be met by facilitating access into the market by Historically Disadvantaged Institutions (HDI). For 2009/10 the Fresh Produce Market prioritised the following programmes extension of the sales hall, upgrading of the Sales System, Upgrading of informal traders (hawkers) storage facilities, Upgrade of cold room facilities.

The extension of the sales hall is an attempt to create more trading space and thus allow access for HDI Market Agents. This is also an opportunity made available to SMME's and Cooperatives in the Agricultural produce sector.

As part of the contribution in the Informal Development support, six (6) Informal Traders Storage facilities were constructed and of which two (2) were reserved for people living with disabilities. This is in line with streamlining of cross cutting responsibilities of the municipalities (HIV & AIDS, Youth and Designated groups), providing a municipal facility that provides facilities for the storage and distribution of the fresh produce.

To improve the administrative efficiency of the market there was upgrading of the sales system into Fresh mark system. This is an administrative used by the majority of municipal fresh produce markets.

In terms of financial performance of the Market, the annual turnover is at an average of R284 million. The market is supplied by about 850 commercial farmers of which 2% are emerging farmers. The informal traders (hawkers) constitute 35% of the traders at the market.



3.3 Tourism Development and Promotion

Performance Highlights and Achievements:

Tourism is one of the key growth economic sectors of municipal economy. Despite the recession it has continued to show prospects of job creation, skills development and marketing of the Buffalo City municipality as tourism destination.

For 2009/10 key objective of the Unit was to market the city as a Tourist Destination. This objective would be met by implementing three (3) programmes which are marketing and quality assurance initiatives.

The Tourism Unit prioritized the following programmes, under quality assurance it was Training and Capacity Building, Tourism SMME Support and under marketing it was Tourism events. In line with national government conference resolutions on the Tourism INDABA held in Cape Town, the unit also undertook a process to review the sector plan (Tourism Masterplan)

A total budget of R1, 2 Million was allocated. As part of the tourism training and capacity building, a total of 60 tourism entrepreneurs were trained in Mdantsane, King Williams Town and East London. The training was targeting individuals who were interested in starting their tourism related businesses in the following subsectors: Bed and Breakfast, Restaurants, Tour Operators. The research that has been conducted indicates that there are a number of tourism related businesses which are operating without following proper guidelines and policies hence the training was organized to give people an understanding of what are the processes that need to be followed when starting a tourism business.

As part of the Awareness Program the unit hosted two tourism awareness programs targeting communities and learners. The first event was a Tourism Day Celebration held in Mdantsane at Sisa Dukashe as part of the tourism month celebrations. The event targeted communities to give information about the importance of tourism in the economy whilst it created a platform for people in the tourism industry to showcase their products. The second event was a Tourism Speech and Awards Day which was held in King Williams where a total of 18 schools that are offering tourism as a course participated in the program. The program gave an opportunity to learners to debate tourism related issues and ultimately a tour to all tourism attractions in Buffalo City was organized for the learners that participated in the program. A total of 30 learners and 20 teachers benefited from the program. This programme is in line with national government tourism career expo to encourage students to consider careers and profession in the tourism industry.

The Tourism Unit as part of the Tourism SMME Support Program supported the launch of Emonti Bed & Breakfast Association known as EMMBA. This is an association that has more than 40 Bed & Breakfasts affiliates and such businesses are owned by previously disadvantaged individuals. This is the highlight of the tourism sector transformation in Buffalo City.

Buffalo City Municipality further identified a need to support these businesses by giving them access to marketing platforms in order for their businesses to grow. As part of the marketing platforms created was the participation at both Indaba Trade Show in Durban (annual

international trade show) and Kyalami outdoor show in Johannesburg (Annual Domestic Tourism Show). The unit assisted SMME's in Mdantsane, King Williams and East London with the production of marketing material to be distributed at these shows.

Whilst the Tourism Unit is progressing well with implementation of the programs that seek to contribute towards tourism development and promotion, a need was also identified to review the Tourism master Plan. The Tourism Master plan is a sector plan that guides planning, identification and implementation of tourism programmes. The document is currently under review in order to give new strategic direction with regard to tourism development and marketing.

There has been a number of events that are hosted by the city that contributed significantly towards tourism growth. The city has for the first time organized the summer season program in-house which included both the switching on of the festive lights and the Christmas Carnival.

Focusing on 2010 the municipality partnered with the Provincial 2010 unit in hosting a switching on of the lights with a 2010 flavour to prepare the city for the 2010 soccer world cup and this was a success. Even though the city is slowly prioritizing events as one of the sectors that could contribute towards economic growth, there is still a need to develop an event strategy that will clearly identify the type of events that the city will want to host, how much contribution will hosting of such events bring to the economy of the city and how should the city prioritize events. The hosting of 2010 Soccer World Cup has had positive spin-offs in South Africa. Buffalo City might not have had the stadiums but the marketing and profiling of the country in international platforms will have a long term benefit to the country as a whole

3.4 Business Development

Performance Highlights and Achievements

Business Development is key economic development tool and Buffalo City municipality focused on the development of the second economy as its key intervention. Second economy is known for its potential to create jobs, encourage entrepreneurship and improve competitiveness.

For 2009/10 key objective of the Business Development Unit was to grow the (SMME) Small Medium Enterprises sector. This objective would be met by implementing two programmes which are SMME Infrastructure and Capacity Building.

The following are the performance highlights of the Business Development Unit. The R4 million Duncan Village Business Support Centre aimed at promoting, growing, and developing SMMEs has been completed and it was launched by the Executive Mayor on the 28th of May 2010. More than 100 people from Duncan Village were employed during the construction of the centre.

Twenty (20) emerging contractors from the Inland Region were taken through an NQF 2 emerging contractor training programme. This is a programme that is inline with Expanded Public Works Programme (EPWP). As part of the informal sector development which include Street Traders and Hawkers. Ninety (9) Hawkers were taken through business management training.

The outcome of the training was the formal registration of hawkers as business entities i.e. Close Corporation and Cooperatives and opening of bank accounts with financial institutions. The informal sector development included the provision of infrastructure. Fifty five (55) hawker stalls



were constructed and distributed to hawkers during the 09/10 financial year. This is aimed at formalising the informal sector.

Two SMME information seminars aimed at creating a platform for SMME and government networking and sharing of information were held. This was to promote entrepreneurship and Sixty SMMEs were taken through Tender Advice and Training Course.

Implementation of the Cooperative Development support was one of the highlight under Business Development. Fifty (50) cooperatives were registered during the 09/10 financial year Twenty (20) Cooperatives from within BCM benefitted from the R1 million Cooperative Support Fund. Each cooperative received R50 000 worth of items to develop these cooperatives. In the marketing and promotion of local SMME'S, ten (10) SMME'S exhibited during the Business Unlimited Expo held on the 22-23 October 2009. This event helped the SMME'S market their businesses throughout the Eastern Cape and beyond.

Work in progress is the review of the municipal supply chain management policy to ensure that SMME's and Cooperatives are given opportunities to tap into the procurement opportunities. This is inline with the objectives of the Broad Base Black Economic Empowerment Act to promote enterprise development

3.5 Trade and Investment

Performance Highlights and Achievements

Trade and Investment is critical factor for sustained economic development and growth. Key objective was to increase and attract foreign and domestic investment. This objective would be met by implementing three programmes which are research initiatives (Economic Intelligence), Business Retention and Expansion (BRE) and Invest Buffalo City. Economic recession had a negative in the investment recruitment and attraction. Further more limited internal and external resources comprised the implementation of projects earmarked to achieve this noble objective.

Annual Business Unlimited Expo was successful event held to promote local businesses. Five SMME'S were supported by the department to participate in the event. The supports included the registration to the pre-event training, exhibition stand to exhibit products and participate in workshop targeted to SMME'S.

Invest Buffalo City is programme still at conceptual stage. It is partnership between Buffalo City Municipality, Eastern Cape Development Corporation and East London Industrial Development Zone.

Partnerships with institutions involved in Investment recruitment was explored with East London Industrial Development Zone (ELIDZ), Eastern Cape Development Corporation and the Border Kei Chamber on the Invest Buffalo City initiative.

3.5.1 Key Challenges of the Department

- Lack of financial support and technical staff for Agriculture and Rural Development;
- Lack of clear provincial approach on Rural Development not Agriculture;
- Reprioritisation of interventions due to limited budget resulting in budget cuts;
- Buffalo City economic is part of the regional and provincial economy, lack of a provincial investment strategy is an impediment;
- Human Resource Capacity and funding for critical unfunded posts;
- Delay in filling of key strategic positions viz Programme Manager Trade and Investment;



- Limited budget to fund economic development initiatives for both capital and operating budget;
- Reliance on external funding which at times is earmarked for small scale projects;
- Lack of economic intelligence data for planning and review;
- Delayed appointment of task teams, steering committees for projects i.e. Tourism Heritage Route;
- Competing funding demands between economic development initiatives and basic service delivery initiatives; and
- Limited interaction between municipality and Business sector.

3.5.2 **Key Areas of Improvement**

- Integrated Project Planning;
- Monitoring and Evaluation;
- Ensuring an effective Business Forum;
- Improve communication;
- 5 Year resourced planned maintenance programme;
- Revitalisation of the Transport Forum is critical to effect public by in to plans and project proposals prepared by the TPO Department and ultimately the Municipality;
- Earlier start and improved turnaround time on projects to ensure; and
- Improved public participation with Key Transport Stakeholders.

3.5.3 **Status on developing the LED strategy/plan**

BCM has a Local Economic Development Strategy which was approved by council in 2008.

The strategy is a 5-year Implementation Plan and it clarifies.

- What are we (BCM) trying to achieve in terms of economic development (vision and objectives);
- How and what are specific & different role-players going do to achieve the (strategic objectives, initiatives, and resource mobilisation);
- Who needs to do what and by when (roles and institutional mechanisms ;
- Institutional arrangement for effective delivery and implementation; and
- Economic response mechanism and tools.

LED strategy has made of recognition of the sector plans.

- Tourism Masterplan being reviewed; and
- Integrated Agriculture and Rural Development Strategy

The availability of a LED expertise;

- 1) All management positions for the department are occupied except the Programme Manager Trade and Investment. Lower level positions in the organogram still remain vacant;



- 2) There is need for support for Agriculture and Rural Development;
- 3) Lack of funding for LED initiatives and projects remain the most challenge; and
- 4) Lack of economic intelligence.

LED stakeholder forum functionality (number of meetings held);

- 1] LED Forum has been established, however attendance remains a challenge; and
- 2] Consideration of different model is being explored with other municipalities.

Funding of LED initiatives depends on external funding sources as follows:

- 1] Provincial Government (DLGTA & DEDEA) Mdantsane and Duncan Village skills Audit,
- 2] MIG- 3 million Duncan Village Business Hives
- 3] DBSA-4 million for the Fresh Produce Market
- 4] Department of Environmental Affairs and Tourism Kiwane Campsite and Tyolomnqa
- 5] Department of Environmental Affairs and Tourism 5 million for Mdantsane Community

3.6 Progress towards achieving the LED key objectives

a. Improve public and market confidence

As enshrined in the LED Strategy below are the objectives. The BC LED needs to meaningfully impact on economic growth, job creation and poverty reduction.

The following four overall aims and objectives were developed are aligned to the Provincial Growth and Development Strategy (PGDS)

Aims	Objectives
i) Get the basics right and retain existing businesses	i) Reduce number of households living below poverty line by 48% by 2014
ii) Grow competitive business	ii) Increase economic growth to average of 4.5-6% per year by 2014
iii) Attract new investments and funding	iii) Reduce existing unemployment to 20% by 2014
iv) Share the benefits of growth	iv) R500mln of investment annually in priority sectors between 2009-2014

In creating an enabling economic environment key interventions in a form of programmes were implemented for the 09/10 financial year.



a. Tourism Development and Promotion

- 1]. Marketing Buffalo City as tourist destination; and
- 2]. Quality assurance.

Tourism programme contributes towards economic growth of the city and reduction of unemployment.

b. Agriculture and Rural Development

- 1]. Urban and rural development agriculture programme;
 - 2]. Support emerging farmers.
 - 3]. Hydroponics initiatives: Focus is on food production and entrepreneurship
- This programme contributes towards poverty reduction

c. Intensify Enterprise support and Business Development

BCM has two SMME Support centres and partnership with The Business Place in King Williams' Town:

- 1) Mdantsane One Stop Shop,
- 2) Duncan Village Business Hives

Services offered to SMME's include:

- SMME Infrastructure;
- Capacity building programme;
- Cooperative Development Support;
- Emerging Contractor Development Programme; and
- How to start a tourism business.

d. Trade and Investment

As part of the department's intervention to attract and retain investment. The following programmes were earmarked to be implemented, however to funding constraint implementation could not be achieved:

1. Research initiatives (Economic Intelligence);
2. Business Retention and Expansion (BRE); and
3. Invest Buffalo City in partnership with Border Kei Chamber of business, Eastern Cape Development Corporation

3.7 Annual performance as per key performance indicators in LED

Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
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	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	100% 6,7 million of Capital budget spent on LED capital projects	4,3 Million	64%
2	Number of LED stakeholder forum held	3	2	50%
3	Percentage of SMME that have benefited from a SMME support program	30	200	130%
4	Number of job opportunities created through EPWP	80 000 (man days)	119 880 (man days) N/A	N/A
5	Number of job opportunities created through PPP	N/A	N/A	N/A

3.8 Challenges regarding LED strategy implementation

- 1) Changing economic environment because of the recession;
- 2) Vacancies in the lower level positions in the department;
- 2) Budget constraints;
- 3) Lack of economic intelligence;
- 4) Poor coordination between economic development institutions in the region.;
- 6) Lack coordination of Monitoring and Evaluation; and
- 7). Strategy lacked a clear implementation plan.

3.9 Way Forward

- 1 Review economic development strategy and sector plans in light of the recession recovery and proposed growth path;
- 2]. Improve capacity of the department by filling vacant funded and unfunded posts;
- 3]. Development of an Implementation Plan for Economic Development Strategy;
- 4]. Development of an institutional monitoring and evaluation tool; and
- 5]. Institutional wide approach on Business Retention and Red-Tape reduction process.



Chapter 4: AUDITED STATEMENTS & OTHER FINANCIAL INFORMATION

4.1 Overview

Rating History:	2010	2009
Long-term	za.A	za.A
Short-term	za.A1-	za.A1-

Financial and Operating Statistics		
Years ended 30 June: (R million)	2010	2009
Net Assets	12,401	12,346
Borrowings	536,7	578,3
Investments	4,4	3,7
Net current assets	360,0	388,5
Receivables from exchange transactions	388,2	264,8
Cash and cash equivalents	558,3	694,6
Total revenue	2 681,7	2 172,9
Operating expenses	2 749,9	2 367,0
Operating surplus / (deficit)	(68,2)	(194,1)



4.1.1 Revenue and expenditure overview

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:

Revenue Sources				
	2010		2009	
	Rm	%	Rm	%
Property Rates	427,0	15,9	363,5	16,7
Grants	801,8	29,9	576,7	26,5
Electricity	802,5	29,9	603,0	27,8
Water	201,6	7,5	181,1	8,3
Other Service Charges	281,8	10,5	287,1	13,2
Other Income	167,0	6,3	161,5	7,5
	2 681,7	100,0	2 172,9	100,0

In 2009 and 2010 financial periods, grants and subsidies from government remained at just over a quarter of Buffalo City's income. In 2010 the City received 29,9% of its revenue from grants, compared to 27,0% in 2005, 25,3% in 2006, 27,5% in 2007, 28,6% in 2008 and 26,5% in 2009. Total grants of R801,8 million include the equitable share and provincial grants. Future grants appear to be on the increase, based on the central government's policy to improve the service delivery at municipal level.

The primary future revenue source is property rates levied on the value of the land, including the value of improvements. In 2010 this revenue source of R427,0 million contributed 15,9% of the total revenue. Buffalo City's property valuation demonstrates a well-diversified and stable tax base.

Trading services such as water and electricity sales jointly comprise 37,4% of total revenue. Non revenue water remains high at 39,9%. The City has set a target to reduce the distribution losses to 30% over the medium term.



The sale of electricity contributed 29,9% to the City's income. Buffalo City provides electricity to the urban and semi-urban areas in its jurisdiction whereas Eskom provides to the rural areas. Distribution losses of 8,59% of units bought are acceptable when compared to the industry average and reflect a well-managed electricity distribution network.

The operating expenditure for 2000 of Buffalo City is largely inflexible and requires sound budgeting and discipline to keep costs within budget. The various Directorates were within budget for the 2010 financial year.

Overall the actual costs were slightly below budget. Although the growth in expenses of 16,2% was below the revenue growth of 23,4%, there was an operating deficit of R68,2 million after taxation and including share of surplus of associate. The following table reflects a breakdown of the operating expenditure of the municipality:

Operating Expenses				
	2010		2009	
	Rm	%	Rm	%
Bad Debts	24,3	0,9	138,1	5,8
Electricity Purchases	487,5	17,7	363,7	15,4
Water Purchases	106,2	3,9	103,0	4,4
Depreciation	516,5	18,8	412,3	17,4
Employee Costs	791,1	28,8	669,5	28,3
Interest Paid	62,0	2,2	62,2	2,6
Other expenses	587,6	21,4	501,4	21,2
Repairs and maintenance	174,7	6,3	116,8	4,9
	2 749,9	100,0	2 367,0	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 29,5% which reflects a slight decrease from the 30,8% in 2009. This is currently just below the norm of 30%. Councillor's costs comprise a minor portion of total expenditure.

Electricity purchases comprise 17,7% of total expenditure. This cost item might be transferred to a Regional Electricity Distributor (RED) over the following year or two.



The purchase of water comprises only 3,9% 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 expenditure on existing infrastructure is a very crucial expense item and is sometimes given less priority than others. The deferment of maintenance is common practice 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 6,3% of total expenses (4,9% - 2009) and 1,38% of the carrying value of its fixed assets (0,93% - 2009). Council remains concerned that the maintenance is not at the optimum level.

4.1.2 Liquidity management

Buffalo City's liquidity position is considered to be under severe pressure 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 finances. 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 2010 Buffalo City's gross debtors grew by 21,3% to R735,4 million before contribution to the bad debt provision from the operating account of R24,3 million. The net debtors after provisions for bad debt increased from R264,8 million to R388,2 million. The debtors' collection period as a percentage of billings is 93,58%. This ration 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 R463,1 million but provisions of only R347,2 million were raised against them.

Debtors Age Analysis				
Days	2007	2008	2009	2010
	Rm	Rm	Rm	Rm
Current	134,8	144,6	144,7	191,5
60 Days	21,8	24,6	31,3	37,1
90 Days	13,1	20,0	21,8	23,3
120 Days	12,5	12,0	27,3	20,4
120+ Days	320,9	344,9	381,2	463,1
Gross debtors	503,1	546,1	606,3	735,4
Provisions	199,1	242,0	341,5	347,2



Net debtors	304,0	304,1	264,8	388,2
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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 1,45 : 1 (2009 = 1,53 : 1) has been adversely affected by the additional write-off during the current year.

Investment and bank balances have decreased during the year from R694,6 million to R558,3 million. However, the cash investments reflect the cash backing of certain reserves, as well as unspent conditional grants of R268,1 million.

4.1.3 Summary

The Buffalo City Municipality's overall financial profile is considered to be under severe pressure. 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.

4.2 Audited Financial Statements

Comment [j1]: Final financial statements to be inserted

Audited financial statements (AFS) for 30 June 2010 to be inserted.

4.3 Budget to actual comparison

The total revenue generated for the year ended 30 June 2010 amounts to R2.77 billion against the budget of R2.9 billion. The major contributing factor is the under expenditure on operating projects amounting to R121 million. This resulted in the income in respect of these operating projects not being realised as it is realised once the expenditure has been incurred.

The total operating expenditure for the year is R2.86 billion against the budget of R2.91 billion. The major factor that contributed to the slight variance is the high capital charges/depreciation that was due to the revaluation of assets. The net result was an overall operating deficit of R91.1 million on the accrual basis for the year ended 30 June 2010.



4.4 Grants and transfers' spending

Grant details			Amount received and spent each quarter									
Project name	Donor name	BF amount	01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
			Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent
	DWAF	0	809589	172133	1273589	783282	3183962	188582	648310	585096	5915450	1729093
	FMG	140184	750000	9632		765274	250000	341926		23352	1000000	1140184
	INEP	0	9000000		2000000		2000000			13000000	13000000	13000000
	MSIG	0	500000							280406	500000	280406
	MIG	36078132	46299000	12445751		33753309	108095891	53711239		49587844	154394891	149498143
	TRANSITIONAL GRANT	113770									0	0
	LAND AFFAIRS	112290387									0	0
	KWT-GRANTS	2053									0	0
	EQUITABLE SHARE	1097551		1438785		3292606	15000000	4888096		6478064	15000000	16097551
	ENERGY EFF.TECH	5979103								81711	0	81711
	EU-MURP	8294599		2335773		1181084		1085103		2115862	0	6717822
	PTIS	4699045				100332	31213000	279426		392528	31213000	772286
	ELECT DEMAND SM GRANT	0					5000000			4183871	5000000	4183871



Grant details			Amount received and spent each quarter									
			01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
	NDPG	0					5980000			5763819	5980000	5763819
	Premiers Fund	0							500000		500000	0
Gompo Survey	LGH	74585									0	0
Upgrade Water Supply	LGH	26649									0	0
MD Upgrade- Water & Sewerage	DHLGTA	124555									0	0
	LGH	8108659	31634814	18345582	19715029	24765871	8710513	15369013	31153508	49404332	91213864	107884798
Compost Waste Manage	DHLGTA	60641									0	0
Disaster Relief Fund	HLG	2804994				8046		5320		2841058	0	2854424
LED	DHLGTA	5432385				512266		38685		151337	0	702288
Map Prep	LGTA	104512									0	0
Gompo & MD	DHLGTA	22472									0	0
Environ Project John Dube	LGTA	138527									0	0
Pilot Housing	DHLGTA	197829									0	0



Grant details			Amount received and spent each quarter										
			01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total		
Project													
Reeston Dev - LA	DHLGTA	563424										0	0
MURP – Mnt Ruth	LGTA	6678475										0	0
Ikhwezi Block 1	DHLGTA	129011										0	0
MD Upgrade- MD/PD Area	DHLGTA	154972										0	0
MD Upgrade – PD Survey	DHLGTA	7846										0	0
MD Upgrade – MD Assess	DHLGTA	139224										0	0
Planning & Map Prep	LGTA	98257										0	0
Needscamp Planning	LGTA	937252										0	0
Potdam Village – Plan Survey	LGTA	36639								27263		0	27263
Ilitha Informal Settle	LGTA	42413										0	0
Kwa Tshatshu	LGTA	47712										0	0



Grant details			Amount received and spent each quarter									
			01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
Settlement												
MD Human Settle Prog	LGTA	57734									0	0
Planning Kanana Settlement	LGTA	24350									0	0
Kwa Tshatshu Survey	LGTA	20008									0	0
Mahlangu Village	LGTA	17416									0	0
Phakamisa Clifton Ph 2	LGTA	115476									0	0
Health Manage System	DHLGTA	176266									0	0
ATIC	Health Dept.	850322				426881	2981222	998788		843049	2981222	2268719
Yellowwoods-Kei Rd	LGTA	679310									0	0
Yellowwoods-Kei Rd	LGH	587942									0	0
	DAC	49180590		388728		7229715		3196098	83580	15850284	83580	26664825
	DEAT	152936									0	0
Municipal Support	DHLGTA	25487					400000				400000	0



Grant details				Amount received and spent each quarter								
			01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
Prog												
Informal Settlement Upgrade	DHLGTA	310563									0	0
	ADM	1979270									0	0
Water Supply IDZ		327858									0	0
	BCMET	35038							1785866	1820904	1785866	1820904
	Public Funding	4277941	253596		232977	111421	375723	686242	271500	576425	1133796	1374088
	SETA	1126585	1140592	344376	219583	215963	758361	2505615	777383	2130184	2895919	5196139
Hous & Infr Dev		293869									0	0
	Vuna Award	1008758									0	0
Aquarium		3917									0	0
Felzoo		182545									0	0
Athletic Track		33898									0	0
	F.E.L.A.	7469									0	0
	SALAIDA (Gavle)	0			782495	49166	98499			264080	880994	313246
	City of Leiden	1018348			857904					1876252	857904	1876252
	Leiden	1057955			649747		968756	522294	239185	733408	1857688	1255702



Grant details			Amount received and spent each quarter									
			01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
Community Dev		2127846									0	0
Art Gallery		9695									0	0
Municipal Rev Enhance		1336512									0	0
Climate Protect		151313							44477		0	44477
ADM: Tship Ext 1	ADM	70373									0	0
ADM: Water Dis	ADM	25776									0	0
ADM:Spec Grant	ADM	9467									0	0
ADM:Spec Grant	ADM	45444									0	0
ADM:Comm Hall	ADM	825									0	0
ADM:Inc Gen Proj	ADM	46919									0	0
ADM:Comm Hall	ADM	20837									0	0
ADM:Inc Gen Proj	ADM	52193									0	0
ADM:Tribal Trust	ADM	13229									0	0



Grant details			Amount received and spent each quarter									
			01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
ADM:Tribal Trust	ADM	138900									0	0
A.T. Taylor		67936									0	0
C.H.T. Peplar		49032									0	0
One Stop Centre		132153									0	0
Ward Committee		375372									0	0
ECDC		415151									0	0
Umsobomvu Youth		1059092		96088		278592		98601		34208	0	507489
PADF Contr		337494	50000			60469				430000	540469	0
HIV AIDS Toolkit		3640									0	0
	CMRA	14335		11919							0	11919
	ELIDZ	0								1593925	1593925	1593925



4.5 Meeting of Donors' requirements in respect of conditional grants

All the conditions of the grants have been met. The under expenditure on grants have been caused by the delays in implementing the projects due to supply chain management challenges that were experienced during the year.

4.6 Long term contracts entered into by the municipality

The municipality does not have any long term contracts

4.7 Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	736,422,501	429,878,630	58%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs. the operational budget
2	Salary budget as a percentage of the total operational budget	30%	28%	96%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Total actual trade creditors as a percentage of total actual revenue	R512,381,708 or less	R344,417,869	13,4%
		Target set for the year (80%)	Achievement level during	Achievement percentage



	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
		and more) R(000)	the year R(000)	during the year
4	Total municipal own revenue as a percentage of the total actual budget	2,039,261,134	2,013,053,476	99%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	Due to economic recession and other factors the consumer debt increased by R60,184,977 in 2008/2009 financial year		
6	Percentage of MIG budget appropriately spent	165,117,500	124,502,307	75%
7	Percentage of MSIG budget appropriately spent	500,000	280,406	56%

4.8 Arrears in property rates and service charges

As at 30 June 2010 the arrears per service category in respect of rates and service charges is as follows:

SERVICE	TOTAL
Electricity	67,308,268
Refuse	57,060,463
Rates	43,095,140
Sewerage	47,560,518
Water	95,724,257



Housing	869,390
Sundries	76,542,544
Grand total	388,160,580

4.9 Auditor General's Report on the Financial Statements

Auditor General's Report for 30 June 2010 AFS to be inserted.

Comment [j2]: AG's report to be inserted



Chapter 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

5.1 Overview of the Executive and Council functions and achievements

The Directorate Executive Support Services (DESS) covers the following support departments focusing on the inter-face of administration and political leadership:

- Offices of the Executive Mayor & Speaker;
- IDP/Budget/Performance Management & GIS;
- Communication & Development Cooperation;
- Public Participation & Special Programmes;
- Knowledge Management & Research.

The activities of the DESS therefore are primarily focused on support for politically driven programmes – in the context of services delivery – and administrative compliance issues that are driven by or delegated through political principles of the municipality.

The services of the DESS therefore are determined at a political level through the Executive - the Executive Mayor and Mayoral Committee; the Office of the Speaker; and administratively through the Office of the Municipal Manager.

IDP 2009/10: Highlights and Challenges

The process to review the IDP for 2009/10 financial year was successfully carried out without any major challenges, and most milestones were achieved in terms of legislative compliance requirements such as development and approval of a process plan, convening of workshops, submission of draft reviewed IDP/Budget to national and provincial government as well as the district municipality within the stipulated times, consultation of communities and advertise for 21 days for public comment, and the final adoption of the reviewed IDP and budget.

A provincial assessment of the IDP was conducted in June 2010 and it gave the municipality a good rating in terms of credibility of the IDP. Within the Eastern Cape our IDP is regarded as being one of the best.

Despite the above mentioned achievements there were still a few recurring challenges which related to alignment of the Integrated Development Plan and Budget. Even though to a certain extent alignment could be established it still remains a challenge to explicitly demonstrate that all projects and programmes budgeted for address the strategic objectives and strategies of the institution as encapsulated in the IDP, thus ensuring a 100% alignment of the IDP and Budget.

Another persistent challenge encountered related to functioning of IDP Thematic Cluster Working Groups. Four Clusters, namely, Institutional and Finance; Economic Development; Infrastructure and Spatial; and Social and Environmental were established to serve as vehicles through which the IDP review process would be carried out but these had difficulty



functioning independently. Efforts aimed at ensuring that Clusters function independently included appointment of technical cluster leaders for each cluster.

Other challenges experienced generally relate to:

- Institutional location of the IDP Office within the Executive Support Services directorate as opposed to the Municipal Manager's office, provides the unit with limited authority to ensure co-operation and compliance by Directorates
- Limitations within the institution in terms of fully comprehending the concept of integrated development planning, particularly the fact that it should inform and guide all planning, decisions and developments within the municipality.

In light of these challenges, efforts are continuously being made to ensure that we have a 100% credible IDP as we move towards a Metropolitan Municipality status in 2011.

5.2 KNOWLEDGE MANAGEMENT & RESEARCH UNIT

The Knowledge Management and Research Unit is responsible for the following focal areas at BCM:

1. Research focal area

- Coordinating the research needs of all directorates and departments as well as conducting relevant organization-wide scientific research studies for BCM;

2. Policy focal area

Assisting the policy owners of various directorates with the development, alignment, reviewal and maintenance of all policies;

3. Knowledge Management and Multi-media products focal areas

a) Coordinating the implementation of a Knowledge Management Strategy organization-wide in order to ensure that:

- BCM institutional memory is captured and shared;
- Case studies are documented on best practices, lessons learnt, weaknesses and innovative projects for learning and sharing;
- Knowledge assets are stored on a centralised knowledge portal for ease of access; and
- Creating and nurturing a knowledge sharing culture and environment.

b) The unit has knowledge Multi-media functionality (knowledge products), through which various BCM events, programmes and projects, as identified and requested by individual departments, are captured by means of digital camera, and transformed into DVD productions through the Unit's Multi-media editing equipment.

C) Strategic questionnaire administration



Administering, coordinating and consolidating of strategic questionnaires and **information** from external stakeholders (e.g. COGTA, National Treasury, SALGA, SA Cities Network, Academia, NGO's CBO's, Statistics SA) and return of all completed and quality assured questionnaire to respective senders.

Highlights: 2009/2010 Financial Year:

During the past year, the Knowledge Management and Research Unit has successfully undertaken numerous activities and tasks surrounding the knowledge management, research and policy functions at BCM. In this regard, the Unit would like to highlight the following achievements:

5.2.1 Research:

- During 2009/10, the Unit has continued its involvement with the Statistics SA NSS partnership. In this regard, the 2009/10 financial year has seen the compilation and analysis of the entire asset inventory for all relevant departments with respect to the assets owned by BCM and the type of information recorded on these assets, as well as the tools and systems utilised to store and access this data. In addition, work has commenced on the analysis of the data-holding inventory of primary data from BCM research studies.
- The **“IDP Service Delivery Impact Assessment Study”** has been uploaded onto the DBSA LG Net extranet for knowledge sharing. This study has also been widely accessed on the Knowledge Management Africa Website (international website), where it currently stands as the fifth (5th) most popular paper amongst the 3700 research papers uploaded onto this international website.
- Participation in Provincial Government Research Forum, aimed at collating, sharing and disseminating research produced by various provincial government departments and agencies, as well as the academic institutions located in the Eastern Cape province and facilitated by the Provincial Department of Social Development.

5.2.2 Policy development, aligned and facilitation

a) New Policies developed (6) in conjunction with relevant stakeholders included:

- A Draft Whistle-blowing policy for Councillors and Employees, with the support of the Council Speaker;
- A Draft Geographic Name Change Policy, which is currently being finalised by the Department of Development Planning;
- The Executive Mayoral Bursary Policy;
- A Draft BCM Catering Policy and;
- Draft Executive Mayoral Vehicle Policy;
- Language Policy



b) Policies aligned, reviewed and facilitated (17)

The following policies were aligned according to the Policy Guidelines format:

- Housing Allocation; Housing Relocation; and ICT Policies X 15
- Facilitated further review (2) of the Travel and Subsistence policy for Councillors and Officials, with the Council Speaker, selected Councillors and relevant officials.
- Assistance for the Human Resources Department in relation to the development of BCM Succession Planning Policy.
- In addition the Unit coordinated the process concerning the scheduling of a series of eight (8) Policy workshops for Councillors, on a range of BCM policies, in conjunction with the Council Speaker.

5.3 Strategic comprehensive Questionnaires

The 2009/10 financial year has seen the Unit process a total of 14 (fourteen) strategic external Questionnaires without any negative reports, from the Eastern Cape legislature, Department of Cooperative Governance and Traditional Affairs, National Treasury, SALGA, SACN and Statistics SA.

a). Knowledge Management and innovation:

The following Knowledge Management and Innovation opportunities or projects were identified and implemented during 2009/10:

- The development of a Knowledge Management Framework and Strategy for BCM by a service provider commissioned by the Knowledge Management and Research Unit, has been completed and submitted to Mayoral Committee;
- A two day KM Strategic workshop for Mayoral Committee, Directors, General Managers and KM Champions conducted although attendance was poor particularly by political and administrative leadership;
- A task team comprising 28 representatives from across all BCM directorates has been formed to assist in taking the Knowledge Management Strategy forward;
- A further **Volume 2** of Institutional Memory has been completed and submitted to AMMDC

b Knowledge products [Multi-Media] (19):

The Unit also produced a number of multimedia products for a range of BCM departments during 2009/2010, as illustrated in the table below:



Programme	Department	Theme	Purpose	Task Completed
Second Creek DVD	BCM-Housing Department	To show the Ministerial delegation about progress on Second Creek project/programmes	Knowledge Management & Research Unit took some extract footage from the IDP Service Delivery Study material to produce copies of DVDs.	DVD was produced and copies distributed to Senior Management and Councillors'
Inauguration Of Executive Mayor and State of the City Address	Mayor's Office	Mayor's Inauguration and State of the City Address	To produce copies of DVDs	DVD was produced and copies distributed to Senior Management and Councillors
Beneficiaries of Mdantsane Urban Renewal Programme(MURP) projects/programmes	Mdantsane Urban Renewal Programm (MURP)	To have beneficiaries themselves telling people what MURP has done for them.	To produce copies of DVDs.	DVD was produced and copies distributed to Senior Management and Councillors
Take pictures of all infrastructural projects in all 45 Wards	IDP & Budget Integration	To showcase all infrastructure projects.	To produce a Slideshow of Infrastruc-ture projects in all the Wards in BCM	DVD was produced and copies distributed to Senior Management and Councillors
Pre-Launch of John Dube Disability- Friendly Clinic	Specials Programmes	John Dube Disability Clinic	To produce copies of DVD.	DVD was produced and copies distributed to Senior Management and Councillors
Casual Day	Specials Programmes	Employees to dress up/down for good cause	To produce copies of DVDs.	DVD was produced and copies distributed to Senior Management and Councillors
Wellness Week	Occupational Risk Management	Health Awareness	To produce copies of DVDs.	DVD was produced and copies distributed to Senior Management and Councillors
2010 IDP/Budget Road shows	IDP	IDP projects	To produce slideshow presentation for each Ward	Slideshows produced and forwarded to IDP Department



In addition, the following projects (11) were filmed, but DVDs have not yet been produced due to the termination of a contract intern by HR:

- Graduation for Ward 7 Community;
- National Treasury Visit to BCM Project Launch;
- Cluster workshop ceremony in Mdantsane Sun;
- Switching on of Festive Lights;
- Provincial Ad-hoc Committee visit;
- Mdantsane Multiparty Ad-hoc Committee visit;
- Aids Day in King William's Town/East London;
- Business engagement with Institutions of Higher Education Conference at IDZ ;
- BCM Oversight Hearings and Oversight Committee meetings;
- State of City Address (2010) ;
- Multicultural Man-Re-Inauguration

5.4 CHALLENGES

5.4.1 While the Knowledge Management Strategy and Framework represents progress in efforts towards the development of a knowledge storing and sharing culture at BCM, the lack of available funding and insufficient staffing levels required for the implementation of the Knowledge Management Strategy and Framework continue to impede the entrenchment of an organisational culture of sharing and learning, the coordinated and consistent generation, management and dissemination of knowledge, skills and capacity building and transfer, integration of ITC and electronic management systems and networks the capturing of institutional memory, and case studies of best practice, lessons learnt, weaknesses and innovative projects for learning, benchmarking and sharing purposes.

5.4.2 Staffing and financial constraints are also preventing the optimal operation of the research and policy arms of the Unit. Of particular concern is the fact that out of the required compliment of six technical staff members (out of a total of 10), the Unit at present comprises only three, meaning that four extremely critical posts are currently not accounted for, leading to serious problems in the functionality of the Unit. Moreover, while the Knowledge Management and Research Unit is well capacitated in terms of multi-media knowledge management equipment, without a multi-media practitioner and other relevant staff, the unit (and thus BCM) is unable to profit from the multi-media functionality of the Unit.

5.5 Public participation and consultation

5.5.1 IDP/Budget/PMS External Representative Forums were held as follows:

30 September 2009



- to review progress made with regard to implementation of the 2008/09 IDP, provide a first quarter SDBIP report for 2009/10 and to outline the process to be followed during the IDP review towards 2010/11.

4 March 2010

- to consider the draft reviewed IDP and Budget for 2010/11. The meeting further served to update external stakeholders on BCM's readiness to assume a metro status.

5.5.2 IDP/Budget/PMS Workshops were held as follows:

4-12 November 2009: Cluster Workshops

- to finalise cluster situation analysis reports
- to commence with a review of objectives and strategies towards 2010/11

5.5.3 Public Notices

On the 9th and 14th April 2009 an advertisement was placed in the local newspaper informing members of the public that the IDP and Budget was open for public viewing and comment. From 10-30 April the said documents were made available in all Buffalo City libraries.

5.5.4 IDP/Budget Public Hearings

From 8-18 May 2009 Buffalo City Municipality embarked on a public consultation drive to present the draft IDP and Budget and solicit input from communities before adoption of the two important documents. 31 meetings were held throughout the length and breadth of the city and a total of 5 456 community members attended the meetings.

5.6 Ward committees' establishment and functionality

Public meetings and ward committee meetings process plan

Public meetings

Ward public meetings by legislation are supposed to be held quarterly but due to the vastness of Buffalo City Municipality some wards hold their public meetings according to their geographical areas to allow more and meaningful participation. For the financial year 2009/2010 One Hundred and Two (102) public meetings were convened in BCM Wards with the aim of reporting back to the public on the issues concerning the ward and communities. This year under review has been one of the most difficult years as far as public meetings are



concerned as some wards were unable to convene public meetings due to variety of reasons i.e. general elections and removal of ward councillors etc.

Ward Committee Meetings Process Plan

Ward Councillors and Ward Committees submit an annual schedule of meetings with venues, dates and times at the beginning of each financial year

- These Ward Committee meetings are held monthly and minutes are compiled and kept at Public Participation Department.
- All Ward Committee minutes & attendance register are submitted to the relevant community facilitator monthly who in return co-ordinate responses on issues raised in the meetings around services delivery by forwarding those to the relevant Directorates for actioning and responses are reported to the next Ward Committee Meeting.

Number of fully functional Public meetings

During the year under review One Hundred and Two (102) Public Meetings in the BCM wards were convened. These meetings range from 2009/10 IDP & Budget hearing, Revenue policy consultation meetings, Ward Delimitation consultation meetings, and Ward general meetings.

Number of fully functional Ward Committee meetings

In 2009/2010 BCM experienced various challenges in terms of Ward Committee functionality as Ward Committee term came to an end on 30 June 2009. Further some of the difficulties were due to the fact that some wards had no ward councilor and or were still waiting for their ward councilor to be sworn in but delayed due to other legal challenges that were there at the time.

Financial Implications

In 2009/2010 about **R429, 462.88** was used towards Ward Committee capacitation programmes and activities. However it should be noted that funding to support functionality of Ward Committees remains a challenge as the Department is under resourced.

Availability of Ward Committee functional reports

Approximately four (4) Ward Committee reports were tabled before Council. In the main these reports were focused at ward challenges and the process plan towards establishment of new Ward Committees.

Participation of Ward Committees in the Municipal Activities



During the year under review Ward Committees participated in the following municipal activities IDP hearings, State of the City Address, Revenue Management Policy consultation, Ward Delimitation, Council Open day and Ward Councillor feedback general meetings.

5.7 Community Development workers performance monitoring

Monitoring of Community Development Workers Performance (CDW's)

In 2009/2010 CDWs were trained in Diabetes awareness, Customer care, conflict management, introduction to special programmes and CDW took kit. All these programmes were initiated by the municipality at its own costs with a view of enhancing this mechanism towards realizing its full potential.

Availability of CDW monthly reports

CDW's submit their reports quarterly to the Department of Corporate Governance & Traditional Affairs and the role of BCM is to ensure preparation and co-ordination of such reports. About Five (5) quarterly reports were submitted to the department of Corporate Governance and Traditional Affairs.

Number of cases identified and reported by CDWs

As per COGTA guidelines CDW are suppose to submit at least not less than 15 cases per month and in 2009/10 about Four Hundred (400) cases were reported by CDWs marking an increase from the 08/09 financial year statistics as reported.

Number of homes visited CDWs during the FY 09/10

Approximately 170 homes were visited during the 09/10 FY. Reports pertaining to issues raised from the homes visited have been submitted to the department of Local Government and Traditional Affairs.

Participation of CDWs in the Municipality activities e.g. IDP

Apart from focusing around Provincial matters and programmes, CDW's also assisted during IDP processes by supporting mobilization and co-ordinating signing of the attendance registers for communities who attend IDP programmes, Ward delimitation, Council Open day and State of the City address amongst the other areas they participate on.

5.8 Communication strategy

The Communication Strategy is in place and it has been adopted by Council on the 5th October 2010. Resources are required to implement the strategy that includes a provision for the broadcast equipment for Mdantsane FM. This will add value to the Institution as radio is the most important communication tool that can be easily accessed. Once this is achieved the Institution will be in a position to produce its news for the people of Buffalo City. The institution has also produced a Media Policy booklets that are going to assist with the



training of councilors and senior management as the institution is unfortunately trapped in an environment of leaking information.

Communications department has successfully revamped institutions internal and external newsletter and have glaring difference in them in terms of content where focus is more on portraying service delivery achievements.

Our internal electronic newsletter (BCM Monday) that has turned one year is continuing to make strides within the institution and is well received by the employees. The website is enjoying high traffic and we receive reports on it monthly and/or when requested.

The Communication Unit is a full member of Amathole District Municipality Communicators Forum. The institution is in the process of forming its Local Communicators Forum (LCF) with the assistance of the OTP, GCIS and ADM. Communication played a vital role and continues to do so – we have successfully communicated efficiently the IDP/Budget Hearings, Mandela Day events. State of the City Address, Make A Difference Campaign, Water restriction campaign, Festive Activities etc.

5.9 Intergovernmental Relations

The Draft Intergovernmental Relations Framework has been approved by Council. One of its key endeavours is providing guidance for the establishment of BCM IGR Forum.

Purpose of the IGR Forum

The purpose of the forum will be to facilitate IGR within the Local Municipality, amongst (provincial and national government department within BCM), and State Owned Enterprises within BCM.

Functioning

BCM Local IGR Forum would adopt its own internal rules. The Secretariat of the forum would be provided by BCM.

5.10 International Partnerships

Municipal International relations is a policy framework which enables municipalities, communities, and community based organisations to develop and establish links with and among one another in different countries for purposes of sharing information, experiences and expertise in matters of mutual interest in respect of Buffalo City's and South African foreign relations. Buffalo City Municipality has made a significant footprint in international relations. Some of the more prominent initiatives include twinning agreements with the Cities of Gävle (Sweden), Leiden (Netherlands) and Milwaukee (USA); partnerships with other international local government associations namely VNG (Netherlands) and SALAIDA and ICLD (Sweden); and ongoing development assistance through donor agencies such as SIDA, EU, GTZ and Kfw.



During the year under review Buffalo City Municipality (BCM) signed a Memorandum of Understanding with Amathole District Municipality (ADM) in order to pursue a tripartite partnership with Glasgow City Council in Scotland. This saw a successful application to the Commonwealth Local Government Fund who approved the funding of the three projects as part of the partnership agreement namely, a lighting strategy for Buffalo City, investigations into a joint marketing bureau for ADM and BCM and investigations into the concept of Credit Unions and Community benefit clauses.

As part of partnership activities with Milwaukee County in the United States, Buffalo City Municipality made application to Sister Cities International for project funding. The goal of the application is to perform collaborative projects in health, water, and sanitation through the sister city programs. The projects will aim to reduce poverty by addressing issues which hamper economic development and undermine sustainable development. This application was successful and will require implementation in the new financial year.

Buffalo City continues to successfully implement the Leiden (Netherlands) projects in Ward 6 Duncan Village. A sportsfield with irrigation facilities, netball court, road upgraded and tarred, and bridge across the Amalinda Stream and community garden has been established and the community have been trained in agricultural best practices.

Buffalo City also made successful application to the International Centre for Local Democracy (ICLD) who funds the Gävle (Sweden) and Buffalo City partnership. The Electricity Maintenance project and Good Governance Housing Projects are currently projects that both municipalities are working. This would assist BCM with problems regarding maintaining the electricity network and problems of housing in the city.

5.10.1 Partnerships with other International Role-players

5.10.1.1 Supported the South Africa Embassy in Helsinki Finland to facilitate of BCM schools in an International Art competition in Helsinki. 187 entrants were from BCM.

5.10.1.2 Accessed donation of books from Glasgow, Scotland through ACTSA and facilitated the distribution of books to 50 schools in Buffalo City in consultation with the Department of Education in the Province.

5.11 Legal matters

5.11.1 Setting up of Legal Units

- BCM has legal services available under the directorate of the Municipal Manager; and
- **Human Resource capacity.**

The Legal Services department, in terms of the applicable organogram (Annexure A), has three posts of legal advisors namely:

- 1 Senior Legal Advisor – funded and filled;
- 2 Legal Advisor – funded and filled; and



- 3 Assistant Legal Advisor – Unfunded but is at present filled by a temporary employee.

Due to workload the present structure is not adequate to meet the requirements of the institution. The section has human capital challenges.

A proposal from the Legal Section has been tabled seeking to amend the structure by increasing the number of legal advisors. The proposal is still being looked at by a Council Committee mandated with looking at the filling of critical vacant posts.

- In the case of outsourcing legal services, the list of service providers used in 2009 and 2010 is annexure B.

5.11.2 Management of litigation

1. Case Load Management with specific reference to:

Appended below is a summary of the matters handed over for debt collection as at 30 June 2010

ATTORNEY	CURRENT CASES	VALUE AS AT 31 JUNE 2010
BAX	300	5,392,893
SMITH TABATA	1,012	9,601,354
GRAVETT	1,118	11,363,749
POTELWA	102	535,177
MLONYENI & LESELE	193	1,591,149
TOTAL	<u>2,725</u>	<u>28,484,322</u>
NORMAN BISSETT	606	27,221
SNYMAN & PARTNERS	4,932	23,524,490
VVM	8,392	66,011,352
REVCO	9,400	70,555,751
TOTAL	<u>23,330</u>	<u>160,118,814</u>
GRAND TOTAL	<u>26,055</u>	<u>188,603,136</u>

The collection attorneys and debt collectors proceed with collection action on matters handed over and will pursue the debt until it is collected. Costs of collection are recovered from the defaulting debtor. Where debt is not collectable the matter is returned to BCM and the debt is placed on a write off list which is submitted to Council for approval.



5.11.2.1 Prevention mechanisms of current litigations:

The **impact of the National Credit Act** serves as a major constraint to the current debt collection process, where it slows down the relevant processes, and places a major strain on existing resources.

When the Municipality commences with legal action, it is compelled to send out a Section 129 notice (National Credit Act) incorporated into the registered letter of demand, informing the debtor of the debt and that the debtor may approach a Debt Counselor. In terms of the Act the debtor must be given 30 days notice of this. As the debt continues to grow, more and more debtors will approach Debt Counselors, who have been appointed in terms of the National Credit Act. When the debtor is successful in his/her application for debt review, it means that the debtor's total debt to all creditors is consolidated, and a payment plan is entered into with the Debt Counselor. This effectively means that the debtor now pays the entire debt off over an extended period of time, depending on his/her earnings. It means that the municipal debt will in some instances be paid off over many years.

Any further legal action therefore has to be suspended. Also to be taken into consideration is the monthly current account that also needs to be paid. The positive aspects of the National Credit Act are that the debtor is not permitted to go further into debt, and the Act also does not apply to property rates debt or where a summons has already been issued to the debtor. In this process the municipality is also not obligated to supply electricity and can restrict the water supply.

5.11.2.2 Criminal matters emanating from corruption and fraud

Criminal matters arising or emanating from possible corruption and fraud are still being investigated e.g. Waste Tender Irregularities.

5.11.2.3 Management of Legal Risks

- An Institutional Risk Framework is still being developed and has been tabled before Council;
- Management of risk involves also the management of possible exposure to litigation which is in itself an aspect of the broader Institutional Risk Management Framework which is still in draft format.

5.12 Cross Cutting

- The Public Participation and Special Programmes Department have developed a Community Development Worker (CDW) Toolkit. The pocket size toolkit will increase the ability of CDW's to provide communities with information regarding various government services e.g. access identity documents, social grants, municipal services i.e. Indigent benefits and frequently asked questions regarding the municipality. This toolkit is the first of its kind and will be updated on an annual basis or as needed.



- The Reviewed BCM Youth Development Strategy was adopted by BC Council. The Strategy will focus greater attention on orphans and vulnerable children. The Strategy continues to guide BCM's youth development initiatives in general.
- The BC Council approved the BCM Youth Forum Code of Conduct and Constitution was developed and printed in line with national and provincial youth directives and policies. This is the first time such a Code of Conduct and Constitution has been produced within BCM.
- The BCM Bursary Fund with its BC approved Policy is now an annual own funded project and in 17 deserving youth in need of financial assistance benefitted during the 2010 academic year. The bursary seeks to assist youth who are studying in scarce skills disciplines of engineering, finance, planning and economic development, health and environmental services, information technology/ computer sciences and agriculture.
- The BCM – National Youth Development Agency's 3 Youth Advisory Centres continue to operate in KWT, Mdantsane and Gompo/ East London. The Centres provide both career guidance and access to entrepreneurial and employment opportunities for youth till age 35 years. In addition to youth, the Centres offer their services to women and persons with disabilities of all ages.
- The BCM Older Persons Strategy which was adopted by BC Council has been printed in both isiXhosa and English. The Strategy will afford older persons a voice at ward level including the establishment of the BCM Older Persons Forum which will assist BCM in forging partnerships to benefit the older person. Annually the Executive Mayor hosts Older Persons Christmas lunches in EL and KWT as part of spreading good will during the festive season.
- BCM is in the process of reviewing its HIV and AIDS Cross-Cutting Strategy. It is further anticipated that in the next financial year, BCM will establish a Local AIDS Council (LAC).
- Introductory Project and Financial Management Training provided for 100 representatives from NGO's, CBO's and FBO's on the BCM Special Programmes Focal Areas database – capacitation of these entities towards sustainability.
- One of the major highlights in this financial year has been the drive to ensure that in each ward committee, there is representation for youth, women, and older persons, persons with disabilities, health / HIV and AIDS. In the next financial year it is envisaged that Forums will be established for all these marginalized groups in order to increase their participation within municipal and IDP processes.



- The Public Participation and Special Programmes along with the IDP department have embarked on a mainstreaming awareness raising process within IDP clusters to ensure that vulnerability of marginalized groups is reduced and that all directorates understand their role in this process from access to water, sanitation, housing, health, financial policies etc

5.13 Overview of the Executive and Council functions and achievements

Statistics for Meetings: July 2009 to June 2010

Name of Committees	Ordinary Meetings	Special Meetings
Council	12	8
Mayoral Committee	18	6
Constituency, Community Participation and Special Programmes Strategic Committee	7	
Community Services Standing Committee	6	
Corporate Services Standing Committee	9	
Development Planning Standing Committee	10	
Engineering Services and Infrastructure Development Standing Committee	5	
Finance Standing Committee	11	
Health and Public Safety Standing Committee	9	
Housing, MURP and DVRI Standing Committee	8	
IDP, Budget Policy and Performance Management Strategic Committee	6	
LED, Tourism and Rural Development Strategic Committee	6	
Sub-committees such as Audit Committee, Employment Equity and Training, Political Multi-party, Restructuring Grant etc.	41	

TERMS OF REFERENCE FOR STANDING / STRATEGIC COMMITTEES

Corporate Services

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the chairperson)

Terms of Reference

- To consider and to make recommendations to the Council on the measures necessary in respect of the recruitment, selection and remuneration of all



employees with particular reference to the application of Council policies in relation to affirmative action; to consider industrial relations matters; to consider the conduct of negotiations in respect of salary increases and fringe benefits; to supervise measures generally in respect of the avoidance of strike and other conflict actions; to investigate questions relating to job evaluations and the submission thereof to the Bargaining Council; to consider measures relating to Bargaining Council, CCMA and Labour Court hearings; to consider manpower planning; to consider measures relative to personnel administration, salaries and payrolls; to consider and make recommendations relating to financial aspects on matters relating to staff policy, including general conditions of service and the recruitment, utilization and development of staff; to advise the Council on policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments;

- To consider measures relative to the Workmens' Compensation claims; to consider measures to ensure safe working conditions in terms of the Occupational Health and Safety Act; to consider measures for the provision of the Occupational Health services; to consider measures for the provision of safety training; to consider measures for the provision of services for investigations relating to accidents;
- To consider and recommend such measures as may be necessary from time to time relative to the provision of Work study facilities to improve productivity in the municipal workforce;
- To consider such measures as may be taken in respect of the training and staff development of municipal personnel of various levels together with the provision of such services as may be desirable to other local authorities or regional authorities in respect of training;
- To consider and recommend matters pertaining to Employment equity and Skills development;
- To recommend policy guide-lines and strategy for the Institutional Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;
- To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director;
- To formulate and recommend proposals on priorities and policy objectives over the whole range of the Council's activities and make recommendations



to the Council with particular reference to Administrative, Management Information, Tele-communication systems and procedures;

- To review and comment on the effectiveness and appropriacy of the Council’s policies in relation to Administrative matters, Management Information Systems and Tele-communications Systems;
- To inform the Council on legal matters, appropriate legislation and its promulgation as well as provide advice on matters such as rules of order, standing orders and the terms of reference of Committees; and
- To ensure that effective Committee support services are rendered to the Council, the Mayoral and all Operational and Strategic Standing Committees.

Development Planning Standing Committee

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the chairperson)

Terms of Reference

- To make recommendations to the Mayoral Committee and Council on transportation, town and regional planning, architectural, land survey and land administration matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic land and property use;
- To recommend policy guide-lines and strategy for the Spatial Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;
- To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director;
- To advise the Council on the overall management, allocation, alienation and control of land, resources and buildings owned by the Council; and
- To advise the Council on policy and procedures in regard to Transport Planning, Transport Operations and Traffic Engineering;



ENGINEERING SERVICES AND INFRASTRUCTURE DEVELOPMENT STANDING COMMITTEE

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the chairperson)

Terms of Reference

- To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services with particular reference to roads construction and maintenance, stormwater drainage, wastewater and water services, electrification and distribution thereof, mechanical and scientific services;
- To consider all matters affecting the built environment with the exception of town planning building control and metropolitan transportation matters falling under the jurisdiction of the Development Planning Standing Committee;
- To consider nuisances relating in particular to the safety of persons in or about public streets and places but with the exception of those matters under the jurisdiction of the Social Services Standing Committee;
- To consider and make recommendations on fleet management and mechanical undertaking and other matters falling within the Committee's terms of reference and all matters incidental to the above;
- To recommend policy guide-lines and strategy for the Infrastructure Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City; and
- To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director.



FINANCE STANDING COMMITTEE

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the Chairperson)

Terms of Reference

- To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective;
- To make recommendations to the Mayoral Committee and Council on appropriate actions to be taken to achieve Budgetary objectives;
- To report monthly to the Mayoral Committee and Council on the financial position of the Municipality; and
- To make recommendations to the Mayoral Committee and Council on the basis of the financial performance of the Municipality in terms of the report referred to in paragraph 4.3.3 above.

Financial matters within the ambit of this Committee include:

- Asset and Risk Management;
- Revenue Management and Treasury Management;
- Credit Control;
- Income and Expenditure on Revenue and Capital Accounts;
- Writing off of Arrears;
- Adjustments and Virements;
- Claims by and to Council;
- Dog Tax;
- Fund Transfers and Investments;
- Raising and Repayment of Loans;
- Refunds and Compensation;
- Remuneration Staff and Councillors;
- The Municipal Market;
- Trade and Road Traffic Licences;



- Assessment of Rates;
- Valuation of Properties and Maintenance of Valuation Roll; and
- Financial Matters pertaining to Housing.

BUDGET ACTIONS OF THE FINANCE COMMITTEE

THE FINANCE BUDGET COMMITTEE

The Finance Budget Committee will fulfil the following Operational functions. It must be emphasized that the interface with the IDP, Budget Strategy and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored.

FUNCTIONS OF THE FINANCE BUDGET COMMITTEE

- Budget Implementation
- Monitoring and Budget Progress
- Control Measures of Budget Implementation
- In-year Financial Reporting

INTERACTION WITH OTHER COMMITTEES OF COUNCIL

AUDIT COMMITTEE

- To receive reports from the Audit Committee and formulate recommendations to the Mayoral Committee and Council of action to be taken on the basis of the report.

IDP, BUDGET POLICY AND PERFORMANCE MANAGEMENT COMMITTEE

- To provide the IDP, Budget Policy and Performance Management Committee with information regarding tariff performance and revenue performance with the purpose of establishing the quantum of the Budget;
- Budget Issues being dealt with by the IDP, Budget Strategy and Performance Management Committee regarding the Budget;
- Budget and IDP alignment;
- Budget Policy formulation;
- Service levels;
- Rural / urban issues;
- Roll-out of services plan;
- Capital projects for delivery; and
- To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director.



COMMUNITY SERVICES STANDING COMMITTEE

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee	7 (50% of the members, including the chairperson)

- To consider and make recommendations to the Mayoral Committee and Council in respect of all environmental services matters as provided for in any relevant legislation; to consider all matters relating to the natural environment, horticulture, parks and recreation and related amenities under the control of the Director of Community Services; to consider and make recommendations on matters relating to the regulation and control of sanitary and cleansing matters, cemeteries and health.
- To consider and make recommendations to the Council in respect of all matters related to libraries, art galleries and matters relating to music, to consider and make recommendations on matters relating to entertainment and other cultural activities; the regulation and control of sporting facilities and activities.
- To recommend policy guide-lines and strategy for the Social Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City.
- To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director.

IDP, BUDGET POLICY, PERFORMANCE MANAGEMENT AND INTEGRATED ENVIRONMENTAL MANAGEMENT

Membership	Quorum
7 representatives as resolved by Council.	4 (50% of the members, including the chairperson). Councillors who are not members of the standing committee are not counted towards a quorum.

- To oversee on behalf of the Executive Mayor the process of integrated development planning (strategic planning) in Buffalo City, including annual



reviews of the IDP, and to make recommendations to the Executive Mayor in this regard in terms of chapter 5 of the Municipal Systems Act and section 56 of the Municipal Structures Act;

- To assist the Executive Mayor to ensure that municipal strategic planning is aligned with constitutional values and oriented towards the progressive achievement of equity in Buffalo City in terms of section 23 of the Municipal Systems Act;
- To make recommendations to the Executive Mayor that aim to ensure that the resources and capacity of the municipality are mobilized to achieve the strategic developmental priorities and objectives as reflected in the IDP;
- To make recommendations to the Executive Mayor on all aspects of the performance management systems in terms of chapter 6 of the Municipal Systems Act;
- To make recommendations to the Executive Mayor aimed at ensuring an acceptable level and quality of public participation in municipal strategic planning, budgeting and institutional performance management in terms of section 16 of the Municipal Systems Act;
- To make recommendations to the Executive Mayor aimed at ensuring that the municipality gives effect to, and conducts its affairs in a manner which is consistent with its IDP (section 36, Municipal Systems Act);
- To assist the Executive Mayor in promoting the sustainable utilisation, development and protection of Buffalo City's natural, social, cultural and economic resources throughout all sectors of the municipal community [section 4(2)(d) of the Municipal Systems Act];
- To oversee on behalf of the Executive Mayor the process of preparing and implementing integrated environmental management policies and plans for Buffalo City, including regular reviews, and to make recommendations to the Executive Mayor in this regard;
- To make recommendations to the Executive Mayor on modes of service delivery that are equitable, affordable and sustainable;
- To make recommendations to the Executive Mayor on budget policies and processes; and
- To make recommendations to the Executive Mayor that aim to ensure that the budget is in line with the IDP.



CONSTITUENCY, COMMUNITY PARTICIPATION AND SPECIAL PROGRAMMES STANDING COMMITTEE

Membership	Quorum
7 representatives as resolved by Council	4 (50% of the members, including the chairperson). Councillors who are not members of the standing committee are not counted towards a quorum.

Terms of Reference

- To make recommendations to the Executive Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable, marginalized or special interest groups, with specific focus on:
 - Young people;
 - The aged;
 - The disabled;
 - Gender-related issues (including women and children); and
 - Special projects.
- To oversee on behalf of the Executive Mayor the implementation of such strategies and programmes
- To make recommendations to the Executive Mayor on corporate strategies and programmes and the development of partnerships to address the challenge of HIV/AIDS in Buffalo City;
- To provide guidelines and policies in relation to community participation and Ward Committees;
- To ensure that effective support services are rendered to the offices of the Executive Mayor, the Speaker, the Mayoral Committee members and all other Councillors;
- To recommend policy guide-lines and strategy for the relevant Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;
- To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Directors;



- To make recommendations to the Executive Mayor aimed at empowering the Buffalo City public, communities and organizations through participation, environmental education, capacity building, research and information services; and
- To formulate and recommend proposals to the Executive Mayor aimed at ensuring an acceptable level and quality of public participation in matters related to the sustainability of development strategies, programmes and projects.

LOCAL ECONOMIC DEVELOPMENT, TOURISM AND RURAL DEVELOPMENT COMMITTEE

Membership	Quorum
7 representatives as resolved by Council.	4 (50% of the members, including the Chairperson).

Terms of Reference

- To assist the Executive Mayor in ensuring that the economic development including rural development of the whole community of Buffalo City is promoted (sections 152 & 153 of the Constitution);
- To make recommendations to the Executive Mayor aimed at ensuring that local economic development, including rural development is sustainable and contributes to job creation and a better quality of life for all;
- To assist the Executive Mayor to formulate appropriate and feasible local economic and rural development aims, priorities and objectives in terms of section 26(c) of the Municipal Systems Act;
- To make recommendations to the Executive Mayor relating to Council's policy on the procurement of goods and services;
- To make recommendations to the Executive Mayor on strategies to:
 - Facilitate job creation
 - Stimulate local markets
 - Promote the development of small, medium and micro-enterprises
 - Market the municipality holistically
 - Promote tourism
 - Promote industrial and commercial activities
 - Attract foreign or domestic capital investments
 - Increase the mobility of people, goods and services in Buffalo City.
 - Promote and facilitate rural development.
- To consider any matter referred to it by the Executive Mayor, the Municipal Manager or relevant Director that has a bearing on the economic development of Buffalo City; and



- To recommend policy guide-lines and strategy for the Economic Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City.

HOUSING, MURP and DVRI STANDING COMMITTEE

Membership	Quorum
14 representatives as resolved by Council	7 (50% of the members, including the chairperson)

Terms of Reference

- To make recommendations to the Mayoral Committee and Council on housing matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic use of housing resources;
- To recommend policy guide-lines and strategy in respect of housing services, MURP and DVRI programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;
- To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director;
- To advise the Council on the overall management, allocation, alienation and control of housing owned by the Council; and
- To advise the Council on policy and procedures in regard to housing issues, MURP and DVRI.



5.14 REPORT OF THE ACTING CHAIRPERSON OF THE AUDIT COMMITTEE.

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010.

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 council, political office-bearers, accounting officer and management staff of the municipality, [or the board of directors, accounting officer and 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 also required to review the annual financial statements to provide the council [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 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
Ms. B Randall	Acting Chairperson
Ms. P Ndamase	Member [Deceased]
Mr. D Sonamzi	Member [Relocated and resigned during the year]
Professor H Kanyane	Member [Appointed during the year and resigned having relocated after the end of the 2009/10 financial year.]

Ms. B Randall was appointed as Acting Chairperson in January 2008.

Two [2] vacancies exist on the Committee and the recommendation is that the vacancies be filled as soon as is possible to enable the Committee to effectively carry out its mandate. In the absence of the required number of members, the Committee is of the view that its effectiveness is compromised. Legally, there should be at least three [3] members on the Audit Committee. This process has commenced and an additional member was appointed with effect from 1 November 2010. Efforts to identify a further two [2] members have commenced.

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.

The Manager: Internal Audit reports operationally to the Audit Committee and functionally to the Director: Corporate Services.

MEETINGS OF THE COMMITTEE

The Audit Committee convened regularly during the financial year.

Date	B Randall	Prof H Kanyane	D Sonamzi
13 August 2009	√		Apology



26 August 2009	√		√
30 October 2009	√		√
25 January 2010	√	*√	Apology
30 March 2010	√	√	Resigned
23 June 2010	√	√	
Total	6/6	3/3	2/4

* Appointed November 2009.

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

EFFECTIVENESS OF INTERNAL CONTROL.

The Audit Committee has reviewed reports from the Internal Audit Unit in terms of the approved internal Audit Plan.

The findings of these reports continue to give rise to the view that the control environment is stressed, as recorded in previous reports. The Committee records a serious concern that the findings and recommendations contained in internal audit reports have not received the appropriate level of attention by management and in most cases have not been implemented.

The importance of findings and recommendations contained in Internal Audit reports should not be down played by management. The control weaknesses set out in such reports are considered to be the cause of a number of issues raised by the Auditor-General. Control and other weaknesses identified by the Internal Audit Unit require to be addressed by management. Supervisory control and monitoring are also identified as matters which require attention by management.

A number of the qualifications set out in the Report of the Auditor General could have been either avoided or reduced in importance had the findings contained in Internal Audit Reports been addressed by Management in a timeous manner.



The Committee is once again of the opinion that the control environment within many sections of the Municipality is currently stressed and that an urgent and concerted effort needs to be put in place to deal with this situation. A failure to do so may result in further audit qualifications.

The Audit Committee accordingly concludes that the effectiveness of internal controls within the Municipality is not of the standard expected. The rationale for this statement are apparent from the matters set out in this report.

No assurance is provided.

RISK MANAGEMENT, FRAUD AND LOSS CONTROL.

Risk Management

It is unfortunate to have to once again report that no formal risk assessment exercise was performed by management during the period under review. The original risk assessment performed in June 2005 remains in place. This assessment is outdated and in need of revision.

While a Risk Management Framework was compiled, this Framework has not been submitted to the Audit Committee for evaluation. In discussion with the Manager: Internal Audit, the view is adopted that while a step in the right direction, the document is incomplete and implementation is lacking.

The lack of ownership of the process by senior management appears to be the major reason for the process not becoming embedded within the institution. An annual risk assessment exercise is considered to be an important informant of the Integrated Development Planning process, as well as the development of the Internal Audit Plan. Ongoing risk assessment exercises during the year are also part of the management of the institution. There is no co-ordinated approach to the principle of enterprise wide integrated risk management based on uniform standards. It is accordingly likely that material risks facing the institution have not been identified, correctly ranked or dealt with. As a result the Integrated Development Plan is compromised as is the management of the institution and its activities.

The failure to implement this process leads to a number of the findings of both the Internal Audit Unit as well as the Auditor General.

In the current economic climate, the importance of this process cannot be sufficiently stressed. It is therefore of considerable concern to the Committee that the process has not been taken forward. Emerging risks associated with the economic downturn could have a serious impact on the operations of the Municipality, an eventuality which management appears not to be taking serious note of.



The committee therefore once more reports that the principles of effective risk management appear not to be apparent in the institution. 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.

The risks associated herewith are considered serious.

No assurance in this regard is provided.

Fraud and loss control.

On the matter of fraud, the existing Fraud Policy prepared some years ago does not meet the expectations of the Audit Committee. In the previous year, the Committee reported that a revised draft document was prepared by the Manager: Internal Audit. This document has still not received the expected level of attention by Management.

While a perception exists that the Internal Audit Unit should take responsibility for this activity, this is not acceptable. Management has to own the processes to deal with fraud and fraud risks. It is the responsibility of management to establish a fraud policy.

In the current difficult times, fraud risks escalate and need to be effectively managed. The absence of proper internal control processes create opportunities for fraud and irregularities. Internal Audit Reports submitted to management over the past few years have highlighted the possibility of fraud occurring in various systems. Certain of these activities have experienced fraud or related irregularities. Theft of cable and fuel and possible unauthorized alterations to documentation have been reported but it is not apparent that the required level of attention has been paid thereto. The responsibility to investigate fraud rests with management and not with the Internal Audit Unit.

The committee therefore reports that an effective fraud mitigation strategy is not apparent in the institution. It is considered that the instances reported in Internal Audit Reports and from other sources 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 imperative 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 cannot be ruled out.

The risks associated herewith are considered serious.

No assurance in this regard is provided.



COMPLIANCE WITH LEGISLATION

In general, the Committee believes that management is aware of, and has, in a number of cases adopted a proactive approach to compliance issues. This is more apparent in the Finance Directorate. However, concern is expressed that compliance with legislation is being looked at simply as “compliance” and that the rationale for the “compliance” is not being considered in many cases.

However, matters such as the lack of appropriate delegations from the Accounting Officer to Senior Managers and from these Senior Managers to operational levels remains a concern as expressed in the previous year’s report. 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 to administrative actions, and may have a negative impact on service delivery.

Other important governance issues not apparent include the lack of a process to manage potential conflicts of interest through inter alia declarations and gifts registers. The risks associated with a failure to establish appropriate systems to underpin governance and compliance issues remain a concern to the Committee.

The Committee is accordingly not satisfied that governance and compliance issues are being dealt with in an appropriate manner.

The risks associated herewith are considered serious.

No assurance in this regard is provided.

PERFORMANCE MANAGEMENT.

Institutional

The Audit Committee has reviewed reports from the Internal Audit Unit and reports that a performance management system has been approved by Council.

Quarterly reports of the Internal Audit Unit, however, indicate a non-functional system. The failure to set clear objectives and strategies and determine appropriate indicators continues to bedevil the process. Many of the indicators do not meet the expected criteria of being specific or measurable. Where measurements were performed, many 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. 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. In addition, the lack of ownership of the system is a material concern



to the Committee. Discussion on this matter at Audit Committee Meetings gives rise to an impression that the Performance Management System and its associated measurement is considered to be the responsibility of the Integrated Development Planning Unit. It is important that this perception be dealt with. The Institutional Scorecard is the official tool to measure the achievement of the objectives set in the Integrated Development Plan. These objectives are owned by management for all practical purposes and should be used to drive the budget process.

The failure to establish a functional and operational Institutional Performance Management System has a direct impact on the achievement of goals set by Council in the Integrated Development Plan.

The findings contained in reports in the current year are not substantially different to those reported in the previous years. The Committee therefore expresses a serious concern that findings and recommendations are not being considered and dealt with by management, resulting in the continuation of a system which is not operationally effective or in compliance with the requirements of legislation.

For the financial year 2009 / 2010, it is understood that the Auditor General will not express an opinion on the Performance Management system. If the Auditor General were to do so, 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 in the next financial year.

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.

This has serious operational and reputational risks. If the Council is not in a position to assess the achievement of their objectives, service delivery may be impacted resulting in longer-term political consequences.

It is imperative that this matter receive urgent attention.

No assurance in this regard is provided.

Individual.

It is understood that no process to review the performance of Directors was established. The Committee therefore reports that performance management at individual level appears to have regressed when compared with previous years.

The implications of this are considered serious.



The Committee cautions again that the perception is that the process is used 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.

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. After submission, the Audit Committee was afforded an opportunity to query various matters relating to the Annual Financial statements. This process is not acceptable to the Audit Committee. Queries posed, while considered relevant, may not have covered all aspects of the statements. The Committee noted the comments of management, but indicated reservations.

The Audit Committee was not engaged with the Audit Steering Committee during the Audit process for the year under review and expresses concern regarding this..

The Audit Committee's consideration of the Auditor General's Report is set out in detail in a separate report to the Council. This full report is contained in the Annual Report for the financial year ended 30 June 2010.

The main issues appear to the Committee to be:

1. The interpretation and application of the Financial Accounting Standards;
2. The incomplete implementation of the Buffalo City Municipality Supply Chain Management System;
3. The status of the Buffalo City Development Agency;
4. Material under spending of the budget seen to be linked to failures with the Supply Chain Management System;
5. Risk Management framework and strategies not operational;
6. The control environment and key governance responsibilities;
7. Non implementation of the Performance Management System; and
8. Reported performance information not reliable.

REPORTS BY THE COMMITTEE

During the period under review, the Audit Committee submitted quarterly progress reports to the Executive Mayor on the operations of the Audit Committee and the Internal Audit Unit. These reports include commentary on the Performance Management System as required by legislation.



BUFFALO CITY DEVELOPMENT AGENCY

The Buffalo City Development Agency [an entity] did not have an internal audit activity during the year.

The Committee is of the view that the Management of the entity should be more proactive and ensure that appropriate internal audit and related reviews are conducted at regular intervals.

No reports were received by the Committee relating to the operations of this entity.

MANAGEMENT ASSURANCES

Other than for the comments of management relating to the report of the Auditor General, Management has provided no assurances relating to the status of controls within the institution. This is a matter of concern to the Audit Committee. Requests for reports to be tabled by management have not in all cases been actioned at that level.

The principle of combined assurance has accordingly not been met.

INTERNAL AUDIT PLAN

The staff situation in the unit is severely strained. The existing complement cannot hope to adequately serve the interests of the institution. As a result, the Manager: Internal Audit is required to perform execution work in order to complete the workload. The Manager: Internal Audit is required to perform management tasks and develop strategy. This cannot be performed effectively if the Manager: Internal Audit is required to perform execution work on assignments such as performance management, design audit procedures for assignments, supervise staff and perform ad hoc activities.

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.

Nevertheless, the Committee is satisfied with the progress being made by the Internal Audit Unit. The quality of reports is high and adds value to the operations of the Municipality. Many of the issues highlighted by the Auditor General are matters already reported on by the Internal Audit Unit.

Details of some of the reports reviewed during the year under review are set out hereunder:



No	Assignment
1	Performance Management System – Review of measurements conducted by management.
2	Report on Supply Chain Management System: Handling, opening and recording of bids received..
3	Report on Supply Chain Management System: Creditors.
4	Report on Supply Chain Management System: Specification, advertising and contract administration cycle.
5	Report on Supply Chain Management System: Bid Evaluation / Adjudication.
6	Report on Supply Chain Management System: Period [Annual] Contracts.
7	Performance Management System – Review of Institutional Scorecard.
8	Performance Management System – Review of objectives and strategies set in the Integrated Development Plan.
9	Consideration of the Report of the Auditor General as well as the Management Report.
10	Performance Management System – Review of alignment with legislation and assessment of indicators.
11	Report on Supply Chain Management System: Annual Inventory Count.
12	Report on Supply Chain Management System: Informal bids greater than R30 000 in value.
13	Performance Management System – Review of measurements conducted by management.
14	Report on Supply Chain Management System: Informal bids less than R30 000 in value.
15	Report on Archiving System and security of records.



The Supply Chain Management System, in particular, is considered to present substantial reputation and service delivery risks and requires urgent and concerted interventions to bring it back on course. The reviews set out above indicate high levels of non-compliance with legislation as well as policy and procedure. The likelihood of a qualification arising from the defects within the Supply Chain Management System was highlighted in the previous year and is repeated here again.

The financial implications include irregular, unauthorized and fruitless and wasteful expenditure. Where they arise from inadequate evaluation and adjudication processes, the costs associated with litigation are considered to be fruitless and wasteful expenditure.

Although it may not currently result in an audit qualification, the Performance Management system is again identified as being in need of urgent attention to ensure that it complies with legislation and can be considered functional.

It is unfortunate to have to again report that the recommendations of the Internal Audit Unit, which also represent the recommendations of the Committee, have in the majority of cases either not been implemented, or have been inadequately implemented. Evidence of this is apparent in the continuing problems associated with the Supply Chain Management System, the Performance Management System as well as various compliance issues such as delegations and review and monitoring activities. This is unfortunate, as the implementation of these recommendations, or the consideration of the cautions contained in these recommendations of the Committee have the potential to lead to findings of the Auditor General which could have been avoided had these recommendations been heeded.

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.

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.

CONCLUSIONS

While the contents of this report paint a bleak picture, it would be remiss of the Committee to indicate that they are satisfied with the control environment present within the Municipality. The Committee accordingly feels constrained to report in this manner in the interests of facilitating an improvement in the current situation.

No assurance is provided in respect of the entity.



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.

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 OF THE AUDIT COMMITTEE.



**PART 3- FUNCTIONAL AREAS
REPORTING AND ANNEXURE**



A: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

General information (population statistics)

Buffalo City Municipality GENERAL INFORMATION			
Reporting Level	Detail	Total	
Overview:	Provide a general overview of municipality: this may include a short narrative of issues peculiar to the municipality and issues specific to the financial year being reported		
Information:	<Provide statistical Information on (as a minimum):>		
1	Geography: Geographical area in square kilometres Note: Indicate source of Information	<total>	2,515 square kilometres Stats SA, 2001 Census
2	Demography: Total population Note: Indicate source of information	<total>	724 306 Stats SA, 2007 Community Survey
3	Indigent Population Note: Indicate source of information and define basis of indigent policy including definition of indigent	<total>	
	Total number of voters	<total>	
4	Aged breakdown:	<total>	40 938
5	- 65 years and over	<total>	488 963
	- Between 15 and 64 years	<total>	194 411
	- 14 years and under	<total>	
	Note: Indicate source of information		Stats SA, 2007 Community Survey
6	Household income:	<total>	57 863
	- Over R3,201	<total>	29 461
	- Between R1, 601 and R3,200	<total>	107 372
	- Under R1,600	<total>	
	Note: indicate source of information		Stats SA, 2007 Community Survey



1. Finance and Administration function's performance

Function:	Finance and Administration
Sub Function:	Finance

Reporting Level	Detail	Total	
Overview:	<p>The mandate of the Financial Directorate is to:</p> <ul style="list-style-type: none"> To ensure financial viability and sustainability of BCM To Provide sound management of the city's finances <p>Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on Financial Statements and Related Financial Information.</p>		
Description of the Activity:	<p>The function of finance within the municipality is administered as follows and includes:</p> <p>SUPPLY CHAIN MANAGEMENT</p> <ul style="list-style-type: none"> Contract Management Inventory Management (Logistic) Procurement (Demand Management & Buying Relations) Supplier Development (Stakeholder Relations Management) Creditors Reconciliation (Accounts Management, Coordinating & facilitation of service delivery) <p>BUDGET & TREASURY</p> <ul style="list-style-type: none"> Prepare Budget in terms of the MTRF and Adjustment Budget per legislations Assist Directorates with the implementation of their Budget through daily support and monthly reports and meetings Monitor Budget implementation to ensure that there are no misallocations and over expenditure Prepare monthly, quarterly and Mid year reports on the Municipality's Prepare sections of AFS and liaise with Auditors to resolve any relevant queries Cashflow Management Investment register Long-term borrowings Costing Tariff Determination <p>ASSET & RISK MANAGEMENT</p> <ul style="list-style-type: none"> Accounts & recording of all Municipal Assets Timely Production of monthly Annual Financial Statements Apply accounts payable best practices with the intention of contributing positively to cash flow and build supplier relationship Aggressive application of internal financial & operational control within the department to achieve value for money & support service delivery <p>REVENUE MANAGEMENT</p> <ul style="list-style-type: none"> Billing all consumers for rates and service charges. 		



	<p>Debt collection. Valuation of properties for property rates purposes Provide cashier and accounts enquiry services for consumers Provide a prepayment electricity service to consumers.</p>		
	<p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p>Revenue Raising Strategies</p> <p>Review and implementation of Credit Control & Debt Collection Policy The review and implementation of an Indigent policy The development and implementation of uniform Tariff Policy The development and implementation of a Property Rates and Valuation policy</p> <p>Asset Management Strategies</p> <p>The implementation of an integrated asset management system The implementation of the Fixed asset infrastructure roadmap i.e. action plan The review and update of asset and risk insurance procedures and the renewal of the insurance portfolio</p> <p>Financial Management Strategies and Programmes The review of the computerised accounting systems Integration of all computerised systems and acquisition of hardware and soft ware required Development of GRAP compliant MTREF budget Develop and implement budget and community consultation processes Develop and implement a uniform budget reporting framework Training and development of financial and other staff</p> <p>The strategic objectives of this function are to:</p> <p>Enhancement of Revenue Safeguarding of Institutional assets Ensure sound financial management and reporting Ensure fair, equitable, transparent, competitive and cost effective supply chain management</p>		
	<p>The key issues for 200X/0Y are:</p> <p>Enhancement of Revenue Safeguarding of Institutional assets Ensure sound financial management and reporting Ensure fair, equitable, transparent, competitive and cost effective supply chain management</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Debtor billings: number and value of monthly billings:		R (000s)



	Function - <list function here eg: water, electricity etc> - Number and amount billed each month across debtors by function (eg: water, electricity etc) and by category: Government, Business, Residents and Indigents Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (eg: water, electricity etc) and by category Refer to Annexure A1-A4	<total> <154377> AVERAGE	<total> <1586035> PER ANNUM
2	Debtor collections: value of amount received and interest: Function - <list function here eg: water, electricity etc> - Value received from monthly billings each month and interest from the previous month across debtors by function (eg: water, electricity etc) and by category: Government, Business, Residents and Indigents Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function and by category	R (000s) <total> <received> 1476313	R (000s) <total> <interest> INCLUDED
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days: Function - <list function here eg: water, electricity etc> - Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (eg: water, electricity etc) and category Note: create a suitable table to reflect debts outstanding over 30, 60, 90 and 120 plus days across debtors by function and category	R (000s) <543923>	
4	Write off of debts: number and value of debts written off: - Total debts written off each month across debtors by function (eg: water, electricity etc) and category Note: create a suitable table to reflect write offs each month across debtors by function and category	<number>	R (000s) <18555>
5	Property rates (Residential): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year	119,452 209 605	R (000s) 40,468,689,300 72,259,000 198,322,000 <value>
Reporting Level	Detail	Total	
6	Property rates (Commercial): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year	4640 13 113	R (000s) 16,121,368,800 26,226,000 139,555,000 <value>
8	Property valuation: - Year of last valuation - Regularity of valuation	2008 4 years>	
9	Indigent Policy: - Quantity (number of households affected) - Quantum (total value across municipality)	<63174> <8926452>	
10	Creditor Payments: Refer to Annexure B Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days	R (000s) <value>	<age>
11	Credit Rating: Global Credit Rating Co.	R (000s)	April 2010



	<p>Long-term Short-term</p> <p>List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated</p>	A A1-	
12	<p>External Loans:</p> <p>- Total loans received and paid during the year Refer to Annexure C Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.</p> <p>Delayed and Default Payments:</p> <p><List delayed and default payments here></p> <p>List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature</p> <p>Note: This information need not be reported here if reported as notes to the accounts.</p>	R (000s) R1'637	R (000s) R42'816
13 N/A		<value>	<date>



2. Planning and Development function's performance

Function:	Planning and Development		
Sub Function:	Economic Development		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives: Four Programme Managers [Tourism, Business Development, Agriculture and Rural Development, East London Fresh Produce Market, Trade and Investment] report directly to the General Manager: LED, Tourism and Rural Development. General Manager: LED, Tourism and Rural Development reports to the Director: Planning and Economic Development.		
Description of the Activity:	Activities of the LED, Tourism and Rural Development department include the implementation of 1). Tourism Development and Promotion 2). Business Development 3). Agriculture and Rural Development 4). Trade and Investment 5). East London Fresh Produce Market		
	The function of economic planning / development within the municipality is administered as follows and includes: 1). Tourism Development and Promotion This function is overseen by the Programme Manager: Tourism. Key activity is to market the city as tourist destination. Various programmes offered include Tourism capacity building and training Tourism SMME Support and marketing Tourism Awareness 2). Business Development This function is overseen by the Programme Manager: Business Development. Key activity is to grow the Small Medium Enterprises [SMME]. Programmes offered include Business Information Services [BIS] Business Advisory Services [BAS] Business Development Services [BDS] Business Marketing Services [BMS] SMME Infrastructure Support Cooperative Development and Support. Informal Sector Development 3). Agriculture and Rural Development This function is overseen by the Programme Manager: Agriculture and Rural Development. Key programmes offered include Agricultural Cooperative Support. Hydroponics/ Tunnel Farming Emerging farmer support. Urban Agriculture		



	<p>4]. Trade and Investment This function is a critical vacant manager position in the department. Key programmes offered include Business Retention and Expansion Invest Buffalo City Red Tape Reduction</p> <p>All the programmes and projects undertaken by the department have Project Steering Committee. This is to ensure community involvement and beneficiation. Project beneficiaries are identified in consultation with the relevant ward councillors. Project Steering Committees are established from inception till completion of the programme or project to provide oversight. Tourism unit provides monthly reports to the LED, Tourism and Rural Development Strategic Committee.</p>		
	<p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p> <p>Local Economic Development is part of the local government Key Performance Areas [KPA]. The programmes are implemented in partnership and collaboration with national and provincial government departments.</p>		
	<p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p>Province departments: Department of Economic Development and Environmental Affairs. Department of Local Government and Traditional Affairs Department of Agriculture and Rural Development National departments. Department of Tourism.</p>		
	<List here>		
	<p>The strategic objectives of this function are to: to create enabling economic environment</p>		
	<List here>		
	<p>The key issues for 200X/0Y are: 1]. Tourism Development and Promotion 2]. Business Development 3]. Agriculture and Rural Development 4]. Trade and Investment 5]. East London Fresh Produce Market</p>		
	<List here>		
Analysis of the Function: 1	<Provide statistical information on (as a minimum):>		
	Number and cost to employer of all economic development personnel:		
	1 x General Manager	R39 915	



	4 x Programme Manager	R30 028X4	
	1 x Administrative Staff	R15 165	
	1 x Secretary	R10 465	
	1 x Tourism Officer	R15 544	
	1 x Temporary Staff	Nil	
	1 x Coordinator	R21 446	
2	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	Nil	
3	Detail and cost of incentives for business investment:	Nil	
4	<list details>		
	Note: list incentives by project, with total actual cost to municipality for year		
5	Detail and cost of other urban renewal strategies:		
	<list details>		
	Note: list strategies by project, with total actual cost to municipality for year		
6	Buffalo City Municipality has an Economic Development Strategy with two sector strategies. Tourism Masterplan Integrated Agriculture Rural Development Strategy		
	Detail and cost of other rural development strategies: Intergrated Agricultural Rural Development Strategy	Nil	
	<list details>		
	Note: list strategies by project, with total actual cost to municipality for year	Nil	
	Number of people employed through job creation schemes:		
	- Short-term employment: People were employed for 2-3 weeks period. Job opportunities created include marshals and securities as the events include crowd control. 2009 Summer season created 56 jobs. During the programme for the summer season local businesses get an opportunity to show case their products i.e. Fashion shows are held. Secondly, the tourism month (September) include various activities i.e. school competitions and celebrations. Here job opportunities include marshals and there exhibition opportunities held. 2009 year's tourism month 56 jobs were created Thirdly, hydroponics programme created 56 jobs in total during construction and operations. Duncan Village Skills Audit created job opportunities for 41 field workers. All the above mentioned job opportunities are programmes under LED and they last for programme/project duration. On completion of the projects/programmes reports report were sent through to the LED strategic committee		
	- Long-term employment	N/A	
	Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives		
	Number and cost to employer of all Building Inspectors employed:	14	
	- Number of Building Inspectors		



	- Temporary	N/A	
	- Contract	N/A	
	Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package		
	Details of building plans:		
	- Number of building plans approved	3234	
	- Value of building plans approved	896 582 152	
Reporting Level	Detail		
	Note: Figures should be aggregated over year to include building plan approvals only	N/A	
7	Type and number of grants and subsidies received:	N/A	
	<list each grant or subsidy separately>	N/A	
	Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	N/A	



3. Community and social services function's performance

Function:	Community and Social Services
Sub Function:	All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	The function of provision of various community and social services within the municipality is administered as follows and includes:		
	<p>The Amenities Branch provides and maintains sports and recreational facilities to the public throughout the jurisdiction of Buffalo City. These include coastal and inland sports facilities, public swimming pools, one caravan park and one resort. The Amenities Branch also provides for the Marine Services, which includes Aquarium, public beaches and coastal Zone Management and the East London Zoo that contributes to public awareness and conservation of the environment.</p> <p>a) Cemeteries Plan, develop, maintain and manage Cemeteries and Crematorium Mange and perform burials and cremations Digging and allocation of graves space Digging and allocation of graves space Evaluation of grave spaces Develop and apply Cemetery By-Laws</p> <p>b) Horticulture Plan, develop, maintain and manage horticultural features Landscape development Development of parks and children playgrounds Nature Reserves Propagation of plant material Civic decoration Floral decoration Grass, moving of pavements and Public Open Spaces Develop and manage Nurseries Vegetation Control bush clearing Weed spraying Noxious weed control Poison spraying Commonage Pounds Maintenance of Open Spaces</p> <p>c) Environmental Services Workshop Plan, manage and runt the Environmental Services Workshop Purchasing and repair of small plant Welding Repair mowing equipment Safety aspects Training of new staff on use of equipment</p>	29cm 1Crem 4394 3428 2% In place Amenities 15 695 8 25 657 858m2 4436km2 5 094 696m2 696m2	R12 841 215 R9 023 000 R233 000 R22 236 789 R608 876 R560 969 R199 200 R288 000 R483 794 R1 679 831



Function: Community and Social Services			
Sub Function: All inclusive			
		Training Dept.	Incl. above Incl. above R7131
	Pools Resort Caravan Park Sports Facilities Aquarium Beaches Picnic Sites Estuaries Shoreline Zoo <List here> The strategic objectives of this function are to: Provide and maintain sporting and recreational facilities through BCM The key issues for 200X/0Y are: Upgrading of sportsfields; Resorts; Lifeguard facilities; Zoo and the Aquarium	4 1 1 130 1 6 3 20 68 km 1 1	
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
	1 Nature and extent of facilities provided: - Library services - Museums and art galleries - Other community halls/facilities - Cemeteries and crematoriums - Child care (including crèches etc) - Aged care (including aged homes, home help) - Schools - Sporting facilities (specify) - Parks Note: the facilities figure should agree with the assets register	no of facilities: 17 1 86 28 Cemeteries & 1 Crematorium <number> <number> <number> 130 397760sqm ²	no of users: 45 841 1107 158 310 All residents in BCM <number> <number> <number> 244 000 79 parks
2	Number and cost to employer of all personnel associated with each community services function: - Library services - Museums and art galleries - Other community halls/facilities - Cemeteries and crematoriums - Child care - Aged care	110 3 73 102 <total> <total>	R(000s) R11,125,911 R406,036 R6,067,528 1 305 6217 <cost> <cost>



Function: Community and Social Services			
Sub Function: All inclusive			
	- Schools	<total>	<cost>
	- Sporting facilities	259	19,384,543
	- Parks	500	47,629,590
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		R97,669,825

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Approved HIV/AIDS strategy;	Strategy approved		
Approved Disaster management policy frameworks and plans (Metro and DM)			



4. Housing function's performance

Function:	Mdantsane Urban Renewal Programme		
Reporting Level	Detail	Total	
Overview:	To develop and co-ordinate the implementation of MURP to fight poverty and under development through job creation, infrastructure development and the stimulation of growth		
Description of the Activity:	To co-ordinate the implementation of MURP projects through Technical Team meetings, Steering Committee meetings as well as Stakeholders Forum meetings.		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all MURP personnel:		
	Programme Manager		
	Operations Manager		
	Senior Project Co-ordinator (Infrastructure)		
	Senior Project Co-ordinator (Socio-economic)		
2	Community Liaison officer		
	Communications and Media Officer		
3	Administrative officer		
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	R 1, 568,906	

Function:	Duncan Village Redevelopment Initiative		
Reporting Level	Detail	Total	
Overview:	To develop and co-ordinate the implementation of DVRI to fight poverty and under development through job creation, infrastructure development and the stimulation of growth		
Description of the Activity:	To co-ordinate the implementation of DVRI projects through Technical Team meetings, Steering Committee meetings as well as Stakeholders Forum meetings.		
Analysis of the function	>Provide statistical information on (as a minimum):>		
	Number and cost to employer of all DVRI personnel:		
	Programme Manager		
	Note: total number to be calculated FTE basis, total cost to include total salary package		
		R370,296	



Function:	Housing
Sub Function:	N/A

Reporting Level	Detail	Total																																							
Overview:	<p>The Housing Department is required to manage the housing programme through a multi-disciplinary team. The team consist of the primary and secondary stakeholders:</p> <table border="1"> <tr> <td>Housing department</td> <td></td> </tr> <tr> <td>Programme management</td> <td></td> </tr> <tr> <td>Convening of multi-disciplinary team</td> <td></td> </tr> <tr> <td>Project coordination and management.</td> <td>5</td> </tr> <tr> <td>Monitoring of construction of houses.</td> <td>13</td> </tr> <tr> <td>Quality control and monitoring.</td> <td></td> </tr> <tr> <td>Maintaining of Health and safety standards.</td> <td>14</td> </tr> <tr> <td>Certification of progress payments.</td> <td></td> </tr> <tr> <td>Management of public housing stock.</td> <td>1320</td> </tr> <tr> <td>Consumer education</td> <td></td> </tr> <tr> <td>Housing policy and social housing support.</td> <td>1320</td> </tr> <tr> <td>Beneficiary management.</td> <td></td> </tr> <tr> <td>Beneficiary relocation.</td> <td>1320</td> </tr> <tr> <td>Budget management.</td> <td></td> </tr> <tr> <td></td> <td>1270</td> </tr> <tr> <td></td> <td>69 sold</td> </tr> <tr> <td></td> <td>3 schemes</td> </tr> <tr> <td></td> <td>1417</td> </tr> <tr> <td></td> <td>1320</td> </tr> </table>	Housing department		Programme management		Convening of multi-disciplinary team		Project coordination and management.	5	Monitoring of construction of houses.	13	Quality control and monitoring.		Maintaining of Health and safety standards.	14	Certification of progress payments.		Management of public housing stock.	1320	Consumer education		Housing policy and social housing support.	1320	Beneficiary management.		Beneficiary relocation.	1320	Budget management.			1270		69 sold		3 schemes		1417		1320		
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Programme management																																									
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Management of public housing stock.	1320																																								
Consumer education																																									
Housing policy and social housing support.	1320																																								
Beneficiary management.																																									
Beneficiary relocation.	1320																																								
Budget management.																																									
	1270																																								
	69 sold																																								
	3 schemes																																								
	1417																																								
	1320																																								

Analysis of the Function:	<Provide statistical information on (as a minimum):>																										
1	<p>Within the Housing Department</p> <table border="1"> <tr> <td>Programme Manager</td> <td>1</td> </tr> <tr> <td>Branch Head (technical)</td> <td>1</td> </tr> <tr> <td>Housing strategic planner</td> <td>1</td> </tr> <tr> <td>Project technical coordinators</td> <td>5</td> </tr> <tr> <td>Financial coordinator</td> <td>1</td> </tr> <tr> <td>Admin officers</td> <td>4</td> </tr> <tr> <td>Senior housing practitioners</td> <td>4</td> </tr> <tr> <td>Housing practitioners</td> <td>16</td> </tr> <tr> <td>Quality control</td> <td>2</td> </tr> <tr> <td>Health and safety officer</td> <td>1</td> </tr> <tr> <td>Caretakers</td> <td>1</td> </tr> <tr> <td>Labourers</td> <td>2</td> </tr> </table>	Programme Manager	1	Branch Head (technical)	1	Housing strategic planner	1	Project technical coordinators	5	Financial coordinator	1	Admin officers	4	Senior housing practitioners	4	Housing practitioners	16	Quality control	2	Health and safety officer	1	Caretakers	1	Labourers	2		
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	Number and cost of all personnel associated with provision of municipal housing:	39	R8million
2	Number and total value of housing projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget	13 10 15	R107 million 190 million 200 million
3	Total type, number and value of housing provided: 40 metre square RDP standard type of housing. Internal services Top structures Note: total number and total value of housing provided during financial year	1 Practically completed- 3289 Completed and handover- 1170 300 1170 1170	R107 million R5.1 million R101 million R107 million
4	Total number and value of rent received from municipal owned rental units <list details, including number of units handed over to residents>	<total>	R (000s) <value>
5	Estimated backlog in number of (and costs to build) housing: Estimated backlog in number of (and costs to build) housing: Housing backlog (still being quantified through the demand data base) East London area- Mdantsane/Berlin area - King Williams Town area- Rural areas- (RDP unit of 40 metre square)	 33314 14849 15910 10955 75 000	R (000s) R (000s) billion



5. Waste management function's performance

Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail	Total	
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p> <p>What is offered?</p> <p>Domestic Refuse Collection Domestic Refuse Collection is supposed to be collected once a week in all household – Kerbside Collection in the formal areas, where there is no challenge with the infrastructure. In densely populated areas or where there is a challenge with infrastructure legal collection points/at strategies have been identified for collection by refuse removal truck once a week as per refuse collection schedule.</p> <p>Business Refuse Collection Businesses normally register with the Dept as Waste Generators whereby they are serviced according to the owner's request and billed as per services provided. How it is offered in the community?</p> <p>Domestic Refuse Collection Residents are provided with refuse bags twice a year for storing of refuse. Refuse removal trucks and staff are being dispatched on a daily basis as per schedule for Kerbside collection in formal houses and strategic legal collection points in over populated areas with no infrastructure.</p> <p>Business Refuse Collection Business Owners register with the Dept and are being provided with receptacles based on the waste generated whereby they indicate the service required (no. of collection per week)</p> <p>These services extend to include: Waste Minimisation Refuse bags strategies distribution Refuse removal schedule Provision of receptables Enforcement of By Laws in all areas of Buffalo City, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p>		



Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail	Total	
	<p><List here></p> <p>To develop service std's and level of service for the collection waste To identify requirements in respect of separation , composing and storage of waste Identify requirements for waste management strategy avoid , recovery reuse and recycle of waste Identify requirements in respect of treatment and disposal facilities Remedy of contaminated land The strategic objectives of this function are to:</p> <p><List here></p> <p>LOCAL AUTHORITIES ARE RESPONSIBLE TO ENSURE IF SERVICES ARE PROVIDED OF THIS FUNCTION</p> <p>OBJECTIVES Access to refuse removal services to all households with Buffalo City Identify requirements in respect of treatment and disposal facilities Identify requirements in respect of separation composing and storage of waste Identify requirements for Waste Management Strategy</p> <p>The key issues for 2009/10 are: <List here></p> <p>Central transfer station Construction and management of drop off points Recycling initiatives Public Awareness Waste Minimization By Law Enforcement Construction of the Weighbridge Installation of Litterbins Provision of reliable fleet</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all personnel associated with refuse removal: - Professional (Engineers/Consultants) - Field (Supervisors/Foremen)	6 17	R (000s) 2,400 000 12,000 000
	- Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	21 583 98	21,000 000 35,476 000 6 000 000
2	Number of households receiving regular refuse removal services, and frequency and cost of service: - Removed by municipality at least once a week - Removed by municipality less often - Communal refuse dump used	118 000 210 31 (drop off)	R (000s) 78 000 000 8 000 000 2 000 000



Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail	Total	
3	- Own refuse dump	points) 2 Permitted Landfill Sites	50 000 000
	- No rubbish disposal Note: if other intervals of services are available, please provide details	2 Closed Landfills Sites <total>	15 000 000
3	Total and projected tonnage of all refuse disposed:		
	- Domestic/Commercial	31 500 tons	78 000 000
4	- Garden	510 tons	8 000 000
	Note: provide total tonnage for current and future years activity		
4	Total number, capacity and life expectancy of refuse disposal sites:		
	- Domestic/Commercial (number)	2 Permitted 2 Closed	25 yrs
4	- Garden (number)	2	Leasing
	Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period		
Reporting Level	Detail	Total	
5	Anticipated expansion of refuse removal service:		R (000s)
	- Domestic/Commercial	3 000 000	70, 000 000
6	- Garden	6	15 000 000
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
6	Free Basic Service Provision:		
	- Quantity (number of households affected)	±54 000	58 000 000
6	- Quantum (value to each household)	111	13 098 000
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
7	Total operating cost of solid waste management function		00 000



6. Waste water management

Function:	Waste Water Management
Sub Function:	Sewerage etc

Reporting Level	Detail	Total	Cost
Overview:	Provides for the conveyance, treatment and disposal of sewage		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include: To provide -</p> <ul style="list-style-type: none"> Affordable service for the conveyance, treatment and disposal of sewage On-site rural sanitation <p>These services extend to include all customers in BCM <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <ul style="list-style-type: none"> Achieve the objectives of the IDP and WSDP Safe environment for the inhabitants and visitors to the city Well-maintained and operated sanitation infrastructure Eliminate the sanitation backlog Efficient Resource Management <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> Provide and maintain a safe and economical treatment and conveyance network which supports the development and growth of the City Eliminate the sanitation backlog <p>The key issues for 2009/10 are:</p> <ul style="list-style-type: none"> Obtain Green Drop status Increase number of households with access to minimum basic sanitation services Upgrading and rehabilitation of bulk services 		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>6</p> <p>53</p> <p>6</p> <p>341</p> <p><total></p> <p><total></p>	<p>R (000s)</p> <p>3051</p> <p>15414</p> <p>1030</p> <p>29297</p> <p><cost></p> <p><cost></p>
2	<p>Number of households with sewerage services, and type and cost of service:</p> <ul style="list-style-type: none"> - Flush toilet (connected to sewerage system) 	<p>120206</p>	<p>R 3,030 Billion</p> <p><incl in replacement</p>



			value>
	- Flush toilet (with septic tank)	815	<incl in replacement value>
	- Chemical toilet	20	144
	- Pit latrine with ventilation	22426	80000
	- Pit latrine without ventilation	2047	10200
	- Bucket latrine	0	0
	- No toilet provision – Rural Backlog	59705	450000
	Note: if other types of services are available, please provide details		
3	Anticipated expansion of sewerage:		R40.5 Million
	- Flush/chemical toilet	3000	R10.5 Million
	- Pit latrine	Refer Rural	Refer Rural
	- Bucket latrine	0	0
	- No toilet provision – Rural Backlog	6000	R30 Million
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	50000	
	- Quantum (value to each household)	R73 per month	
Reporting Level	Detail	Total	Cost
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
5	Total operating cost of sewerage function		R152Million



7. Road maintenance's function's performance

Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <ul style="list-style-type: none"> - Maintenance and construction of surfaced proclaimed roads (including road-side furniture), - Maintenance and construction of gravel proclaimed roads (including road-side furniture), - Maintenance and construction of major and minor stormwater systems, - Maintenance and construction of minor and major structures (culverts, bridges, retaining walls), - Maintenance of railway sidings, and - Managing all activities within the road reserve (design approvals, wayleaves, accommodation of utilities, traffic calming facilities). <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p>Provide and maintain a safe and economical road and Storm water network which supports the development and growth of the City</p> <p>The key issues for 2009/10 are:</p> <p>Inadequate maintenance, upgrading and reconstruction of the road network, associated structures and road furniture, due to lack of funding</p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):		R 3 185 747
1	<p>Number and cost to employer of all personnel associated with road maintenance and construction:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract 	<p>11</p> <p>45</p> <p>3</p> <p>131</p> <p><total></p> <p><total></p>	<p>R (000s)</p> <p>R 1 070 271</p> <p>R 6 750 000</p> <p>R 550 000</p> <p>R 13 100 000</p> <p><cost></p> <p><cost></p>
2	<p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p> <p>Total number, kilometres and total value of road projects planned and current:</p>		R (000s)



Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail	Total	Cost
3	- New bitumenised (number)	57km	171 000 000
	- Existing re-tarred (number)	10km	8 000 000
	- New gravel (number)	25km	12 500 000
	- Existing re-sheeted (number)	152km	106 400 000
	Note: if other types of road projects, please provide details		
	Total kilometres and maintenance cost associated with existing roads provided		R (000)
	- Tar	1, 425km	R 50 000 000
	- Gravel	800km	R 15 000 000
	Note: if other types of road provided, please provide details		
	4	Average frequency and cost of re-tarring, re-sheeting roads	
- Tar		ANNUALLY	R 10 000 000
- Gravel		QUARTERLY	R 4 000 000
Note: based on maintenance records			
5		Estimated backlog in number of roads, showing kilometres and capital cost	
	- Tar	1000km	R3,350,000,000
	- Gravel	700km	
Reporting Level	Detail	Total	Cost
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	<total>	<value>
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	Roads General Roads Rural Stormwater	R 35 000 000 R 120 000 000



Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail	Total	Cost
7			R 40 000 000
	Total operating cost of road construction and maintenance function		R (75 000 000)



8. Water distribution function's performance

Function:	Water
Sub Function:	Water Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p>Treatment of water to potable standard and purchase of potable water from Amatola Water Board. Distribution of water to formal erven (residential, commercial and industrial) via metered connections and basic level of service (standpipes) to informal and rural communities.</p> <p>These services extend to include all customers in BCM, but do not take account of <function/area> which sits within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p>Progressively enhance the capacity of the WSA in accordance with the WSA Capacity Building Business Plan</p> <p>Review provider arrangements periodically as and when required in terms of Section 78 of the Municipal Systems Act.</p> <p>Progressively enhance the capacity of the WSP in accordance with the WSP Capacity Building Business Plan</p> <p>Formulation of a Services Charter to establish levels of water to be provided</p> <p>Well-maintained and operated water services infrastructure</p> <p>Eliminate the water backlog</p> <p>Efficient Water Resource Management</p> <p>The key issues for 2008/09 are:</p> <p>Establishment of the water services ring fenced business unit</p> <p>implementation of annual targets in the SLA with Amatola Water Board</p> <p>WTW in BCM to obtain Blue/Green Drop status</p> <p>Increase number of households with access to minimum basic standard of water provision</p> <p>Reduction in water losses</p>	WTW= 2 225249 39.91%	R64,475,681
	<Provide statistical information on (as a minimum):->		
1	<p>Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) 	3 57 5	R (000s) 1 881 711 10 989 488 477 420



Function:	Water
Sub	
Function:	Water Distribution

Reporting Level	Detail	Total	Cost																												
2	- Non-professional (blue collar, outside workforce)	141	8 784 864																												
	- Temporary	0	0																												
	- Contract	0	0																												
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.																														
2	Percentage of total water usage per month																														
	<Insert table showing monthly water usage >	<volume> 62652039	<cost> R165 611 222																												
	<table border="1"> <thead> <tr> <th>Month</th> <th>TOTAL KI</th> </tr> </thead> <tbody> <tr><td>Jul</td><td>5,415,848</td></tr> <tr><td>Aug</td><td>5,131,635</td></tr> <tr><td>Sept</td><td>5,169,973</td></tr> <tr><td>Oct</td><td>5,172,504</td></tr> <tr><td>Nov</td><td>5,171,328</td></tr> <tr><td>Dec</td><td>5,355,578</td></tr> <tr><td>Jan</td><td>5,061,354</td></tr> <tr><td>Feb</td><td>5,069,514</td></tr> <tr><td>Mar</td><td>5,601,662</td></tr> <tr><td>Apr</td><td>5,055,814</td></tr> <tr><td>May</td><td>5,270,808</td></tr> <tr><td>Jun</td><td>5,176,021</td></tr> <tr><td></td><td>62,652,039</td></tr> </tbody> </table>	Month	TOTAL KI	Jul	5,415,848	Aug	5,131,635	Sept	5,169,973	Oct	5,172,504	Nov	5,171,328	Dec	5,355,578	Jan	5,061,354	Feb	5,069,514	Mar	5,601,662	Apr	5,055,814	May	5,270,808	Jun	5,176,021		62,652,039		
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	Note: this will therefore highlight percentage of total water stock used per month																														
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer		R (000s)																												
		<volume> 27099782	<cost> R106,027,736.																												
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		R (000s)																												
		<volume> 37620667	<cost> 239 908																												
5	Total year-to-date water losses in kilolitres and rand		R (000s)																												
	<detail total>	<volume> 25031372	<cost> 114 168																												
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Function:	Water
Sub	
Function:	Water Distribution

Reporting Level	Detail	Total	Cost																																																																														
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6	Number of households with water service, and type and cost of service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: if other types of services are available, please provide details	110 000 <total> 112 000 1 000 2 000 <total> <total>	R (000s) 62 220 <cost> 12,683 1,034 500 1 900 <cost>																																																																														
7	Number and cost of new connections: <detail total> <table border="1"> <tr><td>Jun-10</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>EAST LONDON</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>MDANTSANE</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>DOMESTIC FLAT</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>RATE</td><td>9,484</td><td></td><td></td><td></td><td></td></tr> <tr><td>CREDIT METER</td><td>77,893</td><td></td><td></td><td></td><td></td></tr> <tr><td>TOTAL</td><td>87,377</td><td></td><td></td><td></td><td></td></tr> <tr><td colspan="6"> </td></tr> <tr><td>KWT</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>DOMESTIC FLAT</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>RATE</td><td>8,227</td><td></td><td></td><td></td><td></td></tr> <tr><td>CREDIT METER</td><td>16,650</td><td></td><td></td><td></td><td></td></tr> <tr><td>TOTAL</td><td>24,877</td><td></td><td></td><td></td><td></td></tr> </table>	Jun-10						EAST LONDON						MDANTSANE						DOMESTIC FLAT						RATE	9,484					CREDIT METER	77,893					TOTAL	87,377											KWT						DOMESTIC FLAT						RATE	8,227					CREDIT METER	16,650					TOTAL	24,877					<number> 2,753	<cost> 9,833
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Function:	Water
Sub	
Function:	Water Distribution

Reporting Level	Detail	Total	Cost			
	TOTAL DOMESTIC FLAT RATE	17,711				9,223
	TOTAL CREDIT METER	94,543				9,534
	GRAND TOTAL	112,254				9,525
8	Number and cost of disconnections and reconnections: <detail total>	0 <number>	R (000s) <cost>			100,759
9	Number and total value of water projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget	7 5	29 500 14 000			100,979
10	Anticipated expansion of water service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	2 000 <0> 6 000 0 0 0 0	2 200 <R0> 17 200 R0 R0 R0 R0			110,153
11	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	6 422 <total> 468 000 0 0 0 0	<cost> <cost> 52 000 R0 R0 R0 R0			110,156
12	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	65 539 31.80 138749	1 332 1 332			
13	Type and number of grants and subsidies received: <list each grant or subsidy separately>	DWAF & ADM	R (000s) 8 963			



Contract area:	Settlement type (urban / rural)	Name of bulk WSP	Type of bulk WSP	Signed contract (yes/no)	Type of contract	% Consumers served by the bulk WSP
Contract area:	Settlement type (urban / rural)	Name of bulk WSP	Type of bulk WSP	Signed contract (yes/no)	Type of contract	% Consumers served by the bulk WSP
1.	Inside Urban Edge ¹	BCM	LM	N/A	N/A	73.3%
2.	Inside Urban Edge ¹	Amatola Water	Water Board	Yes		Included above
3.	Outside Urban Edge	BCM	LM	N/A	N/A	3.5%
4.	Outside Urban Edge	Amatola Water	Water Board	Yes		17.7%

Function: Water
Sub Function: Water Distribution

Reporting Level	Detail	Total	Cost
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
14	Total operating cost of water distribution function		441 482 980



9. Electricity distribution function's performance

Function:	Electricity
Sub Function:	Electricity Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include: The BCM electricity department purchases bulk Electricity from Eskom via 15 intake points of distribution in the BCM supply area. This is redistributed via pre payment and credit meters to all consumers within the urban edge. Eskom supply consumers outside the urban edge</p> <p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p> <p>These services extend to include all consumers within the defined urban edge, but do not take account of rural outside the urban edge which resides within the jurisdiction of Eskom</p> <p><List here></p> <p>The strategic objectives of this function is to: Ensure a continuous and stable electricity supply</p> <p><List here></p> <p>The key issues for(2009/2010) and (2010/2011) are: Establishment of the Electricity Services ring fenced unit. Implementation of a asset and maintenance program</p> <p><List here></p>	n/a	n/a
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with the electricity distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Planning & Design - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>		R (000s)
		4	3 032
		14	4 800
		45	13 005
		14	2 646
		150	15 580
		0>	0
		0	0
2	<p>Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer</p> <ul style="list-style-type: none"> - Residential - Commercial - Industrial 	1437 GWh	R 555.7 M
		762 GWh	R 294.5 M
		459 GWh	R 177.8 M
		216 GWh	R 83.4 M



3	- Mining - Agriculture - Other		
	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:		
	- Household	FINANCE	
	- Commercial	FINANCE	
	- Industrial	FINANCE	
	- Mining	FINANCE	
	- Agriculture	FINANCE	
	- Other		
4	Total year-to-date electricity losses in kilowatt hours and rand	11.8%	65. 57M
	<detail total>	<volume>	<cost>
5	Number of households with electricity access, and type and cost of service:		As Per Tariff book
	Reporting Level	Total	Cost
	- Electrified areas		
	- Municipal	122 562	<cost>
	- Eskom	unknown	<cost>
	- Alternate energy source		
	- Gas	unknown	<cost>
	- Paraffin	unknown	<cost>
	- Solar	unknown	<cost>
	- Wood	unknown	<cost>
	- Non electrified	75 000	<cost>
	- Non electrified	informal	
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		R (000s)
	<detail total>	Dependent on supply size required	As Per Tariff book
7	Number and cost of disconnections and reconnections		R (000s)
	<detail total>	Refer finance	<cost>
8	Number and total value of electrification projects planned and current:		R (000s)
	- Current (financial year after year reported on)	385	R1 million
	- Planned (future years)	75 000	R750 million
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:		R (000s)
	<detail total>	75 000	R1 billion
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
10	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	<detail total>	<total>	<cost>
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
11	Free Basic Service Provision:		
	- Quantity (number of households affected)	65 000	
	- Quantum (value to each household)	<value>	



12	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	36 000 50 Kw	
	Type and number of grants and subsidies received: <list each grant or subsidy separately>	<total>	R (000s) <value>
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
13	Total operating cost of electricity distribution function		R 70 517



ANNEXURE 1

Buffalo City Municipality: Administrative Structure

The Buffalo City Municipality implements its Integrated Development Plan through its administrative structures headed by the Municipal Manager with the following Directorates:

- Municipal Manager's Office
- Directorate: Executive Support Services
- Directorate: Corporate Services
- Directorate: Planning & Economic Development
- Directorate: Engineering Services
- Directorate: Community Services
- Directorate: Health & Public Safety
- Directorate: Financial Services
- Directorate: Chief Operations Officer

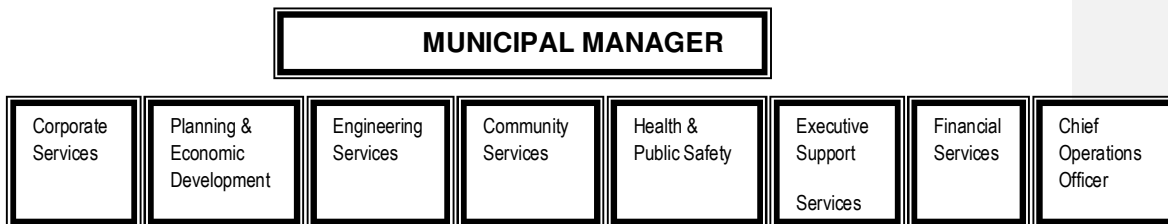


FIGURE 1: BUFFALO CITY MUNICIPALITY: ADMINISTRATIVE STRUCTURE

1.1 Directorate: Executive Support Services

The Directorate of Executive Support Services consists of the following Departments, namely:

- Public Participation & Special Programmes
- IDP, Budget Integration & Performance Management
- Development Cooperation & Communications
- Executive Support Services
- Knowledge Management & Research
- Office of the Speaker



Figure 2 details the organogram of the Directorate of Executive Support Services up to Management level.

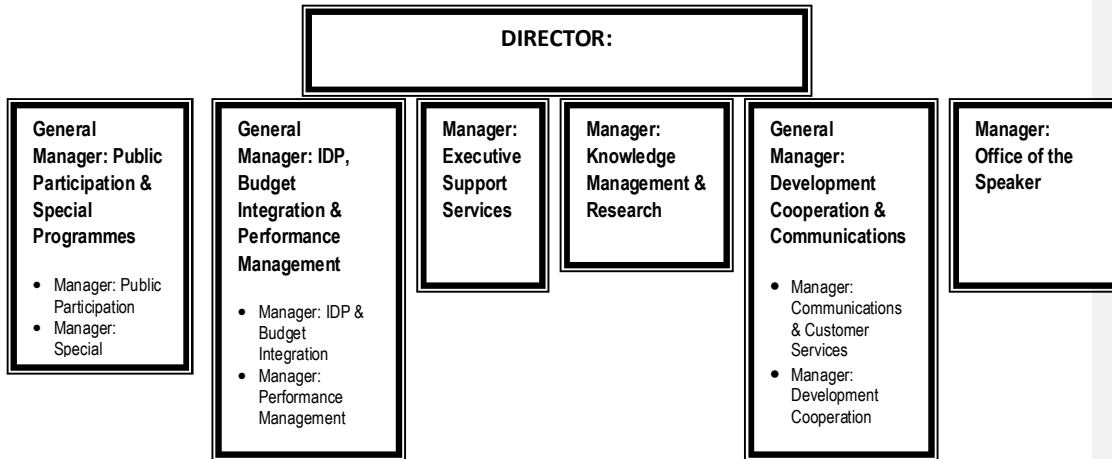


FIGURE 2: EXECUTIVE SUPPORT SERVICES

1.2 Directorate: Corporate Services

The Directorate of Corporate Services consists of the following Departments, namely:

- Human Resources
- Organisational Support
- Internal Audit, Compliance & Governance

Figure 3 details the organogram of the Directorate of Corporate Service up to management level.

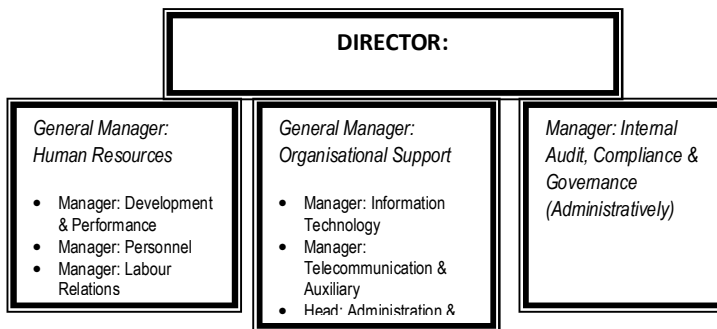


Figure 3: Corporate Services



1.3 Directorate: Planning & Economic Development

The Directorate of Planning & Economic Development consists of the following Departments, namely:

- Development Planning
- Transport Planning & Operations
- Economic Development & Tourism

Figure 4 details the organogram of the Directorate of Development Planning & Economic Development up to management level.

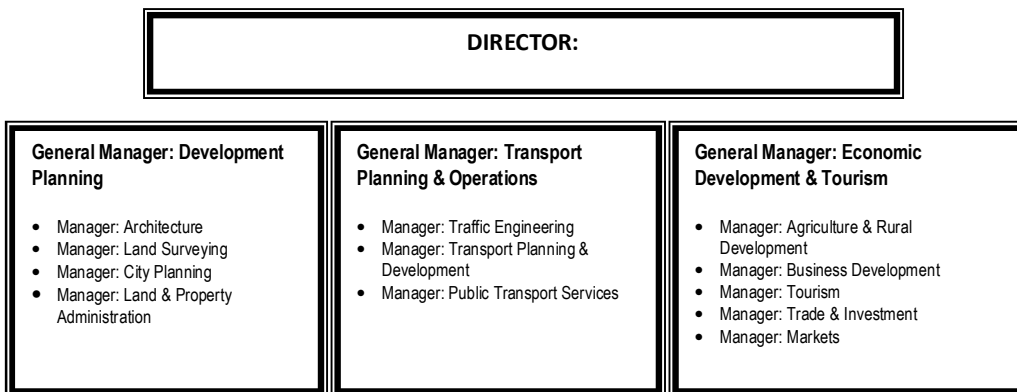


FIGURE 4: PLANNING & ECONOMIC DEVELOPMENT



1.4 Directorate: Engineering Services

The Directorate Engineering Services consists of the following Departments, namely:

- Water & Sanitation
- Construction, Roads & Projects
- Electrical & Mechanical Services

Figure 5 details the organogram of the Directorate of Engineering Services up to management level.

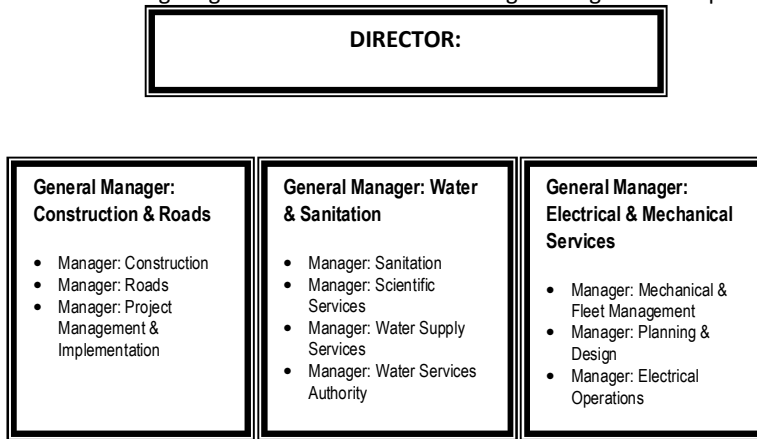


FIGURE 5: ENGINEERING SERVICES

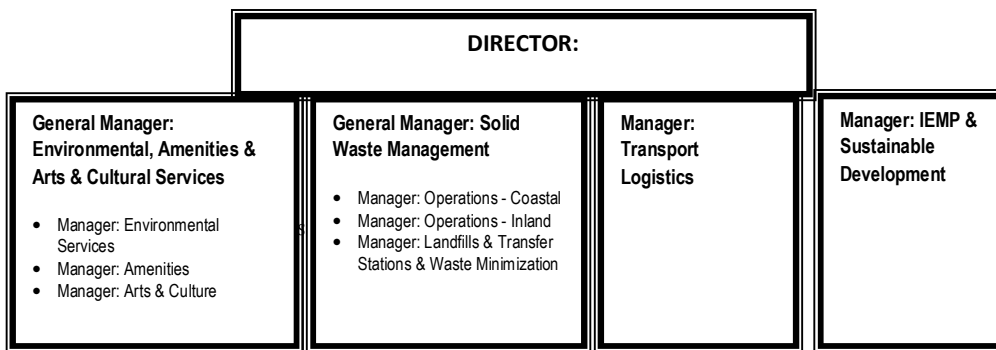


1.5 Directorate: Community Services

The Directorate Community Services only has the following Departments, namely:

- Solid Waste Management
- Environmental, Amenities & Arts & Cultural Services
- IEMP & Sustainable Development

Figure 6 details the organogram of the Directorate of Community Services up to management level.



1.6 Directorate: Health & Public Safety

The Directorate Health & Public Safety has the following Departments, namely:

- Public Safety
- Health Services

Figure 7 details the organogram of the Directorate of Health & Public Safety up to management level.

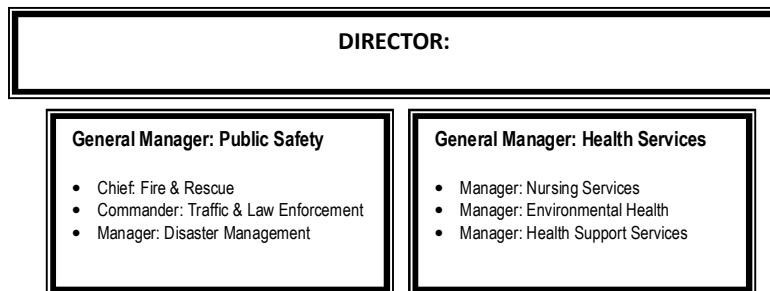


FIGURE 7: HEALTH & PUBLIC SAFETY



1.7 Directorate: Financial Services

The Directorate Financial Services consists of the following departments, namely:

- Asset & Risk Management
- Revenue Management
- Budget & Treasury
- Supply Chain Management

Figure 8 details the organogram of the Directorate of Financial Services up to management level.

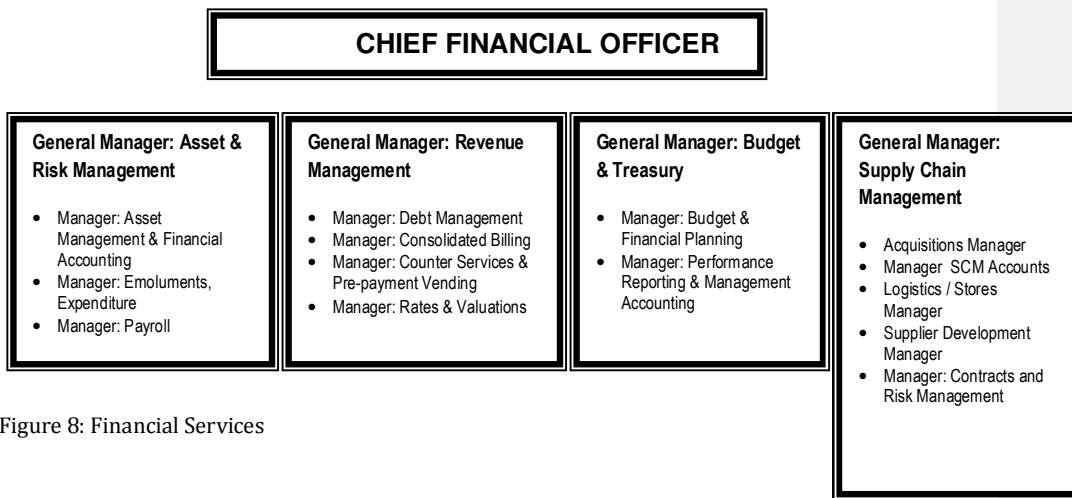


Figure 8: Financial Services



1.8 Directorate: Office of the Chief Operating Officer

The Directorate: Office of the Chief Operating Officer consists of the following departments, namely:

- Housing
- Mdantsane Urban Renewal Programme
- Special Projects

Figure 9 details the organogram of the Directorate: Office of the Chief Operating Officer up to management level.

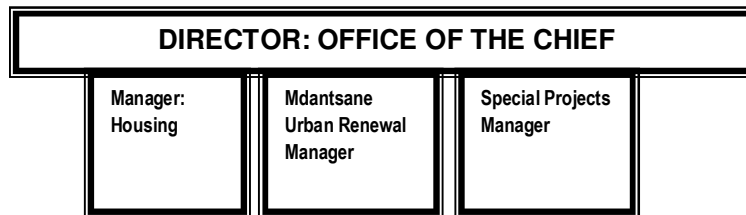
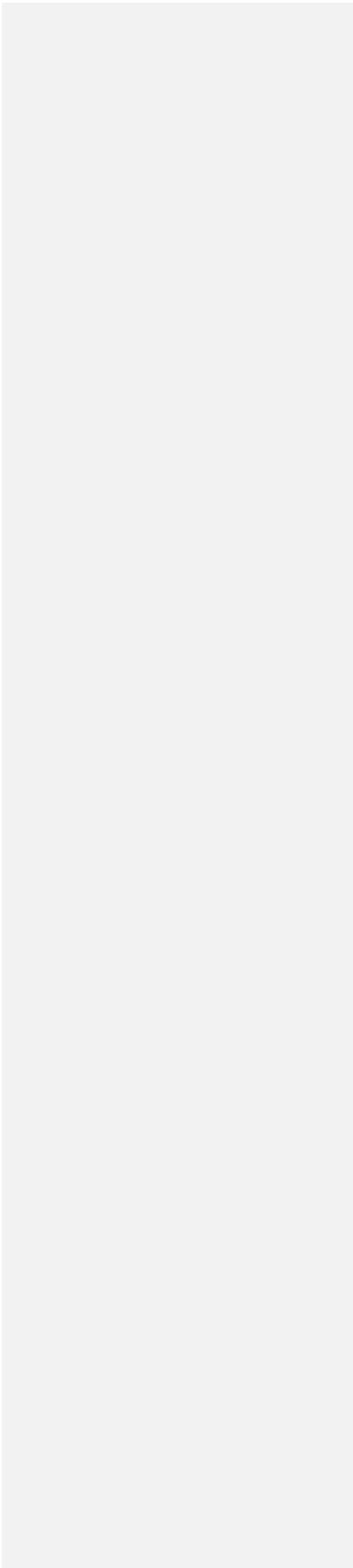


Figure 9: Office of the Chief Operating Officer



ANNEXURE 2

FULL AUDITORS GENERAL'S REPORT



COUNCIL MEETING: 4 APRIL 2011.

DRAFT REPORT OF THE CHAIRPERSON OF THE OVERSIGHT COMMITTEE

OVERSIGHT REPORT: BUFFALO CITY MUNICIPALITY ANNUAL REPORT 2009/10

File No 3/1/1/2/46

Author N.M.Bevu

1.0 PURPOSE

The purpose of this report to provide a detailed account of the activities of the Oversight Committee as it executed its legislative mandate as well as to provide recommendations to Council regarding its findings on the BCM Annual Report for 2009/10.

1.1 INTRODUCTION

Section 129 of the Municipal Finance Management Act No. 56 of 2003 [MFMA], states that, *"...the Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in Council in terms of section 127 of the MFMA, adopt an Oversight Report containing the Council's comments on the annual report..."*.

The Buffalo City Municipality 2009/2010 Annual Reports was tabled in Council by the Executive Mayor **on the 25 January 2011** and in terms of the provisions of section 129 of the MFMA, an Oversight Committee was established to consider the Annual Reports.

1.2 AUTHORITY

The Oversight Committee is a Council Committee established in terms of section 33 and section 79 of the Municipal Structures Act No. 117 of 1998. The Terms of Reference (ToR) for the Committee were prepared in terms of Circular 32 of the MFMA and was adopted by Council.

1.3 LEGISLATIVE/STATUTORY REQUIREMENTS

- ✚ The Constitution of the Republic of South Africa ,1996
- ✚ The Municipal Structures Act no 32 117of 1998
- ✚ The Municipal Systems Act no 32of 2000 ,as amended
- ✚ The Municipal Finance Management Act no.56of 2003
- ✚ Circular 54 and 55 of the MFMA

2.0 COMPOSITION OF THE OVERSIGHT COMMITTEE

The Oversight Committee is composed of non executive Councillors. The Audit Committee and the Auditor General of South Africa provided input into the Committees deliberation. The meetings of the committee are open to the participation of various stakeholders including organs of the state, non-governmental organisations, civic groups and community members. **The schedule of meetings and minutes and the attendance register of the Oversight Committee is attached as Annexure (A)**

The presentations as submitted by various stakeholders is attached as Annexure B

The following members were appointed by the Speaker of Council in terms of resolution **BCC9/11 dated 25 January 2011**.

Name	Designation
Cllr N. Bevu	Chairperson
Cllr T.B Jida	Member
Cllr N. Dumezweni	Member
Cllr J. Smit	Member
Cllr N. Sityi	Member
Cllr M. Mciteka	Member
Cllr. x. Madonono	Member
Cllr. Z. Mntwapi	Member
Cllr A. Carels	Member
Cllr M. Quse	Member
Cllr L.E. Simon	Ex-Officio member
Mrs B. Randall	Advisory – Audit Committee

The Internal Audit Unit, Compliance Office, Legal Services Department, Knowledge Management and Organisational Support were also appointed to provide technical and secretariat support to the Oversight Committee. These officials are:

- Ms. N. Sauti - General Manager : Organisational Support
- Dr T Norushe - Manager KM Research & Policy
- Mr G. Walton - Manager Compliance
- Mr L. Valeta - Legal Advisor
- Mr Z. Dotwana - Legal Advisor
- Ms N. Zacharias - Administrative Officer
- Ms. N. Matwa - Senior Administrative Officer
- Mr S. Mahanjana - ICT Practitioner

3.0 EXPOSITION OF FACTS

3.1 APPOINTMENT OF OVERSIGHT COMMITTEE **2008/09 & 2009/10**

It must be noted that in 2009/10 the Council had in terms of Resolution number BCC123/10 established an Oversight Committee, and inter alia resolved that the Oversight Committee continued its operations throughout the financial year. That it provide a mechanism of in –year-monitoring and reporting to Council on the municipal performance and activities as it pertains to the implementation service delivery programs contained in the IDP and SDBIP .It was further agreed that the Committee be institutionalized rather than being adhoc in order to ensure that monitoring and evaluation of the action plans by management was implemented under the guidance of the former Municipal Manager, Mr. Zambodla. The Auditor General also mentioned this fact in his report under the item that relates to Governance. The Council should note with reservation that the Acting Municipal Manager (Mr. Zambodla) failed to engage the Oversight committee on matters raised by Audit committee, Auditor General Report and Management comments and as such there was no implementation of the action plans as submitted by Directors. (A copy of the Action Plan for 2008/09 is attached as Annexure E)

What the Oversight Committee have observed was that Senior Management always quote issues of oversight but with no practical implementation of such resolutions , they have undermined the existence of the Oversight Committee.

To put the above statement into proper perspective even the Audit Committee in its report submitted to the Oversight on the 13th February 2011 raised concerns and concurred with the findings of the Auditor General which they elaborated on hereunder as follow:

3.2 AUDIT COMMITTEE PERSPECTIVE

Abstract from page 1 item 2 of Audit Committee and page 200 of the Annual Report 2009/10 refers:

“As in the previous year, comments provided by management give no real indication of a plan of action and the resources required to implement remedial actions .Time frames are accordingly absent although reporting intervals are indicated. This is a concern as without a detailed plan of action ,reporting of itself cannot take place. Management should consider this matter and revert to the Audit Committee and Council thereon .In the previous year management undertook to perform such action but this did not occur. ”

The Audit Committee further recommended that it was imperative that progress be monitored by management, the Audit Committee and Council.

The Audit Committee has agreed to meet monthly to consider such progress reports from management.

The Audit Committee further expressed its dissatisfaction with the comments of management and highlighted page 2 of their document some of the concerns that gave rise to disclaimer of opinion by the Auditor General which are as follow:

1. Property, plant and equipment.
2. Expenditure
3. Irregular expenditure
4. Commitments
5. Contingent liabilities
6. Investment property
7. Overtime

Both the Auditor General and Audit Committee further hereunder elaborated and expressed disappointment on the fact that BCM position instead of improving from a qualified audit to unqualified report had instead regressed

down to a disclaimer. The Auditor General cited lack of implementation of Key Controls by the Executive and Senior Management.

3.3 DISCLAIMER OF OPINION

The Audit Committee further submitted that it noted the disclaimer of opinion and records that this emanated from two main areas which are as follow:

1. The interpretation and application of the Financial Accounting Standards.
2. The incomplete implementation of the Buffalo City Municipality Supply Chain Management System.
3. Inadequate internal control and implementation processes .
4. A failure to deal with the institutional nature of the audit processes and the perception that the processes are designed purely for audit purposes as opposed to being normal management activities.

4.0 APPROACH, PROCESS AND PARAMETERS

Having considered both the Auditor General and the Audit Committee's opinion as detailed in their reports, the Oversight Committee developed a program of action by which it approached the process of investigating and oversight the root cause of the deteriorating circumstances at BCM.

In perusing the Annual Report the following supporting documents were considered by the Oversight Committee:

- Buffalo City Municipality Integrated Development Plan 2009/10;
- MFMA Circular No. 11: Annual Report Guidelines;
- MFMA Circular No. 32: Oversight Report; and
- Service Level Agreements and Memoranda of Understanding.
- (The above mentioned documents are available for inspection)

In terms of the approach, the Oversight Committee conducted Workshops closed work sessions and several open meetings. During the open meetings, the Directors, Acting Directors, General Managers, Acting General Managers and selected Programme Managers appeared before the Committee to provide an account of the information contained in the Annual Report.

Stakeholders were also invited to present and make written input on the Annual Report, and the following organizations participated;

- TPA : TAX PAYERS ASSOCIATION
- SACP: SOUTH AFRICAN COMMUNIST PARTY
- COSATU: CONGRESS OF SOUTH AFRICAN TRADE UNION
- UDM: UNITED DEMOCRATIC MOVEMENT
- DA: DEMOCRATIC ALLIANCE (DA Presentation was not accepted as it did not have a letter head and was not signed)
- AW: AMATOLA WATER
- ELIDZ: EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

5.0 ISSUES CONSIDERED BY THE COMMITTEE

5.1 FINANCIAL SERVICES CHALLENGES

- Inadequate Internal Control systems
- Inadequate integrated planning with other internal and external departments.
- No strong leadership to monitor implementation of Council Resolutions.
- Ignorance on the implementation of resolutions.
- Nepotism appointments of staff and corruption on appointment of service providers
- No disciplinary actions or delays in taking disciplinary actions on offenders.

- No integrated Revenue Enhancement programs
- No integrated Business Processes and Systems are in place.
- Unnecessarily outsource services that were to be done by internal staff resulted to increased unemployment and not cost effective to both community members and the municipality. (billing system).
- Finance department not represented on the Project Management Unit which is currently manned by Engineering Services and as such would process payments on incomplete projects as there is no verification process.
- There is need that once the Monitoring and Evaluation Unit has been established under the Municipal Managers Supervision, the Finance department must be represented for the purpose of giving financial advice and control.
- Non compliance with Legislation, Regulations and Policies.
- Lack of system to record contingent liabilities, commitments, etc
- Inadequate Accounting Standards relating to Property, Plant and Equipment, Land leases and assets.
- Non adherence to Records Management policy and procedures.(e.g. Lack of security and control of SCM documents)
- Poor financial control Systems which inter alia include Overtime, Billing, Budget, and Supply Chain.
- No guidance is provided to departments to conduct an activity cost base analysis and cost benefit during preparation of the ensuing year budget to ensure that a realist Zero base budget is provided.

LIST OF REPORTS REQUIRED FROM FINANCE DEPARTMENT ON 8TH MARCH 2011 BY THE OVERSIGHT COMMITTEE

<u>Reports required – Meeting date 8/3/2011</u>	<u>Reports received</u>
1. Report on DBSA, R45 Million loan for electricity and fact that Directorate of Engineering Services could not spend the money.	1. Report on DBSA loan (R250 million – penalty R199 703.01)

2. Report on removal of Tender Box from Finance Department (Munifin Building) to Chiselhurst.	2. Report on Zinala Information Tech
3. Report on expenditure incurred on outsourcing of printing of the billing of municipal accounts to a Johannesburg based company, the details of the Service Provider and whether procurement processes were followed.	3. Report on Conditional Grant
4. Report on information regarding the R27 000.00 allocated for Duncan Village.	4. Report on Asset & Risk (response to Oversight questions)
5. Report regarding to response to the set of questions given to Acting Chief Finance Officer by the Oversight Committee.	5. Report on debt collecting and values paid to service providers
	6. Report on BCM Debt Collection Tariff
	7. Report on the 8 companies doing debt collection for BCM.
	8. Finance input/response to Oversight Committee questions – received on 30/03/2011

5.2 CORPORATE SERVICES CHALLENGES

- Report on suspensions **Section 57 Employees and others and the financial implications thereof to the municipality.**
- Inadequate integrated planning with other internal and external departments.
- Non Review of Organogram to accommodate the BCM Metro status and the impact of such to the community needs from various areas.
- Review of ICT Strategy
- Non filling of vacant funded positions

- Non or late vetting of staff before acquiring new positions
- The misplacement of the Performance Management System which is currently under the control of Director Executive Support which must be reallocated to the Municipal Manager's office and Human Resources Department.
- The non existence of a Monitoring and Evaluation Unit on BCM Organizational structure.
- The implementation of the TASK Job evaluation results and consequence of such to staff morale that have been negatively affected.
- Overtime implications and challenges from each Directorate.
- Report on Skills Audit and the retention program effectiveness.
- Non Monitoring and Evaluation Systems in place or deliberate disregard of the existing systems.
- Development of Mentorship and transformation of skills program.
- Continuous Workshops on councillors and officials on the Code of Conduct and the enforcement of the creed of Ethics.
- No strong leadership to monitor the implementation of Council Resolutions.
- Ignorance on the implementation of Council Resolutions.
- No transparency on legal issues such litigations on Human Resource matters and the financial implications thereof.
- No capacity for the Legal Unit and reliance on external Legal Services support.
- Nepotism and corruption
- Disciplinary action and investigations on matters of abuse of Overtime.
- Programs on reduction of unemployment and job creation.
- Records Management policy and procedures not implemented according to requirements and deliberate removal of documents without authority.

**LIST OF REPORTS REQUIRED FROM CORPORATE SERVICES ON
11TH March 2011 BY THE OVERSIGHT COMMITTEE.**

<u>Reports required – Meeting date</u>	<u>Reports received</u>
1. Report on all critical vacant positions as well as the Retention of Staff Policy.	1. Draft Workplace Skills Plan & Training Report for 2011/12
2. Report on a clear program/plan that addresses issues of gender, youth and disabled in appointing Senior Officials.	2. Implementation of the Workplace Skills Plan 2011/12
3. Progress report on equipping the Wellness Centre with swimming pool, and management thereof.	3. Conditional Study Assistance Awards for Jan 2011 to March 2011
4. Report on training that Section 57 employees have attended.	4. Oversight Committee regarding Employment contracts & Performance agreements of Section 57
5. The General Manager: Human Resource, Mr Wulff submits the employment contract of Director Corporate Services to the Oversight Committee and investigate and report why it has not been by the Executive Mayor.	5. Response to the Oversight Committee : Improving Gender statistics
6. The General Manager: Human Resource submits a report on updated information on the implementation of the Performance Management System.	6. Report to the Oversight Committee – March 2011 (Overtime & Attendance Control)
	7. Usage of 3G; ICT systems and availability of BCM data on Councillor's laptop computers
	8. Electronic Document Management System Contract No.2845

5.3 **COMMUNITY SERVICES CHALLENGES**

- Backlog on service delivery for example non collection of refuse.
- No conduct of an activity cost base analysis to ensure that realist Zero base Budget is provided for the Directorate to avoid any over/under expenditure.
- Inadequate integrated planning with internal and external departments.
- No integrated Business Processes and Systems
- No supervision of Service Providers working on municipal construction projects.
- No budget or adequate maintenance plan provided to keep up the standards of Halls, Stadia and Cemeteries.
- No strong Leadership to monitor implementation of Council Resolution.
- Ignorance on the implementation of Council Resolution.
- Nepotism on appointment of staff and corruption on appointment of Service Providers.

- Bucket system not yet eradicated at Summerpride, Berlin and Duncan Village
- Solid waste collection and the challenges the under mentioned contributing factors require further investigation;
- Management Style
- Staff shortage
- Shortage of Vehicles
- Long distance of dumping sites.
- Non monitoring and control of staff and the material used.
- No Disciplinary action and investigation conducted on Abuse of Overtime

- No Community awareness and public participation programs are in place.
- No strong Leadership to monitor implementation of Council Resolutions
- Ignorance on the implementation of Council resolutions.
- No provision of security and caretakers to some of the newly built community Halls, Stadiums, and other municipal buildings.
- No maintenance plan provided for on old and new buildings.
- No Performance Management is conducted to assess employees performance at work.
- The Monthly Performance Centres that were previously used to assess target achievements are no longer used as measurement tools to assess departmental or unit performance.

LIST OF REPORTS REQUIRED FROM COMMUNITY SERVICES ON 07TH MARCH 2011 BY THE OVERSIGHT COMMITTEE.

<u>Reports required by OVT – Meeting date</u>	<u>Reports received from DCSS</u>
1. Report on Orient Plaza construction project, the details of the service provider and how much was paid.	1. Status of facilities managed by Arts & Culture Services
2. Report on the current status of overtime payments as well as how much has been spent in the current financial year.	2. Upgrading of Community Hall in Mdantsane
3. Report on maintenance plan of all BCM facilities including the Cambridge Town Hall.	3. Status of renovation to Cambridge Hall
4. Report on collection of refuse as well as distribution of refuse bags.	4. Refuse bags distribution

5. Report on turnaround strategy and its implementation programme.	5. Solid Waste Management Turnaround Strategy
6. Report on a clear plan/programme on the clean-up campaign and its co-ordination.	6. Report & Plan for clean up campaigns, cleaning of illegal dumps & recycling initiatives 2009/10 & 2010/11
7. Report on the current status of all BCM sportsfields and other facilities.	
8. Report on the state of the Nahoon Caravan Park, all BCM swimming pools, beaches and beautification thereof, such report to also include Waterworld and all dams that are used by communities for entertainment purposes.	
9. Report on all BCM libraries, the number of books that have been bought in the current financial year and include the status of the Beacon Bay library.	
10. Report on the beautification programme of entrances to suburbs and an action plan on the development of swimming pools in the previously disadvantaged areas be submitted.	

5.4 PUBLIC SAFETY AND HEALTH CHALLENGES

- No measures in place to monitor inspection of Hawkers
- No clear guidelines or policy/programme in place to monitor the security of municipal property.
- No information on parking meters and the effectiveness/value for money to the municipality on the installation of such meters.
- Problems with clinics such as staff provision and the care of patients.
- Identification of areas in need of high visibility of traffic officers.
- The status of air quality monitoring stations and the impact thereof.
- Development and implementation of noise policy.
- Measures in place for the recovery of excessive fines.

- Measures in place for the successful prosecution of unroadworthy vehicles which create a nuisance on roads and no information on the status of vehicle pound and its operation.
- Disaster management programme for regular evacuation drills conducted at municipal premises to ensure safety and details of drills performed and their level of success.

**LIST OF REPORTS REQUIRED FROM PUBLIC SAFETY AND HEALTH
ON 07TH MARCH 2011 BY THE OVERSIGHT COMMITTEE.**

<u>Reports required by OVT – Meeting date</u>	<u>Reports received</u>
1. Report on statistics of prevalent diseases at BCM	1. Report on statistics of prevalent diseases at BCM
2. Report on statistics on accidents on Mdantsane Black Road in the last 3 years.	
3. Report on polluted beaches in East London as well as rivers in the King Williams Town areas including the proposed plans on improving the situation.	
4. Report regarding the amendment of the misinformation on page 28 of the annual report regarding a vacant post of the Director: Health Public Safety	
5. Report on training of disaster preparedness conducted with communities and the outcomes thereof.	

5.5 ENGINEERING SERVICES CHALLENGES

- Potholes not attended to.
- Bucket System not yet eradicated at Summerpride, Berlin and Duncan Village.
- Resources and staff shortages
- Abuse of overtime
- Lack of information dissemination to residents to inform them on regular changes to quality of water

- Illegal electrical Connections
- Vandalism of Street Lights.
- Non integrated Development Plan with internal and external departments.
- No maintenance program for new and old buildings .e.g Hoodpoint Sewer Works, Schaunville and Bisho Sewerage that runs into the rivers and the ocean
- No public awareness programs that will encourage public participation

LIST OF REPORTS REQUIRED FROM ENGINEERING SERVICES ON 04TH March 2011 BY THE OVERSIGHT COMMITTEE.

<u>Reports required – Meeting date 04 March 2011</u>	<u>Reports received</u>
1. Report on the contractor that erected the toilet facilities at Ndancama, how much was paid and complete eradication of bucket system	
2. Report on maintenance and development of dams as well as BCM entire infrastructure and the budget provision thereof	
3. Report on Rockliff, also taking cognisance of the actions as required by previous Council resolutions and include a list of contractors that benefited in that project and the expenditure to date	
4. Report on MIG funding spent on MAD campaign as well as the current programme detailing how they intend spending funds to avoid challenges that BCM were faced with in the previous year	
5. Report on EPWP contract entered into between BCM and the department of Roads and Public Works	
6. Report on the action plan for establishment of Engineering Call Centre to relieve ratepayer's frustration	
7. Report on Quenera project, how much budget is involved and where funding is sourced	
8. Report on how much is contributed on infrastructure by the two big malls that are next to Quenera.	
9. Report on information/details of the contractor that built a	

toilet for the tenant at Berlin and how much was paid and why it did not complete the job.	
10. Report on capacity of Treatment works and the quality of effluent	
11. Report on funding document of Sanitation Resource Centre that is situated in Berlin. Furthermore, report on who had given SASSA permission to operate in the centre and how much they have paid and to whom.	

5.6 PLANNING AND ECONOMIC DEVELOPMENT CHALLENGES

- Leases, Land and related Assets
- Composition of the LED Stakeholder Forum
- Reasons why the business support centres in Duncan Village are not fully operational.
- Impact of tractors and equipment that have been distributed by the municipality to rural farming communities. That the Director submits a report on the use of the tractors that were given to communities to undertake agricultural projects and how those projects are monitored.
- Contributions of J&J and Nestle to the Buffalo City economy through job creation.
- Progress report on the Bus Rapid Transit System.
- Progress report on Zwelitsha/Bonke Pedestrian Bridge and Piers for Yellowwood River Bridge.
- Report on Taxi Facilities, Highway, Gilwell and Oxford Street
- The department must submit a report on the penalties instituted to Lukhozi Consulting for breach of contract
- That the Director submits a report on funding that here Directorate has received from different stakeholder to develop the Business Support centres as well as the refurbishment of the Fresh Produce Market (DBSA).

LIST OF REPORTS REQUIRED FROM PLANNING AND ECONOMIC DEVELOPMENT ON 11TH March 2011 BY THE OVERSIGHT COMMITTEE.

<u>Reports required – Meeting date 09 March 2011</u>	<u>Reports received</u>
1. Report on day-to-day programme of Planning and Economic Development.	1. Office building at the Dimbaza Taxi Rank
2. Report on composition of stakeholder’s forum.	2. Implementation of the Bus Rapid Transit System.
3. Report on funding received from different Stakeholders to develop Business Support Centres as well as refurbishment of the Fresh Produce Market (DBSA).	3. Recovery of cost for the rehabilitation of the Dimbaza Taxi Rank as requested by the Oversight Committee on 9 March 2011.
4. Report on the use of tractors that were given to the communities to undertake agricultural projects and how those projects are monitored.	4. Yellowwood River Bridge Project as requested by the Oversight Committee on 9 March 2011.
5. Progress Report on BRT	5. Bonke Bridge Project as requested by the Oversight Committee on 9 March 2011.
6. Report on the viability status of Johnson & Johnson as well as Nestle as they are no longer the biggest companies in East London.	
7. Report on appointment of Lukhozi contractor to construct Dimbaza Taxi Rank and whether the contractor was penalised for developing shoddy work. How much was paid and how much was lost to unfinished work. How much the second contractor was paid for redoing and finalising the work?	
8. <u>Report on the following:</u> (a) Details of progress regarding the construction of the Zwelitsha/Bonke Pedestrian Bridge and construction of piers for the Yellowwoods River Bridge. (b) Progress report on King Williams Town/Mdantsane Highway Taxi Rank and Oxford street.	

(c) Report on system applied to dispose Municipal Fixed property, what challenges exist and whether there was a backlog.	
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5.7 CHIEF OPERATING OFFICER

- Housing Reeston – legal issue
- Speed up process of housing development
- No maintenance program for dilapidated houses
- No integrated Human Settlement plan with other internal and external departments.
- No continuous monitoring program of Service Providers contracted to build houses.
- BCM must ensure that it is registered as an accredited institution to be able to develop and maintain its own housing program and strengthen inter-governmental relation.
- A clear program of monitoring of staff must be developed with regular month or quarterly reports submitted.

LIST OF REPORTS REQUIRED FROM CHIEF OPERATING OFFICER ON 12TH March 2011 BY THE OVERSIGHT COMMITTEE.

<u>Reports required – Meeting date 12 March 2011</u>	<u>Reports received</u>
1. Report on accreditation levels that BCM has been granted by the Department of Human Settlements.	1. Housing Strategic Plan
2. Report on a list of contractors on which action has been taken for poor quality work.	
3. Report on the Beneficiary list and how the department will deal with issues of beneficiaries who have been in the list for the past 20 years when they develop a demand database.	
4. Report on Neighbourhood Partnership Grant funding that was used and how much it was.	

5. Report on housing backlogs and the rate of development to date.	
6. Report on Housing Development programmes to be submitted by email to the Speaker by Monday 14 March 2011.	

5.8 EXECUTIVE SUPPORT SERVICES CHALLENGES

- Non implementation of Performance Management System and cascade of system
- 2010 contracts.
- No monitoring of contract work done by service providers.

LIST OF REPORTS REQUIRED FROM EXECUTIVE SUPPORT SERVICES ON 11TH March 2011 BY THE OVERSIGHT COMMITTEE.

<u>Reports required – Meeting date</u>	<u>Reports received</u>
1. Report on breakdown of budget used for the 2010 Legacy Projects (the expenditure incurred) and how much was initially budgeted for each stadium and whether communities were consulted.	1. Draft Annual Report for BCM 2009/10.
2. Report on the list of all inventory (i.e. furniture and equipment) that was bought from the R100 000 Ward Development Fund for each ward. Included in this report are which Ward Councillors offices received furniture and which had not received.	2. Draft Integrated Development Plan (IDP) & the Draft MTERF Budget 2011-2016.
3. Report on the operational budget for Youth and Business Centres and the status of Directorates relationship with Msobomvu and NYDA.	3. BCM Ward Development Fund Report.
4. Submit the memorandum of understanding between BCM and each of the International countries which it has partnerships with.	4. Ward Development Fund: Inventory (BCM Wards).

5.9 ACCOUNTING OFFICER

- Capacitating of Internal Audit Unit.
- Capacitating of Audit Committee

- Standing Committees not fulfilling their oversight role on Directors that are suppose to implement Council Resolutions.
- Leadership and management skills.
- Failure to govern and take proper decisions.
- Failure to monitor and implement Council decisions
- No leadership to monitor the implementation of Council Resolutions.
- No Accountability
- Non attendance of standing Committees by other Councillors
- No delegations system in place
- Not functional PMS
- Capacity of Internal Audit Unit and Legal Services including reporting relationship
- Fraud Risk and Risk Management
- Control Systems not in place including inter alia Supply Chain, Records, security of information, Supply chain skills, etc.
- BCDA
- Disjuncture between political and administrative arm.

LIST OF REPORTS REQUIRED FROM ACCOUNTING OFFICER/EXECUTIVE MAYOR ON 22ND March 2011 BY THE OVERSIGHT COMMITTEE.

<u>Reports required – Meeting date</u>	<u>Reports received</u>
1. The Acting Municipal Manager submits to the Committee a report on key controls.	1. Report on responses of the Executive Mayor to Oversight Committee questions
2. That in future the Municipal Manager ensures that Audit reports are submitted directly to the Council.	2. Report on responses of the Acting Municipal Manager to Oversight Committee questions. It should be noted that the report was verbally

	presented to the Oversight Committee during interviews; the hardcopy is still to be submitted.
3. The Acting Municipal Manager ensures that all vacant posts are filled as a matter of urgency and a report in that regard is submitted to the committee.	Reports still awaited

5.10 STAKEHOLDERS CONTRIBUTION

5.10.1 TAX PAYERS ASSOCIATION - ISSUES RAISED AND INFORMATION

REQUIRED

- Explanation of R2 million
- Lack of trust on Municipal Servants
- R5 million spent on overtime
- R82 million spent by Municipalities
- Ignoring peoples right

5.10.2 ACDP - ISSUES RAISED

- Need to fill vacant posts
- Beef up the Internal Audit staff unit
- Lack of information to the residents on Quality of water
- Illegal electrical connection
- Vandalism of street lights
- Speed up process of housing development
- Degeneration of performance to disclaimer of Audit Report
- Lack of leadership in key position MM/CFO positions not yet filled
- Non collection of refuse removal
- Abuse of overtime
- No maintenance program of community stadiums and halls
- HR/Finance to fund and advertise vacant post/Fill all vacant post in depts.

5.10.3 COSATU - ISSUES RAISED

- Non delivery of services
- Bucket system not eradicated at Summerpride, Berlin
- In Duncan Village toilets system is very old 500 people are queuing for one toilet
- Excessive overtime and non removal of Solid Waste and the contributing factors thereof can be highlighted as follow;
- (i) Management Style
- (ii) Shortage of staff vs BCM population
- (iii) Shortage of vehicles
- (iv) Distance of dumping/tip site
- Unemployment resulting to crime, hunger disease and under development which become the order of the day
- Employment Equity- (Educational qualifications vs experience)

5.10.4 ELIDZ - ISSUES RAISED

- Legal issues (litigations, suspension not finalized at the anticipated time and have financial implication for the institution.
- Public participation vs public consultation
- There is a need to consider overarching issues that is Strategic in nature and those that are Technical in the following manner:
- From the draft aspect one must consider using reference to the source referred to in the report so as to ensure that credit is provided in line with copyright laws.
- The public is not aware of the difference between the concepts of corruption and non compliance to MFMA requirements resulting in irregular expenditure and wasteful expenditure.
- Readers would appreciate more in debt discussions in the document of the implication of BCM acquiring the Metro status
- Clarity is required of how BCM has endorsed the National Growth Path as it is aligned to youth empowerment through job creation.
- BCM needs clarify its active role it has played in setting BCM as an investment destination.

- More information is required in regard to what BCM has done to institutionalize its achievements as tourist destination through the support of infrastructure e.g. cycling paths being demarcated on major roads.

The Auditor General was also invited to the committees' work session to elaborate on matters affecting the Audit of 2009/2010. The presentation is attached as Annexure C

The Audit Committee Chairperson provided input to the oversight process with regards to the annual report. The submission by the committee's acting chairperson is attached as **Annexure D.**

Also attached hereto is the Report on site visits undertaken by the Oversight Committee on various BCM projects marked Annexure "E"

6.0 STAFF REQUIREMENTS

The Council resolved in terms of minute no BCC 6/10..... dated 29 January 2010 that the Oversight Committee function should be on a continuous basis in order to pursue its monitoring and evaluation function through out the year but this has not yet been fulfilled. It is evident that if the Oversight Committee has to perform its duties on regular basis, it must then establish a permanent staff compliment that will undertake administrative functions which amongst other things will include auxiliary, secretariat services and financial management. Currently there are seven officials that are seconded from various departments to assist with the Oversight Committee work whilst on the other hand these incumbents are also engaged with their normal operational work. This situation has overburdened these officials with extra work and it is therefore imperative council consider permanent appointment of staff that will be dedicated to perform Oversight functions.

The estimated cost such staff establishment is estimated at R500 000 per annum which has to be provided for in the 2011/12 budget.

7.0 FINANCIAL IMPLICATIONS TO BUFFALO CITY MUNICIPALITY

The Audit Committee report on page 3 paragraph 2.1.2 referred to the Auditor Generals report which highlighted the incomplete implementation of BCM Supply Chain Management System, the consequence of which has deemed substantial values to be irregular expenditure including the following amounts:

“

1. R177,3 million ,where supporting documents could not be produced.
2. R441 million where statutory procedures were not complied with.
3. R166 million where annual contracts were extended in an unauthorised manner.
4. R21 million in respect of 2010 World Cup events .

The report further stated that a number of these cases were a subject of forensic or other investigations. Aligned with the above was the expenditure as well as commitments and case of expenditure ,the problem appeared, once again ,to be inadequate documentation relating inter alia delivery. Regarding commitments, it was considered that the failure to maintain an adequate Tender/ Contract register was at the core of the findings.

The report furthermore stated that if this was not dealt with, a qualification arising from commitments was likely to repeat. The report further warned that, whilst the Register of Tenders/ Contracts was essential ,further work would have to be undertaken to ensure that expenditure was correctly recorded against all contracts. If not attended the disclosure of commitments will remain flawed and the possibility of qualifying remains”

In view of the above statements the Oversight Committee on the 23rd March 2011 undertook a visit to the Supply Chain Management building and had interviews with some officials present there at the time and in actual fact find that what has been presented by both the Auditor General and the Audit Committee were 100 % correct.

8.0 CONCLUSION OF THE OVERSIGHT COMMITTEE

The general view of the Oversight committee was that Directors and Acting Directors have deliberately ignored setting up internal control mechanisms that will ensure legal compliance and monitoring of processes on an ongoing basis. Failure to adhere to early warnings by both the Internal Audit Committee and the Auditor General in order to improve performance is a signal of lack of commitment and disloyalty to the council and the community as this resulted in lack of service delivery. BCM capital budget is rolled over each year due to under-spending particularly the donor and loan funding , this resulted in BCM getting penalise and paying interest of R199 000 to DBSA and was tantamount to irregular expenditure .The Audit Committee raised concern on the fact that there was no system in place to collect and record irregular ,fruitless and wasteful expenditure on contingency liabilities. Once again Senior Management showed deliberate abdication of responsibility which is viewed as offence by the Oversight Committee and disciplinary actions must be instituted against those that perpetuated such ill discipline.

The abuse of Overtime by officials with Senior Management in charge, and some departments taking no correctives measures to control the situation but instead side stepping the control measures resulted in council losing millions of rand without production and value for money. During the Oversight visits to various Township locations tangible evidence as depicted on the site visit report attached hereto showed that refuse removals had not been collected in months from the households and streets, cemeteries were left unattended and unclean with overgrown grass.

The other serious factor that Council need to consider is the non integration of plans and programmes as the impact thereof has caused serious backlog on services delivery. The objectives and strategies of the IDP document have been rendered ineffective by management as there is no synergy in activity plans and processes by departments. This has once again been evident during site visit at Unit "P" housing development project where houses were built without basic infrastructure such as water and electricity. Furthermore, existing and newly built Community Halls and stadiums have been left unattended with no provision of security and caretakers. There is no provision for future maintenance programs and at times these properties are left vandalised.

All matters raised in the last Oversight committee were not implemented and this can be construed that there is an element of neglecting responsibilities deliberately coupled with lack of capacity and commitment, no monitoring and control system, no report on compliance matters to Council (deviation), no proper delegation system, lack of discipline, dishonest as staff have not declared their financial interests. BCM recruitment strategy remains a challenge as appointment of staff seems to have been based on nepotism and consideration of the required experience and qualification as per job specification have been ignored. There is a conspicuous conflict of interest where appointment of staff and adjudication of tenders are for relatives and friends. Professionalism has by implication been deleted from the conscience of BCM officials and Councillors. A skills audit for staff with particular reference to those under-performing must be conducted and ensure that training was provided to improve performance standards.

Bylaws, policies and procedures are deliberately ignored by functionaries in an attempt to pursue their own personal agendas. The billing and credit policy is the worst in Finances as poor community members are incorrectly billed by overcharging them and handing over their properties for attachment by debt

collectors. The municipality is losing a lot of money by outsourcing services that could have been operated internally.

King Williams Town is treated as Secondary city and there's no equal treatment of staff and working standards have been dropped. There are no regular visits or in-inspections by Directors to KWT offices lower level staff are left unsupervised, hence there is an element of corruption and theft of municipal property.

The critical challenge which poses a serious threat is the non decentralisation of services to communities. Community members often have to travel long distances just to enquire on their municipal accounts which are sometimes inaccurate. This requires serious consideration by Council and an urgent decision must be taken this matter.

The majority of Municipal projects are not properly maintained and public participation element has been ignored by PMU and there's no involvement, control and supervision of service providers by the Directors yet payments are done on incomplete projects. The shoddy work by service providers is a consequence of non integrated planning by Directors and each one of them doing blame shifting when there are problems. Serious disciplinary action must be taken against officials that do not fulfil statutory and employment obligations.

The Oversight Committee is of the view that there are matters that require urgent attention which could be of benefit to Council and these are as follow;

The office of the Municipal Manager immediately undertakes the following:

1 Review of the BCM Organogram and provide for both Central and decentralisation of services in all urban and rural areas.

2. The appointment of two deputy Municipal Managers to assist the Municipal Manager with the implementation of IDP and Service delivery Program for BCM
3. Relocation of the Performance Management System to the Acting Municipal Managers Office and implementation of realistic SDBIP
4. Relocation of the Project Management Unit from engineering service to the Municipal Managers Office
5. The provision of Senior Managers with full staff compliment representing all departments to service communities at closer municipal civic centres
6. The development of Revenue enhancement Strategy and programme to ensure improvement on BCM Cash flow.

9.0 THE OVERSIGHT COMMITTEE RESOLVED TO RECOMMEND TO COUNCIL

The above comments were received from the Auditor General, and other Stake-holders in respect of the Buffalo City Municipality Annual Report 2009/10. After careful consideration of the comments received, the Oversight Committee recommends as follows:

- (1) That the Council, having fully considered the annual report of the municipality and representation thereon, adopt the Oversight report; with reservations as included in the comments in the Auditor General, the Audit Committee and the Oversight recommendations on from pages to ...of report No.....
- (2) That in view of the fact that BCM has regressed in performance and obtained a disclaimer report, the Council REAFFIRMS its previous resolution taken on the 31 August 2010 which is in terms of minute no. BCC 258/10 set out as items 2 to 14 which is attached hereto as Annexure F:

- (3) That furthermore actions required as a result of the under mentioned recommendations by the Oversight Committee be implemented and progress reports be submitted to by 26 April 2011 to Council;

3.1 That **BCM improves the Audit function** through:

- Strengthening the internal audit and reporting line (independency)
- Ensuring that the Audit Committee reports quarterly on issues of compliance to Council.
- Filling of vacant positions on the Audit Committee
- The Internal Audit reporting to the AMM's Office

3.2. That Attention is paid to Issues of **human and organisational capital** by:

- Filling of vacant senior posts, particularly the Municipal Manager and the Chief Financial Officer.
- The absorption of temporary staff
- Prioritising the monitoring and evaluation of employees' work performance to avoid overtime.
- Strengthening supervision and capacitating staff through developing and implementing a clear programme of action for monitoring staff performance
- Training managers and Councillors on project and financial management
- Creating positions on the BCM organogram according to the needs of the BCM community, to be filled with suitable staff.
- Considering both experience and qualifications when staff are appointed

3.3. That **Disciplinary measures, tools and mechanisms** are developed, enforced and applied in a consistent, effective and timeous manner, ensuring that

- The cases of suspension of section 57 employees are finalised, with the AMM submitting a full report on the suspension and financial implications of these Employees to Council
- Drastic steps are taken against those who are involved in fraud and corruption including those identified in the Ernest & Young Forensic Report.
- Report to South African Police Services and Hawks all fraud & corruption cases.
- A culture of discipline is entrenched amongst both officials and Councillors
- Staff are screened and vetted in relation to their business interests
- Staff and Councillors are trained on the BCM code of conduct, as well as the ethics, and Whistle blowing policy, and that the appropriate measures are duly implemented.
- Disciplinary action is taken against those who paid overtime, and those who paid service providers for incomplete work and without following the proper BCM procedures.
- The legal department develops procedures and processes that will enable the swift resolution on disputes and litigations

3.4. That an efficient and effective **Monitoring and Evaluation (M&E) System** be developed and implemented under the office of the AMM, tasked with continual monitoring, inspections and evaluations of BCM projects, programmes and proposes. There is also a need to develop and implement a PMS program that will allow for monitoring and evaluation process

3.5 That Concerns surrounding BCM's role in **Economic Development** be prioritised, through

- Buffalo City Tourism function be integrated to LED
- A review of the BCDA and a report be submitted
- The inclusion in the annual report of a program on how BCM will implement the national growth path as aligned through job creation.

- Advising readers of BCM active role as an investment destination for trade and investment.

3.6 That Issues of **Fraud and Corruption** be highlighted through:

- The conducting of a forensic audit in the two support services directorates i.e Corporate Services & Finance e.g. billing and Debt collections, General Valuation, Meter Reading.
- Presenting the difference between the concepts of corruption and non compliance to MFMA requirements and PFMA requirements that resulted in irregular expenditure and expenditure.

3.7 That **Financial Systems and Control** be strengthened through:

- Restructuring SCM Department and redeploying all the staff members.
- Reporting all litigation cases including financial implications
- The development and monitoring and implementation of the risk & fraud policy.
- Developing a System of Internal Financial Management
- Submitting a Quarterly report on SCM to Council on SCM. and
- The development and implementation of a Zero base budget which is based on activity costs analysis.

3.8. That BCM strengthens the current **Intergovernmental Relations** system with other Provincial and National Departments.

3.9 That the report must give more detail on BCM metro readiness status and the implications of such as it benefits the community

3.10. That **Service delivery** be improved through:

- Development of a program with time frames to eradicate the bucket system

- The Community Services Dept conducting a needs assessment and procurement of refuse removal vehicles accordingly
- The reinstatement by the Community Services Dept of the Brown Paper Performance Centres to enable the assessment of achievements on Departmental set targets
- Electrification of all shacks
- The development and implementation of a clear refuse removal program be developed. Or reinstated.

OR

That due to the disclaimer opinion received from the Auditor General and the Audit Committee comments as well as the Oversight Committee findings the Council rejects the Annual Report for the financial year 2010 on the basis of the fact that BCM performance position regressed.

CLLR N. BEVU

CHAIRPERSON OF THE OVERSIGHT COMMITTEE

LIST OF ANNEXURES

- Annexure A Minutes and attendance registers.
- Annexure B Copies of presentations by Stakeholders.(see attached minutes of 11 March 2011)
- Annexure C Auditor General's Opinion (see minutes of 20 &21 February 2011)
- Annexure D Audit Committee Opinion (see minutes of 20 & 21 February 2011)
- Annexure E 2008/09 Action Plan submitted by Directors that has not yet been implemented.
- Annexure F Report on Site visits by the Oversight Committee to various BCM Projects.