

1.2 MUNICIPAL MANAGER'S OVERVIEW

The Annual Report for the 2011/12 Financial Year has been compiled in accordance with the section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003 as well as accompanying circulars, templates and guidelines. The report records the performance and progress made by Buffalo City Metropolitan Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review.

The 2011/12 financial year marks the first year in office for the current Council since the 2011 Local Government Elections were concluded. The same financial year is significant in that, it also marks the first year of Buffalo City as a metropolitan (category A) municipality.

The year under review had its share of successes and challenges from an administrative perspective. The Council adopted an IDP that was based on the following strategic focus areas:

- Improving intergovernmental relations;
- Building citizen confidence;
- Bridging the digital divide;
- Improving performance, compliance, processes and systems;
- Building sustainable communities;
- Job creation;
- Improving governance; and
- Financial viability

The metro has sustained a good rapport with national and provincial departments as well as with other organs of state based on principles of cooperative governance, service delivery and institutional support.

Our ward committees received training and support to enhance their effectiveness as the grassroots machinery for enhancing public participation. The metro also approved the national government incentives framework for ward committees. Various campaigns and hearings were undertaken to raise public awareness on the various programmes being implemented by the metro. This endeavour was further given a significant boost with the launching of a community radio station with the support from the metro.

From technological from, the metro as an institution committed a significant budget to improve its Information Technology infrastructure, back-ups, systems and platforms. There are multi-year projects that are aimed at improving financial administration, procurement, document management and information technology governance. In the year under review, the metro facilitated the installation of fibre optic cables by Dark Africa across the breadth and width of the city's economic and residential hubs in line with the national strategy to achieve broadband technology.

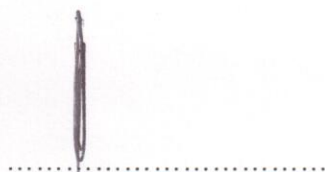
From an accountability perspective, the metro's audit results have improved from a disclaimer in 2010, adverse opinion in 2011 to a qualified opinion in 2012. A comprehensive multi-year audit turnaround plan was adopted by Council in 2012 and its implementation is underway, in line with the national and provincial 'Operation Clean Audit' programme. In the

2012/13 financial year, the administration endeavours to significantly improve the control environment and minimise non-compliance with legislation and policies as well as the management of performance information.

Service delivery defines the very existence of a municipality, and in the year under review, the metro faced huge challenges with respect to project planning, pipelining and execution. To this effect, the expenditure levels remained low at financial year end. The biggest areas of concern were under-spending for Urban Settlements Development Grant and Public Transport Infrastructure Grant. Turnaround plans for improving project management capacity and capital spending have since been implemented and results will be monitored and reported on during the 2012/13 financial year.

The metro is the biggest employer contributing significantly to the regional economy. Unemployment is rife, hovering above 24% and poverty is rampant. In the year under review, the metro took a renewed focus on the service delivery model of Expanded Public Works Programme (EPWP). This programme has been institutionalised in the City Manager's office, and the results and impact will be monitored and reported on during the 2012/13 financial year. Other community based programmes such as the Community Works Programme were also considered by Council during the year under review to complement efforts aimed at job creation in the metro. The metro also continued to play its facilitator role in local economic development through support private sector investment opportunities across the metro, notably, the Steve Biko Foundation in Ginsberg, King Williamstown; Metlife Mall expansion in King Williamstown, Bhisho revitalisation, Mercedes Benz of South Africa expansion project, East London Airport improvements, rehabilitation of the Old Buffalo Bridge and the establishment of a new automotive retail hub in Beacon Bay and Abbotsford area.

Lastly, from a financial viability perspective, Buffalo City Metro has sustained a credit rating of "Long Term A" and "Short Term A1-", in spite of the global economic down turn. This was confirmed by the Global Credit Rating Company and Rating Afrika respectively. The assessments conducted on Buffalo City revealed that key liquidity metrics were deemed to be adequate; and that the metro was maintaining a current asset ratio of 1, 57: 1. In addition, the cash holdings for the metro continued to cover total borrowings over the short to medium term. Buffalo City Metro continues with its current norm of maintaining cost coverage of approximately 3 months to sufficiently cover its fixed operating expenditure into the future.



A Fani

MUNICIPAL MANAGER