

BLUE CRANE ROUTE MUNICIPALITY (EC102)



ANNUAL REPORT 2023/2024

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

Circular 63 of the Municipal Finance Management Act (MFMA) 56 of 2003 enjoins the Mayor to table to the municipal Council the Draft Annual Report for a financial year under review. It is for this purpose that the Annual Report for 2023/24 financial year is prepared for the Council and the community of Blue Crane Route Municipality. The purpose of such a report is to provide a record of the activities of the municipality during the financial year in which it relates. This report is prepared in recognition of our obligation as an accountable and transparent government. It reflects how we fared in the implementation of our Integrated Development Plan (IDP) and Budget for 2023/2024 financial year.

During the year under review, collective efforts of both Political and Administration strived to achieve the outcomes of service delivery for all residents of Blue Crane Route Municipality. Although there were many impediments in providing service delivery such as aging infrastructure, theft and vandalism, service delivery protests and heavy rains, the municipality strove to ensure its objectives were achieved.

BCRM has consistently received Unqualified Audit Opinions over the past 8 years, however, during 2023/24 financial year the Municipality received a Qualified Audit opinion. Despite the huge financial constraints, the municipality managed to keep afloat and was able to meet the third-party obligations.

It is therefore a pleasure to present the Annual Report for 2023/2024 financial year.



CLLR B.A. MANXOWENI
MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

This 2023/24 Annual Report is prepared in terms of Section 121 of the MFMA of 2003, Section 46 of the Municipal Systems Act No. 32 of 2000 and National Treasury Circular No. 63, which seeks to give effect to BCRM legislative and constitutional mandate.

Blue Crane Route Municipality is a Category B municipality entrusted with discharging Section 155 and 156 of the Constitution of RSA (Act 108 of 1996) and Section 83 and 84 of the Municipal Systems Act.

The following services are performed on a shared basis: Fire and Disaster Management, Environmental Health (SBDM), Housing Development (DHS), Rural Roads (Dept. Of Roads & Transport), Library Services (DSRAC).

From a governance and Institutional Arrangement perspective the municipality is functional. All Senior Management positions have been filled. The Audit and Performance Committee has been appointed. The Internal Audit Unit is fully functional as they continue to discharge their respective statutory obligations. The municipality obtained a Qualified Audit opinion for 2023/24 financial year.

The following are the top 5 strategic risks the municipality has identified during the year under review:

Top 5 strategic risks	Action Plan
Going concern under threat	Review revenue enhancement strategy. Intensify implementation of Revenue Enhancement strategy.
Funding reverting to the national fiscus	Fast track procurement processes
Aging infrastructure	Development and implementation of Asset management plans
Increased vulnerability to evolving cyber security threats	Perform cyber security awareness
Abuse of leave	Implementation of web based leave

	management. (ESS)
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It is important that I take this opportunity to thank our Municipal Council, Directors, Managers, and all staff members for their contribution towards the stability of the municipality even during difficult times.



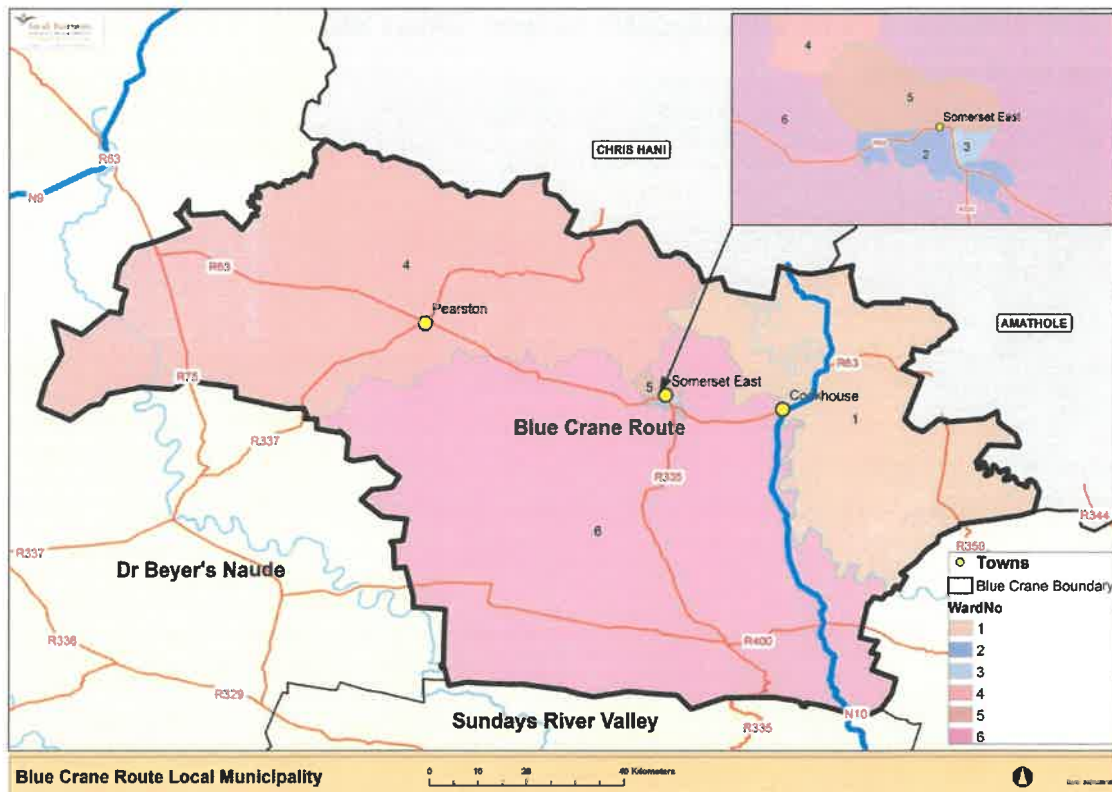
MR M.P NINI
MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1 INTRODUCTION TO BACKGROUND DATA

This section includes an analysis of the demographic, socio-economic and infrastructure development dimensions. The statistical information was sourced from StatsSA 2022. The district perspective is presented to provide a better understanding of the context within which the BCR municipality operates.

1.2.2 POPULATION AND ENVIRONMENTAL OVERVIEW

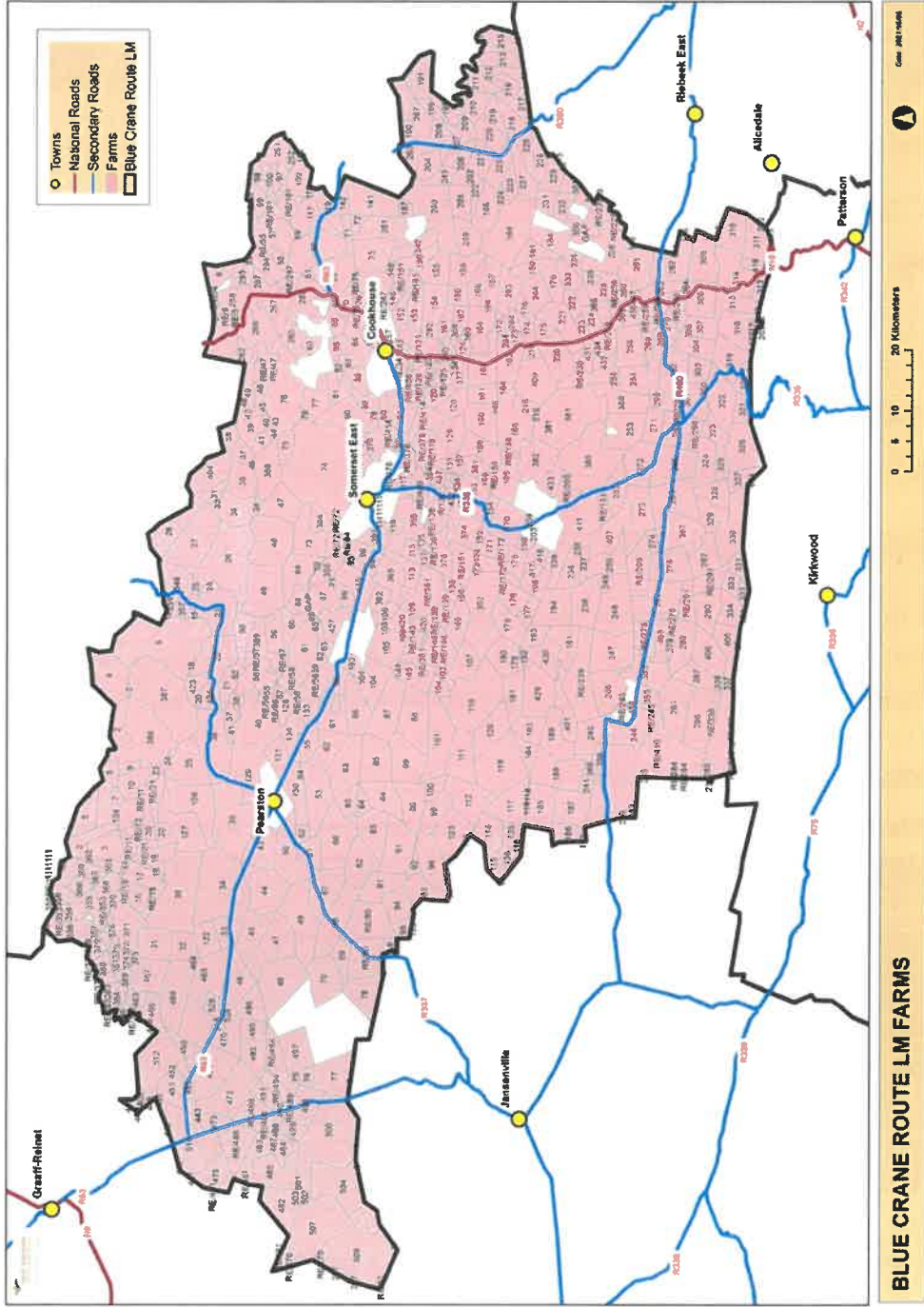


The Blue Crane Route Municipality falls within the jurisdiction of the Sarah Baartman District Municipality. The Municipality's area is bordered on the North-east of Raymond Mhlaba Municipality

(Amathole DM), North-west of Inxuba Yethemba municipality (Chris Hani DM), South of Makana Municipality and the South-west of Sundays River Valley municipality. The Blue Crane Route Municipality is located at 67 Nojoli Street, KwaNojoli.

The Blue Crane Route Municipality comprises of the primary node of KwaNojoli, which is the main commercial hub, two secondary service centres i.e. Pearston and Cookhouse, and vast rural commercial farmlands. According to Census conducted by StatsSA 2022, the population of Blue Crane Route Municipality has increased to 49 883 compared to Census 2011 which was 36 002 and Community survey conducted in 2016 which was 36063, reflecting 0,17 population growth rate. This therefore indicates that the growth rate of the population is very slow due to number of issues flowing from migration, death and birth rate.

KwaNojoli is a political and administrative seat of the municipality and is situated at the foot of the Boschberg Mountain. Blue Crane Route Municipality has 6 Wards and eleven (11) Councillors who constitute Council. In terms of the population per ward, Census 2022 reflects the overall growth of the area not at ward level.



1.2.3 DEMOGRAPHIC PROFILE

Table 1: Population and extent of Area km² - EC, SBDM and BCRM

Population figures	Province of the Eastern Cape	Sarah Baartman District Municipality	Blue Crane Route Local Municipality
Total Population Census (2011)	6 562 053	450 584	36 002
Total Population (Community Survey 2016)	6 996 976	479 923	36 063
Total Population Census (2022)	7 230 204	533 253	49 883
Area km ²	168 966 km ²	58 243.3 km ²	11 068.56 km ²

Source: StatsSA 2011 and StatsSA 2022

As indicated by the statistical information above, Blue Crane Route accounts for 8% of the Sarah Baartman District and 0.5% of the Provincial population. Geographically Blue Crane Route makes up 19% of the District municipality's landmass with a population density of 3.25 per km².

1.2.4 DEMOGRAPHIC TRENDS

Table 2: Age distribution, Gender, Population Grouping and Head of Household

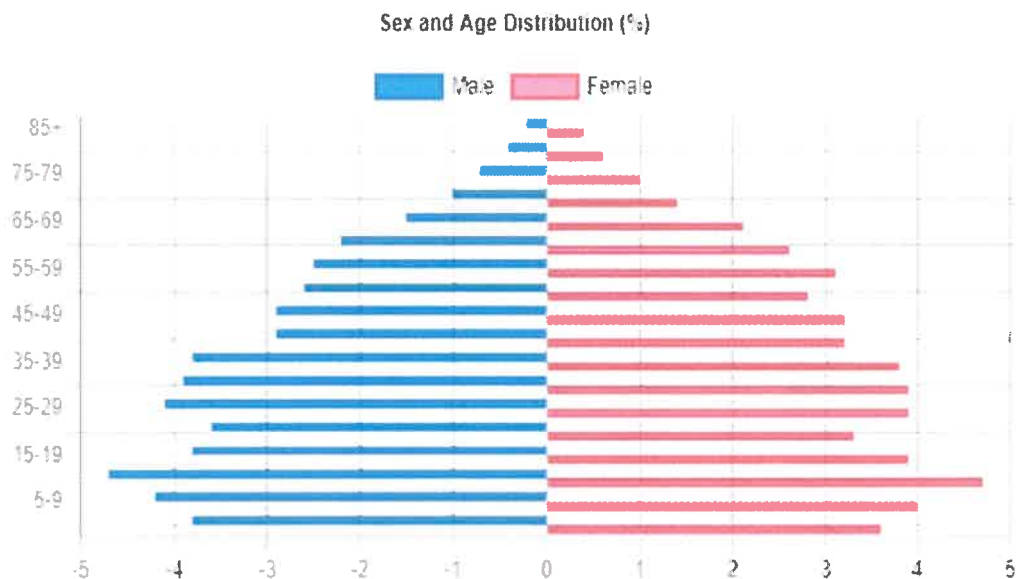
DEMOGRAPHICS	STATSSA CENSUS 2011	%	GROWTH % p.a.	COMSURVEY 2016	%	STATSSA CENSUS 2022
Blue Crane Route Total Population	36002		0.17	36063		49 883
Age distribution	36 002			36063		49 883
0-14	10517	29.2	0.2	11824	32.8	12 471
15-64	22962	63.8	0.2	20471	56.8	32 823

65+	2524	7.0	1.3	3768	10.5	4 589
Gender	36 002			36063		
Male	17680	49.1	0.5	17841	49.5	24 193
Female	18322	50.9	0.1	18223	50.5	25 690
Population Grouping	36 002					
Black	21247	59.0	0.19	21283	59.0	25 889
Coloured	11888	33.0	0.32	13283	36.8	17 217
White	2453	6.8	-0.6	1448	4.0	5 542
Indian/Asian	118	0.3	46.2	50	0.1	342
Other	295	0.8	-	-		891
Head of Household: Gender	9 761					16 117
Male	5 927	60.7	-0.9	-		
Female	3 834	39.3	2.3	-		

Source: StatsSA 2011/ Com Survey 2016/ StatsSA 2022

Census 2022 reflects that the population is dominated by young people between the age of 15 and 39, which requires intergovernmental planning efforts to jointly focus on improved education system, creation of employment opportunities and provision of sports and recreation facilities. The high number of children could also be an indication of a dependency on child support grants.

Figure 1. Population by gender and age in 2022 (% of total population).



Source: Statistics South Africa, Census 2022

1.2.5 WATER AND SANITATION PROVISION

Table 3: Water and Sanitation Provision

BASIC SERVICE / INFRASTRUCTURE	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	GROWTH % p.a.	BLUE CRANE ROUTE AREA (CS 2016)	%	Stats SA (2022)
Total number of households	9 595	9 761		1.7%	9876		
Sanitation	9 470	9 760		3.06%		91.2	
Flush toilets	4439	7856	80.5	7.7	8731	88.4	14056
Flush septic tank	390	395	4.0	0.1	-	-	

Chemical	244	25	0.3	-9.0	12	0.1	799
VIP	127	83	0.9	-3.5	-	-	
Pit latrines without ventilation	752	327	3.4	-5.7	403	4.1	
Bucket latrine	1921	277	2.8	-8.6	286	2.9	347
None	1597	617	6.3	-6.1	347	3.5	679
Other		180	1.8	-	-	-	155
Water – Access to piped water	8 530	9 740		12.4%	9003	91.2	
Household	2289	5022	51.5	11.94	-	-	
In yard	5027	3903	40.0	-2.24	-	-	4977
Community Stand >200m	688	172	1.7	-7.50	-	-	351
No access to piped (tap) water		340	3.5	-	873	8.8	1673

Financial Performance Year 2023/2024: Water Services						R'000
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	34 186	42 193	42 627	36 870	-14%	
Total Operational Expenditure:	23 005	28 683	28 128	22 582	-27%	
Net Operational Expenditure (Surplus)	-11 181	-13 510	-14 499	-14 288	5%	

Capital Expenditure Year 2023/2024: Water Services						R' 000
Capital Projects	2023/2024					
	Original Budget	Adjustment Budget	Actual	Variance from original budget	Total Project Value	
Total All	9 007	8 746	14 476	61%		

Financial Performance Year 2023/2024: Sewerage Services						R'000
Details	2022/2023	2023/2024				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	6 025	16 211	19 283	9 001	-80%	
Total Operational Expenditure:	6 743	12 831	14 216	3 704	-246%	
Net Operational Expenditure	718	-3380	-5067	-5297	36%	

Capital Expenditure Year 2023/2024: Sewerage Services						R' 000
Capital Projects	2023/2024					
	Budget	Adjustment Budget	Actual	Variance from original budget	Total Project Value	
Total All	485	579	0	-100%		

1.2.6 ELECTRICITY

Energy for Lighting

BASIC SERVICE / INFRASTRUCTURE	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	GROWTH % p.a.	BLUE CRANE ROUTE AREA (CS 2016)	%	Stats SA 2022
Total number of households	9 595	9 761			9876		
Energy (Access)	9 470	9 760		3.06%			
Electricity	6 161	8 486	86.9	3.8	8759	88.9	14857
Gas	23	17	0.2	-2.6		-	352
Paraffin	2 135	306	3.1	-8.6		-	289
Candles	1 057	876	9.0	-1.7		-	667
Solar	34	36	0.4	0.6		-	224
Other	60	0	0.0	-10.0	1247	12.1	21
None		39	0.4			-	22

Financial Performance Year 2023/2024: Electricity Services					
R' 000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance from original budget
Total Operational Revenue	112 610	182 010	161 010	127 343	-43%
Total Operational Expenditure	125 804	158 324	135 677	122 940	-29%
Net Operational Expenditure	-13 194	23 686	25 333	4 403	-438%

Financial Performance Year 2023/2024 : Electricity Services R'000					
Capital projects	2023/2024				
	Original Budget	Adjustment Budget	Actual	Variance from original budget	Total Project Value
Total all	4 706	5 167	1 886	-150%	

1.2.7 SOLID WASTE MANAGEMENT

BASIC SERVICE INFRASTRUCTURE	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	BLUE CRANE ROUTE AREA (CS 2016)	%	Stats SA (2022)
Total number households	9 595	9 761		9876		
Refuse Removal	9 467	9 761	%		%	
How often by municipality?						
a) @ least once a week	6351	7842	80.3	8505	86.1	12 252
b) Less often	28	51	0.5	37	0.4	78

How often is refuse bags provided	Once in 3 months	Once in months		Once in 3 months. Each household is supplied with 18 refuse bags during that period.		
Mode Disposal						
i) Communal dump	59	78	0.8	426	4.3	228
ii) Own dump	2440	1444	14.8	637	6.4	2 947
iii) No disposal	589	195	2.0	258	2.6	224
Other	0	151	1.5	-	0.1	90
No of Licensed Landfill sites		3				
No of un-licensed landfill sites		0				

1.2.8 ECONOMIC ANALYSIS

Local economic development is vital to the future development of the BCRM; the economy of this Municipality is based primarily on agriculture and Tourism. In essence the activities that dominate are Agriculture: Intensive Farming operations (Cash crops/ Lucerne production, dairy's, etc) Extensive farming operations: Cattle & Goat farming, game farming. Agriculture dominates the district's economy, contributing 28% of all value added and amounting to 41% of formal employment.

Summary of the Economic Sector:

Agriculture: Farming (livestock abattoir), Game hunting, Exotic Fruits, Citrus Fruits and Manufacturing (dairy)

Agro - processing: Mohair

Tourism: Museum, Art gallery, game reserves, Hiking trails with waterfall, B'nB's and Hotels and Bestershoek Lodge

Renewable energy: Wind Farms and potential Hydro- energy and solar panels

Largest threats: Climate change, localised droughts, cheap imports, changing economic climate in South Africa, Disasters (floods), unemployment and crime rate, vandalism.

The municipality appointed LED Manager in August 2023. The primary responsibility of the LED Unit is to build the economic capacity of the Municipality to improve the socio- economic environment of the area, furthermore, to create a conducive environment for all role players to work collectively to improve economic growth and create sustainable employment. The Unit has developed an action plan that was adopted by the council where several support programs have been implemented such as a workshop on SMME'S compliance, Suppliers Day, Local and Regional Economic Development (LRED) workshop for funding, SMME's Digital Transformation training, establishment of interim LED forums and business start-up where informal traders were given vouchers to the value of R3000 each to support their businesses. The Unit through its partnership with the Mineworkers Development Agency (MDA) has supported 10 emerging businesses with Bee Keeping equipment including 100 bee hives and PPEs as a first phase of the project. On the 27 -29 June 2024 the Municipality, through its partnership with SALGA, CoGTA and relevant stakeholders have developed an LED strategy. The document was developed within the broader context of Small-Town Regeneration, poverty alleviation, investment promotion, agriculture and tourism development to mention a few, critically, was the development of LED strategic areas and action plan.

BCRM and Cacadu Development agency are working hand in hand as result the following are the economic infrastructure/projects within the municipal area.

1. KwaNojoli Industrial Park

This project has the potential to be the ultimate economic driver for the municipal economy. Launch and handover of bulk infrastructure at the Industrial Park was done. Funding for the project is R28m. The municipality in partnership with the CDA are in the process of engaging potential investors to

utilise the industrial park to create sustainable jobs and change the economic outlook of the municipality.

2. KwaNojoli Aerodrome

The construction of the KwaNojoli Aerodrome was completed in 2016 and is registered with South African Civil Aviation Authority. During the visit of SACAA they advised CDA to de-licence the Aerodrome whilst they are repairing everything that was vandalised (fencing and fixing of hangars and installation of a runway lights). The Aerodrome was opened for hunting season last year June 2024 and the first flight landed on the 26 June 2024. Currently there are three casual workers employed for a period of six months to control the landing of flights.

3. Boschberg Tourism Hub

Currently the Boschberg Tourism Hub is a responsibility of CDA. The current challenge with the Tourism Hub is the lack of security. The building is vandalised, and the Service Level Agreement (SLA) has been renewed between CDA and the municipality. Furthermore, the Project Steering Committee (PSC) has been established and the process of appointing service provider to do costing for renovations is underway, to be completed in the financial year.

Other LED beneficiation projects

1. R355 Road Project

The R355 road project is underway. The local SMME's and local communities are participating in the project.

2. Renewable Energy (Wind farms)

There are windfarms within the Province of the Eastern Cape. There are six (6) within Blue Crane Route jurisdiction situated in Cookhouse area. These windfarms have made contribution to social development projects focusing on early childhood development programmes, capacity building programmes (learnerships, internships) and Education (bursaries)

3. Revitalisation of the railway

The project was implemented in Cookhouse by Transnet and +- 100 job opportunities were created.

4. South African National Roads Agency SOC Ltd (SANRAL) projects

The project is for maintenance of roads (N10 and R63). The local SMME's and local communities are participating in the project.

1.2.9 SOCIO ECONOMIC DIMENSION

Table 6: Socio Economic

SOCIO ECONOMIC ANALYSIS	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	GROWTH % p.a.
Total Population				
No disability/Unspecified	32292	28152	87.85	-1.28
Sight	571	2294	7.16	30.18
Hearing	221	350	1.09	5.84
Communication	78	82	0.26	0.51
Physical / Walking	1118	465	1.45	-5.84
Intellectual / Remembering	133	265	0.83	9.92
Emotional / Self Care	298	438	1.37	4.70
Multiple disability	300	0	0.00	-10.00
Not applicable		3956		
	35 011	36 002		

Source: StatsSA 2011

StatsSA indicates that there has been an overall decline of -1.28% p.a. in the number of population with disabilities. People with a sight disability have increased drastically by 5.6% from 1.6% in 2001 to 7.2 in 2011.

Table 7: Income Category

SOCIO ECONOMIC ANALYSIS	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	GROWTH % p.a.
Income 15 to 65				
No Income	180	10 504	46.09	573.6
R1 – R400	3 454	1 254	5.50	-6.4
R401 – R800	1 557	1 198	5.26	-2.3
R801 - R1600	929	4 924	21.61	43.0
R1601 – R3200	794	1 582	6.94	9.9
R 3 201 - R 6 400	566	933	4.09	6.5
R 6 401 - R 12 800	239	763	3.35	21.9
R 12 801 - R 25 600	58	489	2.15	74.3
R 25 601 - R 51 200	27	101	0.44	27.4
R 51 201 - R 102 400	32	30	0.13	-0.6
R 102 401 - R 204 800	7	28	0.12	30.0
R 204 801 or more	3	12	0.05	30.0
Unspecified	0	973	4.27	
	7 846	22 791		

Source: StatsSA 2011

Table 8: Labour Status

BLUE CRANE ROUTE AREA (STATSSA 2011)			%	GROWTH % p.a.
Employed	7839	7434	34.3	-0.52
Unemployed	5355	3300	15.2	-3.84
Non-economically active	9471	10935	50.5	1.55
	22665	21669		

Source: StatsSA 2011

Table 9: Education Levels 20 year +

SOCIO ECONOMIC ANALYSIS	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	GROWTH % p.a.	BLUE CRANE ROUTE AREA (Community Survey 2016) %
Level of education 20 +					
No schooling	4 088	2 592	8.24	-3.7	6.3
Some primary	5 956	10 895	34.65	8.3	21.7
Complete primary	1 977	2 516	8.00	2.7	9.9
Some secondary	5 361	9 577	30.46	7.9	38.9
Std 10/Grade 12	2 437	4 420	14.06	8.1	20.7
Higher	1 075	1 392	4.43	2.9	2.5
Unspecified	0	49	0.16		0

Source: StatsSA and CS 2016

1.2.10 POWERS AND FUNCTIONS OF THE MUNICIPALITY

The municipal mandate stems from the section 155 and 156 of the Constitutions (Act 108 of 1996) which assigns powers and functions drawing from the schedules 4b & 5b. In terms of the Part B of schedule 4 and 5 of the Constitution, Blue Crane Route Municipality has the following powers & functions:

Schedule 4 Part B	Schedule 5 Part B
Powers exercised by the BCRM	Powers exercised by the BCRM
<ul style="list-style-type: none"> ○ Air pollution ○ Building regulations ○ Electricity and gas reticulation ○ Firefighting services ○ Local tourism ○ Municipal planning ○ Municipal public works ○ Stormwater management systems in built-up area ○ Trading regulations ○ Water and sanitation services 	<ul style="list-style-type: none"> ○ Amusement facilities ○ Billboards and the display of advertisements in public places ○ Cemeteries ○ Cleansing ○ Control of public nuisances ○ Control of undertakings that sell liquor to the public ○ Facilities for the accommodation, care and burial of animals ○ Fencing and fences ○ Licensing and control of undertakings that sell food to the public ○ Local amenities ○ Local sport facilities ○ Municipal abattoirs ○ Municipal parks and recreation ○ Municipal roads ○ Noise pollution ○ Pounds ○ Public places ○ Refuse removal, refuse dumps and solid waste disposal

	<ul style="list-style-type: none">○ Street trading○ Street lighting○ Traffic and parking
--	--

1.3 FINANCIAL OVERVIEW

The Municipality is largely dependent on the Equitable Share and other grant funding. In addition the Municipality has a fair consumer base, however shows signs of deterioration with Services Charges are evident. An under collection of Service Charges have been experienced in the 2023/2024 Financial Year.

The following material uncertainties may cast doubt on the going concern assumption:

- National Eskom electricity loadshedding, that impacted electricity sales severely. This seriously impacted the previous financial years as well.
- NERSA also did not approve Council's 18% approved tariffs for the 2024/25 financial year. NERSA only approved a 11 % increase, which is not enough to cover the inflation increases for the Eskom increase of 12,7 %
- Debt payment ratio's not in the norm
- Credit payment ratio's not in the norm
- High level of electricity losses that occur
- High level of poverty within the BCRM's municipal area
- Contingent liabilities as disclosed in this set of financial statements may impact future cash flows negatively if the court rulings are not in the favour of the municipality. It be noted that the Municipal Retirement fund matter already had a negative impact on the cashflow projections for the 2023/24 financial year.
- FRP (CFO).

The following revenue enhancement strategies are currently in place to ensure that the municipality address the above listed concerns:

- Debt collection interventions, including services restrictions if bills are not paid and issuing of summonses.
- Implementation of an electronic meter reading system to ensure accurate and timely issuing of accounts.
- Meter audits, to establish if all service usages are accounted for.
- Installation of bulk electricity and water meters to track and monitor losses
- Replacement of old electricity and water infrastructure to curb electricity and water losses.

- Developing of cost covering tariffs to ensure that consumers are paying for the services rendered by the municipality.
- Cost containing measures to prevent unnecessary expenditure.
- Implementation of a general valuation roll and interim rolls to ensure that the new market values of property are accounted for.
- Establishing a LED unit to attract business opportunities for local business
- It is therefore important to note that Blue Crane Route Municipality is well geared to absorb the additional pressure.

In line with the under collection of Services rendered, Debt Impairment increased as a result of debtors not being able to pay their Municipal accounts. It was highlighted by the AG in the 2022/23 financial report that consumers of municipal services are the biggest contributors of the municipality's going concern being under threat.

It should be noted that the Municipality has an indigent rate of 55% and this by itself is a major contributing factor to the Financial sustainability of the Municipality and remains a challenge in the current year. Management have embarked on approaches to implement the revenue enhancement approaches that were developed to address the challenges faced by the Municipality in this regard.

Financial Overview: Year 2023/2024			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	111 587	150 246	122 473
Taxes, Levies and tariffs	226 637	212 692	188 115
Other	13 368	12 136	21 700
Sub Total	351 592	375 074	332 288
Less: Expenditure	373 107	352 171	388 679
Net Total*	(21 515)	22 903	(56 391)

Operating Ratios: 2023/2024	
Detail	%
Employee Cost	28%
Repairs & Maintenance (Inventory consumed)	2%
Finance Charges	3%
Depreciation and Impairment charges	15%
Bulk Purchases	32%
Other	20%
	100%

Employee Related costs are within the norm with 28%. Repairs and Maintenance are below norm at 2 % as the Municipality’s budget is severely under constraint and not being able to fund the repairs and maintenance of assets in the vicinity of R1,3 billion (cost value). This filters through to the fact that Depreciation and Impairment is at 15%.

Total Capital Expenditure: Year 2021/2022 to 2023/2024			
	R'000		
Detail	2021/2022	2022/2023	2023/2024
Original Budget	43 411	22 276	34 519
Adjustment Budget	54 380	45 613	71 625
Actual	31 719	32 869	77 362

The Capital budget increased from R 34 million to R71 million from the Original Budget to the latest Adjustment Budget done in June 2024. Additional disaster funding to the value of R30m was allocated the Municipality in February 2024. Own funds were also allocated to the capital budget to increase the efficiency of operations.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

In terms of the Municipal Structures Act, Blue Crane Route Municipality is a Collective Type, which means it has an Executive Committee (EXCO) led by The Mayor. EXCO has the role of processing all items for consideration by the Council which is led by The Speaker.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151(3) of the Constitution of RSA allows the Municipal Council to govern on its own initiative and local government affairs of the local community. The municipality has four standing committees aligned to the four (4) Directorates of the municipality. The committees sit once per quarter and special meetings when there is a need. The committee meetings are attended by all Councillors, Management and staff members of their respective directorates. Council meetings sit once per quarter and special Council meetings when there is a need for a Council resolution. The Council meetings are chaired by The Speaker and attended by all Councillors, Management and members of the community.

Blue Crane Route Municipality is comprised of eleven (11) Councillors; six (6) of which are ward Councillors, and five (5) proportional representative Councillors. The Speaker is a proportional representative (PR) Councilor. The ward Councillors are responsible for the wards they are representing, and PR Councillors provide support to wards. The structure of Council constituted as follows:

- 1 Cllr B.A Manxoweni – Mayor : ANC
- 2 Cllr N. Yantolo -Nkonyeni – Speaker: ANC
- 3 Cllr Z. S Baskiti- Ward 1 (ANC)
- 4 Cllr A. Heynse- Ward 2 (DA)
- 5 Cllr A. Dyantyi- Ward 3 (ANC)
- 6 Cllr M.K Mali – Ward 4 (ANC) (resigned in December 2023)
- 7 Cllr H. Davenport - Ward 4(DA)
- 8 Cllr Smith Johnson - Ward 5 (DA)
- 9 Cllr P. Sonkwala- Ward 6 (ANC)
- 10 Cllr E. Miggels – EFF :PR
- 11 Cllr J. Martin – DA :PR
- 12 Cllr F. Brown – DA: PR

Blue Crane Route Municipality has established a Municipal Public Account Committee (MPAC) which is an Oversight Committee. MPAC is comprised of both ward and PR Councillors, with Councillor Z.S Baskiti as the Chairperson. It provides Council with comments and recommendations on the Annual Report. During the year under review the MPAC convened at least 4 meetings as part of its oversight responsibilities. During the financial year, the municipality had a functional Audit & Performance Committee. Audit & Performance Audit Committee charter was reviewed and submitted to Council for consideration and approval.

The Council has established the Disciplinary Board which also functions as MFMA Section 32 Committee to assist Council in investigation of Unauthorized, Irregular and Fruitless and Wasteful expenditure. In the year under review there were no matters referred to the Disciplinary Board.

The municipality has a functional internal audit unit which constitute: Manager: IA, Internal Auditor and two IA Interns. Internal Audit Charter was reviewed and submitted to Audit & Performance Committee for approval.

2.1 POLITICAL GOVERNANCE

POLITICAL STRUCTURE

Cllr B. A Manxoweni: **MAYOR**

**CHAIRPERSON: CORPORATE SERVICES STANDING COMMITTEE, AND
FINANCE & LED STANDING COMMITTEE.**

Cllr N Yantolo Nkonyeni: **SPEAKER OF THE COUNCIL**

Cllr P Sonkwala: **CHIEF WHIP**

Cllr Z.S Baskiti: **MPAC CHAIRPERSON**

Cllr J Martin: **CHAIRPERSON COMMUNITY SERVICES STANDING COMMITTEE**

Cllr M.K Mali **CHAIRPERSON TECHNICAL SERVICES STANDING COMMITTEE**

POLITICAL DECISION-TAKING

The process of Council decision commences at the Standing Committee level through recommendations, which are later tabled at the EXCO and passed for adoption/Approval by Council. All Council resolutions become final and binding. Political decisions and resolutions are taken at the Council meeting. Decisions are taken through consensus, or a majority vote of the Councillors present

in the meeting. A resolution register developed from decisions taken by Council is maintained, monitored and tabled for tracking / oversight in all ordinary Council meetings.

2.2 ADMINISTRATIVE GOVERNANCE

The BCRM has the following Directorates in its organizational structure. These are, Office of the Municipal Manager, Corporate Services, Community Services, Financial and Technical Services

TOP ADMINISTRATIVE STRUCTURE	Function
MUNICIPAL MANAGER (Mr M.P Nini)	Oversee the functioning and performance of the following Directorates, i.e <ul style="list-style-type: none"> • Corporate Services • Finance • Community Services • Technical and Infrastructure Services • Office of the Municipal Manager
DIRECTOR CORPORATE SERVICES: (Mrs Novuko Kubone)	<ul style="list-style-type: none"> • Administration • Human Resources • ICT • Customer Care
DIRECTOR: FINANCIAL SERVICES (Mr Nigel Delo)	<ul style="list-style-type: none"> • Income and Expenditure • Budget and Financial Reporting • Assets and Supply Chain Management
DIRECTOR: COMMUNITY SERVICES (Mrs Yolisa Mniki)	<ul style="list-style-type: none"> • Parks and Recreation • Environmental Health and cleansing • Fire and Rescue Services • Traffic Services • Environmental Management • Library Services

DIRECTOR: TECHNICAL SERVICES

(Mr Ayanda Gaji)

- Roads and Stormwater
- Projects Management Unit
- Electro-Mechanic
- Water Services
- Human Settlements
- Town Planning and Land Use Management

COMPONENT B: INTERGOVERNMENTAL RELATIONS

The concept of Integrated Development Planning (IDP) is embedded on the principle of co-operation amongst various spheres of government for the purpose of providing better co-ordination and services to the community. It is in this context that co-operative governance and inter-governmental relations becomes of utmost importance. Blue Crane Route Municipality has no functional Inter-Governmental Relations Forum (IGR) due to poor attendance by other stakeholders.

2.3 INTERGOVERNMENTAL RELATIONS

The municipality continues to have good working relations with the following stakeholders and associations; however, IGR forum needs to be strengthened.

- South African Local Government Association (SALGA)
- Dept of Co-operative and Traditional Affairs (COGTA)
- DEDEAT (SBDM)
- DSRAC
- Department of Health
- Department of Public Works
- Provincial Treasury
- COGTA
- Department of Home Affairs
- Dept of Rural Development and Land Reform
- Dept of Water and Sanitation
- Department of Human Settlements
- Dept of Social Development

- South African Police Service
- Independent Electoral Commission
- Cacadu Development Agency (CDA) and
- Sarah Baartman District Municipality (SBDM)

2.3.2 RELATIONSHIP WITH THE DISTRICT MUNICIPAL ENTITY

The BCRM has good relations with the Cacadu Development Agency (CDA). These relations were strengthened by the decision of the BCRM Council to dis-establish its previous entity, the BCDA. Currently the CDA oversees the co-ordination and implementation of BCRM Local Economic Developments programmes. This is managed through a Service Level Agreement (SLA) signed between the two parties.

2.3.3 DISTRICT INTERGOVERNMENTAL STRUCTURES

The municipality enjoys good relations with the Sarah Baartman District Municipality. Councilor Phandulwazi Sonkwala is the BCRM Representative in the District Municipality. The municipality also participates in the following district structures:

- District Mayor's Forum
- District Speakers' Forum
- District Women Commission
- District Municipal Managers' Forum
- District Wide Infrastructure Forum
- District IDP Rep Forum
- District Disaster Advisory Forum
- District Legal Advisors Forum
- District Internal Audit & Risk Management Forum
- District Corporate Services Forum
- District Health Council
- District Community Safety Forum
- District Environmental Forum
- District Spatial Planning Forum
- Municipal Planning Tribunal
- District Chief Financial Officer's Forum
- District Tourism Forum

- District Business Forum
- District Communicators' Forum
- District Records Management Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public accountability and participation play an important role in the promotion of democracy in local government. The municipality uses the Ward Based Planning model to engage the community on matters relating to Performance Management, IDP and Budget. This places public accountability and participation at the basic level of community engagements.

The municipality has a public participation system in place that informs interaction between the municipality and the communities. Public engagements were conducted throughout the year using different forums, meetings, events, Media and BCRM websites. The following structures have been established to enhance public participation:

- **IDP/BUDGET/PMS REPRESENTATIVE FORUM**

IDP/Budget/PMS Representative Forum sits once a quarter. The forum is chaired by the Mayor, Cllr B Manxoweni and is attended by Councillors, Government departments, organized structures in the community, Community Development Workers (CDW's) and BCRM Management. The IDP/PMS/Budget Representative Forum is the structure which facilitates and co-ordinates participation in the IDP/Budget/PMS Process.

- **WARD COMMITTEES**

Ward Committees are meant to deepen public participation in the governance of the municipality and to encourage participation by communities. The main task of the ward committee members is to be a channel between the municipality and its communities and to ensure that the communities are informed of pending activities of Council. On the other hand, they bring genuine community interests to the attention of the municipality. The ward committee meetings are not sitting as they are supposed to.

- **PUBLIC/COMMUNITY MEETINGS**

Public meetings are held in two ways, at times they are requested by community through petition to the Office of the Speaker to address issues that affect service delivery such as water and electricity crisis. At times they are requested by the municipality to address any communal issues. Information about petitions and sitting of ward meetings was received from Ward 4 and Ward 1.

- **WARD BASED PLANNING MEETINGS**

Mayoral outreach /imbizo and ward-based planning meetings are conducted twice a year to give feedback to the community on the municipal performance against ward-based plans which were implemented in the previous financial year and to get inputs for the review/planning process for the next financial. These platforms allow communities to participate in the drafting and finalization of IDP and Budget.

2.4 IDP PARTICIPATION AND ALIGNMENT

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

COMPONENT D: CORPORATE GOVERNANCE

2.5 RISK MANAGEMENT

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial control, risk management and internal control...” The purpose of the Risk Management is to:

- Advance the development and implementation of modern management practices and to support innovation throughout the municipality.
- Contribute to building a risk-smart workforce and environment that allows for innovation and responsible risk-taking while ensuring legitimate precautions are taken to protect the public interest, maintain public trust, and ensure due diligence.
- BCRM has an Enterprise Risk Management Framework policy in place that guided Council and management in identifying, rating, responding, monitoring and evaluating as well communicating risks within the municipality. A strategic risk assessment workshop was held during the beginning of the financial year with the assistance of Internal Audit Unit. High risks, medium and low risks were identified within the risk appetite of the municipality and actions to mitigate risks were identified and captured on a risk register.
- Mitigation plans were developed to curb the level and impact of risks on achieving municipal objectives. The plans were regularly reviewed on a quarterly basis. Reports on the quarterly reviewed were regularly tabled to Audit Committee. Departments are also appraised of the status of their risks quarterly.

2.6 ANTI-CORRUPTION AND FRAUD

All actual or suspected incidents should be reported without delay to the immediate line manager. Should an employee be concerned that the immediate line manager is involved; the report can be made to any other member of management, the Municipal Manager and/or the Chairperson of the Audit Committee. The Municipal Manager will initiate an investigation into the matter.

A whistle-blowing facility is one of the most effective tools in identifying fraud occurring within an organization. The fraud prevention plan indicates that employees and other parties are encouraged to report their suspicions of fraud without fear of reprisal.

The following general provisions apply to whistle-blowing facilities:

- All employees and suppliers can contact the hotline to voice any concern that they have relating to fraudulent behavior that has a bearing on Blue Crane Route Municipality;
- Trained operators will respond to calls in most of the official languages in South Africa;

- Operators will probe callers for specific facts to record as much information and understand the incident as clearly as possible; and
- Although callers may choose to tell the whistleblowing consultants who they are, the call report will never reveal their identity unless the caller specifically allows this, thereby protecting the caller's anonymity.

If employees or the community wish to report allegations of fraud and corruption anonymously, they can contact the whistleblowing hotline operated by the Public Services Commission on 0800 701 701, all calls to this number are through a secured answering service and are treated with utmost confidence. Employees or the community can also make use of the presidential hotline 17737.

Duties of Internal and external auditor

The MFMA stipulates that a Municipality must maintain a system of internal audit under the control and direction of an audit committee. Furthermore, the internal audit function of Blue Crane is required to report on matters relating to:

- Internal Control:
- Accounting procedures and practices.
- Risk and risk management thereof.
- Loss control; and
- Compliance with applicable legislation.

Blue Crane Route Municipality has an Internal Audit unit, that reports to the Accounting Officer administratively and to the Audit Committee functionally. In terms of the Audit Committee Charter, the primary role of the Audit Committee is to:

- Evaluate the performance of internal audit unit
- Review the internal audit function compliance with its mandate as approved by the Audit Committee.
- Review and approve the internal audit charter, internal audit plans and internal audit unit conclusions on internal control;
- Review significant difference of opinion between management and internal audit function;
- Evaluate the independence and effectiveness of internal auditors; and
- Review the co-operation and co-ordination between the internal and external audit function

The anti-corruption capacity within Blue Crane Route Municipality is responsible for the investigation of allegations of fraud and corruption that is brought to its attention. Additionally, it will support the risk management procedures from a fraud risk identification perspective.

2.7 SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management Policy, SCM Policy for Infrastructure Procurement and Delivery Management as per the requirements of the National Treasury Standard for Procurement Delivery Infrastructure Management. The objective of these policies is to provide a policy framework within which the Municipal Manager, Chief Financial Officer and other Senior Managers must institute and maintain a Supply Chain Management System which is transparent, efficient, equitable, and competitive. The policies also ensure the principles of best value for money for the municipality are outlined; applies the highest possible ethical standards; and promotes local economic development. By adopting the policies, the Council further pledged itself and the municipal administration to the full support of the Proudly South African campaign and to the observance of all applicable national legislation, including specifically the:

- Constitution of Act 108 of 1996
- Municipal Finance Management Act No 56 of 2003
- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act. No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- Where applicable, the Council also pledges itself to observe the requirements of the Construction Industry Development Board (CIDB) Act No. 38 of 2000 and its regulations.

Reports on the implementation of the SCM policy are submitted quarterly to the Accounting Officer; the Mayor; and Council. The unit has full staff compliment, and the staff are aware of the SCM Code of Conduct. Service Provider Performance is regularly monitored with the help of Project Managers / End Users. Tax matters for all transactions above R15 000 were confirmed to be in order through the Central Supplier Database.

Declarations of interest are checked for all transactions; a register of Related Parties is kept and forms part of the Annual Financial Statement Notes. The municipality has a functional Bid Committee system.

Challenges were experienced during the year leading to delays in the procurement of some service delivery projects. There were tenders that had to be re-advertised due to non-responsiveness of bidders and contract management is also one of the issues that have been highlighted by the Office of

the Auditor General. Transformation to pro-activeness of the unit is one of the improvements that the municipality is working on.

2.8 BY-LAWS

Section 11 (3) of the Municipal Systems Act, 2000 empowers Municipal Council to exercise executive and legislative authority to pass and implement by-laws and policies. By-laws were reviewed in the year under review. The workshop for Councillors, Senior Management and Middle Management was conducted.

By-laws Introduced during Year 0					
Newly Developed	Reviewed	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Standard by-laws for development of electronic communication facilities		No		Yes	2006
	Commonage By-Law	Yes		Yes	2006
	Impoundment of animals By-Law	No		Yes	2006
	Liquor Trading Hours By-Law	Yes		Yes	2006

2.9 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	No	
All current budget-related policies	Yes	Aug-23
The previous annual report (Year -1)	Yes	01 March 2024
The annual report (Year 0) published/to be published	Yes	Feb 2025
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	
All service delivery agreements	Yes	Aug-23
All long-term borrowing contracts (Year 0)	Yes	Aug-23
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	11-Aug-23

An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Not Applicable	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Not Applicable	
Public-private partnership agreements referred to in section 120 made in Year 0	Not Applicable	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipal website serves as a key communication tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. All the required information is regularly updated on the municipal website and its official address is <https://www.bcrm.gov.za>. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the:

- Annual and adjustment budgets and all budget related documents;
- Budget related policies;
- Annual Report;
- Performance Agreements;
- Service Delivery Agreements;
- Long – Term borrowings
- Supply Chain Management Contracts above a prescribed value;
- Information statement containing a list of assets over a prescribed value that have been disposed i.t.o of Section 14(2) or (4) during the previous quarter;
- Contracts i.t.o Section 33;
- Public – Private partnership agreements i.t.o Section 120
- Quarterly reports i.t.o Section 52 (d) and

CHAPTER 3–SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

COMPONENT A: BASIC SERVICES

This component includes water; wastewater (sanitation); electricity; waste management; housing services; and a summary of free basic services.

3.1 WATER AND WASTE WATER SERVICES

This section includes – water reticulation, sewer reticulation, and water regulation

BCRM is composed of 3 towns: KwaNojoli, Pearston & Cookhouse. The BCRM covers an area of 11 068 square kilometers which makes up 19% of SBDM geographical area. Based on the Statistical overview, the population of this WSA grew by an estimated average of 27,8% - 49 883 residents in 2022. There are 16 117 households in Blue Crane Route Local Municipality. The average number of people per household is 3,1. BCRM has an estimated water availability of ± 6000 kI/day = 180 ML/Month

In terms of water sources in the towns it is found that:

- Cookhouse is dependent on water from Great Fish River Water User Association Water Canal and has no surface or borehole sources.
- Pearston obtains its water solely from boreholes, there is no surface water available.
- KwaNojoli water is obtained from surface water, which is seasonal and dependent on rainfall, as well as water from the Orange Fish River irrigation scheme which is the only reliable source in town. The town extracts water from:
 - i. The canal
 - ii. Bestershoek dam
 - iii. Van Der Walt Dam
 - iv. Lake Bertie Dam

Boreholes:

Pearston Area: The town of Pearston heavily relies on ground water for the purpose of potable and irrigational use. Currently the town has 7 existing borehole and 5 production boreholes that in operation. The existing 5 x production boreholes has a potential of supplying 1.27 MI/day .

The current 5 x production borehole delivers a safe sustainable yield of 1.829 MI per day. The municipality is currently in the process of drilling additional two boreholes.

KwaNojoli Area: KwaNojoli has 3 production boreholes, 2 in operation. The town of SE current yield is 0.159 ML/day (Emergency).

Cookhouse Area: No boreholes.

Water Reticulation, Sewer Reticulation & Water Regulation Operational Matters:

- 187 km water pipelines.
- 2 of 4 Water Treatment Works operating beyond design capacity (Bestershoek & Cookhouse).
- 3x Waste Water Treatment Works partially functional for all three towns (some have Operational and Maintenance issues).
- 5x Sewer pumpstation need to be upgraded in KwaNojoli.
- 5x Raw water storage dams are available (Cookhouse, Bestershoek, Van de Walt, Lake Bertie, Mountain (Bosberg).
- 14x Raw Water Reservoirs in all three towns.
- Draft Water By-Law in place.
- 92% of sewer and water complaints attended to.
- The municipality water and sanitation budget for Operations & Maintenance is less than 2% for this current 2023/2024 FY. This is less than the norm of 10%. This adversely affects the Operational and Maintenance plans implementation.
- 9 process controllers managing 4x WTW and 3x Waste Water Treatment Works
- Chemical (quarterly) and Biological (monthly) sample collection and testing.

Water Quality

- Water sampling is done according to SANS 10041
- Blue Drop is partially compliant
- Green Drop
- Treatment – Chemicals / Chlorine room
- System reporting
- Challenges and interventions

3.2 ELECTRICITY SERVICES: – PLANNING, DISTRIBUTION, PROTECTION, AND PROJECTS

INTRODUCTION TO ELECTRICITY

Blue Crane Route Municipality is the electricity distribution licence holder with licence number NER/D/EC102, and supplies electricity to KwaNojoli, Cookhouse and Pearston. It has one bulk supply point with an installed capacity of 18 MVA and a maximum demand of 17.2 MVA. The network consists of 28 km of medium voltage (MV) underground cable, 928 km of low voltage (LV) underground cable, 2 600 km of MV overhead lines and 128 km of LV overhead lines.

The Municipality has approximately 8 411 customers, which are categorised as follows: 6 696 prepaid domestic; 768 domestic credit meters; 354 commercials; 572 agricultural and 21 industrial customers.

Overhead Lines:

In general, the overhead network of the Blue Crane Route Local Municipality is old and most of it has been in service for more than 50 years. However, certain 22 kV distribution lines, particularly the ones transmitting from the Main Substation to farmers at Zuurberg, were installed in 1965 and an urgent replacement programme was needed to ensure continuous supply of power. The Swaershoek and Pearston are being maintained.

Planning, Distribution, Protection, and Projects Operational Matters:

- Dilapidated infrastructure.
- Prolonged lead time on fault findings due to geographical and extent of the areas.
- Ineffective customer care system.
- Two-way radio system not in place.
- 8 x vehicles in our possession: 30% is not in good condition.
- Substation capacity: 2 x 10MVA transformers = 20MVA.
- 2nd largest overhead lines after ESKOM.
- Approx. 1400km electrical network.
- Outdated lifespan of the electrical lines +/- 45 years.
- Insufficient resources a to attend to electrical faults

GRANTS RECEIVED FOR ELECTRICITY INFRASTRUCTURE

Project Name	Amount	Expenditure	Comments
Millenium Park Extension 11 Services Connections	R 100,000.00	R 151,000.00	INEP funded
Retro – fitting of streetlights and highmast	R 4,000,000.00	R 4,000,000.00	EEDSM funded
Disaster Management Grant Projects	R 30,480,000.00	R 427 000.00	Disaster Management Grant funded

3.3 HUMAN SETTLEMENT

This section includes – Facilitation of Housing projects monitoring and evaluation; needs register; registration of unregistered properties; issuing of title deeds; administration of housing subsidies; agreement of sales; upgrading of informal settlements.

INTRODUCTION TO HOUSING

The Municipality as the Developer and projects have been monitored and evaluated according to the funding agreements between the Provincial Department of Housing, Local Government & Traditional Affairs (currently known as Dept of Human Settlements).

Housing Operational Matters:

(a) Registration of unregistered properties:

The registration of unregistered properties within the BCRM it's an on-going project that is funded by the DHS to restore the dignity of all beneficiaries that benefited in the olden days and were never given ownership of their benefited properties. The programme includes only those pre 1994 housing projects. (Old Mnandi, Aeroville, West View, Francisvale, Old Location, New Brighton, Khanyiso in Pearston, Bongweni Location in Cookhouse.) The Unit encourages all the above-mentioned location to visit the office if their said properties are still unregistered for their application or registration for title/ ownership.

HOUSING PROJECTS:

1. SUPPORT OF DEPARTMENT OF HOUSING TO BLUE CRANE ROUTE LM

The Department of Human Settlement has appointed an Acting Senior Regional Director, Chief Construction Project Manager, Construction Project Manager and the Control Works Inspector to assist the Blue Crane Route Municipality to manage, evaluate and monitor the planning and operating projects. The Administrative Staff of the Department of Human Settlements are also involved on all the projects on an ongoing basis. The Department of Human Settlements has also allocated 1(one) Control Works Inspector to assist the Blue Crane Route LM to monitor progress and quality on site. The Department has an institutional arrangement of working together through Housing Delivery by monitoring and tripartite accountability in certification of work done (Value created).

2. PROJECT STATUS

Effective communication and cooperative support between the Municipality and the Department has led to human settlements matters resolved under delivery, solution to insitu-upgrading and transfers. The status of all the projects in the Blue Crane Route Municipality is summarised as follows:

Managemen t Area	Total No of Projects	Projects Complete d	Projects Cancelled	Projects Running	Projects on Procurement	Projects Blocked
Blue Crane Route LM	23	15	0	7	1	0
TOTAL	23	15	0	7	1	

a) **Projects Completed**

In the Blue Crane Route area, a total of twenty fifteen (15) projects have been identified as completed in terms of infrastructure and housing construction. Although some of these projects are completed in terms of the above there are still some administrative issues (beneficiaries, transfers, etc) to be dealt with in order for these projects to be closed off.

b) **Projects on Running**

PROJECT NAME	PSP	CONTRACTOR	IMPLEMENTATION
Millenium Park 500 Bulk Services Funding	Human Settlement	Human Settlement	Department of Human Settlements has taken over the project as the implementation Agency. GIC appointed by ECDHS for internal reticulation (Water, sewer and Roads).
Millenium Park 500 (228) Bulk Services Funding 2023/24	GIC consulting Engineers	TBT	The Municipality is the Implementing Agent. BCRM to commence with procuring services of a Professional Services Provider for the Bulk Infrastructure. Construction
Aeroville 261 Rectification Project	Sagient Consulting Engineers	10 local incubator programme	The project is driven by both the Department of Human Settlements and the Dept of Public works through the SMME implementing programme. Dept of Public works will provide mentorship to the SMMEs (each SMME's is allocated 15 units)
KwaNojoli 140 rectification project	Bosch projects	Rencor PTY LTD	The confirmation of the actual size of the Project is yet to concluded since some beneficiaries are refusing to be part of the Project. The Social Facilitation team of the Department and Municipality is yet to finalize this task.
Old Mnandi MPCC		BNN Construction	The project is under construction 70 % work done to be completed this financial year except for the climate change delays. Anticipated completion date is end September 2024.
Blue Crane Destitutes 55 (KwaNojoli 41, Pearston 8 and Cookhouse 6)	TBA	SBOSHY TRADING	The project is included in the Procurement plan and Panel Framework of Contractors the contractor is anticipated to be formally introduced into the municipality September 2024.
KwaNojoli Westview 300	TBA	IZIQHAMO ZETHU CIVILS N CONSTRUCTION	The project is included in the Procurement plan and Panel Framework of Contractors the contractor anticipated to start in September 2024

3. CHALLENGES IN THE BLUE CRANE ROUTE MUNICIPALITY

General challenges in the BCR Municipality:

- Old Projects not yet closed out.
- The municipality has insufficient official dealing with the implementation of housing projects i.e. no inspectorate.
- Delays with registration of individual transfers and signing up of beneficiaries.
- Upgrading of Bulk Infrastructure is a BIG challenge for new development specially Pearston and KwaNojoli, Cookhouse is land locked
- Un-Surveyed land

4. INTERVENTIONS IN MEETING CHALLENGES

- Departmental inspector involved in the construction stage to do quality monitoring of houses but also planning to have recently appointed graduates to assist directly in the municipal area projects.
- Planning to have monthly meetings where we shall discuss the following items:
 - Project Management Plans and Project Implementation Plans
 - Registrations and Beneficiary Administration
 - Quality Monitoring and Evaluation
 - Processing of claims timeously
 - Planning and survey of municipal land parcels

3.4 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention, and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidization of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The extent of the monthly indigent support granted to indigent households is based on budgetary allocations for a particular financial year and the tariffs determined for each financial year. Within the above framework, the following assistance and support is granted:

1.1. Water

Each registered indigent household shall receive a maximum of 6 kl per month; when the consumption exceeds 6kl per month the household is expected to pay for the excess kl. In the event that the indigent consumer does not pay for the excess kl the municipality shall block the electricity to the property and the applicant is expected to pay or make an arrangement so that 25% of his electricity bought can be taken off on the account. The municipality may, subject to budget availability, consider repairing minor water leakages on properties belonging to indigent household beneficiaries.

1.2. Electricity

Each registered indigent household shall receive electricity to a maximum of 50 kWh per month. Where Indigent households are residing on farms, a credit of 50kWh for each qualifying household is given to the primary meter of the farm owner where the indigent households supply is obtained from. The municipality may, subject to budget availability, provide:

- an electricity connection to the network in the event where an Indigent Beneficiary has no connection.
- The replacement of the electricity prepaid meter in the event of fire damage.

1.3. Refuse removal

Each registered indigent household shall be subsidised for refuse removal as provided for in the annual budget.

1.4. Sanitation

Each registered indigent household shall be subsidised for sanitation as provided for in the annual budget.

1.5. Property Rates

Each registered indigent household shall be subsidised for an amount equal to the value of a RDP house as provided for in the annual budget.

1.6. Rental (Dwellings and Sites)

100% subsidy will be granted in respect of all dwellings or sites belonging to the municipality.

1.7. Short-term assistance

An indigent person in incidental distress may be assisted for a shorter period not exceeding six months. Incidental distress will mean a person that is:

- Temporarily unemployed.
- Persons who are hospitalised.

Such persons qualify for assistance if they are not in receipt of any assistance from any other source. Indigent people falling within this category will be re-assessed on a three-monthly basis.

3.5 ROADS & STORMWATER SERVICES: (POTHOLE PATCHING, AND STORMWATER MAINTENANCE)

INTRODUCTION TO ROADS & STORMWATER SERVICES

The road network within the Blue Crane Route Local Municipal Area falls under the jurisdiction of three (3) authorities, namely:

- South African National Roads Agency Limited (SANRAL), who is responsible for National Route R63, R67 and N10 for maintenance.
- Eastern Cape Department of Transport, who is responsible for provincial trunk, main, district and minor roads for maintenance and construction. The Department of Transport (DOT) has a paving project on the R 355 near Aeroville, and
- The BCRLM, who is responsible for all municipal roads for maintenance and construction.

BCRM road network is above 147km road in length (municipal roads). ± 30% of the municipal road is in poor state. Different categories of roads needs various maintenance options such as Routine Maintenance, Event Driven Maintenance, Responsive Maintenance, Condition Responsive Maintenance etc.

The road network within BCRM is composed as follows:

Category	Road Length (km)	Percentage
National (SANRAL)	278.9	10.0%
Provincial	2 367.6	84.7%
Sub-Total	2 646.5	94.7%
Municipal (Blue Crane Route LM)		
Cookhouse	19.6	0.7%
Pearston	28.6	1.0%
KwaNojoli	97.5	3.5%

Other	2.2	0.1%
Sub-Total	147.8	5.3%
Total	2794.3	100.0%

The total road network within the Blue Crane Route Local Municipal Area and under the jurisdiction of the municipality consists of 147.8km, of which 68.7km (or 46.5%) are Paved roads.

It be noted that: Paved roads comprise flexible (tar), block and concrete roads. Unpaved roads comprise gravel and earth (in-situ) roads as well as tracks.

The below table shows different town road category and their length:

Road Length (km) per Surface Category by Town

Town	Paved	Unpaved	Total
Cookhouse	9,5	10,0	19,6
Pearston	8,4	20,2	28,6
KwaNojoli	50,8	47,4	98,2
Total	68,7	77,7	146,4

Maintenance plans:

Every five years, the municipality requests five streets per ward and do proper planning for construction. Depending on the available budget (MIG), some streets are not implemented due to limited budget, length, width and other factors.

Stormwater management plan in place for KwaNojoli, it is still pending for other two Towns/areas (Pearston & Cookhouse). The municipality has roads maintenance plan for all the three towns. The condition of each town is depicted as follows:

Town	Paved Road Condition: Road Length (km)					Total Length
	Very Good	Good	Fair	Poor	Very Poor	
Cookhouse	0.0	4.4	4.1	0.4	0.0	8.9
Pearston	0.1	1.6	5.9	0.0	0.0	7.6
Somerset East	4.7	24.1	16.2	4.2	0.1	49.2
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	4.8	30.1	26.1	4.5	0.1	65.7
Percentage	7.3%	45.9%	39.8%	6.9%	0.2%	100.0%

Roads projects

Project Name	Budget	Expenditure	Comments
Disaster Management Grant Total Allocation: R 3 200 000.00			
Consulting fees for internal streets	R 553 360	R797 613.00	Disaster Management Grant
Norman Street	R 653 406.13	R 255 127.00	Disaster Management Grant
Douglas	R 751 764.14	R 751 764.14	Disaster Management Grant
Belgravia	R 1 241 470.13	R 1 395 496.00	Disaster Management Grant
Municipal Infrastructure Grant Total Allocation for Streets: R 15 388 261			
Glen Avon	R 6 377 748.00	R 6 455 051.25	MIG Funded
Nono Street	R 1,250,000.00	R 1,250,000.00	MIG Funded
Potgieter Street	R 1,956,856.36	R 1,956,856.36	MIG Funded
Van De Vywer	R 1,956,856.36	R 1,956,856.36	MIG Funded
Jansen and Duplessis Street	R 2,596 765.00	R 2,596 765.00	MIG Funded
Carnation Street	R 1,250,000.00	R 1,250,000.00	MIG Funded

3.6 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Waste Management is to promote waste avoidance and waste minimization strategies such as; re-use, recycling and recovery, treatment and disposal of waste which seeks to promote the waste management hierarchy approach as outlined in the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) and the National Waste Management Strategy.

Blue Crane Route municipality is making use of kerbside waste collection on a weekly basis in terms of the National Domestic Waste Collection Standards of 21 January 2011, as per the refuse collection schedule below:

Day of collection	Area of collection
Monday	Town (Nojoli Street to Hospital Road), Mnandi, Chris Hani and Pearston
Tuesday	Town (Francis Street to Paulet Street), Westview, Francisvale and Cookhouse
Wednesday	Aeroville and Old Location
Thursday	Businesses
Friday	New Brighton and Businesses

Refuse bags for the disposal of waste is issued quarterly to the households in Cookhouse, KwaNojoli and Pearston. Illegal dumping is a challenge within the municipality. There is no fixed collection schedule for the collection of garden waste due to a lack of resources however the municipality strives to clean illegal dumping sites at least once per quarter.

Number of illegal dumps cleaned:

Area	Number of illegal dumps cleaned
Cookhouse (Ward 1 & 6)	15 illegal dumps cleared
Pearston (Ward 4)	34 illegal dumps cleared
KwaNojoli (Ward 2)	20 illegal dumps cleared
KwaNojoli (Ward 3)	13 illegal dumps cleared
KwaNojoli (Ward 5)	25 illegal dumps cleared

There are three landfill sites within the municipality of which all three landfill sites are licensed but none is compliant with the license conditions. All three landfill sites are classified as Class B landfill sites.

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

WASTE EQUIPMENT:

The municipality procured a Front-End Loader and a Refuse Truck through MIG funding for specialised waste vehicles.

WASTE MANAGEMENT AND ALIEN PLANT ERADICATION FUNDING RECEIVED FROM DEDEAT

R2 300 000.00 was received from DEDEA and the municipality implemented the following projects:

- Fencing of the KwaNojoli Landfill Site
- Construction of a Guardhouse at the Cookhouse Landfill Site
- Procurement of containers and baler for recycling initiatives.
- Implementation of the KwaNojoli landfill site remediation plan.
- 100 job opportunities were created

KWANOJOLI LANDFILL SITE REMEDIATION PLAN

The KwaNojoli Landfill site have reached its useful life, a new site (candidate site) has been identified and was approved by council. The municipality will follow the necessary legislative processes for the establishment of a new landfill site. While the above process is underway the municipality implemented a landfill site remediation plan to optimise the use the available air space of the current landfill site. The remediation plan involves:

- Controlled access to the landfill site and the appointment of spotters and controllers.
- Formation of direction/identification boards.
- Shifting of waste within the landfill site.
- Daily Covering of waste.
- Resurfacing of the roads within the landfill site.
- Identifying available land within the landfill site and the allocation of dumping areas.

INTERGRATED WASTE MANAGEMENT PLAN

The National Environmental Management Waste Act, 2008 (Act No. 59 of 2008) requires that all municipalities must have a Integrated Waste Management Plan (IWMP). Section 12 of the Waste Act outlines the contents of the Integrated Waste Management Plan. The Municipality in collaboration with DFFE is in the process of reviewing the IWMP numerous consultations was held, a site visit was conducted and the draft IWMP was issued for comments and inputs from the municipality.

ESTABLISHMENT OF ENVIRONMENTAL FORUM

BCRM established an Environmental Forum on 13 May 2024, with the purpose of the establishment of the Blue Crane Route Local Municipality Environmental Forum is to improve environmental governance within the municipality, wherein the forum would allow a greater opportunity of information sharing on environmental and waste issues, in order to adopt a proactive approach in improving the environmental outlook of the municipality and to improve integrated sustainable environmental management approach. The first meeting of the forum was attended by the following stakeholders who forms part of the Environmental Forum: Councillors, Community Service Director, Community Services staff, Led staff, Department of Forestry Fisheries and Environment, Department of Rural Development and Agriculture, South African Police Services (Cookhouse, KwaNojoli and Pearston), Community Works Programme, Social Development, COCA Somerset Youth Recycling, Taylor Recycling, I love Somerset, Pearston recycling and Hunt Brothers. The Environmental Forum have quarterly meetings.

3.7 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

The key function of the Traffic Dept. is to provide safer roads for all stakeholders within the BCRM area:

Applicable Legislations

- o National Road Traffic Act (Act 93 of 1996)
- o Criminal Procedure Act (Act 51 of 1977)
- o Service Level Agreement between BCRM and Eastern Cape Department of Transport.
- o Municipal Systems Act (Act 32 of 2002)

Function	Activities
Traffic Law Enforcement	<p>Conduct preventative traffic patrols are conducted in the CBD and R63/N10 and enforce traffic legislation</p> <p>Enforce speed limits in Charles Street.</p> <p>Attend to traffic accidents on the R63 and N10</p> <p>Enforce parking legislation – Parking line not visible in CDB and Sanral to paint the lines.</p> <p>Enforce municipal by laws</p>
Driving Licenses	<p>The key objective of this function is to ensure safety on the roads by ensuring a high level of competency amongst vehicle drivers</p> <p>The Municipality has a responsibility to:</p> <p>Test applicants and issue learner license 799 learners tested to the value R 209 636</p> <p>Test applicants and issue driver's license 463 drivers tested to the value R 250 699</p> <p>Renew driving license 898 drivers card renewals to the value R 192 888</p> <p>Renew and issue Professional driving permits 297 PrDP renewals to the value R 32 076</p> <p>A Concept document for Learners Driver support was develop due to the high failure rate when writing learners license.</p>
Roadworthy Testing	<p>The key objective of this function is to ensure safety on our roads by ensuring roadworthy vehicles</p> <p>The Roadworthy station is upgraded to the value of</p>

	R 249 076.20
Pound	Commonage plan was developed. An amount of R450 000 was approved for the completion of a pound. The material for the construction was procure. The construction of the pound is nearly finish and waiting for Technical Department to install the electricity and the fencing of the pound. This will help reduce the number of stray animals.
Community Safety Forum	Community Safety forum was established on terms of reference. 3 Community Safety forum Meeting was held.

Staff Complement:

1. The Chief Traffic Officer
2. 1 E-natis Supervisor & 2 E-natis Clerks (Registering Authority).
3. VTS – Position Vacant (Roadworthy Centre).
4. DLTC – 2 Examiner/Traffic Officers (Law Enforcement).
5. Technical Service 1 General worker (Road marking)
6. Commonage & Pound - A Pound Master & 1 Assistances. Three general workers positions are vacant.

Training

1. One E-natis clerk undergo training for Natis Drivers official and got register to work on the Natis system. The supervisor and Natis clerk undergo training in Task Management System.
2. One Examiner Driver's License attend training as a Grade A examiner. The one Examiner/Traffic officer has been appointed and will start on the 1 August 2024.

Challenges:

1. Staff shortage and lack of equipment and resources (vehicles are old and resealing of K53 test yard) hamper services delivery.
2. Vacant positions could not be filled due to financial constraints.
3. Superintendent Traffic Officer (No Management Representative)
4. Lack of co-operation from live-stock owners and lack of fencing contributing to an increase of stray animals on the roads.

Inspection done by Department of Transport

Three inspections were done during this year by the National and Provincial Department of Transport, and they have the following findings.

1. Potholes on the test route.
2. Painted lines that are faded on the test route and yard.

Roadblocks

Ten planned roadblocks were held on the N10 and R63 that focus on the manganese transportation and public transport 961 cars were stop and 154 summons was issued to the value of R 242 150

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: Planning; and Land Use

3.8 INTRODUCTION TO PLANNING AND DEVELOPMENT

According to the BCRM SDF, 2022-2027, the municipality is underdeveloped and in order to assist the municipality in its task to prioritize spatial planning and investment decisions, the following Spatial Structuring Elements, adopted from the BCRMSDF (2023) are applicable: -

- (a) Development nodes.
- (b) Development corridors.
- (c) Special priority development areas.
- (d) Strategic development zones.

The sub-directorate for Town Planning and Land Us is responsible for spatial development and land use planning and management. Its functions and activities are guided by various plans and statutes which are summarized in the following table:-

#	Structure/Sector Plan	Status
1	Town Planning Tribunal	The municipality is part of the Sarah Baartman District tribunal.
2	BCRM SDF	BCRM SDF has been adopted by the Council in 2023 and Gazetted November 2023
3	By-laws on National Building Regulations	Developed and adopted by Council

6	By-laws on Town Planning/Land Use	Developed and adopted by Council
7	By-laws on Outdoor Advertising	Developed and adopted by Council
8	National Building Regulations	Municipality is guided by the National Building Act
9	Land Use Management Scheme	Developed and adopted by Council
10	Geographical Information System	Municipality has a licensed GIS
11	Small towns Revitalisation Programme	Needs analysis completed and awaiting application approval from the Premiers Office.

Building Control

Building control and maintenance works In terms of the National Building Regulations Act 107 of 1977 stipulates that a Local Authority must approve buildings plans and also control the erection of buildings or additions.The building control strives to maintain and administer compulsory specifications and regulations.

The submission fee differs on activities and depending on the proposed square meter, The potential revenue income generated from the submission of building plans from April to June 2024.

Below is the recently updated building plans registered recorded by building control and maintenance:

ADDRESS	DATE	STATUS
Plane Street Francisvale KwaNojoli 5850	18 June 2024	Approved
Henry Street KwaNojoli	18 June 2024	Approved

5850		
87 Louis Trichardt KwaNojoli 5850	18 June 2024	Approved
5991 Ceader Street Aeroville KwaNojoli 5850	18 June 2024	Approved
5762 Mossie Street Aeroville KwaNojoli 5850	18 June 2024	Approved

The building plans are circulated in terms of SPLUMA to all affected departments and tabled and discussed to the established Integrated task team committee for technical resolutions and recommendations to the Standing Committee

3.9 INTRODUCTION OF LOCAL ECONOMIC DEVELOPMENT

Local economic development is a key cordial strategy that is explored by all spheres of government, in particularly local government to address socio economic challenges faced by communities namely, poverty, high unemployment rate and inequality to mention the few. The approach received a lot of attention globally as a mechanism to encourage a collective and inclusive partnerships amongst relevant stakeholders, the intended goal is to work towards achieving common objectives to improve livelihood of local municipalities. It is against this reason that Blue Crane Route Municipality took a conscience decision to prioritize local economic development as a key performance area to change the economic outlook of the area.

In essence, the Municipality has adopted Local Economic development approach within a broader context of Integrated Development Plan, Spatial Development Framework, Spatial Planning and Land Use Management Act 16 of 2013, National Development Plan Vision 2024, Small Town Regeneration, Tourism and agricultural development, Investment promotion, infrastructure development, job creation and sustainable development.

The Municipality has identified Agriculture, Tourism and Small Medium Micro Enterprises development as the economic drivers in the area. Agricultural sector remains the dominant economic activity of the BCRM and contribute immensely to the employment through seasonal job opportunities. Cattle, Goat farming, exotic fruit and game farming dominates the district's economy, contributing 28% of all value added and amounting to 41% of formal employment. The Blue Crane Route Municipality contribute significantly to the global production of mohair fibre as well as wool fibre.

However, more support is needed for emerging farmers particularly black commercial farmers such as access to land or farms, financial and technical support, access to market, mechanisation and mentoring. The Blue Crane Route area have indigenous plants such as thorn trees, aloe, Spek-boom. These plants have a potential to create sustainable job opportunities through Agri-processing and biodiversity projects. The Municipality in partnership with Mineworkers Development Agency handed over 100 bee keeping pollution units and PPEs to 10 SMME's as a project start-up, the primary objective of the municipality is to develop emerging farmers and cooperatives to ensure that they reach their commercial status.

LED unit has facilitated the development of the draft Local Economic Development strategy. The document was developed in response to the needs of the local communities, fundamental, was to map local resources for future development, to identify economic development strategic areas, and the development of action plan and monitoring tool. The Municipality has developed business Incubation

plan to accelerate a successful development of entrepreneurial enterprises through the provision of business support in the form of resources and business networks. The process of reviving Local economic development structures as the key role players in economic growth of the Municipality is in progress.

The unit continues to firmly support the development of SMME's through capacity building programs to ensure that they meet their maximum growth. The SMME's have been assisted with a training on pre – tendering and document calculation in partnership with SANRAL to afford them an equal opportunity during tendering processes. A workshop on compliance was conducted for SMME's in partnership with SARS, Dept of Social Development, DRDAR, CIDB, Dept of Labour, ECDC, DEDEAT, SEDA, and ABSA Bank to ensure that they comply with the required documents. A business start-up and financial management training was conducted for Informal traders where they received vouchers to the value of R3000 each to support their businesses from Wholesale & Retail SETA. The Unit has conducted a digital entrepreneurship (Network basic skills) for youth in business in partnership with Ikhala TVET College.

Tourism is one of the main catalyst drivers for economic growth and development in BCRM. The Municipality pride itself with tourism products such as Museum, Art gallery, game reserves, hiking trails, waterfall, park runs, B n B's and Hotels, tourism hub and Bestershoek, including Battis Art festival that was held in July 2024. Plans to resuscitate the tourism hub and revival of biltong festival in partnership with Sarah Baartman District Municipality and Cacadu Development Agency respectively are in place. However, a lot need to be done to promote tourism and profile the municipality as a tourism destination.

LED unit through its action plan that was adopted by the council has prioritized the development of tourism master plan as a mechanism to map and identify other tourism products to create job opportunities and sustainable employment, more importantly, to mobilize financial resources and establish partnership with relevant stakeholders for the development of tourism sector.

Cooperatives are progressing very slow; the contributing factors have to do with their organisation and lack of information on the importance of cooperatives in the development of local economies. The municipality continues to encourage communities particularly young people to form cooperatives in order to benefit from opportunities that exist within cooperative movement.

Currently there are 6 windfarms operating with the parameters of the municipality namely (Golden Valley, Cookhouse, Nojoli, Mseng'emoyeni, Amakhala and Nxuba) who contribute through their social development programs and skill development. However, more feasibility studies need to be conducted to explore potentials on hydro – energy and solar panels.

The Municipality enjoys unwavering support from Sarah Baartman District Municipality and Cacadu Development Agency. Currently the agency has invested on infrastructure projects within the municipality namely, Borschberg Tourism hub, KwaNojoli Aerodrome and KwaNojoli Industrial Park. All these projects are intended to bring a sustainable employment opportunities and change economic outlook of the area. Both Aerodrome and tourism hub have been vandalised, however, CDA is currently in the process of resuscitating the facilities. A notice of unsolicited bid to investors / developers for the development, expansion and operation of Industrial Park was advertised in June 2024.

3.10 INTRODUCTION TO LIBRARIES

Blue Crane Route Municipal Libraries provide services at 6 public libraries across the Municipal area. Anyone may use these libraries, but only members may loan library material and use the computers. Welcome Baskiti library in Cookhouse was opened by Honorable MEC N Pieters. The Library Service aims to provide information resources in various formats including e-books and a mini library for the blind to the entire BCRM population and to foster a life-long reading culture.

Functions provided by the libraries:

- Provide updated information to scholars and the community.
- All the libraries have computers; 5 libraries have Wi-Fi router and 1 library with no internet
- Outreach programmes are conducted for adults and children.
- Educational programmes for pre-scholars and scholars.
- Holiday programmes for children.
- Libraries have Jungle gyms

These programmes ensure that every interested member of the community is reached and supplied with relevant information.

International literacy day Event was held during September 2023. International Literacy Day is an international observance, celebrated each year on 8 September, that was declared by UNESCO on 26 October 1966 at the 14th session of UNESCO's General Conference. Since 1967, International Literacy Day (ILD) celebrations have taken place annually around the world to remind the public of the importance of literacy as a matter of dignity and human rights, and to advance the literacy agenda towards a more literate and sustainable society.

During March, the Department of Sport, art and recreation celebrates South African Library Week as one of the campaigns to promote a culture of reading and utilization of libraries as community Hubs for information. Libraries celebrates local, district and provincial and official opening of Welcome Baskiti Public Library, under the theme "Libraries Foster Social Cohesion". The libraries had different activities, and these includes Book Review, Reading in 3 languages, Words within word.

World Book Day was held on 23 April. Libraries covered a wide spectre of activities. During May 2024, World Play day was held during May 2024. Children participated in different games at the different libraries. In June 2024, the Youth Day was celebrated and the libraries had displays depicting this very important day.

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

- 6 Qualified librarians and 2 qualified teachers oversee these libraries
- 2 Assistant librarians assist the librarian in their work
- 2 library assistants (EPWP Workers) at 2 libraries supplied by DSRAC
- 1 Cleaner in every library from 6 libraries
- TOTAL of 18 staff members
- Small libraries have approximately 15 000 and larger libraries have approximately 20 000 books.
- Total of approximately 95 000 books. These include DVD's and books of CD.

Circulation for 2023/24

Adults	12952+ 1815
Children	10386 + 4811
Total	23338+ 6727

No budget was allocated for capital projects

3.11 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

BCRM has nine cemeteries in total. Only six of the nine cemeteries are operating. The Bongweni cemetery is about to reach its full capacity and a new site has been identified, the necessary legislative processes need to be followed and an must be submitted to the Department of Environmental Affairs for authorization.

The maintenance of cemeteries is performed by employees who are also responsible for the parks and open spaces. It is difficult to separate expenditure for cemeteries as there is no separate budget for them. This is for both general expenditure and employee expenses.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental protection is a function that is performed by Environmental Services. The municipality does not have an Environmental Management Unit yet. A provision for the appointment of the Environmental Management Officer has been made in the organogram. There is no funding for this position as a result some of the functions of this unit are performed by Environmental Health Practitioners seconded by Sarah Baartman District Municipality.

3.12 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Since BCRM does not have a unit performing environmental protection, the functions that overlap with those of Environmental Health are performed by the Environmental Health Practitioners (EHPs). Urban areas in the BCRM are primary centres of activity that generate air quality impacts. This includes particulate and other emissions. They are because of either concentrated traffic volumes, industrial activities including household fires.

Currently, the municipality does not have own Air Quality Management Plan. Ordinarily such plans are prepared by the District municipality.

Old infrastructure results in sewerage spillages and thus health risks. This also has a potential of water pollution which can lead to the spread of diseases. For the year under review no complaints were received regarding noise pollution.

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

Pollution control in the form of prevention of nuisances such as illegal dumps is done by the EHP's. They together with other government community-based programmes mobilize the communities and do awareness campaigns amongst the community. These environmental awareness campaigns are focusing on eradication of illegal dumps and beautifying these spots. The community members are encouraged to adopt these beautified spots and protect them from vandalism. The programmes are targeted to have two awareness campaigns per quarter on a continuous basis. Expenditure for these programmes is provided for under operational budget.

Air Pollution Management is the function of Sarah Baartman District Municipality and implement the Quality Management Plan. Pollution control is dealt with in terms of the Health Act, National Norms and Standards for Environmental Health and local Municipal Bylaws.

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

Blue Crane Route Municipality had two greening projects through the planting of 1460 trees in Ward 3, Ward 1 and Ward 5. The trees were donated by Department of Forestry, Fisheries and Environment through the National Ten Million Trees Programme.

3.13 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Health inspections are integral part of the function of Municipal Health Services. The function is performed by two Environmental Health Practitioners who are placed by the District Municipality to BCRM. The Sarah Baartman District Municipality and the Blue Crane Route Local Municipality have entered into a Memorandum of Understanding which stipulates the functions that will be performed by the Environmental Health Practitioners and also the reporting supervisory channels. Abattoir licencing is a function of the Department of Agriculture who also have their own inspectors to conduct inspections at the abattoir.

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:

The Environmental Health Practitioners (EHP) are responsible for Health inspections as part of their scope of practice.

The scope of work includes:

- Water quality monitoring
- Food control
- Health surveillance of premises
- Surveillance and prevention of communicable diseases
- Waste management
- Vector Control
- Environmental Pollution
- Disposal of the dead

- Chemical Safety
- Air quality management

The EHP's perform their functions within the BCRM area of jurisdiction and their reports are submitted to council after being discussed in a council standing committee on a quarterly basis.

Water quality monitoring is done monthly in terms of SANS 241 and all deviations are attended to and reported to the Technical Services for their intervention. Food control is done through health inspections on food handling premises in terms of Food, Cosmetic and Disinfectant Act Regulations (i.e. R638). Those food handling premises that are not compliant with the Regulations are given notices to rectify the conditions with a specified timeframe or prohibition orders is served to premises which is non-compliant. Health surveillance of premises is also conducted in the same manner.

Waste management is a function of the municipality and EHP's are required to ensure compliance with the Waste Management Act and also to prevent occurrence of diseases that could be as a result of waste not being properly managed.

3.14 FIRE

INTRODUCTION TO FIRE SERVICES

As first responders, we stand the unpredictable, to shield our community from harm, and bring hope to those in need (SANS 1001). There was a decrease in the formal and informal dwelling fires. In the year 2023/2024 veldfires posed a serious challenge due to maintenance terrain with dense vegetation. The fires emanated from lightning. The rising temperature as a result of climate change lead to extreme drought conditions. Blue Crane Route Municipality's poor infrastructure ignites easily.

Fire awareness in schools, hospital, old age homes, clinics, orphanage home, soup kitchens, fuel stations and storages increased, due to more personnel being trained.

Below is a list of awareness key objectives:

- Classes of fire
- Fire behaviour
- Extinguishing methods
- Safe evacuation methods and procedures
- Stop drop and roll method
- Fire safety tips at home
- What to do in the event of fire and disaster
- Disaster preplanning and resilience
- Risk and hazard mitigation methods
- Proper use of portable fire equipment
- Prompt reporting of emergencies (after hours the number is used as BCRM call centre)

Inspections are conducted monthly, for the year 2023/2024 we conducted 387 inspections both general and flammable substances. Fire hydrants, flammable substances, warehouses, gas installation, building plans, fire breakers. Flammable certificates are issued to the shop owners that are complying. Burning permits are issued to farmers that comply. Notices are given to those who do not comply.

Two fire personnel are trained for Fire Prevention to improve the inspections.

Type of inspections	Number of inspections conducted	Number of compliant shops	Number of non-compliant shops	Number of compliance notice issued	Total number of certificates paid
Flammable substances	223	62	161	73	45
General Inspections	164				
Burning permits	9		3 not complying		6

Santam sponsored the Fire Department with two 5000 litre JoJo Tanks and purified water machine.50 Pillar hydrants were modified in all 3 towns and adjusted so that it could not be broken easily.

Challenges

- Lack of equipment for Wind-Farms

Types of fires responded:

Category	Grand Total 2023/2024
Buildings	1
Dwellings(Formal – brick & mortar)	15
Informal Dwellings (shacks/mud/hut etc.)	7
Electrical	4

Rubbish	31
Vegetation	81
Transport (cars/busses/trains/aircraft/ship)	4
Other(not specified above) public unrest	7

Fatalities caused by fire and Mva's

Number of fatalities	Grand Total 2023/2024
Fires	0
Accidents	2

Injuries caused by fire and Mva's

Number of Injuries	Grand Total 2023/2024
Fires	2
Accidents	32

Awareness and Training

Awareness and Training	Grand Total 2023/2024
Number of civilians made aware	11 000
Number of children and teachers made aware	9000
Number of schools covered	19

Institutions visited

Specify the type of institutions visited (e.g. Old age home/ Hospital/Clinic)	Hospital, old age homes, clinics, orphanage home, soup kitchens, fuel stations and storages
---	---

Inspections conducted

Fire Safety (number of inspection conducted)	Grand Total 2023/2024
General Inspections	164
Flammable Liquid	223
Building Plans	0
Fire Hydrants	636
Burning Permits issued	6

Training and Development

List of Courses:	Number of employees trained
Fire fighter 1	5
Fire fighter 2	5
Hazmat Awareness	5
Hazmat Operations	5
First Aid Level 3	5
Vehicle Extrication	2
Fire Prevention	2
High Angle Rescue	2
Airport Fire Fighting	2
Peace Officers	5

Equipment procured:

Two way halo Radios	8
Fire engine radios	5
Chain saw	1
Ceiling hooks	3
Trauma board	2
Extension ladder	1
Bolt cutters	3
Panti ion Combination cutter	1
Firemen Axe	1

Spade	1
Mac Africa 100 Litres compressor	1
Jet Air Conditioner	4

Grant Usage:

Staff training
Procure equipment and Protective clothing
Retainer and Fire Marshalls salaries

Staff Complement

Chief fire officer	Vacant
Fire fighters	4
Fire retainers	9
Fire Marshalls	8

3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The municipality has internal IT support service, with the IT section located under the department of Corporate Services. The IT section provides support service for all the business units of the municipality. Our mandate is to provide shared services which are corporately used and whose needs are similar across all departments.

IT support currently consists of three (3) staff members, the ICT Manager, IT Technician and the System Network Administrator and an Intern that assist with IT help desk to provide single point of contact.

List of shared services provided by IT.

- 1) Communication – Email, phones, desktop, laptop
- 2) Support – hardware and software, print management
- 3) Connectivity – Network, internet

4) Administration – ICT governance, Risk management

Key Achievements

- Phase 1 of Upgrading of the two-way radio communication system was achieved, where a repeater was installed to improve communication channels within the electricity department.
- New server for financial system was procured, to ensure there's enough storage capacity.
- A total of 20 laptops/notebooks procured and issued to new managers and officials.

Challenges

- Network connectivity on satellite sites that still have old infrastructure.
- Limited budget that makes it difficult to implement latest Technology.
- Functioning of the ICT Steering Committee.

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

For the year under review the following main capital projects were implemented:

- Procurement of the new server and server software for **R718 285.39**.
- Installation of the Two-radio communication Repeater R64 300.00
- Procurement of twenty (20) laptops R400 000.00
- Implementation of the ICT Strategy, by reviewing policies and upgrading of systems.

Reviewed policies:

1. Cellular phone Policy
2. IT Disaster Recovery Plan
3. IT Disaster Recovery Plan Policy
4. ICT Strategy
5. ICT Steering Committee Terms of reference

Developed Policies:

1. ICT Standard operating policy

3.16 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The Blue Crane Route Municipality is the electricity distribution licence holder for the supply area with licence number NER/D/EC102, and supplies electricity to KwaNojoli, Cookhouse and Pearston. It has one bulk supply point with an installed capacity of 18 MVA and a maximum demand of 17.2 MVA. The network consists of 28 km of medium voltage (MV) underground cable, 928 km of low voltage (LV) underground cable, 2,600 km of MV overhead lines and 128 km of LV overhead lines.

The Municipality had 36,002 customers, which are categorised as follows: 6,696 prepaid domestic; 768 domestic credit meters; 354 commercials; 572 agricultural and 21 industrial customers.

In general, the overhead network of the Blue Crane Route Local Municipality is old and most of it has been in service for more than 50 years. However, certain 22 kV distribution lines, particularly the ones transmitting from the Main Substation to farmers at Zuurberg, were installed in 1965 and an urgent replacement programme was needed to ensure continuous supply of power. The Swartzhoek and Pearston were also needed maintenance.

In 2014, a condition assessment was done by Bosch Stemele (now knows as Bosch Projects). The assessment was more on MV lines where the biggest need for upgrading / refurbishment is needed (backbone of the electrical distribution network). All the distribution lines in the urban and rural infrastructure for KwaNojoli, Cookhouse and Pearston were surveyed.

Rural lines surveyed were (feeder lines, 22 000V): Eastpoort (installed 1960, 94km) Middleton (installed 1970, 103km), Cookhouse (installed 1960, 44km), Suurberg (installed 1960, 120km), Wellington grove (installed 1960, 80km), Swaershoek (installed 1970, 79km) and Pearston (installed 1970, 15km).The BCRM experienced floods (hailstorm) during November-December 2022 and January-February 2023 and it affected electricity and roads & stormwater infrastructure. The below is the summary of events:

- During March 2023, BCRM has submitted funding application for the municipal disaster relief grant (MDRG).
- The R 30.4 million funds were transferred on the 29 February 2024 to the municipality.
- Project Implementation Plans and cashflow projections (signed by the MM) for submission to PMDC was done, 07 March 2024.
- On the 30 January 2024, BCRM council was informed or appraised of the MDRG and the projects thereof.

**CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE
(PERFORMANCE REPORT PART II)**

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Blue Crane Route Municipality has a total number of 251 permanent employees and a total number of 103 temporary employees. The turnover rate is 6.30%; 12 retired and 6 resigned. The municipality prides itself in the low-turnover rate as it is indicative of reasonable levels of staff morale.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

In accordance with the requirements of s67 of the MSA 2000 that necessitates municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration. During the year under review the municipal council developed, reviewed, and adopted the following policies.

4.2 WORKFORCE POLICY DEVELOPMENT

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Acting policy	100%	100%	31/01/2023 (Reviewed)
2	Dress Code, Uniforms and Protective Clothing Policy	100%	100%	29-Jul-21
3	Night Shift	100%	100%	29-Jul-21
4	Overtime Policy	100%	100%	29-Jul-21
6	Standby Policy	100%	100%	29-Jul-21
7	Employment Policy	100%	100%	31/01/2023(Reviewed)
8	Bereavement & Funeral Policy	100%	100%	29-Jul-21
9	Remuneration Policy	100%	100%	29-Jul-21
10	Leave Encashment Policy	100%	100%	29-Jul-21
11	Employee Relocation Policy	100%	100%	29-Jul-21
12	Termination of service Policy	100%	100%	31/01/2023 (Reviewed)
13	Employee Assistance Policy	100%	100%	29-Jul-21
14	HIV and AIDS Policy	100%	100%	29-Jul-21
15	Smoking Policy	100%	100%	29-Jul-21
16	Subsistence abuse Policy	100%	100%	29-Jul-21

17	Sexual Harassment Policy	100%	100%	29-Jul-21
18	Inclement Weather Policy	100%	100%	29-Jul-21
19	Labour relations policy	100%	100%	31/01/2023 (Reviewed)
20	Occupational Health and Safety	100%	100%	31/01/2023 (Reviewed)
21	Employment Equity	100%	100%	29-Jul-21
22	Training & Development Policy	100%	100%	31/01/2023 (Reviewed)
23	Individual Performance Management Policy	100%	100%	31/01/2023 (Reviewed)
24	Leave Management Policy	100%	100%	31/01/2023 (Reviewed)
25	Retention Policy	100%	100%	1-Jul-16

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	20	11	55%	2	R5 500
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	20	11	55%	2	R5 500

Number of days and Cost of Sick Leave (excluding injuries on duty)					
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post*	*Average sick leave per Employees Days
Lower skilled (Levels 1-2)	111	40%	89	145	0,44
Skilled (Levels 3-5)	97	60%	50	34	0,39
Highly skilled production (levels 6-8)	136	56%	1	42	0,54
Highly skilled supervision (levels 9-12)	60	35%	8	14	0,24
Senior management (Levels 13-15)	95	20%	4	11	0,38
MM and S57	65	4%	5	5	0,26
Total	564	36%	157	251	2,25

Vacancy Rate: Year 0				
Designations	*Total Posts	Approved	*Vacancies (Total time that exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1		0	0,00
CFO	1		0	0,00
Other S57 Managers (excluding Finance Posts)	3		1	33,33
Other S57 Managers (Finance posts)	0		0	#DIV/0!
Fire fighters	4		0	0,00
Senior management: Levels 13-15 (excluding Finance Posts)	10		1	10,00
Senior management: Levels 13-15 (Finance posts)	3		1	33,33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	14		5	35,71
Highly skilled supervision: levels 9-12 (Finance posts)	13		0	0,00
Total	49		8	16,33

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Watercare Superintendent	Gross Insubordination	22-Jun-23	The employee was subjected to the disciplinary hearing, she resigned after the disciplinary hearing was completed	01 November 2023
1 Driver and 2 general workers	Misuse of municipal vehicle	10 November 2023	10 days suspension without pay	10 November 2023
1 Water processor and 1 General worker	Absenteeism	16 February 2024	5 days suspension without pay and final written warning	16 February 2024

COMMENT ON INJURY AND SICK LEAVE:

In cases of temporal disablement injuries and similar injuries or injuries that happen in the same place more often, investigative inspections are conducted by the OHS Officer and the Department/Business Unit SHE Representative. If the injuries happened due to faulty equipment/tools the use of such is immediately prohibited and Departments are made aware of such actions, as these are some of the measurements taken to minimise injuries at work. SHE Committee Meetings are also held regularly / as mandated and safety precautionary measures are discussed, and recommendations made are forwarded to Management for decision taking.

BCRM continues to make use of public healthcare services (local hospitals and clinics) as it does not have its own doctors. Injured employees are sometimes referred to Specialists that are outside the BCRM jurisdiction but are transported by the Municipality. Sick leave due to an injury on duty is not treated the same as the normal sick leave, we use leave books that clearly indicate the IOD Sick Leave than the normal Sick Leave.

It has been a notable concern on the percentage of sick leave consumed between level 3-8. The municipality does have wellness programmes which includes mental and physical health. It is also encouraged that employees ensure that they maintain a healthy mind to have a healthy body.

4.4 PERFORMANCE REWARDS

No Performance bonuses were awarded during the year under review.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The position of Human Resources Development and Performance Management Officer was filled in August 2023. This is aimed at ensuring continuous identification, introduction and implementation of programs that will give access to employment opportunities and further personal empowerment towards improved service delivery. This is also meant to ensure that the institution embraces and implements performance management holistically.

Capacity building is also implemented through funding from SETA's, Government departments SALGA and Sarah Baartman District Municipality.

SKILLS DEVELOPMENT

Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0													
			Learnerships				Skills programmes & other short courses				Other forms of training				Total	
			Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Year 0	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Year 0	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Year 0		
No.																
MM and s57	Female	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	11	0	0	0	0	0	0	0	0	0	5	0	0	0	0
Technicians and associate professionals*	Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Female	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	22	0	0	0	0	0	0	0	0	0	5	0	0	0	0
Total		62	0	0	0	0	0	0	0	0	0	5	0	0	0	0

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	1	2	2	1	1
Chief financial officer	1	1	2	2	1	1
Senior managers	6	6	12	12	1	5
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	1	1	2	2	1	1
Supply chain management senior managers	1	1	2	0	0	0
TOTAL	10	10	20	18	4	8

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	9
Highly skilled supervision (Levels9-12)	Female	3
	Male	1
Senior management (Levels13-16)	Female	0
	Male	1
MM and S 57	Female	0
	Male	0
Total		14

CHAPTER 5 – FINANCIAL PERFORMANCE

The information of the financial performance is contained on the attached Audited Annual Financial Statement (2023/24).

Summary of the 2023/2024 Annual Financial statements

Description	2023/2024							2022/2023		
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Balance to be recovered	Restated Audited Outcome
R thousands										
Financial Performance										
Property rates	24 819	932	25 751	26 215		2 464	109,6%	113,7%		24 316
Service charges	201 818	(14 878)	186 941	159 889		(27 041)	85,5%	79,2%		142 056
Interest earned - external investments	950	-	950	2 538		1 588	264,0%	264,0%		1 102
Transfers recognised (Operational)	79 188	9 066	88 254	79 216		(9 038)	89,8%	100,0%		73 888
Other own revenue	12 418	(2 197)	10 221	19 193		8 972	187,8%	154,6%		16 851
Total Revenue (excluding capital transfers and contributions)	319 193	(7 077)	312 117	289 031	-	(23 085)	92,6%	90,6%		258 212
Employee related costs	102 713	70	102 783	106 626		3 843	103,7%	103,8%		95 641
Remuneration of councilors	4 928	-	4 928	4 951		23	100,5%	100,5%		4 547
Debt impairment	27 177	-	27 177	52 483		25 316	193,2%	193,2%		30 231
Depreciation & asset impairment	56 304	-	56 304	53 786		(2 518)	95,5%	95,5%		48 311
Finance charges	3 489	-	3 489	19 704		16 214	564,7%	564,7%		4 911
Materials and bulk purchases	139 623	(23 051)	116 571	123 757		7 186	106,2%	86,6%		111 177
Transfers and subsidies	1 083	-	1 083	1 090		7	100,6%	100,6%		1 035
Other expenditure	37 789	(634)	37 154	37 168		14	100,0%	98,4%		23 716
Loss on disposal of PPE				-						
Total Expenditure	373 107	(23 619)	349 481	399 575	-	50 084	114,3%	107,1%	-	319 570
Surplus/(Deficit)	(53 914)	16 539	(37 374)	(110 544)		(73 169)	295,8%	205,0%		(81 357)
Transfers recognised - capital	32 399	29 593	61 992	43 257		(18 735)	69,8%	133,5%		34 343
Contributions recognised - capital & contributed assets	-	-	-	-		-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(21 515)	46 132	24 618	(67 287)		(91 905)	-273,3%	312,7%		(27 014)
Share of surplus/(deficit) of associate	-	-	-	-		-	-	-		-
Surplus/(Deficit) for the year	(21 515)	46 132	24 618	(67 287)		(91 905)	-273,3%	312,7%		(27 014)
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - capital	32 399	29 593	61 992	37 615		(24 377)	60,7%	116,1%		29 864
Public contributions & donations	-	-	-	-		-	-	-		-
Borrowing	-	245	245	-		(245)	-	-		-
Internally generated funds	2 120	1 360	3 480	6 088		2 608	174,9%	287,1%		3 006
Total sources of capital funds	34 519	31 198	65 717	43 702		(22 015)	66,5%	126,6%		32 869
Cash flows										
Net cash from (used) operating	22 837	(2 484)	20 353	73 300		52 947	360,1%	321,0%		23 516
Net cash from (used) investing	(34 519)	(31 198)	(65 717)	(41 703)		(24 014)	63,5%	120,8%		(33 504)
Net cash from (used) financing	(1 049)	-	(1 049)	(1 445)		(397)		137,9%		(1 353)
Cash/cash equivalents at the year end	3 894	(33 681)	(29 787)	40 136		69 923	-134,7%	1030,7%		9 986

5.2 GRANTS (2023/24)

R' 000						
Description	2022/2023	2023/2024		Year 2023/2024 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	68 506	67 222	67 222	67 222	0,00%	0,00%
Equitable share	63 385	67 222	67 222	67 222	0,00%	0,00%
Audit Support						
Finance Management Grant	2 450	2 450	2 450	2 450	0,00%	0,00%
EPWP	2 671	1 143	1 143	1 143	0,00%	0,00%
Provincial Government:	2 300	2 300	2 300	2 300	0,00%	0,00%
Sports and Recreation	2 300	2 300	2 300	2 300	0,00%	0,00%
District Municipality:	3 082	1 750	1 750	1 300	-34,62%	-34,62%
Sarah Beardman District Municipality	3 082	1 750	1 750	1 300	-34,62%	-34,62%
Other grant providers:	-	-	-	-		
[insert description]						
Total Operating Transfers and Grants	73 888	71 272	71 272	70 822	-0,64%	-0,64%

5.3 ASSET MANAGEMENT (2023/24)

INTRODUCTION TO ASSET MANAGEMENT

The asset base of the Municipality is integral to the Municipality's ability to provide services to the community in terms of its constitutional Mandate such as the provision of water, electricity, sanitation and maintenance of roads. It is the duty of the Municipality in terms of its asset management policy to ensure that assets are safeguarded and maintained so that they are operating in the manner intended for its use and are not unproductive or idle. Assets that are unproductive, idle or not operating in the manner intended or to sufficient capacity are assessed on an ongoing basis for impairment and written off and replaced if where applicable.

COMMENT ON ASSET MANAGEMENT:

The Municipality assets are managed through an asset register for infrastructure, land and buildings, investment properties and moveable assets. All moveable assets are verified during the year and the life spans adjusted if it is found that the assets are not properly maintained or not in good working

condition. Assets are also insured on an annual basis and the value of all assets are adjusted in the insurance renewal policy each year to match the replacement values. The value of the assets in the Annual Financial statements is according to their original cost less accumulated depreciation.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2023/2024				
Asset 1				
Name	Paving of gravel roads in the three towns - Pearston, Somerset East and Cookhouse			
Description	MIG Funds utilised to pave gravel roads			
Asset Type	Roads			
Key Staff Involved	Job Creation			
Staff Responsibilities	External			
Asset Value			Year 2022/2023	Year 2023/2024
			9 292 639	7 528 885
Capital Implications	Depreciation and Maintenance			
Future Purpose of Asset	Roads			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Upgrade Cookhouse Water Treatment works			
Description	Upgrade water quality in Cookhouse			
Asset Type	Water Infrastructure			
Key Staff Involved	Management			
Staff Responsibilities	Control			
Asset Value			Year 2022/2023	Year 2023/2024
				14 219 968
Capital Implications	Depreciation and Maintenance			
Future Purpose of Asset	Better water quality			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Refurbishment of Glen Avon Street			
Description	Upgrade the quality of streets in Somerset East			
Asset Type	Streets			
Key Staff Involved	Management			
Staff Responsibilities	Control			
Asset Value			Year 2022/2023	Year 2023/2024
				5 583 390
Capital Implications	Depreciation and Maintenance			
Future Purpose of Asset	Transport staff			
Describe Key Issues				
Policies in Place to Manage Asset				

Repair and Maintenance Expenditure: Year 2023/2024				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Inventory Consumed	9 053	8 550	8 878	2%

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

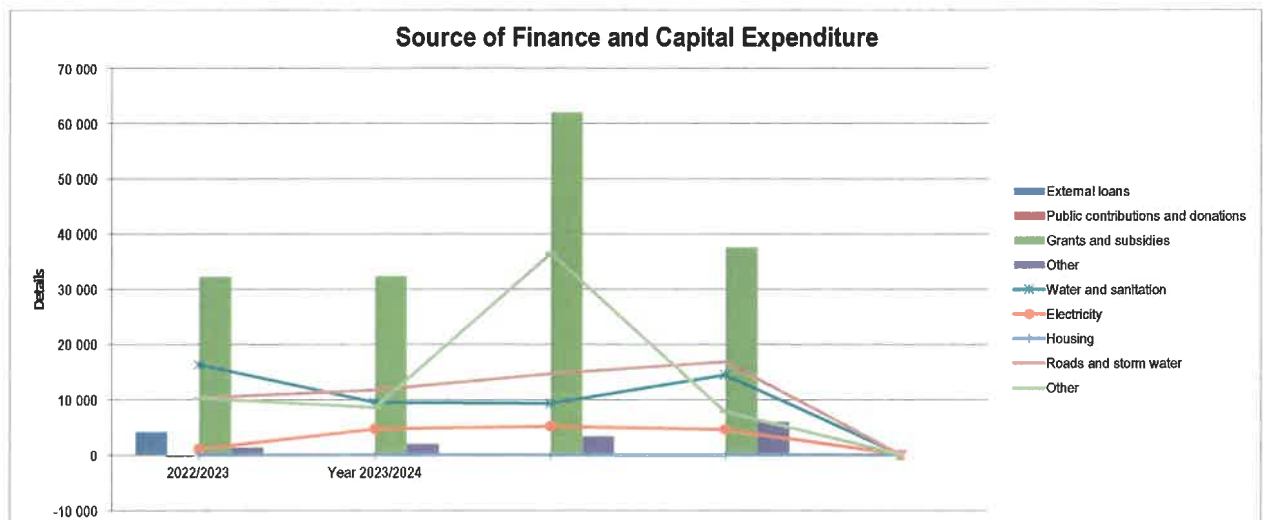
Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and Municipal own funds/surpluses. Component B deals with capital spending indicating where the funding comes from and whether the municipality is able to spend the available funding as planned.

5.4 CAPITAL EXPENDITURE

The graph below depicts the ratio between Capital and Operating budgets as percentages of the total expenditure budget. The municipality is severely constrained with its Capital Budget as there are no cash surpluses to fund Capital Expenditure. The municipality is therefore largely dependent on Grant funding.

5.5 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2022/2023 to Year 2023/2024							R' 000
Details	2022/2023	Year 2023/2024					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans	4 226	0	245	0	100,00%	100,00%	
Public contributions and donations	0	0	0	0	0,00%	0,00%	
Grants and subsidies	32 281	32 399	61 992	37 615	91,34%	16,10%	
Other	1 416	2 120	3 480	6 087	64,15%	187,12%	
Total	37 923	34 519	65 717	43 702	90,38%	26,60%	
Percentage of finance							
External loans	11,1%	0,0%	0,4%	0,0%	100,00%	100,00%	
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,00%	0,00%	
Grants and subsidies	85,1%	93,9%	94,3%	86,1%	0,50%	-8,30%	
Other	3,7%	6,1%	5,3%	13,9%	-13,78%	126,79%	
Capital expenditure							
Water and sanitation	16 290	9 492	9 325	14 476	-1,76%	52,51%	
Electricity	1 103	4 706	5 167	4 610	9,80%	-2,04%	
Housing	0	0	0	0	0,00%	0,00%	
Roads and storm water	10 275	11 750	14 692	16 803	25,04%	43,00%	
Other	10 255	8 571	36 533	7 813	326,24%	-8,84%	
Total	37 923	34 519	65 717	43 702	90,38%	26,60%	
Percentage of expenditure							
Water and sanitation	43,0%	27,5%	14,2%	33,1%	-48,40%	20,46%	
Electricity	2,9%	13,6%	7,9%	10,5%	-42,33%	-22,62%	
Housing	0,0%	0,0%	0,0%	0,0%	0,00%	0,00%	
Roads and storm water	27,1%	34,0%	22,4%	38,4%	-34,32%	12,96%	
Other	27,0%	24,8%	55,6%	17,9%	123,89%	-28,00%	



5.6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

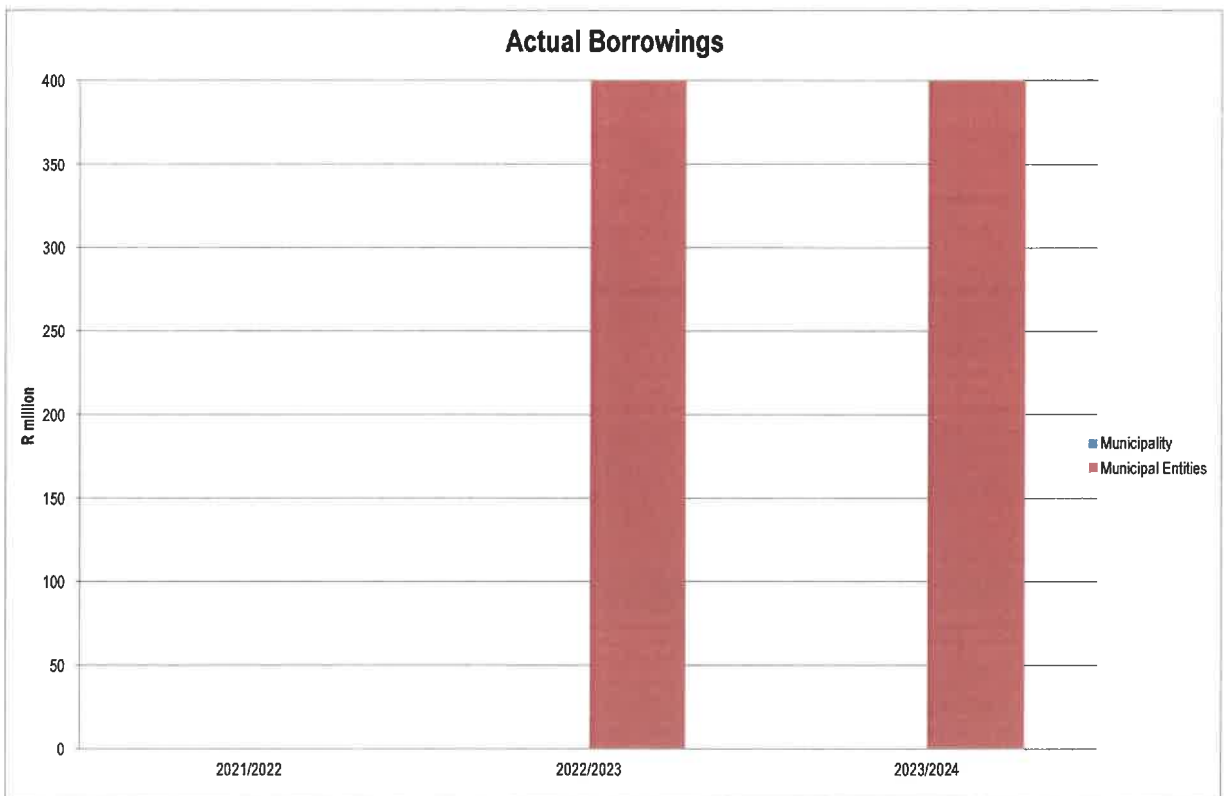
Capital Expenditure of 5 largest projects*					
Name of Project	2023/2024			Variance: 2023/2024	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
Upgrade of Cookhouse Water Treatment Works	8 695 652	14 130 435	14 219 968	-64%	1%
Paving of gravel roads in the three towns - Pearston, Somerset East and Cookhouse	7 611 970	7 835 198	10 311 560	-35%	-3%
Refurbishment of Glen Avon Street	6 075 810	5 545 868	5 583 390	8%	1%
Electrification of Low Cost Housing in BCRM	177 391	86 957	3 371 910	-1801%	51%
Refurbishment of Electrical Network - Disaster Funds	2 086 957	2 086 957	850 827	59%	0%
Name of Project - A	Upgrade of Cookhouse Water Treatment Works				
Objective of Project	Better water quality				
Delays					
Future Challenges	Cost of maintenance				
Anticipated citizen benefits					
Name of Project - B	Paving of gravel roads in the three towns - Pearston, Somerset East and Cookhouse				
Objective of Project	Upgrading of streets				
Delays					
Future Challenges	Cost of maintenance				
Anticipated citizen benefits	36000				
Name of Project - C	Refurbishment of Glen Avon Street				
Objective of Project	Upgrading of streets				
Delays					
Future Challenges	Cost of maintenance				
Anticipated citizen benefits					
Name of Project - D	Electrification of Low Cost Housing in BCRM				
Objective of Project	Better life quality for all citizens				
Delays					
Future Challenges	Maintenance of meters				
Anticipated citizen benefits					
Name of Project - E	Refurbishment of Electrical Network - Disaster Funds				
Objective of Project	Better electricity quality				
Delays					
Future Challenges	Cost of maintenance				
Anticipated citizen benefits					

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes					R'000
Description	Year 2022/2023	Current: 2023/2024			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	135 168	244 738	242 553	143 670	
Government - operating	69 052	69 020	68 721	71 485	
Government - capital	24 952	37 259	37 259	73 486	
Interest	9 341	950	950	13 830	
Dividends					
Payments					
Suppliers and employees	(209 731)	(328 741)	(328 741)	(218 593)	
Finance charges	(733)	(389)	(389)	(9 489)	
Transfers and Grants	(1 036)			(1 090)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	27 013	22 837	20 353	73 300	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE					
Decrease (Increase) in non-current debtors					
Decrease (increase) other non-current receivables					
Decrease (increase) in non-current investments	(734)			734	
Payments					
Capital assets	(36 367)	(34 519)	(65 717)	(42 438)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(37 101)	(34 519)	(65 717)	(41 703)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans					
Borrowing long term/refinancing					
Increase (decrease) in consumer deposits					
Payments					
Repayment of borrowing	(1 353)	(1 048)	(1 048)	(1 445)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 353)	(1 048)	(1 048)	(1 445)	
NET INCREASE/ (DECREASE) IN CASH HELD	(11 441)	(12 730)	(46 412)	30 151	
Cash/cash equivalents at the year begin:	21 426	16 624	16 624	9 985	
Cash/cash equivalents at the year end:	9 985	3 894	(29 788)	40 136	

5.7 BORROWING AND INVESTMENTS

Actual Borrowings: Year 2021/2022 to Year 2023/2024			
			R' 000
Instrument	2021/2022	2022/2023	2023/2024
Municipality			
Long-Term Loans (Non-Current)	0	3 103	1 948
Long-Term Loans (Current)	0	1 050	1 155
Local registered stock			
Instalment Credit			
Financial Leases	0	381	0
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	4 534	3 103



Municipal and Entity Investments			
			R' 000
Investment* type	2021/2022	2022/2023	2023/2024
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	21 423	9 984	40 135
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	21423	9984	40135

5.8 SUPPLY CHAIN MANAGEMENT (2023/24)

The Blue Crane Route Municipality has a Supply Chain Management Unit as reflected in the Financial Services Organogram. The Supply Chain Management (SCM) is up and running within the BCRM and strict control measures are in place according to the MFMA, SCM Regulations, MFMA Circulars and the BCRM SCM Policy.

There are eight (8) posts within the Supply Chain Management section; they have been filled.

The following three (3) Bid Committees have been established and has the relevant meetings when tenders/bids, etc. are placed as per MFMA and Supply Chain Regulations:

- 1) Specification Bid Committee
- 2) Evaluation Bid Committee
- 3) Adjudication Bid Committee

The Supply Chain Management Policy that was adopted and by the Blue Crane Route Municipality (BCRM) after the relevant changes were made to comply with the Blue Crane Route Municipality's requirements, keeping the SCM regulations in mind. The policy has been reviewed in the 2023/24 financial year. Reports on the implementation of the SCM policy are submitted quarterly to the Accounting Officer; the Mayor; and Council. The SCM Annual report on the implementation of the SCM policy for the 2023/2024 financial year was submitted to the Accounting Officer; Mayor and the Council.

Vendor performance is regularly monitored with the help of Project Manager/ End Users. Tax matters for all transactions were confirmed to be in order through the Central Supplier Database. There were tenders that had to be re-advertised due to non-responsiveness of bidders and also contract management is also one of the issues that have been highlighted by the Auditor General. Transformation to proactiveness of the unit is one of the improvements that the municipality is working on.

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance	
	FT/PT			%	%	
B.A. Manxoweni	FT	Executive Committee; Finance & LED; Corporate Services; Community Services.	ANC	100%	0%	
N.P. Yantolo- Nkonyeni	FT	N/A	ANC	93.75%	6.25%	
P. Sonkwala	PT	Corporate; Community Services; MPAC.	Ward 6- ANC	93.75%	6.25%	
M.K.Mali	PT	EXCO; Finance & LED;	Ward 4- ANC	100%	0%	
J.M.Martin	PT	EXCO; Corporate; Community Services;	DA	68.75%	31.25%	
Z. Baskiti	PT	Finance & LED; Technical Services; MPAC	Ward 1- ANC	81.25%	18.75%	
F.P. Brown	PT	Finance & LED; Technical Services; MPAC.	DA	68.75%	31.25%	
E. Miggels	PT	Corporate Services; Technical Services	EFF	62.5%	37.5%	
A. Dyantyi	PT	Corporate; Technical Services; MPAC	Ward 3- ANC	68.75%	31.25%	
L. Smith- Johnson	PT	Finance & LED; Community Services;	Ward 5 -DA	75%	25%	
A. Heynse	PT	Community Services; MPAC.	Ward 2- DA	43.75%	56.25%	
H. Davenport	PT	N/A	Ward 4- DA	66.67%	33.33%	

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance & LED	To deliberate on matters relating to finances of the municipality e.g. income, expenditure and Supply Chain Management functions. Also responsible for Local Economic Development issues.
Corporate Services	To deliberate on matters relating to Administration, Human Resources, Information & Communication Technology (ICT) and Records Management.
Community Services	To deliberate on matters relating to Environmental Health, Traffic Services, Parks & Open Spaces, Libraries, Waste Management, Commonage & Pound, Fire & Disaster Management and Protection Services
Technical Services	To deliberate on matters relating to Electricity, Roads & Stormwater, Mechanical, Project Management, Water & Sanitation, Town Planning and Human Settlement.
LLF	To discuss labour related issues
MPAC	Oversight on municipal overall performance and functionality
Internal Audit	Ensures implementation of internal control
Land Committee	Attends to issues related to municipal land and properties.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director / Manager (State title and name)
Municipal Manager Office	Municipal Manager: Mr M.P Nini
	Manager: Internal Audit- Ms Phelokazi Ndamndum
	Manager: IDP/Performance Management- Ms Samela Hanabe
	Manager: Local Economic Development – Mr Nceba Isaac Kapayi
Finance Department	Director Financial Service (CFO)- Mr N.B Delo
	Manager: Revenue and Expenditure- Mr Julius Maputha
	Manager: Financial and Audit Matters- Mr Martin Meyer (Contract ended August 2023)
	Manager: Supply Chain Management- Ms Ayanda Mbebe
Community Services	Director Community Services- Mrs Y Mniki
	Manager: Environmental Health Services- Mr Francois Trichard
	Chief: Protection Services- Mr Roland Hare
	Chief: Fire and Disaster- Mr John Conway (Resigned 29 February 2024)
Technical Services	Director Technical Services – Mr A Gaji
	Manager: Electrical Services- Mr Vuyani Apollis
	Manager: Project Management Unit -Mr Phiwe Gamedala
	Manager: Water Services – Mr Gcobani Ziqu
Corporate Services	Director Corporate Services – Mrs N Kubone
	Manager: ICT- Mr Mzwandile Gush

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Schedule 4 Part B	Schedule 5 Part B
Powers exercised by the BCRM	Powers exercised by the BCRM
<ul style="list-style-type: none"> ○ Air pollution ○ Building regulations ○ Electricity and gas reticulation ○ Firefighting services ○ Local tourism ○ Municipal airports ○ Municipal planning ○ Municipal public works ○ Stormwater management systems in built-up area ○ Trading regulations ○ Water and sanitation services 	<ul style="list-style-type: none"> ○ Amusement facilities ○ Billboards and the display of advertisements in public places ○ Cemeteries ○ Cleansing ○ Control of public nuisances ○ Control of undertakings that sell liquor to the public ○ Facilities for the accommodation, care and burial of animals ○ Fencing and fences ○ Licensing and control of undertakings that sell food to the public ○ Local amenities ○ Local sport facilities ○ Municipal abattoirs ○ Municipal parks and recreation ○ Municipal roads ○ Noise pollution ○ Pounds ○ Public places ○ Refuse removal, refuse dumps and solid waste disposal ○ Street trading ○ Street lighting ○ Traffic and parking

APPENDIX E- WARD COMMITTEE MEMBERS AND ALLOCATION

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year	
Ward 1	Cllr Zamuxolo Baskiti	Yes	1	1	1	
	Nomvume Kula					
	Vuyokazi Fani					
	Khanyisa Mbenya					
	Unathi Mali					
	Busisiwe Kwatsha					
	Xabiso Maqenge					
	Ngubengwe Dywili					
	Vuyiswa Xasa					
	Andiswa Sixaxa					
Ward 2	Cllr Archer Haynse	Yes	0	1	0	
	Abednego Gegesi					
	Willem Webb					
	Vuyiseka Mbunge					
	Emile Nel					
	Neliswa Toni					
	Joseph Jacobs					
	Michelle Jordaan					
	Kegomoditshwe Sekori					
	Mzoxolo Brander					
Ward 3	Cllr Ayanda Dyantyi	Yes	1	1	1	
	Asisispho Nywebeni					
	Silumko Lawrence					
	Mandilakhe Storm					
	Mandisi Memese					
	Nonceba Heka					
	Nosiphenkosi Mbotya					
	Thandeka Gcume					
	Julia Blouw					

	Ntombizanele Mahobe				
Ward 4	Cllr Mncedi Mali	Yes	3	1	1
	Cllr Herbert Davenport		0	1	0
	Phumzile Danster				
	Gerald Danster				
	Thembakazi Jas				
	Piet Verryne				
	Anele Kulati				
	Ivan Setiele				
	Annie Kamin				
	Mandile Afrika				
	Mina Malgas				
	Luyanda Ngcingolo				
Ward 5	Cllr Lorraine Smith-Johnson	Yes	3	2	2
	Sonwabile S. Xaluva				
	Ntombomzi C. Stofile				
	Wellington V. Storm				
	Phumla D. Malambile				
	Deon M. Zoeloe				
	Thembisa E. Memese				
	Rose M. Arends				
	Nonkonzo V. Faku				
	Noluthando J. Gogo				
Ward 6	Cllr Phandulwazi Sonkwala	Yes	1	1	1
	Loyiso Antoni				
	Noma- Afrika Piliso				
	Sindiswa Mjekula				
	Mandla Mbombiya				
	Sinazo Silimani				
	Anneliza Baskiti				
	Ntombizanele Dwane				
	Lungelwa Mntengwana				
	Melisizwe Fani				

APPENDIX F: RECOMMENDATION OF THE MUNICIPAL AUDIT COMMITTEE

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year: 2023/24	Recommendations adopted (enter Yes) If not adopted (provide explanation)
26-Jun-24	a) Council notes the report of the Audit and Performance Committee held on the 26th June, 2024;	Yes
	b) Council also notes the recommendations and resolutions made by the Audit and Performance Committee in this report, and the recommendations are as follows:	
	(i) The Section 52(d) Report paints a bleak picture of the Municipal Finances, and one is kept awake as there are no immediate plans to rescue the situation. We therefore recommend that Management in considering the options on the table to work around the clock in ensuring that any unnecessary expenditure be discouraged, dispose off some of our assets which remain unutilized like land and obviously due diligence being applied in any decision considered, unfortunately we do not have much room to manoeuvre our way out, we just have to be consistent with our actions.	
	(ii) Of major concern is the Council to note the non-adherence and non-implementation of the Cost Containment Measures agreed upon, i.e. Overtime, Fuel Subsistence and Travelling Expenses. The Audit Committee would like the Council to note this stagnant implementation of these critical resolutions as their delay would further exacerbate the already compromised financial position of	

the Institution.

(iii) On the issue of the Provident Fund, the amount payable to the fund as announced by the Court, Management to craft a clearly defined plan to resolve the matter. On this matter we therefore recommend that: once the plan has been developed, such a plan to be consulted with the relevant stakeholders, i.e. Council, Cogta, Provincial Treasury. Their inputs to the plan and concurrence to the actions could be an encouraging move on the part of the Provident Fund for their leniency. Proposals to be considered is the involvement of the labour force to these Court proceedings as that might influence the part B of the Court application.

(iv) Regarding the poor performance by the Infrastructure Department, we recommend that an overall skills audit be conducted as we suspect a misaligned skill set to the demanding work entrusted to the officials in this space. This poor performance is commensurate with the continued complaints and disruptions the Municipality is experiencing on a continuous basis. To put an end to these tough decisions amongst others would be the appointment of senior officials equal to the task and the general workforce committed to service the people of this region.

	<p>(v) On the Leave Management, we recommend that Senior Management be held accountable before any consequence management is taken to the lower-level officials. The abdicating of the responsibility of leave management system to HRM must come to an end, HRM role is the facilitation of leave management amongst other functions, HODs are responsible for the leave management in their respective Departments.</p> <p>(vi) Once findings between Management, IA and AG have been agreed it remains critical that the recommendations discussed are implemented immediately. The nonimplementation of such recommendations as the Audit Committee we therefore recommend that the Council take swift action and implement Consequence Management as Management is accountable to Council</p>	
28-Jun-23	<p>a) Council notes the report of the Audit and Performance Committee held on the 28th June, 2023;</p> <p>b) Council also notes the recommendations and resolutions made by the Audit and Performance Committee in this report, and the recommendations are as follows:</p> <p>(i) That the Municipal Manager propose the most cost effective way of ensuring that the Section 56 Managers Assessments are facilitated soon.</p>	Yes

	<p>(ii) Management to prioritise resolving the matters as reflected on the Resolution Register. There are matters that are beyond the control of Management, i.e. Game Farm which are in court, but we insist eminent resolution on matters within the control of Management, thus the expectation by the Committee to see an improved register in future engagements.</p>	
	<p>(iii) A special meeting to be convened earliest next week to bring up to speed the prolonged solution on the data strings facilitated by Samras, and the fact that the BCRM is being used as a pilot project in the launching of the software by Samras. Hence there is a need to further understand this arrangement and the impact thereafter.</p>	
	<p>(iv) At a political level the Committee believes that the Council would be the best positioned arm of the Municipality to engage affected Department at a Provincial level on the non-payment of their debt to BCRM.</p>	
	<p>(v) Where it could be proven that Management indicates continuous ignorance of the agreed recommendations and ultimately regression in the overall performance of the Municipality consequence management becomes the only tool available to address underperformance</p>	
<p>23-Jan-24</p>	<p>a) Council notes the report of the Audit and Performance Committee held on the 23rd January, 2024</p> <p>b) Council also notes the recommendations and resolutions made by the Audit and Performance Committee in this report, and the recommendations are as follows:</p>	<p>Yes</p>

	<p>(i) The Section 52(d) Report paints a bleak picture of the Municipal Finances, and one is kept awake as there are no immediate plans to rescue the situation. We therefore recommend that Management in considering the options on the table to dispose of some of our assets, such should not be acted on hastily and lightly, due diligence is critical, unfortunately we do not have much room to manoeuvre our way out.</p>	
	<p>ii) Of major concern is the Council to note the non-adherence and non-implementation of the Cost Containment Measures agreed upon, i.e. Overtime, Fuel Subsistence and Travelling, and Catering Expenses. The Audit Committee would like the Council to note this stagnant implementation of these critical resolutions as their delay would further exacerbate the already compromised financial position of the Institution.</p>	
	<p>(iii) On the issue of the Provident Fund, the amount payable to the fund as announced by the Court, Management to craft a clearly defined plan to resolve the matter. On this matter we therefore recommend that: once the plan has been developed, such a plan to be consulted with the relevant stakeholders, i.e. Council, Cogta, Provincial Treasury. Their inputs to the plan and concurrence to the actions could be an encouraging move on the part of the Provident Fund for their leniency.</p>	

	<p>(iv) Looking at the dire financial situation of the Institution with targets set in the form of Revenue Collection not met, i.e. Under collection due to varied reasons. We recommend that all the unnecessary travelling (especially for meetings) and any other form of expenditure which directly or indirectly compromises our financial position should be reduced drastically.</p>	
	<p>(v) We have considered the high likelihood of under collection especially on the Electricity Revenue. For the Quarter under consideration, we have not collected a R15 Million Revenue, and that has dire consequences for the Municipality. If this is the projected Revenue under collection posture of the Municipality, an overall R60 Million under collection is imminent by the end of our financial year end. We therefore recommend that key enablers of collection be prioritized by Management to counter this potential disaster.</p>	
	<p>(vi) On the Leave Management, we like to present to the Council for noting the proposed implementation of the Audit Committee that the Leave Management be a shared responsibility has since been implemented. This is evident of the Monthly Reconciliations performed, and we are hoping that an improved Leave Management will be achieved within the financial year under consideration</p>	
31-Mar-23	<p>a) Council notes the report of the Audit and Performance Committee for the quarter ending 31st March, 2023;</p>	Yes
	<p>b) Council also notes the recommendations and resolutions made by the Audit and</p>	

	Performance Committee in this report.	
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APPENDIX G -SERVICE BACKLOGS: SCHOOLS AND CLINICS

The municipality does not have service backlogs in schools and clinics.

APPENDIX H – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

WARD 1 & 6

PROBLEM AREA	PROJECT /ACTION PLAN	PROGRESS DATE	TO	CUSTODIAN	TIMEFRAME
Bhongweni Rectification		Rectification is in progress		D Tech S	To be determined by the department
Backlog: Informal Settlement (200 Units)		The matter has been referred to the DHS.		D Tech S	To be determined by the department
Health Services					
Expansion of clinic and 24hr clinic services	The project is implemented	Work is in progress		D. Community Services	To be determined by the department
Rural Development and Agrarian Reform					
Fencing for the main dam	Currently lobbying funds			DTS	To be determined by the department
Education and Training					
Construction of FET College in Cookhouse	To engage with DOE further	A letter of request was written to the Department highlighting the need of the community in this regard. No response was received from the department		MM	To be determined by the department
Skills Development Programmes For Young People					
Construction of a library		In progress		D Com Serv	To be determined by the department
Economic and Infrastructure Development:		Infrastructure plans have been developed and submitted to		DTS	To be determined by the department

PROBLEM AREA	PROJECT /ACTION PLAN	PROGRESS TO DATE	CUSTODIAN	TIMEFRAME
Infrastructure to support Local Economic Growth and Development		relevant departments for funding		
Upgrading Of Rural Roads (Roads And Transport)		This is a provincial government function. Engagements are on going.	Mayor / MM / DTS	To be determined by the department

Ward 2

PROBLEM AREA	PROJECT /ACTION PLAN	PROGRESS TO DATE	CUSTODIAN	TIMEFRAME
Construct a walkway along the R335 road to Aeroville		Both roads are not municipal roads(R63/R335)	DTS	To be determined by the departments involved
Restoration of burnt and abandoned houses		Application has been submitted to DHS	D Tech Serv	To be considered by the department
Installation of streetlights at (R335 Road towards Fire Station, from R335 intersection to the bridge near Clevedon and Nojoli Street towards Pearston (R63 road)		The project is in progress	DTS	To be determined by the departments involved
Construction of a Primary School in Aeroville	Proposal submitted to DOE	Awaiting response from the department	Mayor / MM	To be determined by DOE
Access to land for emerging farmers	The matter is receiving attention of DRDAR and the municipality		Mayor / MM	To be determined by DRDAR
Maintenance of rural roads	Matter referred to the Provincial Dpt of Roads and Public Works	Awaiting response from the department		To be determined by DRPW
Dipping tanks	The matter was referred to DRDAR.	A response received was that there is no budget currently.	D Comm	To be determined by DRDAR
Construction of school for the kids with disability	The matter to be referred to the		MM/Mayor	To be determined

PROBLEM AREA	PROJECT /ACTION PLAN	PROGRESS TO DATE	CUSTODIAN	TIMEFRAME
	department of Education			by Dept of Education

WARD 3

PROBLEM AREA	PROJECT /ACTION PLAN	PROGRESS TO DATE	CUSTODIAN	TIMEFRAME
Community Hall		Project will be implemented by the Department of Human Settlements.	DTS	To be considered by the DHS

WARD 4

WARD 4				
PROBLEM AREA	PROJECT /ACTION PLAN	PROGRESS TO DATE	CUSTODIAN	TIMEFRAME
Renewable energy (solar panels)	Funding application submitted and awaiting response from Department of Energy.	Application for funding is in progress to be made with the Department of Energy for renewable energy projects	DTS	To be determined by DOE
Sustainable Human Settlement		The matter has been referred to DHS	DTS	To be determined by Dept of HS
Libraries		The matter with regards to the extension of the library was referred to DSRAC. An assessment will be done by the department. A follow up was made with the department and the indication is that this will not be done in this financial year as they will be constructing a new library in Cookhouse.	DCS	To be determined by DSRAC

WARD 5				
PROBLEM AREA	PROJECT /ACTION PLAN	PROGRESS TO DATE	CUSTODIA N	TIME FRAME
Sustainable Human Settlement • Uninhabited Houses (Old Location)	The matter is being attended by DoHS .	Destitute cases are being attended to and the list has been submitted to the DHS.	D.Tech S	To be considered by the department
Extension of previously constructed houses (2 rooms)		Project 300 for demolition and rebuilding is submitted to DHS.		To be considered by the Department of Human Settlement
Rectification of Houses	The matter is being attended by DoHS.	Destitute cases are being attended to and the list has been submitted to the DHS.	D Tech S	To be considered by the Department of Human Settlement
Installation of Jojo tanks	The matter has been referred to DRDAR		D Tech S	To be considered by the department
Solar panels	Funding application submitted and awaiting response from Department of Energy.	Application for funding is in progress to be made with the Department of Energy for renewable energy projects	D Tech S	To be considered by the department

APPENDIX I – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output Improving access to basic services	Communities continue to be provided with services	80%
Output Implementation of the Community Work Programme	All the wards have CWP's	100%
Output Deepen democracy through a refined Ward Committee model	Ward Committees meet quarterly and some sit monthly	100%
Output Administrative and financial capability	Municipality is not viable and is still grant dependant	95%

BLUE CRANE ROUTE MUNICIPALITY (102 EC)



ADJUSTED ANNUAL PERFORMANCE REPORT

FINANCIAL YEAR: 2023/2024

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1. INTRODUCTION

In June 2023 BCRM Council adopted its 5-year strategic plan, subsequent to that SDBIP was developed and approved by the Mayor as per circular 13. The report seeks to give an overview of the BCRM performance during the 2023/2024 financial year.

2. LEGISLATIVE REQUIREMENTS

Municipal Systems Act 32 of 2000.

- Section 40 requires that; a municipality must establish mechanisms to monitor and review its Performance Management System (PMS)
- Section 41 (1) A municipality in terms of its Performance Management System (PMS) must:
 - (a) set appropriate KPI's as a yardstick for measuring performance as well as measurable performance targets, with regard to the municipality's development priorities and objectives as set out in the IDP.
 - (b) set measurable performance targets with regard to each of those development priorities and objectives.
 - (c) (i)-(ii) monitor, measures and reviews performance at least annually.
 - (d) take steps to improve performance with regards to those development priorities and objectives where performance targets are not met.

Section 46 of the Municipal Systems Act (MSA) requires the Municipality to prepare a performance report for each financial year reflecting the performance of the service providers during the that financial year, comparison of the performances with set targets for and the performances of the previous financial year and measures taken to improve performance .The Act further requires that the report form part of the Municipality's annual report, in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

3. COMPARISON OF BCRM'S CURRENT PERFORMANCE WITH PREVIOUS TWO FINANCIAL YEAR'S PERFORMANCE:

The table below outlines the performance of the municipality for the past 3 years and comparison thereof.

MUNICIPAL PERFORMANCE RESULTS OVER 3 YEARS BASED ON SDBIP TARGETS			
FINANCIAL YEAR	2021/2022	2022/23	2023/2024
OVERALL PERFORMANCE	55%	74%	80%

4. MUNICIPAL OVERALL PERFORMANCE FOR THE YEAR UNDER REVIEW: 2023/2024

4.1 DEPARTMENTAL PERFORMANCE AS PER THE SDBIP 2023/2024

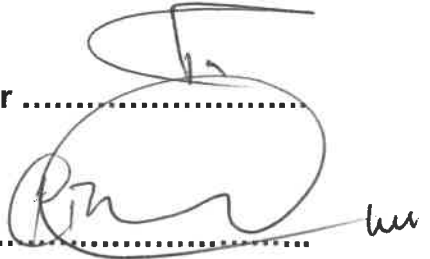
The following table reflects the annual performance of the departments in terms of the total number of targets achieved against the planned targets.

Departments	Annual Target	Actual Performance	Targets not achieved	% Achieved
Municipal Transformation and Institutional Development: (Corporate Services)	7	5	2	71
Service Delivery and Infrastructure Development: (Technical Services)	13	10	3	77
Service Delivery and Infrastructure Development (Community Services)	10	10	0	100
Municipal Finance Viability (Financial Services)	12	9	3	83

Local Economic Development (OMM, Technical and Corporate Services)	6	3	3	50
Good Governance and Public Participation (Office of the Municipal Manager)	12	11	1	92
Municipal overall performance	60	48	12	80

Detailed 2023/2024 Actual performance per department is attached.

Signed by Mr M.P Nini: Municipal Manager



Signed by Cllr B.A Manxoweni: Mayor

Priority Area	Strategic Plan Objective	Strategy	Indicator	Activity / Project	Annual Target 2022/23	Actual Performance 2022/23	Annual Target 2023/24	Actual Performance 2023/24	Reason for deviation	Action plan	Responsible	No. of MPT	Pass Comments				
Water and Sanitation	To ensure efficient, economical and quality provision of water by 2027.	By Upgrading Cookhouse Water Treatment Works	% Progress on the upgrading of Cookhouse water treatment works (Phase 1)	Upgrading sewer pumps	New indicator	N/A	100% Progress on the upgrading of Cookhouse water treatment works (Phase 1)	Target met: 85% Progress on the upgrading of Cookhouse water treatment works (Phase 1)	Cookhouse WTW is a multi-year project which was planned to be implemented over 3 financial years. The scope of work was revised in 2023/24 due to additional funding of R2.5m that was received from Department of Water and Sanitation.	The following are the actions to be followed to achieve the target by the second quarter of 2024/2025 financial year (December 2024): 1. Electricity supply to be installed and tested by delineating and installing the generator and installation of MCC panels. 2. Water Treatment works building. Rebuilding well will be completed and concrete slabs will be completed. 3. MPTs for water service facilities. Site clearing, procurement of material, excavation and piling/tying.	Director Technical Services	1	No comment				
						No of applications submitted for Basic Assessment and Water User Licence of sewer pump stations	Upgrade sewer pumps	New indicator	N/A	5 applications submitted for Basic Assessment and Water User Licence of sewer pump stations	Target met: 5 Applications for Basic Assessment and Water User Licence of sewer pump station submitted and approved by DEDET and the Board of Decision (ROD) has been received.	0/6	0/6	Director Technical Services	2	No comment	
						% progress on the re-establishment of Khenyiso water pipe line and booster pump	Re-establishment of Khenyiso waterpipe line and booster pump	38% progress on the re-establishment of Khenyiso waterpipe line and booster pump	Target met: 100% progress on the re-establishment of Khenyiso waterpipe line and booster pump	N/A	100% progress on the re-establishment of Khenyiso waterpipe line and booster pump	Target met: 100% progress on the re-establishment of Khenyiso waterpipe line and booster pump	N/A	N/A	Director Technical Services	3	No comment
						No of houses service connections in Millennium Park (Pawson)	Contact Electrical assessment in Millennium Park (Pawson)	New indicator	N/A	11 houses service connections in Millennium Park (Pawson)	Target met: 11 houses service connections in Millennium Park (Pawson)	Target met: 11 houses service connections in Millennium Park (Pawson)	0/6	0/6	Director Technical Services	4	No comment
						No of preliminary design reports submitted	Installation of lightmast lights	New indicator	N/A	1 preliminary design report submitted	Target met: preliminary design report submitted	Target met: preliminary design report submitted	0/6	0/6	Director Technical Services	5	No comment
						No of preliminary design reports submitted	Re-establishment of streetlights	New indicator	N/A	1 preliminary design report submitted	Target met: preliminary design report submitted	Target met: preliminary design report submitted	0/6	0/6	Director Technical Services	6	No comment
						Number of streetlights reverified	Reverifying of streetlights	New indicator	N/A	563 street lights reverified	Target met: 1186 street lights reverified	0/6	0/6	Director Technical Services	7	No comment	
						% progress on the parking of gravel roads in BCRMA	Painting of gravel roads in BCRMA	New indicator	N/A	100% Progress on the parking of gravel roads in BCRMA (1.8km)	Target met: 100% Progress on the parking of gravel roads in BCRMA (1.8km)	Target met: 100% Progress on the parking of gravel roads in BCRMA (1.8km)	0/6	0/6	Director Technical Services	8	No comment
						% progress on the re-establishment of Gisa-Avon street	Re-establishment of Gisa-Avon street	New indicator	N/A	40% progress on the re-establishment of Gisa-Avon street	Target met: 57% progress on site in the re-establishment of Gisa-Avon street	0/6	0/6	Director Technical Services	9	No comments	
						No of detailed design reports submitted	Re-establishment of surfaced roads in Gisa-Avon street	New indicator	N/A	1 preliminary design report submitted	Target met: Preliminary design report submitted	Submission was not done due to the extent of the works that requires for the project and surveying	0/6	0/6	Director Technical Services	10	No comments
No of detailed design reports submitted	Construction of holding bridges (planning)	New indicator	N/A	1 preliminary design report submitted	Target met: 1 preliminary design report submitted	0/6	0/6	Director Technical Services	11	No comments							
Social Amenities	To ensure that communities have access to water and electricity services by 2027	By installation of addition facilities in Asevoile cemetery	% progress on installation of addition facilities in Asevoile cemetery	Installation of addition facilities in Asevoile cemetery	New indicator	N/A	100% progress on installation of addition facilities in Asevoile cemetery	Target met: 4% progress on the installation of addition facilities in Asevoile cemetery	Combines there not been delivered and installed. Procurement processes took longer than expected.	A memorandum plan is in place and conditions will be delivered and installed by the end of August 2024	Director Technical Services	12	No comments				
						N/A	2 Heat provided for waste management (front-end-loader and Compacted truck)	Target met: 2 Heat provided for waste management (front-end-loader and Compacted Truck)	0/6	0/6	Director Technical Services	13	No comments				

ANNUAL PERFORMANCE REPORT 2023/2034

KPA 1 Basic Service Delivery

Priority Area	Strategic Plan Objective	Strategy	Indicator	Annual Target 2023/23	Actual Performance 2023/23	Annual Target 2023/2024	Actual Performance 2023/2024	Reason for deviation	Action plan	Custodian	No of KPI	PMS comment		
Environmental services	To ensure a well maintained clean and healthy environment by 2027	By implementing Waste Management	Number of illegal dumps reduced	6 illegal dumps reduced	Target met : 32 illegal dumps cleared	32 illegal dumps reduced	Target met-1:75 illegal dumps reduced	N/A	N/A	Director Community Services	14	No comment		
				By Ensuring a properly managed landfill site	No of Waste Management forum established.	New indicator	N/A	1 Waste Management forum established	Target met- 1 new site identified	N/A	N/A	Director Community Services	15	No comment
					By identifying land for a new landfill site	Number of remedial reports implemented	New indicator	N/A	4 remedial reports implemented	Target met-4 remedial reports implemented	N/A	N/A	Director Community Services	16
Litrarics Services	To promote a culture of learning amongst communities of ECRM by 2027	Submit a business plan for grant funding.	Number of business plan developed	New indicator		N/A	1 business plan developed	Target met-1 business plan developed	N/A	N/A	Director Community Services	18	No comment	
			By hosting library events	No of South African Library week programmes conducted	New indicator	N/A	2 South African Library week programmes conducted	Target met -4 South African Library week programmes conducted	N/A	N/A	Director Community Services	19	No comment	
				By establishing a functional Community Safety Forum and developing youth safety concept document	Number of Community Safety Forums established.	New indicator	N/A	1 Safety Forum established	Target met- 1 Safety Forum established	N/A	N/A	Director Community Services	20	No comment
Traffic Services	To ensure that the road users comply with the roads and traffic laws by 2027	By upgrading Vehicle Testing Station through procurement of vehicle testing system	No of youth safety concept document developed		New indicator	N/A	1 youth safety concept developed	Target met-1 youth safety concept developed	N/A	N/A	Director Community Services	21	No comment	
			By upgrading Vehicle Testing Station through procurement of vehicle testing system	No of upgraded vehicle testing system	New indicator	N/A	1 upgraded vehicle testing system	Target met -1 upgraded vehicle testing system	N/A	N/A	Director Community Services	22	No comment	
				By conducting fire safety and prevention inspections at commercial entities and public amenities	Number of the safety and prevention inspectors conducted in commercial entities and public amenities	120 fire safety and prevention inspectors conducted in commercial entities and public amenities	Target met : 152 fire safety and prevention inspectors conducted in commercial entities and public amenities	120 fire safety and prevention inspectors conducted in commercial entities and public amenities	Target met- 148 fire safety and prevention inspectors conducted in commercial entities and public amenities	N/A	N/A	Director Community Services	23	No comment
Fire & Disaster Management Services	To ensure prevention and management of fire incidents to promote safety of the environment, properties and humans by 2027	By conducting fire safety and prevention inspections at commercial entities and public amenities	Number of the safety and prevention inspectors conducted in commercial entities and public amenities		120 fire safety and prevention inspectors conducted in commercial entities and public amenities	Target met : 152 fire safety and prevention inspectors conducted in commercial entities and public amenities	120 fire safety and prevention inspectors conducted in commercial entities and public amenities	Target met- 148 fire safety and prevention inspectors conducted in commercial entities and public amenities	N/A	N/A	Director Community Services	23	No comment	

ANNUAL PERFORMANCE REPORT 2022/23
 PPA3: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Priority Area	Strategic Plan Objective	Strategy	Indicator	Activity / Project	Annual Target 2022/23	Actual Performance 2022/23	Annual Target 2023/2024	Actual Performance 2022/23	Reason for deviation	Action plan	Responsible	No. of KPIs	PA3 Comments	
Institutional Development and Transformation	To undertake the transformation of the Municipality's systems and policies across the board by 2027	By coordinating the development and review of policies.	Number of municipal policies reviewed	Review of policies	5 HR Policies reviewed (Leave management, Dress code, Uniform & PPE, Labour Relations and Individual PMS	Target met: 9 HR Policies reviewed (Leave management policy, Acting Policy, Dress code, Uniform & PPE Policy, Labour Relations Policy, Individual PMS policy, Employment Policy, OHS Policy, Training & Development policy and Termination of service Policy)	10 municipal policies reviewed	Target met - 10 policies from Corporate Services and 3 n/a	Bylaws from Community Services reviewed.	n/a	Director Corporate Services	24	No comment	
				Number of councillors trained according to the MSP, SETA's, SALGA, SBDM and sector depts	Training and development of councillors	11 training activities coordinated for Councillors	Target not met: 2 training activities were co-ordinated for Councillors and attended	Target not met: 11 councillors trained according to the MSP, SETA's, SALGA, SBDM and sector depts	Target not met - 7 councillors trained according to the MSP, SETA's, SALGA, SBDM and sector depts -	1 Cllr did not attend the workshop and there is no sufficient budget to conduct more trainings.	Budget to be made available in the next financial year	Director Corporate Services	25	No comment
				Number of employees trained according to the MSP, SETA's, SALGA, SBDM and sector depts	Training and development of employees	and 30 training activities coordinated for Employees	Target not met: 1 training done	40 employees trained according to the MSP, SETA's, SALGA, SBDM and sector depts	Target met - 54 employees trained according to the MSP, SETA's, SALGA, SBDM and sector depts	n/a	n/a	Director Corporate Services	26	No comment
				Number of employee events coordinated	Employee Relations Activities	1 event coordinated (Municipal Sports day)	Target met: Municipal Sports day coordinated and held on 16 March 2023	3 events coordinated (Nelson Mandela Day, Heritage day & Wokers day)	Target met - 5 Events coordinated	n/a	n/a	Director Corporate Services	27	No comment
Customer Care	To be a leading provider in rendering excellent customer services and maintain good relations with the community of Blue Crane Route Municipality by 2027	By enhancing individual performance management agreements and plans developed	Number of performance agreements and plans developed	Individual performance management	7 Corporate Services employees with performance agreements and plans developed and signed; 5 Performance agreements and plans developed for Senior Management.	Target met: 7 Corporate Services employees with performance agreements and plans developed and signed; 5 Performance agreements and plans developed for Senior Management.	25 Employees with performance agreements and plans developed	8 Employees directly reporting to D- Corporate Services have performance agreements and plans developed and signed. 5 Performance Agreements developed for Senior Management. 12 Performance Plans for Managers developed	n/a	n/a	Director Corporate Services	29	No comment	
				Establishment of Customer Care Centres (phase 1)	New indicator	N/A	100% progress on the establishment of integrated customer care service center (phase 1)	Target not met - 0% progress on the establishment of integrated customer care service center phase 1 (Renovations of old market building)	Council approved the plan on establishing Customer Care centres in March 2023. Old Market building was identified as a building that can be used as Customer Care centre. Technical Services was engaged for assisting in the refurbishment but there was no available budget. Attached is the Plan	n/a	Director Corporate Services	30	Action plan/progressive measure not reported	
				By strengthening functionality of statutory HR Committees	Coordinate sitting of HR Committees	3 HR Committees sittings coordinated (LLF, Training/Employment Equity, OHS	Target met: All 3 HR Committees were coordinated LLF sat 4 times, OHS Committee and Training / Employment Equity committee sat 3 times.	12 HR Committee sittings coordinated quarterly (LLF, Training/Employment Equity and OHS)	Target met - 12 HR Committee sittings coordinated quarterly (LLF, Training/Employment Equity and OHS)	n/a	n/a	Director Corporate Services	28	No comment

ANNUAL PERFORMANCE REPORT 2022/23
 IPA 3 : LOCAL ECONOMIC DEVELOPMENT

Priority Area	Strategic Plan Objectives	Strategy	Indicator	Activity /Project	Annual Target 2022/23	Actual Performance 2022/23	Annual Target 2023/24	Actual Performance 2023/24	Reason for deviation	Action plan	Custodian	No of KPI
Local Economic Development	To ensure promotion local economic development and job creation by 2027	By developing and reviewing the LED strategy.	% of milestones achieved on the development of LED Strategy	Developing LED strategy.	New indicator	N/A	25 % of milestones achieved on the development of LED Strategy	Target met : 25 % of milestones achieved on the development of LED Strategy (Stakeholder engagement, Situational Analysis,Development of objectives and action plan)	n/a	n/a	Municipal Manager	31
SME Development and Business Advisory Services	To facilitate the mentoring of Small, Medium and Micro Enterprises (SMEs) business into the formal economy in BCRM by 2027	By providing meaningful business development support to SMEs	Number of SMEs supported	SMEs support	9 of SMEs supported (CAD registration)	Target met : no programme was co-ordinated for the SME support but could not take place on the set date as there was community unrest.	30 SMEs supported	66 SMEs supported	n/a	n/a	Municipal Manager	32
			Number of investors approached	Investment activities	New indicator	N/A	Target met : 3 investors approached	n/a	n/a	n/a	n/a	Municipal Manager
		By promoting tourism in BCRM	Number of Tourism activities conducted	Tourism activities conducted	2 Tourism activities conducted	Target not met -0 Tourism activities conducted	2 Tourism activities conducted	Target not met -0 Tourism activities conducted	Due to budgetary constraints	To be budgeted in the next financial year	Municipal Manager	34
Development programmes	To create a conducive environment for economic growth and job opportunities by 2027	By coordinating activities that have positive impact on LED	No of Indicator programme plan developed for BCRM (Pearson) Phase 2	Coordination of Indicator Programme	1 Indicator programme plan developed for Pearson (Phase 1)	Target met : - Target met: concept was led by the CS Standing committee. Meeting with youth of Pearson to explain the concept was held on 14 November 2022. A grant was done and placed in Pearson. 1 Application was received. Training coordinated with NYDA and DoL but due to unavailability of NYDA training content take place in June.	1 Indicator programme plan developed for BCRM (Pearson) Phase 2	Target not met -0 Indicator programme plan developed for BCRM (Pearson) Phase 2	The Indicator programme could not continue as Council didn't discuss the item that was tabled to the Standing Committee in March 2024 until 27 June 2024 where Council took a decision that budget provision for the laptops will not be enabled as there is a similar project in Pearson.	Council resolved that further investigations on the project be conducted to prevent duplication.	Director Corporate Services	35
Job creation	To strive for reduction on household poverty by labour intensive construction methods by 2027	By creating jobs for communities of BCRM through grant funding	Number of jobs created through grant funding	Expanded Public works program	115 jobs created through grant	Target met : 169 jobs through grant funding.	229 jobs created through grant funding	Target not met -217 number of jobs created through grant funding	Only 217 jobs were created	The project will be extended over to the next financial year .	Director Technical Services	36

ANNUAL PERFORMANCE REPORT 2022/2024

KPA & MUNICIPAL FINANCIAL VIABILITY

Priority Area	Strategic Plan Objective	Strategy	Indicator	Activity / Project	Annual Target 2022/23	Actual Performance 2022/23	Annual Target 2023/24	Actual Performance 2023/24	Reason for deviation	Action plan	Responsible	No of KPI	PMS Comments																																																																																																
Supply chain management, Asset management & Score Management	To ensure compliance with MFMA and DORA regulations pertaining to reporting by 2027	By monitoring compliance with MFMA & SCM regulations	Number of quarterly reports on compliance with SCM Policies and Legislation	Report on compliance with SCM Policies and Legislation	4 SCM compliance reports submitted to Council	4 SCM compliance reports submitted to Council	4 SCM compliance reports submitted to Council	4 SCM compliance reports submitted to Council	N/A	N/A	Director Financial Services	37	No comment																																																																																																
														By monitoring compliance with MFMA & DORA check lists	Number of quarterly financial reports submitted to Council by the 10th of each month	Monitoring compliance with MFMA & DORA check lists	12 section 71 (YFR) reports submitted to NT, Council by the 10th of each month	9 section 71 (YFR) reports submitted to NT, Council by the 10th of each month	12 section 71 (YFR) reports submitted to NT, Council by the 10th of each month	71 (YFR) reports submitted to NT, Council by the 10th of each month	The webserver was down for a prolonged period of time and the BTO section could not report timely for August 2023.	Schedule now hosts BORM on their server until such a time that the municipality has adequate ICT infrastructure to do so.	Director Financial Services	38	No comment																																																																																				
																										Number of quarterly financial reports submitted to Council within 30 days of the end of each quarter.	Monitoring compliance with MFMA & DORA check lists	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	N/A	N/A	Director Financial Services	39	No comment																																																																								
																																						Number of midyear financial reporting submitted to Council by 25 of January.	Monitoring compliance with MFMA & DORA check lists	1 midyear financial reporting submitted to Council by 25 January 2023	1 midyear financial reporting submitted to Council by 25 January 2023	1 midyear financial reporting submitted to Council by 25 January 2023	1 midyear financial reporting submitted to Council by 25 January 2023	1 midyear financial reporting submitted to Council by 25 January 2023	N/A	N/A	Director Financial Services	40	No comment																																																												
																																																		Number of adjustment budget submitted to PT, NT and Council by the 28th February.	Monitoring compliance with MFMA & DORA check lists	1 adjustment budget submitted to PT, NT and Council by the 28th February 2023	1 adjustment budget submitted to PT, NT and Council by the 28th February 2023	1 adjustment budget submitted to PT, NT and Council by the 28th February 2023	1 adjustment budget submitted to PT, NT and Council by the 28th February 2023	1 adjustment budget submitted to PT, NT and Council by the 28th February 2023	N/A	N/A	Director Financial Services	41	No comment																																																
																																																														Number of draft budget by 31 March & final budget by 30 May submitted to Council	Monitoring compliance with MFMA & DORA check lists	1 draft budget by 31 March & 1 final budget by 30 May for 2023/24 reports submitted to Council	1 draft budget by 31 March & 1 final budget by 30 May for 2023/24 reports submitted to Council	1 draft budget by 31 March & 1 final budget by 30 May for 2023/24 reports submitted to Council	1 draft budget by 31 March & 1 final budget by 30 May for 2023/24 reports submitted to Council	1 draft budget by 31 March & 1 final budget by 30 May for 2023/24 reports submitted to Council	N/A	N/A	Director Financial Services	42	No comment																																				
																																																																										Number of financial statements submitted to the Auditor General by 31 August	Monitoring compliance with MFMA & DORA check lists	1 financial statement submitted to the Auditor General	1 financial statement submitted to the Auditor General	1 financial statement submitted to the Auditor General	1 financial statement submitted to the Auditor General	1 financial statement submitted to the Auditor General	N/A	N/A	Director Financial Services	43	No comment																								
																																																																																						No of Revenue Enhancement plan reviewed	Revenue Enhancement plan Review	1 Revenue Enhancement plan reviewed	1 Revenue Enhancement plan reviewed	1 Revenue Enhancement plan reviewed	1 Revenue Enhancement plan reviewed	1 Revenue Enhancement plan reviewed	Revenue plan was not reviewed due to capacity challenges	To be developed in the next financial year (1st quarter)	Director Financial Services	44	No comment												
																																																																																																		No of reports submitted on the implementation of Revenue Enhancement plan	Implementation of Revenue Enhancement plan	4 implementation reports on Revenue Enhancement plan	4 implementation reports on Revenue Enhancement plan	4 implementation reports on Revenue Enhancement plan	4 implementation reports on Revenue Enhancement plan	4 implementation reports on Revenue Enhancement plan	N/A	N/A	Director Financial Services	45	No comment

ANNUAL PERFORMANCE REPORT 2023/2024

OPA 5 - Good governance and Public Participation

Priority Area	Strategic Plan Objective	Strategy	Indicator	Activity / Project	Annual Target 2022/23	Actual Performance 2022/23	Annual Target 2023/24	Actual Performance 2023/24	Reason for deviation	Action Plan	Custodian	No of APs	PMS Comments	
Internal Control	To ensure promotion of enterprise – wide risk management processes. To strengthen implementation of internal control by 2027	By Monitoring implementation of Risk management strategies and plans	Number of risk assessments conducted	Risk assessments	1 risk assessments conducted	1 risk assessments conducted.	1 risk assessments conducted	1 Risk Assessment was conducted on the 22-23 May and 04 June.	n/a	n/a	Municipal Manager	49	No comment	
				Number of Reports on the implementation of Risk Register	4 Reports on the implementation of Risk Register	Target met: 4 Reports on the implementation of Risk Register	4 Reports on the implementation of Risk Register	Target met: 4 Follow up on action plans were done	n/a	n/a	Municipal Manager	50	No comment	
				Number of Audit and Performance Committee meetings held on a quarterly basis	Audit and Performance Committee meeting	4 Audit and Performance Committee meetings held on a quarterly basis	Target met: 6 Audit and Performance Committee meetings held in the 2022/23 FY	4 Audit and Performance Committee meeting held on a quarterly basis	Target met: 5 Audit Committee Meetings were held in 2023/24 financial year	n/a	n/a	Municipal Manager	51	No comment
				Number of Internal Audit Strategic Risk based Plans developed and approved by the Audit and Performance Committee for 2024/25 FY	Internal Audit Strategic Risk based Plans developed	1 Internal Audit Strategic Risk based Plans developed and approved by the Audit and Performance Committee for 2023/24 FY	Target met: 1 Internal Audit Strategic Risk based Plans developed and approved by the Audit and Performance Committee for 2023/24 FY	1 Internal Audit Strategic Risk based Plans developed and approved by the Audit and Performance Committee for 2024/25 FY	Target met: 1 Internal Audit Strategic and Risk Based plan has been developed for 2024/25 FY.	n/a	n/a	Municipal Manager	52	No comment
				Number of reports on the implementation of the Internal Audit Plan on a quarterly basis	Implementation of the Internal Audit Plan	4 reports on the implementation of the Internal Audit Plan on a quarterly basis	Target met: 4 report on the implementation of the Internal Audit Plan.	4 reports on the implementation of the Internal Audit Plan on a quarterly basis	Target met: 4 reports on the implementation of the Internal Audit Plan on a quarterly basis	n/a	n/a	Municipal Manager	53	No comment
Internal Control	To ensure promotion of enterprise – wide risk management processes. To strengthen implementation of internal control by 2027	By Monitoring implementation of Risk management strategies and plans	Number of Audit and Performance Committee annual oversight report facilitated	Facilitate Audit and Performance Committee annual oversight report	1 Audit and Performance Committee annual oversight report facilitated	Target met: 5 Audit and Performance Committee annual oversight report facilitated	1 Audit and Performance Committee annual oversight report facilitated	Target met: 4 Audit Committee Chairperson reports tabled to the Council for the reviews conducted in 2023/24	n/a	n/a	Municipal Manager	54	No comment	
				Number of Audit and Performance Committee and Internal Audit Charters developed	Development of Audit and Performance Committee and Internal Audit Charters	1 Audit and Performance Committee and Internal Audit Charters developed	Target met: 1 Audit and Performance Audit and Internal Audit Charters developed for 2023/24 FY	1 Audit and Performance Committee and Internal Audit Charters developed	Target met: 1 Audit and Performance Audit Committee and Internal Audit Charters developed	n/a	n/a	Municipal Manager	55	No comment

Planning and Performance management	To ensure that the municipality is responsive to the needs of the community as well as to strengthen a culture of performance management by 2027	By improving quality of IDP in line with prescribed processes and guidelines – with full participation of municipal administration and ownership by political champion	Number of 2023/24 IDP reviewed	Reviewed IDP	2022/27 IDP reviewed	Target met: Final Reviewed IDP submitted to Council for 2023/24	2023/24 IDP reviewed	Target met: Submit Final Reviewed IDP to r/a Council	n/a	n/a	Municipal Manager	55	No comment
		By conducting institutional performance assessment quarterly	No of organisational performance reports	Organisational performance reports	4 organisational performance reports	Target met: 4 organisational performance reports	4 organisational performance reports	Target met: 4 organisational performance reports	n/a	n/a	Municipal Manager	57	No comment
Public Participation	Ensure effective, efficient and compliant public participation by 2027	By reviewing public participation strategy	Number of Public Participation sessions held	Public Participation Imbizo	10 Public Participation sessions	Target met: 10 Public Participation sessions held	10 Public Participation sessions	Target met: 10 Public Participation sessions	n/a	n/a	Municipal Manager	58	No comment
		By Strengthening Inter-governmental Relations	No of IGR meetings held	IGR meeting	4 IGR meetings held	Target met: 4 IGR meetings held	4 IGR meetings held	Target not met -3 IGR meetings held	Due to unforeseen circumstances	IGR to be held in the next financial year	Municipal Manager	59	No comment
Social cohesion	To ensure mainstreaming of Social Programmes in the institution by 2027	By Strengthening Moral Regeneration	No of social cohesion programmes facilitated	Social cohesion programmes facilitated	5 social cohesion programmes facilitated	Target met: 5 social cohesion programmes facilitated	5 social cohesion programmes facilitated	Target met: 5 social cohesion programmes facilitated	n/a	n/a	Municipal Manager	60	No comment

ANNEXURE B: BLUE CRANE ROUTE LOCAL MUNICIPALITY ANNUAL PERFORMANCE INDICATOR SCHEDULE 2023/24

KPA 1: Basic Service Delivery (Technical Services)

KPI No	Indicator	Annual Target	Actual Performance	List /Comments
1	% progress on the upgrading of Cookhouse water treatment works (phase 1)	100% Progress on the upgrading of Cookhouse water treatment works (phase1)	Target not met -89% achieved in the upgrading of Cookhouse water treatment works (phase 1).	N/A
2	No of applications submitted for Basic Assessment and Water use Licence of sewer pump stations	5 applications submitted for Basic Assessment and Water use Licence of sewer pump stations	Target met: 5 Applications for Basic Assessment and Water use Licence of sewer pump station submitted and approved by DEDEAT and the Record Of Decision (ROD) has been received.	5 Applications for Basic Assessment and Water use Licence of sewer pump station
3	% progress on the refurbishment of Khanyiso waterpipe line and booster pump	100% progress on the refurbishment of Khanyiso waterpipe line and booster pump	Target met: 100% progress on the refurbishment of Khanyiso waterpipe line and booster pump	N/A
4	No of houses service connections in Millennium Park (Pearston)	11 houses service connections in Millennium Park (Pearston)	Target met- 11 houses service connections in Millennium Park (Pearston)	N/A
5	No of preliminary design reports submitted	1 preliminary design report submitted	Target met - 1 preliminary design report submitted	N/A
6	No of preliminary design reports submitted	1 preliminary design report submitted	Target met - 1 preliminary design report submitted	N/A
7	Number of streetlights retrofitted	593 streets lights retrofitted	1186 streets lights retrofitted	N/A
8	% progress on the paving of gravel roads in BCRM	100% Progress on the paving of gravel roads in BCRM. (1.8km)	Target met- 100% Progress on the paving of gravel roads in BCRM. (1.8km)	N/A
9	% progress on the refurbishment of Glen Avon street.	40% progress on site in the refurbishment of Glen avon street	Target met -57% progress on site in the refurbishment of Glen avon street.	N/A
10	No of detailed design reports submitted	1 preliminary design report submitted	Target not met - Preliminary design report not submitted	Submission was not done due to the extent of the works that is required for the geotech and surveying
11	No of detailed design reports submitted	1 preliminary design report submitted	Target met -1 preliminary design report submitted	N/A
12	% progress on Installation of	100% progress on Installation of ablution	Target not met -0% progress on the	Containers have not been delivered and

KPI No	Indicator	Annual Target	Actual Performance	List /Comments
	ablation facilities in Aeroville cemetery	facilities in Aeroville cemetery	installation of ablation facilities in Aeroville cemetery	installed.Procurement processes took longer than expected .
13	Number of fleet procured for waste management (front-end-loader and Compacted truck)	2 x fleet procured for waste management (front-end-loader and Compacted truck)	Target met -2 fleet procured for waste management (Front-End-loader and Compacted Truck)	N/A
KPA 1 : Basic Service Delivery (Community Services)				
14	Number of illegal dumps reduced	32 illegal dumps reduced	Target met -175 illegal dumps reduced	<ul style="list-style-type: none"> • Ward 1&6 –30 • Ward 2-28 • Ward 3-21 • Ward 4-71 • Ward 5 -25
15	No of Waste Management forum established.	1 Waste Management forum established.	Target met -1 Waste Management forum established.	Waste Management forum
16	Number of remedial reports implemented	4 remedial reports implemented	Target met -4 remedial reports implemented	Remedial reports implementation
17	Number of new site identified	1 new site identified	Target met -1 new site identified	
18	Number of business plan developed	1 business plan developed	Target met- 1 business plan developed	Business plan
19	No of South African Library week programmes conducted	2 South African Library week programmes conducted	Target met -4 South African Library week programmes conducted	<ol style="list-style-type: none"> 1. SA Library week - Langenhoven library (local) 2. SA Library week- Ndlambe LM (district) 3. SA Library week - Madiba Hall (Provincial) 4. Youth Day - Langenhoven
20	Number of Community Safety Forums established.	1 Safety Forum established	Target met -1 Safety Forum established	Safety Forum
21	No of youth safety concept document developed	1 youth safety concept developed	Target met -1 youth safety concept developed	Youth safety concept
22	No of upgraded vehicle testing system	1 upgraded vehicle testing system	Target met -1 upgraded vehicle testing system	Vehicle testing system
23	Number of fire safety and prevention inspections conducted in commercial entities and public amenities	120 fire safety and preventions inspections conducted in commercial entities and public amenities	Target met -120 fire safety and preventions inspections conducted in commercial entities and public amenities	Target met- 149 fire safety and preventions inspections conducted in commercial entities and public amenities

KPI No	Indicator	Annual Target	Actual Performance	List /Comments
KPA 2: Municipal Transformation and Organisational Development - Corporate Services				
24	Number of municipal policies reviewed	10 municipal policies reviewed	Target met - 10 policies from Corporate Services and 3 Bylaws from Community Services reviewed .	N/A
25	Number of councillors trained according to the WSP, SETA's, SALGA,SBDM and sector dept's	11 councillors trained according to the WSP, SETA's, SALGA,SBDM and sector dept's	Target not met -7 councillors trained according to the WSP, SETA's, SALGA,SBDM and sector dept's -	1 Cllr did not attend the workshop and there is no sufficient budget to conduct more trainings.
26	Number of employees trained according to the WSP, SETA's, SALGA,SBDM and sector dept's	40 employees trained trained according to the WSP, SETA's, SALGA,SBDM and sector dept's	Target met -84 employees trained according to the WSP, SETA's, SALGA,SBDM and sector dept's	N/A
27	Number of employee events coordinated	3 events coordinated (Nelson Mandela Day, Heritage day & Workers day)	Target met- 5 Events coordinated	N/A
28	Number of HR Committee sittings coordinated quartely	12 HR Committee sittings coordinated quartely (LLF, Training\Employment Equity and OHS)	Target met -12 HR Committee sittings coordinated quartely (LLF, Training\Employment Equity and OHS)	N/A
29	Number of employees with performance agreements and plans developed	25 Employees with performance agreements and plans developed	8 Employees directly reporting to D: Corporate Services have performance agreements and plans developed and signed. 5 Performance Agreements developed for Senior Management. 12 Performance Packs for Managers developed 25	N/A
30	% progress on the establishment of Integrated customer care service center (phase 1)	100% progress on the establishment of Integrated customer care service center (phase 1)	Target not met -0% progress on the establishment of Integrated customer care service center phase 1 (Renovations of old market building)	Council approved the plan on establishing Customer Care centre in March 2023. Old Market building was identified as a building that can be used as Customer Care centre. Technical Services was engaged for assisting in the refurbishment but there was no available budget. Attached is the Plan.

KPI No	Indicator	Annual Target	Actual Performance	List /Comments
KPA 3: Local Economic Development				
31	% of milestone acheived on the development of LED Strategy	25 % of milestone acheived on the development of LED Strategy	Target met : 25 % of milestone acheived on the development of LED Strategy (Stakeholder engagement, Situational Analysis,Development of objectives and action plan.)	N/A
32	Number of SMME's supported	30 SMME's supported	86 SMME's supported	N/A
33	Number of investors approached	3 investors approached	Target met -3 investors approached	N/A
34	Number of Tourism activities conducted	2 Tourism activities conducted	Target not met -0 Tourism activities conducted	Due to budgetary constraints
35	No of incubator programme plan developed for BCRM (Pearston) Phase 2	1 incubator programme plan developed for BCRM (Pearston) Phase 2	Target not met -0 incubator programme plan developed for BCRM (Pearston) Phase 2	N/A
36	Number of jobs created through grant funding	229 jobs created through grant funding	Target not met -217 number of jobs created through grant funding	217 jobs
KPA 4 : Municipal Financial Viability				
37	Number of quarterly reports on compliance with SCM Policies and Legislation	4 SCM compliance reports submitted to Council	Target met.4 SCM compliance reports submitted to Council	N/A
38	Number of section 71 (IYR) reports submitted to NT, Council by the 10th of each month	12 section 71 (IYR) reports submitted to NT, Council by the 10th of each month	Target not met.11 section 71 (IYR) reports submitted to NT, Council by the 10th of each month	N/A
39	Number of quarterly financial reports submitted to Council within 30 days of the end of each quarter.	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	Target met.4 quarterly financial reports submitted to Council within 30 days of the end of each quarter	N/A
40	Number of midyear financial reporting submitted to Council by 25 of January .	1 midyear financial reporting submitted to Council by 0f 25 January .	Target met.1 midyear financial reporting submitted to Council by 0f 25 January	N/A
41	Number of adjustment budget submitted to PT;	1 adjustment budget submitted to PT; NT and Council by the 28th of February	Target met.1 adjustment budget submitted to PT; NT	N/A

KPI No	Indicator	Annual Target	Actual Performance	List /Comments
	NT and Council by the 28th February.		and Council by the 28th of February	
42	Number of draft budget by 31 March & final budget by 30 May submitted to Council	1 draft budget by 31 March & 1 final budget by 30 May for 2023/24 reports submitted to Council	Target met.1 draft budget by 31 March & 1 final budget by 30 May for 2023/24 reports submitted to Council	N/A
43	Number of financial statements submitted to the Auditor General by 31 August 2022	1 financial statement submitted to the Auditor General	Target met.1 financial statement submitted to the Auditor General	N/A
44	No of Revenue Enhancement plan Reviewed	1 Revenue enhancement plan reviewed	Target not met -0 Revenue enhancement plan reviewed	Revenue plan was not reviewed ,due to capacity challenges
45	No of reports submitted on the Implementation of Revenue enhancement plan	4 implementation reports on Revenue enhancement plan	Target met.4 implementation reports on Revenue enhancement plan	N/A
46	% progress on debtors collection rate as per the prescribed norm	4 progress report on the debtors collection	Target met.4 progress report on the debtors collection	N/A
47	Number of cost effective tariff plan developed	1 cost tariff plan developed	Target not met.0 Cost tariff plan	Cost tariff plan not developed due to capacity challenges
48	Number of indigent register updated	4 indigent registers updated	Target met.4 indigent registers updated	N/A
KPA 5 : Good Governance and Public Participation				
49	Number of risk assessments conducted	1 risk assessments conducted	Target met 1 Risk Assessment was conducted on the 22-23 May and 04 June.	N/A
50	Number of Reports on the implementation of Risk Register	4 Reports on the implementation of Risk Register	Target met 4 Follow up on action plans were done	N/A
51	Number of Audit and Performance Committee meetings held on a quarterly basis	4 Audit and Performance Committee meeting held on a quarterly basis	Target Met 5 Audit Committee Meetings were held in 2023/24 financial year	N/A
52	Number of Internal Audit Strategic Risk based Plans developed and approved by the Audit and Performance Committee for 2023/24 FY	1 Internal Audit Strategic Risk based Plans developed and approved by the Audit and Performance Committee for 2023/24 FY	Target met 1 Internal Audit Strategic and Risk Based plan has been developed.	N/A

KPI No	Indicator	Annual Target	Actual Performance	List /Comments
53	Number of reports on the implementation of the Internal Audit Plan on a quarterly basis	4 reports on the implementation of the Internal Audit Plan on a quarterly basis	Target met 4 reports on the implementation of the Internal Audit Plan on a quarterly basis	N/A
54	Number of Audit and Performance Committee annual oversight report facilitated	1 Audit and Performance Committee annual oversight report facilitated	Target met 4 Audit Committee Chairperson reports tabled to the Council for the reviews conducted in 2023/24	N/A
55	Number of Audit and Performance Committee and Internal Audit Charters developed	1 Audit and Performance Committee and Internal Audit Charters developed	Target met 1 Audit and Performance Audit Committee and Internal Audit Charters developed	N/A
56	Number of 2023/24 IDP reviewed	2023/24 IDP reviewed	Target met -Submit Final Reviewed IDP to council	N/A
57	No of organisational performance reports	4 organisational performance reports	Target met -4 organisational performance reports	N/A
58	Number of Public Participation sessions held	10 Public Participation sessions	Target met -10 Public Participation sessions	N/A
59	No of IGR meetings held	4 IGR meetings held	Target not met -3 IGR meetings held	N/A
60	No of social cohesion programmes facilitated	5 social cohesion programmes facilitated	Target met -5 social cohesion programmes facilitated	N/A

ANNEXURE C: BLUE CRANE ROUTE MUNICIPALITY CONTRACT REGISTER AS AT 30 JUNE 2024

Project Number	Appointment Date	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	UP TO 2022 EXPENDITURE	2023 EXPENDITURE	2024 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT AMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance	
T032018	04-Jul-18	GENERAL VALUATION ROLL	P2 WAARDEBOERS Ius SUID KAAP WAARDEBOERS	OWN	R 594 373,00	R 0,00	R 20 366,50	R 105 524,00	R 996 414,67	R -352 041,67	N/A	Extended to 30 June 2024	Jun-23	Contract & S/LA signed. Meetings regularly held and a GV is out for comments. SP performing fairly well. Extension for a further 2 years requested from the MEC.	
T 29/2018	27-Feb-19	UPGRADING OF SPORTSFIELD, GLEN AVON STREET, SOMERSET EAST	OMENCO (PTY) LTD	R	R 1 400 918,90	R -			R 1 283 905,09	R 117 012,41	N/A	N/A	N/A	Construction not completed, project still sitting on WIP	
T 14/2019	03-Feb-20	PROVISION OF BANKING SERVICES	ABSA BANK	OWN	RATE	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	N/A	N/A	N/A		
T 18/2019	26-Feb-20	SUPPLY AND DELIVERY OF INTERLOCK PAVING BRICKS AND CEMENT FOR A PERIOD OF THREE YEARS	OMENCO (PTY) LTD	MIG	R 3 086 740,13	R 4 002 326,95	R 1 309 455,78	R 9 638 493,44			N/A	N/A	N/A	26-Feb-23 Appointed at a rate if R3 133,13. Contract extended till 31 June 2023. SP performed fairly	
T04/2020	01-Apr-21	PROVISION OF LEGAL SERVICES - PANEL LEGAL PANEL LIST	LEGAL BANK LIST	OWN	R 724 249,10	R 712 424,91	R 1 425 131,04	R 172 565,52	R 2 891 121,47	R 4 274 127,53	N/A	N/A	N/A	01-Apr-24 SP performs fairly well	
T09/2020	07-May-21	SUPPLY AND DELIVERY OF REUSE BAGS	TSCH INTERNATIONAL HOLDINGS (PTY) LTD	OWN	R 1 389 900,00	R 331 200,00	R 0,00	R 993 120,00	R 994 720,00	R 463 880,00	N/A	N/A	N/A	29-Jun-24 SP performs well. Requested price increase due to raw material price increases.	
T09/2020	08-Apr-21	PROVISION OF PRE-PAID ELECTRICITY VENDING SYSTEM	CONTOUR TECHNOLOGIES (PTY) LTD	OWN	R 1 641 800,00	R 273 151,62	R 696 027,08	R 859 595,10	R 1 579 773,60	R 61 826,20	N/A	Extended to 30 September 2024	30-Jun-24	SP started servicing the municipality September 21 & 18 performing very well.	
T10/2020	30-Mar-21	UPGRADING OF AERONVILLE SPORTS FIELDS, PHASE 1	OMENCO (PTY) LTD	MIG	R 1 323 026,97	R 1 067 127,37	R 0,00	R 0,00	R 1 067 127,37	R 256 898,60	N/A	N/A	N/A	24 weeks Construction completed - penalties disputed by contractor	
RF05 OF T32/2018	11-Jan-21	UPGRADING OF SOMERSET EAST MAIN SUBSTATION	BOSSCH PROJECTS	MIEP	R 600 193,00	R 243 184,75	R 63 140,75	R 0,00	R 801 175,95	R -7 036,95	N/A	N/A	N/A	At the end of construction Consultant performing well	
T01/2021	24-May-21	SUPPLY DELIVER AND INSTALLATION OF 19 x MULTIDIRECTIONAL PRINTERS FOR 3 YEARS	KONICA MINOLTA SA	OWN	R 1 816 224,51	R 429 410,57	R 629 895,74	R 484 165,05	R 1 549 271,37	R 272 953,14	N/A	Extended to 30 September 2024	30-Jun-24	SP performing well	
T05/2021	14-May-21	UPGRADING OF SOMERSET EAST MAIN SUBSTATION PHASE 3	MOTHO CONSTRUCTION GROUP (PTY) LTD	INEP	R 3 500 000,00	R 961 990,75	R 2 098 469,64	R 164 474,72	R 3 229 925,11	R 275 074,89	N/A	N/A	N/A	07-Dec-21 Contractor completed works	
RF08 OF T32/2018	29-Jun-21	PES: PEARSTON BLK WATER SUPPLY AUGMENTATION	BVI CONSULTING ENGINEERS EC (PTY) LTD	WISG	R 1 120 376,00	R 815 807,71	R 304 568,29	R 0,00	R 1 120 376,00	R 0,00	N/A	N/A	N/A	AT THE END OF CONSTRU ATION	SP performing fairly
DEVIATION	29-Jun-21	PEARSTON BLK WATER SUPPLY AUGMENTATION	DE JAGERS LOODGETER KONTAKTEURS	WISG	R 4 378 624,00	R 4 148 963,93	R -	R 218 931,20	R 4 367 885,13	R 10 738,87	N/A	N/A	N/A	Completed - Retention	
T14/2021	15-Jul-21	PROVISION OF SHORT TERM INSURANCE	LATRIP LUNSON INSURANCE BROKERS	OWN	R 6 289 299,39	R 1 200 749,99	R 2 164 940,96	R 2 262 158,23	R 3 365 690,95	R 2 922 586,43	#1 = R1 502,45 #2 = R407,54 #3 = R3682,46	Extended to 30 September 2024	30-Jun-24	SP performs fairly	
RF09 OF T32/2018	19-Jul-21	PES: UPGRADING OF WESTVIEW SPORTSFIELDS	SIXHIGH CONSULTING ENGINEERS	MIG	R 994 790,00	R 713 497,30	R 291 282,69	R 0,00	R 994 749,99	R 0,01	N/A	N/A	N/A	AT THE END OF CONSTRU ATION	SP performs well
T13/2021	13-Aug-21	UPGRADING OF STORMWATER DRAINAGE IN FRANCOIS STREET, WESTVIEW SOMERSET EAST	COSTAPY (PTY) LTD	MIG	R 2 189 442,25	R 1 095 654,11	R 992 380,08	R 550 381,08	R 2 144 404,27	R 14 737,58	N/A	N/A	N/A	24 WEEKS Site established late due to delays in Environmental Administration.	
T02/2021	16-Aug-21	CIT FOR A PERIOD OF THREE YEARS	ABSA BANK	OWN	R 776 899,80	R 243 853,33	R 1 111 184,62	R 208 712,04	R 64 479,99	R 135 419,51	N/A	N/A	N/A	30-Sep-24 SP performs well.	
T19/2021	10-Aug-21	SUPPLY AND DELIVERY OF WATER CHEMICALS FOR A PERIOD OF THREE YEARS	INDUMISO AQUA SOLUTIONS	OWN	R 5 523 993,93	R 819 610,18	R 878 437,96	R 154 813,00	R 1 699 048,04	R 3 825 945,89	N/A	N/A	N/A	31-Jul-24 SP performs well	
T11/2021	09-Sep-21	HIRING OF PLANT, MACHINERY AND EQUIPMENT FOR PERIOD OF THREE YEARS	JR STRUCTURES cc	MIG	RATE	R 1 269 059,50	R 2 626 228,50	R 83 452 041,25	R 7 547 329,25	R #VALUER	N/A	N/A	N/A	30-Aug-24 SP performs well	
RF10 OF T32/2018	13-Sep-21	PES: PAVING OF INTERNAL STREET IN SOMERSET EAST, COOKHOUSE AND PEARSTON	SIXHIGH CONSULTING ENGINEERS	MIG	R 2 986 827,00	R 980 664,05	R 995 602,54	R 989 635,63	R 2 985 905,22	R 20 921,78	N/A	N/A	N/A	11-Sep-24 SP performs well	
RF11 OF T32/2018	22-Sep-21	PES: UPGRADING OF ORANGE FISH WTW & RISING MAIN TO KWANQOLI RESERVOIR	BOSSCH PROJECTS (PTY) LTD	WISG	R 1 570 011,81	R 933 971,95	R 1 927 917,42	R 0,00	R 2 128 289,37	R -556 277,55	N/A	N/A	N/A	Contract extended AT THE END OF CONSTRU ATION	SP performs well - possible contract amendment due to contractor not finishing on time.
RF12 OF T32/2018	22-Sep-21	PES: UPGRADING OF SEWER PUMPSTATIONS IN SOMERSET EAST	IX ENGINEERS (PTY) LTD	OWN	R 1 634 180,00	R 562 228,25	R 523 128,10	R 188 871,40	R 1 075 365,95	R 599 803,65	N/A	N/A	N/A	Contract extended AT THE END OF CONSTRU ATION	SP performs well

Project Number	Appointment Date	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	UP TO 21/22 EXPENDITURE	22/23 EXPENDITURE	23/24 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION/ AMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance
RFQ13 OF T3202018	22-Sep-21	PES: UPGRADE OF COOKHOUSE WATER TREATMENT WORKS	BOSCH PROJECTS (PTY) LTD	WISG	R 2 687 67,46	R 655 047,37	R 212 119,59	R1 369 560,10	2 255 727,08	431 440,40	N/A	Contract extended AT THE END OF CONSTRUCTION	30-Jun-24	SP performs well
T17/2021	10-Sep-21	PROVISION OF MEDICAL EXAMINATIONS FOR EPWP FOR A PERIOD OF THREE YEARS	POSH INNOVATION (PTY) LTD	MISGOWN	RATE	R 230 550,00	R 124 700,00	R51 263,99	406 543,99	#VALUE!	N/A	N/A	30-Jun-24	Rate of R1450. SP performs well
T18/2021	27-Sep-21	PROVISION OF DISCONNECTION, RECONNECTION OF ELECTRICITY AND INSPECTION/AUDIT OF ELECTRICITY METERS FOR A PERIOD OF THREE YEARS	RED ANT SECURITY AND ELECTION SERVICES (PTY) LTD	OWN	RATE	R 80 889,75	R 130 467,50	R69 776,75	912 124,00	#VALUE!	N/A	N/A	30-Aug-24	SP performs well
	01-Oct-21	PANEL OF CONSULTANTS FOR ELECTRICAL CONTRACTORS FOR A PERIOD OF THREE YEARS	LISTED ON A DIFFERENT LIST	N/A							N/A	N/A	01-Oct-24	Rapid on each RFQ
T20/2021	30-Nov-21	SUPPLY AND DELIVERY OF ASPHALT COLDMIX FOR A PERIOD OF THREE YEARS	EBUSA GENERAL TRADING (PTY) LTD	OWN	R 1 038 04,40	R 364 083,80	R 546 052,20	R450 044,50	1 370 180,90	-272 076,40	N/A	N/A	30-Nov-24	Order only done in Jan 2022
T21/2021	21-Feb-22	UPGRADING OF AERVILLE SPORTSHEDS, PHASE 2	LRC CIVILS CC	MIG	R 3 498 564,96	R 1 480 206,02	R 1 780 860,33	R63 617,09	3 346 863,44	153 861,52	N/A	N/A	23-Sep-22	Fair performance
T25/2021	21-Feb-22	UPGRADING OF ORANGE FISH MTW AND KWANQULU PIPELINE	MAXIMIZIE CIVIL & BUILDING CONTRACTORS	WISG	R 12 522 044,13	R 394 549,35	R 10 237 365,67	R1 174 888,95	11 866 763,67	715 280,26	N/A	N/A	26-Nov-22	Project delayed and is running on extended time with penalties at R400 per day. Contractor abandoned site in December 2022
T22/2021	09-Mar-22	SUPPLY AND DELIVERY OF TRANSFORMERS FOR A PERIOD OF THREE YEARS	ARTINOLI	OWN	R 2 537 602,77	R -	R 689 977,34	R1 619 978,69	2 172 966,03	-175 363,26	N/A	N/A	May-25	SP performs well
T01/2022	31-May-22	SUPPLY AND DELIVERY OF TIRES FOR THREE YEARS	MALAS (PTY) LTD		RATE	R -	R 301 444,19	R320 150,36	621 594,55	#VALUE!	N/A	N/A	Jun-25	Fair performance
T06/2022	16-Sep-22	SUPPLY, DELIVER AND COMMISSION OF EMERGENCY FIRE CONTROL ROOM	RUBAL METRO EMERGENCY SERVICES (PTY) LTD	GRANT	R 598 536,33	R -	R -	R573 236,33	573 236,33	25 300,00	N/A	N/A	Once Off Delivery on 01/08/22	SP performed fairly well.
T07/2022	28-Oct-22	SUPPLY AND DELIVERY OF ABUTION FACILITIES FOR COOKHOUSE & PEARSTON SATELLITE CONTAINERS	KWINSFACE MODULAR BUILDINGS	GRANT	R 445 287,99	R -	R 222 644,00	R222 643,99	445 287,99	-	N/A	N/A	Once Off Delivery on 01/08/22	SP performs well
T13/2022	22-Nov-22	FENCING OF SOMERSET EAST LANDPILL SITE	NB FENCING AND CIVILS (PTY) LTD	EPWP	R 1 245 049,80	R -	R 875 071,80	R369 978,00	1 246 049,80	-	N/A	N/A	3 months	SP performs well
RF14 of T3202018	31-Oct-22	REFURBISHMENT OF GLEN AVON ROAD AND MAYILA STREET	BOSCH PROJECTS	MIG	R 2 242 986,42	R -	R 699 307,36	R827 779,19	1 521 086,55	724 898,87	N/A	N/A	At the end of construction the delayed performance of the contractor (Design challenges, existing services not known etc)	
RF15 of T3202018	14-Dec-22	PES: ELECTRICITY BULK SERVICES IN PEARSTON COOKHOUSE LANDPILL SITE	BOSCH PROJECTS	INSP	R 538 021,15	R -	R 503 521,17	R34 500,00	538 021,17	-0,02	N/A	N/A	30-Jun-23	SP performed well
T17/2022	13-Jan-23	SUPPLY AND DELIVERY OF GUARDHOUSE FOR COOKHOUSE LANDPILL SITE	CONTAINER CONSUMABLES AND INDUSTRIAL SUPPLIES	GRANT	R 188 600,00	R -	R -	R188 600,00	188 600,00	-	N/A	N/A	Once Off Delivery on 01/08/22	SP performed well
T04/2022	26-Jan-23	SUPPLY, DELIVERY, INSTALLATION & MAINTENANCE OF 2 (4) GENERATORS AND 6 UPS	KUTUMA ENGINEERING PTY LTD	OWN	R 1 252 465,00	R -	R -	R1 252 465,00	1 252 465,00	-	N/A	N/A	30-Jun-23	SP performed well
T09/2022	07-Mar-23	UPGRADING OF COOKHOUSE MTW	PURPLE PANTRY 101 cc/ta	WISG	R 15 767 800,37	R -	R -	R14 003 009,96	14 089 009,96	1 697 790,51	N/A	N/A		SP performs well
T10/2022	13-Feb-23	PEARSTON BULK WATER SUPPLY AUGMENTATION, PHASE II	ABRILCO ABRILAM JV	WISG	R 3 791 073,19	R -	R 1 172 589,68	R14 003 009,96	1 172 589,68	2 618 483,51	N/A	N/A		SP performs fairly well
T15/2022	05-Apr-23	SUPPLY AND DELIVERY OF 5 (d) 6J LD4s	MAX FARM INVEST cc	OWN	R 2 381 195,00	R -	R -	R2 375 095,45	2 375 095,45	6 099,55	N/A	N/A	30-Jun-23	SP performs well
T01/2023	28-Mar-23	PANEL OF CONSULTANTS - CIVIL & ELECTRICAL		OWN	R 2 381 195,00	R -	R -	R2 375 095,45	2 375 095,45	6 099,55	N/A	N/A	28-Jul-26	performance on each Rd
T06/2023	18-Sep-23	SUPPLY AND DELIVERY OF INTERNALS PAVING BRICKS, ASSOCIATED MATERIALS, TOOLS AND EQUIPMENT FOR A PERIOD OF 12 MONTHS	SIVUCON PROJECTS PTY LTD	MIG	RATE BASED	R -	R -	R 5 039 961,65	5 039 961,65	#VALUE!	N/A	N/A	01-Sep-24	SP performs well.
T07/2023	01-May-23	SUPPLY AND DELIVERY OF BUILDING MATERIAL FOR CONSTRUCTION OF POUND	PURPLE GATE PROJECTS	OWN	R 432 611,00	R -	R -	R433 711,00	433 711,00	-1 000,00	N/A	N/A	Once Off Delivery on 01/08/22	SP performed well
T09/2023	21-Aug-23	SUPPLY, DELIVERY AND PROGRAMMING OF THREE RELOCSERS AND TWO VOLTAGE TRANSFORMERS VTL	LESEDI RETICULATION PTY LTD	DISASTER FUNDS	R 670 608,70	R -	R -	R0,00	-	670 608,70	N/A	N/A	01-Sep-24	No service rendered as yet
T11/2023	07-Aug-23	SUPPLY AND DELIVERY OF SKIP TRAILER	BLACK FAMA HOUSE		R 201 000,00	R -	R -	R201 000,00	201 000,00	-	N/A	N/A	Once Off Delivery on 01/08/22	Once off Supply and delivery.
T14/2023	14-Aug-23	SUPPLY AND DELIVERY OF 5 MODIFIED HYDRANTS	OMEXCO (PTY) LTD		R 410 780,00	R -	R -	R410 780,00	410 780,00	-	N/A	N/A	Once Off Delivery on 01/08/22	Once off Supply and delivery.
DEVIATION	02-Aug-23	PSP-PAVING OF GRAVEL ROADS - DISASTER	SKYHIGH CONSULTING ENGINEERS	DISASTER FUNDS	R 797 893,95	R -	R -	R373 687,95	797 893,95	222,00	N/A	N/A	01-Jun-24	SP performed well.

Project Number	Appointment Date	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	UP TO 21/22 EXPENDITURE	22/23 EXPENDITURE	23/24 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT AMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance
R15/2022	12-Sep-23	SUPPLY AND DELIVERY OF SEDAN LIGHT & HEAVY COMMERCIAL VEHICLES, BUSES, MOTORCYCLES, AGRICULTURAL TRACTORS, CONSTRUCTION PLANT & EQUIPMENT TO THE STATE FOR THE PERIOD OF 1 JULY 2023 - 30 JUNE 2026 (T1 PAYLOAD CAGE REFUSE TRUCK)	TOYOYA SOUTH AFRICA MOTORS (Pty) LTD	MIG	R 1 383 801,56			R1 339 418,95	1 339 418,95	R 14 382,71	N/A	N/A	Once Off Delivery on order	Delivered
R13/2022	13-Sep-23	REHABILITATION AND PAVING OF DOUGLAS STREET IN COOKHOUSE	LIVENIA CIVIL PROJECTS	DISASTER FUNDS	R 751 764,14			R751 764,02	751 764,02	R 0,12	N/A	N/A	01-Jun-24	SP performed well
R13/2022	20-Sep-23	REHABILITATION AND PAVING OF NORMAN STREET IN COOKHOUSE	HLOINI GROUP	DISASTER FUNDS	R 653 406,13			R440 022,64	440 022,64	R 213 383,49	N/A	N/A	01-Jun-24	SP performed well
R13/2022	20-Sep-23	REHABILITATION AND PAVING OF BELGRAVIA STREET IN SOMERSET EAST	HLOINI GROUP	DISASTER FUNDS	R 1 241 420,13			R356 474,01	956 474,01	R 286 996,12	N/A	N/A	01-Jun-24	SP performed well
R13/2022	02-Oct-23	SUPPLY AND DELIVERY OF SEDAN LIGHT & HEAVY COMMERCIAL VEHICLES, BUSES, MOTORCYCLES, AGRICULTURAL TRACTORS, CONSTRUCTION PLANT & EQUIPMENT TO THE STATE FOR THE PERIOD OF 1 JULY 2023 - 30 JUNE 2026 (T1 PAYLOAD CAGE REFUSE TRUCK)	BELL EQUIPMENT SALES SOUTH AFRICA LIMITED	MIG	R 2 001 283,77			R2 001 283,77	2 001 283,77	R -	N/A	N/A	Once Off Delivery on order	SP performed well
T13/2023	23-Oct-23	REFURBISHMENT OF GLEN AVON ROAD (CONSTRUCTION)	AMLO TRADING CC	MIG	R 8 954 591,43			R5 204 440,95	5 204 440,95	R 3 750 150,48	N/A	N/A		SP performed well
T15/2023	05-Oct-23	SUPPLY, INSTALLATION AND MAINTENANCE OF A VEHICLE TESTING STATION EQUIPMENT FOR HERBIA	CINOGEN TRADING CC, TIA FILICRUM TECHNOLOGIES		R 249 076,20			R249 076,20	249 076,20	R -	N/A	N/A	Once Off Delivery on order	SP performed well
T18/2023	14-Dec-23	SUPPLY AND DELIVERY OF LED LIGHTS	MANDELA BAY ELECTRICAL TRAINING AND INDUSTRIAL SUPPLIES		R 3 216 665,00			R3 206 287,97	3 206 287,97	R 11 377,03	N/A	N/A	01-Mar-24	SP performed well
T20/2023	14-Dec-23	SUPPLY AND DELIVERY OF FOUR CONTAINERS	CONTAINER CONSUMABLES AND INDUSTRIAL SUPPLIES		R 176 580,00			-	-	R 176 580,00	N/A	N/A	Once Off Delivery on order	SP performed well
T17/2023	11-Jan-24	PROVISION FOR INHOUSE TRAINING OF TEN EMPLOYEES ON XLPE, PILC CABLE JOINTING AND IDENTIFICATION	HV TEST ACADEMY		R 212 849,25			-	-	R 212 849,25	N/A	N/A	01-Feb-24	No services rendered yet
R13/02/OF 10/12/23	24-Jan-24	PROVISION OF PROFESSIONAL SERVICES FOR REPAIRS/REPAIRMENT OF SUPERAGED ROADS IN ALL 6 WARDENS	ZUTINA (Pty) LTD	MIG	R 2 572 280,72			-	-	R 2 572 280,72	N/A	N/A	01-Jun-25	SP performs fairly
R13/01/OF 10/12/23	24-Jan-24	PROVISION OF PROFESSIONAL SERVICES FOR CONSTRUCTION OF KHAAYISO AND NELSIS BRIDGES IN PEANSTON	GALGAL DEVELOPMENT CONSULTING ENGINEERS & PROJECT MANAGERS	MIG	R 3 542 000,00			927 892,96	927 892,96	R 2 614 107,04	N/A	N/A	01-Jun-25	SP performs fairly
R13/03/OF 10/12/23	24-Jan-24	PROVISION OF PROFESSIONAL SERVICES FOR INSTALLATION OF STREETLIGHTS AND HIGHMAST LIGHTS	BOSCH PROJECTS PTY LTD	MIG	R 2 582 871,94			407 146,00	407 146,00	R 2 175 725,94	N/A	N/A	01-Jun-25	SP performs fairly
T20/2023	05-Mar-24	APPOINTMENT OF A SERVICE PROVIDER FOR THE SUPPLY, DELIVERY OF ONE SERVER EQUIPMENT WITH THREE YEARS MAINTENANCE AND SOFTWARE FOR THE SERVER	BUSINESS CONNEXION		R 718 285,39			-	-	R 718 285,39	N/A	N/A	01-Jun-27	SP performs fairly
T24/2024	12-Jan-24	SUPPLY AND DELIVERY OF ELECTRICITY CABLES	DELTYE CC		R 344 799,20			R318 973,20	318 973,20	R 25 826,00	N/A	N/A	Once off	SP performed well
T25/2024	14-Mar-24	SUPPLY AND DELIVERY OF ELECTRICAL SINGLE PHASE PREPAID SPLIT METERS	CONLOG		R 665 275,00			R0,00	-	R 665 275,00	N/A	N/A	Once Off Delivery on order	SP performed well
T03/2024	29-Apr-24	SUPPLY AND DELIVERY RECYCLING BAULER	LINDOJA PROJECTS PTY LTD		R 377 875,00			R0,00	-	R 377 875,00	N/A	N/A	Once Off Delivery on order	Order just issued
T04/2024	26-May-24	PROVISION OF REAL TIME VEHICLE TRACKING AND FLEET MANAGEMENT SYSTEM	NETSTAR PTY LTD		RATE			R0,00	-	#VALUE!	N/A	N/A	01-Jul-27	Still to install the devices
T05/2024	06-May-24	PROVISION OF RADIOTELEPHONE SERVICES FOR A PERIOD OF 12 MONTHS	MICHAEL JAMES ORGANIZATION OWN -PE (Pty) LTD	OWN	RATE 11,15% COMMISSION			R0,00	-	#VALUE!	N/A	N/A	01-Jun-25	No services yet
R13/2022	31-May-24	SUPPLY AND DELIVERY OF SEDAN LIGHT & HEAVY COMMERCIAL VEHICLES, BUSES, MOTORCYCLES, AGRICULTURAL TRACTORS, CONSTRUCTION PLANT & EQUIPMENT TO THE STATE FOR THE PERIOD OF 1 JULY 2023 - 30 JUNE 2026 (2x LCV SWBLMB 4x2, 2400watt, PAYLOAD NOT LESS THAN 1000kg DIESEL/PETROL)	SIJZU MOTORS SOUTH AFRICA MIG	MIG	R 862 981,29			R0,00	-	R 862 981,29	N/A	N/A	Once Off Delivery on order	Still to deliver
T06/2024	28-Jun-24	THE PROVISION OF A SERVICE PROVIDER TO COMPLE GRAP AND MSCOA COMPLIANT ASSET REGISTERS) FOR THE FINANCIAL YEARS 2023/2024 AND 2024/2025 AND THE PROVISION OF AN ASSET MANAGEMENT SYSTEM	SONGO CHARTERED ACCOUNTANTS		RATE			R0,00	-	#VALUE!	N/A	N/A	01-Jul-27	SP performs fairly well

Project Number	Appointment Date	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	UP TO 2122 EXPENDITURE	2223 EXPENDITURE	2324 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION/ AMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance
T18/2024	29-Apr-24	APPOINTMENT OF A MUNICIPAL PROPERTY VALUER	GHAWERAZI GLOBAL PTY LTD TIA SUID KAAP WAARDEERERS	OWN	R 1 475 62,50	R -	R -	R 0,00	R -	R 1 475 62,50	N/A	N/A	01-Jun-26	SP performs fairly well
02/2024	27-May-24	PANEL OF SERVICE PROVIDERS FOR SUPPLY OF SERVICE PROVIDERS FOR SUPPLY AND DELIVERY OF PPE AND PROMOTIONAL CLOTHING	LISTED ON A DIFFERENT LIST								N/A	N/A	01-May-27	performance on each req
T12/2024	28-May-24	PROVISION OF VAT RECOVERY SERVICES FOR A PERIOD OF 12 MONTHS	MAXIMUM PROFIT RECOVERY		RETA (6% COMM)	R -	R -	R 0,00	R -	R #/A/LEI	N/A	N/A	01-Jun-25	SP just started the service
RFQ 4 OF 10/12/2023	03-Apr-24	PSP FOR AUDITING OF STREETLIGHTS AND HIGHMAST LIGHTS	EYAMACETHE TRADING		R 391 000,00	R -	R -	R16 369,88	R 116 369,88	R 274 640,12	N/A	N/A	01-Jun-25	SP performs fairly well
RFQ 5 OF 10/12/2023	03-Apr-24	PSP FOR OVERHEADLINES (NM) MAINTENANCE AND REPAIRS	EYAMACETHE TRADING		R 2 451 800,00	R -	R -	R444 938,00	R 444 938,00	R 2 006 862,00	N/A	N/A	End of consultatio	SP performs fairly well
T16/2024	28-Jun-24	SUPPLY AND DELIVERY, INSTALL AND PROGRAMME 3 AUTO RECLOSERS	MANDELA BAY ELECTRICAL TRADING		R 933 225,00	R -	R -	R 0,00	R -	R 933 225,00	N/A	N/A	01-Jun-25	Still to issue order
T26/2024	28-Jun-24	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING FOR FIRE FIGHTERS	SPARKS AND ELLIS		R 247 595,21	R -	R -	R 0,00	R -	R 247 595,21	N/A	N/A	01-Jun-25	Their pricing schedule was not utilised correctly & the Delivery on declined the appointment.
RFQ 1 OF 10/2/2024	28-Jun-24	SUPPLY AND DELIVERY OF PPE	LINDO DEVELOPERS		R 384 332,30	R -	R -	R 0,00	R -	R 384 332,30	N/A	N/A	01-Jun-25	SP performs fairly well

Reference	Finding	Amount	Root Cause	Recommendation	Nature of Finding	Responsible Person	Action Plan	Council Approval	Action Plan Status
AAPR4038-2024	COAF 4: Limitation on refuse billing	6 100 317	This is due to lack of proper record keeping ensuring that complete, relevant and accurate information is accessible in a timely manner.	Management should implement proper record keeping ensuring that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Internal control deficiency	Nonyayembo Yako	1. Implement digital refuse collection tracking system by Feb 2025 - GPS tracking for collection vehicles Digital bin inventory database - Real-time collection verification 2. Establish comprehensive service register by Mar 2025 - Complete customer database Number of bins per customer - Collection frequency schedule - Service change details 3. Deploy automated billing verification by Apr 2025 - Daily collection data capture - Weekly billing reconciliation - Monthly exception reporting 4. Implement monthly audit procedures - Service delivery verification - Revenue reconciliation - Customer complaints tracking 5. Develop quarterly reporting framework - Service delivery KPIs - Revenue collection metrics - Compliance monitoring dashboard	31-Jan-2025	Developed (Council Approved)
AAPR4052-2024	COAF 05: Limitation on water billing	20 851	This is due to lack of proper record keeping ensuring that complete, relevant and accurate information is accessible in a timely manner.	Management should implement proper record keeping ensuring that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Internal control deficiency	Nonyayembo Yako	1. Install automated meter reading system by Feb 2025 - Smart meters deployment plan - Remote reading capability - Real-time consumption monitoring 2. Conduct usage estimation methodology by Mar 2025 - Clear estimation criteria - Historical usage analysis - Validation of meter readings 3. Implement verification controls by Apr 2025 - Daily meter reading verification - Weekly consumption analysis - Monthly billing reconciliation 4. Establish audit trail system by May 2025 - Digital reading logs - Photo evidence requirements - GPS location tracking - Time stamps for all readings 5. Create monthly reporting framework - Reading accuracy rate - Estimation inaccuracy tracking	31-Jan-2025	Developed (Council Approved)
AAPR4075-2024	COAF 07: Financial Instruments Incompletely classified		This is caused by management lack of oversight over the review of the financial statement prior to their issue and implementation of audit recommendations as this is a repeat finding.	Management should ensure that due care is applied in the preparation of annual financial statements and implement audit action plans to limit the re-occurrence material misstatements.	GRAP non-compliance	Lilaka stoffie, Khanyo Mase	1. Create comprehensive liability disclosure checklist 2. Monthly liability classification review 3. Implement verification controls 4. Quarterly disclosure updates 5. Annual external review	31-Jan-2025	Developed (Council Approved)
AAPR4079-2024	COAF 08: Journal correction with insufficient supporting evidence	6 613 069	This is due to errors that were discovered by management in the closing accumulated surplus which could not be reconciled.	Management should ensure that all journal entries passed, are valid and are a true reflection of the accounting transactions.	Internal control deficiency	Lilaka stoffie	1. Implement journal control system (Feb 2025) - Mandatory supporting documentation - Digital approval workflow - Automated tracking system - Documentation repository 2. Establish monthly reconciliation process - Balance sheet reviews - Supporting document verification - Exception reporting - Audit trail maintenance 3. Create monitoring tool (Feb 2025) - Journal status tracking - Document completeness checks - Approval status monitoring - Compliance reporting 4. Develop review procedures	31-Jan-2025	Developed (Council Approved)
AAPR4080-2024	COAF 10: Insufficient audit evidence provided for the prior period adjustment of Output VAT accrual	5 037 275	This is due to lack of proper record keeping ensuring that complete, relevant and accurate information is accessible in a timely manner.	Management should ensure that all journal entries are supported by valid and accurate documentation, which clearly states the rationale applied.	Internal control deficiency	Lilaka stoffie, Khanyo Mase	1. Implement VAT documentation system (Feb 2025) - Digital document repository - Automated filing system - Audit trail tracking - Monthly reconciliations 2. Establish VAT control framework (Feb 2025) - Documentation requirements - Review procedures - Verification protocols - Quality checks 3. Create monthly review process - Documentation completeness checks - Calculation verification - Supporting evidence validation - Exception reporting 4. Develop oversight controls - Independent review procedures - Compliance monitoring - Regular audits	31-Jan-2025	Developed (Council Approved)
AAPR4117-2024	COAF 15: Revenue from Non-Exchanges' documentation	2 744 571	This is due to lack of proper record keeping ensuring that complete, relevant and accurate information is accessible in a timely manner.	Management should implement proper record keeping ensuring that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Internal control deficiency	Nonyayembo Yako	1. Implement grant management system (Feb 2025) - Digital document repository - Expenditure tracking - Automated filing - Compliance monitoring 2. Establish documentation controls - Pre-expenditure verification - Supporting evidence requirements - Monthly reconciliations - Exception reporting 3. Create review process - Weekly completeness checks - Monthly documentation audits - Quarterly compliance reviews - Performance tracking 4. Develop oversight mechanisms - Regular compliance audits - Exception handling procedures	31-Jan-2025	Developed (Council Approved)

Reference	Issue	Root Cause	Recommendation	Internal control deficiency	Responsible Officer	Completion Date	Status
AAP84348-2024	COAF 16 - VAT input accrual includes ineligible amounts of R5,313,806.13 and R496,383.75 due to calculation errors	14 689 751 This is caused by lack of management oversight over the review of the principles used in the preparation of the annual financial statements.	Management should ensure that their financial statements are prepared accurately and in accordance with the requirements of GRAP and the VAT act.	Internal control deficiency	Khanyo Maqeshu	31-Jan-2025	Developed (Council Approved)
AAP84411-2024	COAF 17 of 2024 - Incorrect calculation of 588 635 rechange to capital works	Cause The above finding is caused by lack of management oversight in ensuring that the remuneration of senior managers is in accordance with government gazette approved by MEC of CoGTA.	Recommendation Management should follow all applicable laws and regulations and ensure that annual salary of senior managers is in accordance with such laws and regulations.	Internal control deficiency	Nigel Dale	31-Jan-2025	Developed (Council Approved)
AAP84446-2024	COAF 20: Missing supporting documents for PPE and additional disclosures. Limitation misstatement on PPE and MPWA disclosure	34 826 057 This is due to lack of proper record keeping ensuring that complete, relevant and accurate information is accessible in a timely manner.	Management should implement proper record keeping to ensure the complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Internal control deficiency	Khanyo Maqeshu	31-Jan-2025	Developed (Council Approved)
AAP84595-2024	COAF 24: Segment reporting	This is due to lack of review of the financial statements prior to submission of audit to ensure that the information discloses the GRAP standards. With the requirements of the GRAP standards. The cause of this finding is lack of adequate review processes of AFS prior to submission for audit.	Management should ensure that the annual financial statements are adequately reviewed to ensure that information disclosed therein is in accordance with the GRAP standards. Management should ensure that due care is applied in the preparation of annual financial statements to ensure consistency between the approved budget and the Statement of Comparison of Budget and Actual. Implement adequate review processes over recording and preparation of financial statements.	GRAP non-compliance	Nigel Dale, Khanyo Maqeshu	31-Jan-2025	Developed (Council Approved)
AAP84603-2024	COAF 28: Differences identified on the Statement of Comparison and Actual amounts.			Internal control deficiency	Nigel Dale, Khanyo Maqeshu	31-Jan-2025	Developed (Council Approved)
AAP84716-2024	COAF 31 - WIP additions incorrectly classified.	Cause 800 437	Recommendation	GRAP non-compliance	Khanyo Maqeshu	31-Jan-2025	Developed (Council Approved)
AAP84717-2024	COAF 31 - Non-compliance – Asset Management (Disposals)	This cause of the above finding is due to management not classifying disposals relating to property, plant and equipment accurately.	Management should ensure all disposals relating to property, plant and equipment are classified correctly, as per GRAP requirements.	GRAP non-compliance	Khanyo Maqeshu	31-Jan-2025	Developed (Council Approved)
AAP84722-2024	COAF 35 OF 2024 - Amounts disclosed on Investment Property note 9 do not agree to the Investment Property register	20 000 Lack of review of compliance with the applicable legislation for asset management and the policy.	Management should ensure that the disposals are in line with legislation and asset management policy of the municipality.	GRAP non-compliance	Khanyo Maqeshu	31-Jan-2025	Developed (Council Approved)

This cause of the above finding is due to management not reviewing the supporting schedules adequately and ensuring that they agree to the financial statements

- Implement VAT review system (Feb 2025) - Automated calculation checks - Multi-level approval workflow - Monthly reconciliations - Exception reporting 2. Establish verification procedures - Pre-audit reviews - Calculation validation - Supporting documentation checks - Compliance monitoring 3. Create monthly review process - VAT schedule verification - Input allocation validation - Reconciliation checks - Error correction protocols 4. Staff training program - VAT legislation requirements - System implementation
- Implement calculation verification system
- Automated formula checks - Multiple reviews - Monthly reconciliations - Error detection protocols 2. Regular review procedures - Calculation accuracy - Formula validation - Supporting documentation - Exception reporting
- Deploy asset documentation system (Feb 2025) 2. Establish verification procedures 3. Create disclosure schedules 4. Monthly compliance reviews 5. Regular documentation audits
- Create segment reporting framework 2. Monthly reconciliation procedures 3. Regular accuracy checks 4. Documentation validation 5. Compliance monitoring system
- Implement budget comparison system (Feb 2025) 1. Monthly reconciliation procedures 3. Variance analysis protocols 4. Documentation validation 5. Regular accuracy reviews
- Implement project classification system (Feb 2025) 31-Jan-2025
- Automated validation checks - GRAP compliance controls - Monthly verification process
2. Establish review controls (Mar 2025) - Pre-posting verification - Classification validation - Documentation requirements
3. Monthly reconciliation accuracy checks - WIP balance verification - Classification accuracy checks - Exception reporting
4. Staff training program - GRAP requirements - Classification guidelines - System usage
5. Regular compliance monitoring - Monthly classification audits - Performance tracking - Exception handling
- Create disposal management framework (Feb 2025) - Council approval workflow - Service level assessment - Documentation requirements
2. Implement verification system - Asset condition monitoring - Service level tracking - Disposal justification
3. Monthly compliance reviews - Disposal documentation - Council resolution tracking - Service level verification
4. Regular asset audits - Physical verification - Documentation reviews - Compliance checks
5. Staff training - Legislative requirements - System procedures - Compliance protocols
- Implement reconciliation system (Mar 2025) 2. Monthly verification procedures
3. Documentation requirements
4. Regular accuracy checks
5. Staff training

AAP84724-2024	COAF 38 of 2024 - Impairment on buildings calculated on the incorrect carrying values of the assets, COAF 38 OF 2024 - Infrastructure assets which show indicators of impairment that have not been impaired, COAF 38 OF 2024 - Community assets which show indicators of impairment that have not been impaired	647 057	1. Cause The cause of the above finding is due to management not adequately applying GRAP 21. 2 AND 3 Cause	Recommendation	GRAP non-compliance	Khyang Mageshu	1. Create impairment calculation system 2. Value verification procedures 3. Monthly assessments 4. Documentation requirements 5. Regular reviews 1. Implement condition monitoring system 2. Regular asset inspections 3. Impairment assessment procedures 4. Documentation requirements 5. Quarterly reviews 1. Deploy asset monitoring system 2. Monthly condition assessments 3. Impairment testing procedures 4. Documentation standards 5. Regular reviews	31-Jan-2025	Developed (Council Approved)
AAP84726-2024	COAF 40 OF 2024 - 1. Presentation and disclosure of VIP projects were construction was halted in the current year		Cause The cause of the above finding is due to management not exercising due care in the preparation of the annual financial statements.	Cause	GRAP non-compliance	Khyang Mageshu	1. Create VIP monitoring system 2. Monthly project status reviews 3. Disclosure requirements 4. Documentation standards 5. Regular audits	31-Jan-2025	Developed (Council Approved)
AAP84728-2024	COAF 24 OF 2024 - Segment reporting		1. Cause This is due to lack of review of the financial statements prior to submission for audit to ensure that the information disclosed is in accordance with the requirements of the GRAP standards. 2. Cause This is due to lack of review of the financial statements prior to submission for audit to ensure that the information disclosed is in accordance with the requirements of the GRAP standards.	1. Recommendation Management should ensure that the annual financial statements are adequately reviewed to ensure the information disclosed therein is in accordance with the GRAP standards.	Internal control deficiency	Khyang Mageshu	1. Create segment reporting framework 2. Monthly reconciliation procedures 3. Regular accuracy checks 4. Documentation validation 5. Compliance monitoring system	31-Jan-2025	Developed (Council Approved)
AAP84730-2024	COAF 61 OF 2024 - 1. Misstatement of cash flows		Cause The cause of the finding is due to lack of adequate review of the financial statements and underlying records by the appropriate level of management.	Recommendation Management should prepare financial reports that are fairly presented and reliable. Management should prepare accurate and complete financial reports, which must go through the necessary review processes.	GRAP non-compliance	Khyang Mageshu	1. Implement cash flow monitoring system (Feb 2025) - Automated calculations - Daily reconciliations - Exception alerts 2. Monthly verification process - Movement analysis - Supporting documentation - Variance investigation 3. Regular compliance reviews - Calculation accuracy - GRAP compliance - Performance tracking	31-Jan-2025	Developed (Council Approved)
AAP85184-2024	COAF 59 of 2024 - 2022/23 misstatements impacting 2023/24 opening balances remain uncorrected	3 103 105	Lack of correction process	Management should revisit prior year balance	Internal control deficiency	Nigel Delo			Not Yet Started
AAP85185-2024	COAF 62 of 2024 - Inquirer expenditure written off without completed investigation (Contracts - INEP Grant R46,739)/COAF 62 of 2024 - With-offs approved without concluded investigations (JK Structures cc R402,405 and Malaa Pty Ltd R41,755,54)		Incomplete MFAC investigations/Poor investigation management	Management should investigate UJFV	Internal control deficiency	Ayanda Mubese, Phelozel Ndumudum			Not Yet Started
AAP85186-2024	COAF 33 of 2024 - MWRF Interest	8 451 151	Misclassification of prior period expenses	Management to adhere to applicable accounting standards	Internal control deficiency	Luluka stoffie			Not Yet Started
AAP85187-2024	COAF 36 of 2024 - Duplicate Asset Entries	5 033 373	Poor asset register maintenance	Management to visit the population of assets and verification processes	Internal control deficiency	Nigel Delo, Khyang Mageshu			Not Yet Started

AAPB5185-2024	COAF 43/2024 - Pension Fund Underpayment	417 391	Poor pension contribution monitoring	Management to adhere to AG recommendations	Internal control deficiency	Ayanda Mbebe, Nigel Delo, Khanya Maqashu	Not Yet Started
AAPB5189-2024	COAF 44/2024 - VAT Input Accrual Errors	1 952 789	Poor VAT review procedures	Management should adhere laws and regulations	Internal control deficiency	Khanya Maqashu	Not Yet Started
AAPB5190-2024	COAF 45/2024 - Missing Journal Documentation	1 998 208	Poor documentation management	Management should ensure journals have supporting documents	Internal control deficiency	Khanya Maqashu, Simamkele Tabangana	Not Yet Started
AAPB5191-2024	COAF 46/2024 - VAT Output Accrual Errors		Poor VAT calculation procedures	Management should adhere to VAT regulation	Internal control deficiency	Khanya Maqashu	31-Jan-2025 Developed (Council Approved)
AAPB5192-2024	COAF 51/2024 - PPE-Opening Balances		Poor asset register maintenance	Management should maintain asset register	Internal control deficiency	Ayanda Mbebe, Nigel Delo	Not Yet Started
AAPB5193-2024	COAF 52/2024 - Restatements - Invalid Journals		Lack of proper documentation	Management should ensure that all accounting entries are supported	Internal control deficiency	Ayanda Mbebe, Nigel Delo	Not Yet Started

1. VAT calculation system (Feb 2025)
2. Monthly verifications
3. Review procedures
4. Documentation requirements
5. Compliance checks



**Blue Crane Route Local Municipality (EC 102)
Annual Financial Statements
for the year ended 30 June 2024**

**AUDITOR GENERAL
SOUTH AFRICA**

30 NOV 2024

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Local Municipality
Grade	2
Nature of business and principal activities	Local Government. Principal activities in-line with the Constitution of South Africa, Schedule 4 B and 5 B
Council Members	B A Manxoweni - Mayor N P Nkonyeni - Speaker P Sonkwala - Chief Whip J M Martin Dr F P Brown E L Miggels Z S Baskiti A B C Heynse A Dyantyi H C Davenport L E Smith-Johnson M K Mali (Term ended - March 2024)
Accounting Officer	M P Nini (patrickn@bcm.gov.za)
Chief Finance Officer (CFO)	N B Delo (nigeld@bcm.gov.za)
Registered office	67 Nojoli Street KwaNojoli 5850
Postal address	P.O. Box 21 KwaNojoli 5850
Auditors	Auditor General South Africa
Bankers	Absa Bank
Attorneys	Smith Tabata Attorneys Pagdens Attorneys Gray Moodliar Attorneys Chris Bakes & Associates Lionel Trichardt & Associates

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

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The reports and statements set out below comprise the annual financial statements:

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Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
SBDM	Sarah Baartman District Municipality
MIG	Municipal Infrastructure Grant
WSIG	Water Services Infrastructure Grant
FMG	Financial Management Grant
EPWP	Expanded Public Works Programme
DWS	Department of Water & Sanitation
DoRA	Division of Revenue Act
VAT	Value Added Tax
SARS	South African Revenue Services

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the Municipal Finance Management Act (No.56 of 2003) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the Chief Financial Officer.

The external auditors are responsible for expressing an audit opinion on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on pages 5 to 78, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2024 and were signed by him.

The accounting officer hereby certify as required by Section 124(1)(a) of the Municipal Finance Management Act (No. 56 of 2003) that the salaries, allowances and benefits of political office-bearers and councillors of the Blue Crane Route Municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.

MP Nini
Accounting Officer

30 November 2024

AUDITOR GENERAL
SOUTH AFRICA

30 NOV 2024

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	1 893 767	1 120 324
Other receivables from exchange transactions	4	1 607 093	1 791 023
Receivables from non-exchange transactions	5	5 773 940	8 646 658
Receivables from exchange transactions	6	27 999 882	31 847 263
Cash and cash equivalents	7	40 136 360	9 985 526
VAT input accrual	54	14 504 843	3 237 687
		91 915 885	56 628 481
Non-Current Assets			
Investments	8	-	734 274
Investment property	9	35 784 796	37 826 758
Property, plant and equipment	10	820 000 577	833 128 515
Heritage assets	11	458 067	458 067
		856 243 440	872 147 614
Total Assets		948 159 325	928 776 095
Liabilities			
Current Liabilities			
Employee benefit obligation	12&13	2 401 000	1 842 000
Other financial liabilities	14	1 155 439	1 049 535
Finance lease obligation	15	-	380 806
Unspent conditional grants and receipts	16	32 886 554	10 388 271
Payables from exchange transactions	17	123 423 123	63 094 384
Trade and other payable from non-exchange	18	161 685	151 918
VAT payable	19	1 349 650	1 410 810
Consumer deposits	20	2 795 928	2 837 761
VAT output accrual	55	971 666	2 944 837
		165 145 045	84 100 322
Non-Current Liabilities			
Employee benefit obligation	12&13	26 465 000	26 456 000
Other financial liabilities	14	1 947 666	3 103 105
Provisions	21	31 519 912	40 521 060
		59 932 578	70 080 165
Total Liabilities		225 077 623	154 180 487
Net Assets		723 081 702	774 595 608
Accumulated surplus		723 081 702	774 595 608
Total Net Assets		723 081 702	774 595 608

* See Note 32

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	159 899 407	142 055 598
Rental of facilities and equipment		723 854	648 718
Interest earned - outstanding debtors	56	7 215 028	5 973 958
Interest earned - external investments	25	2 507 707	1 102 484
Agency services	26	546 241	781 887
Other income	28	2 606 978	3 275 659
Total revenue from exchange transactions		173 499 215	153 838 304
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	28 215 239	24 315 580
Licences and permits		436 111	478 753
Interest earned - outstanding debtors	56	4 331 983	2 265 019
Transfer revenue			
Fines		113 471	188 505
Government grants & subsidies	27	122 472 719	108 230 791
Total revenue from non-exchange transactions		155 569 523	135 478 648
Total revenue	22	329 068 738	289 316 952
Expenditure			
Employee related costs	29	102 820 498	95 641 244
Remuneration of councillors	30	4 951 126	4 547 206
Inventory consumed	37	8 877 691	8 209 188
Debt Impairment/ write off	31	52 493 433	30 231 185
Depreciation and amortisation	33	53 785 980	48 310 684
Finance costs	34	12 612 624	4 911 311
Bulk purchases	35	123 757 103	102 967 924
Contracted services	36	8 362 443	9 180 521
Transfers and subsidies	38	1 089 500	1 035 527
Operational cost	39	14 841 792	13 087 296
Total expenditure		383 592 190	318 122 086
Operating deficit		(54 523 452)	(28 805 134)
Actuarial gains/losses	12	1 926 000	3 238 514
Cost adjustment on landfill site		1 293 447	-
Impairment loss		(5 086 245)	(1 447 694)
		(1 866 798)	1 790 820
Deficit for the year		(56 390 250)	(27 014 314)

* See Note 32

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	811 337 247	811 337 247
Adjustments		
Prior year adjustments 32	(9 727 321)	(9 727 321)
Balance at 01 July 2022 as restated*	801 609 926	801 609 926
Changes in net assets		
Deficit for the year	(27 014 314)	(27 014 314)
Restated* Balance at 01 July 2023	774 595 608	774 595 608
Changes in net assets		
Prior year adjustments in current year	4 876 332	4 876 332
Net income (losses) recognised directly in net assets	-	-
Deficit for the year	(56 390 250)	(56 390 250)
Total recognised income and expenses for the year	(56 390 250)	(56 390 250)
Balance at 30 June 2024	723 081 702	723 081 702
Note(s)	32	

* See Note 32

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		141 035 560	128 594 322
Grants		144 971 002	96 286 869
Interest income		13 830 371	9 341 461
Other receipts		2 634 244	1 243 812
		<u>302 471 177</u>	<u>235 466 464</u>
Payments			
Employee costs		(100 559 314)	(93 065 730)
Suppliers		(51 675 691)	(8 603 318)
Remuneration of Councillors		(4 951 126)	(4 547 206)
Bulk Purchases		(58 163 891)	(102 967 923)
Finance charges		(9 488 876)	(732 897)
Other payments		(4 332 585)	(2 033 391)
		<u>(229 171 483)</u>	<u>(211 950 465)</u>
Net cash flows from operating activities	41	<u>73 299 694</u>	<u>23 515 999</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(42 437 704)	(32 869 246)
Net movement in service concession assets		-	(18 059 530)
Proceeds from service concession assets		-	(18 059 530)
Purchase of investments		-	(734 274)
Proceeds from sale of investments		734 274	-
		<u>(41 703 430)</u>	<u>(33 603 520)</u>
Net cash flows from investing activities		<u>(41 703 430)</u>	<u>(33 603 520)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(1 049 535)	(956 849)
Finance lease payments		(395 895)	(395 894)
		<u>(1 445 430)</u>	<u>(1 352 743)</u>
Net cash flows from financing activities		<u>(1 445 430)</u>	<u>(1 352 743)</u>
Net increase/(decrease) in cash and cash equivalents		30 150 834	(11 440 264)
Cash and cash equivalents at the beginning of the year		9 985 526	21 425 790
Cash and cash equivalents at the end of the year	7	<u>40 136 360</u>	<u>9 985 526</u>

* See Note 32

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue by source

Property rates	24 818 750	932 499	25 751 249	28 215 239	2 463 990
Service charges	201 818 496	(14 877 696)	186 940 800	159 899 407	(27 041 393)
Interest earned - external investments	950 000	-	950 000	2 507 707	1 557 707
Government grants and subsidies	111 587 000	38 658 784	150 245 784	122 472 719	(27 773 065)
Interest earned - outstanding debtors	6 765 754	2 206 935	8 972 689	11 547 011	2 574 322
Other Income	5 652 080	(4 404 059)	1 248 021	7 646 102	6 398 081
	351 592 080	22 516 463	374 108 543	332 288 185	(41 820 358)

Expenditure by type

Employee costs	(102 713 435)	(69 890)	(102 783 325)	(106 626 107)	(3 842 782)
Remuneration of councillors	(4 928 432)	-	(4 928 432)	(4 951 126)	(22 694)
Debt impairment	(27 177 370)	-	(27 177 370)	(52 493 433)	(25 316 063)
Depreciation & amortisation	(56 303 704)	-	(56 303 704)	(53 785 980)	2 517 724
Finance charges	(3 489 473)	-	(3 489 473)	(19 703 618)	(16 214 145)
Materials and bulk purchases	(139 622 614)	23 051 470	(116 571 144)	(123 757 103)	(7 185 959)
Contracted services	(11 936 508)	1 856 467	(10 080 041)	(8 362 443)	1 717 598
Other expenditure	(26 935 176)	(1 222 126)	(28 157 302)	(29 895 228)	(1 737 926)
Total expenditure	(373 106 712)	23 615 921	(349 490 791)	(399 575 038)	(50 084 247)
Surplus/(Deficit) for the year	(21 514 632)	46 132 384	24 617 752	(67 286 853)	(91 904 605)

Statement of Financial Position

Total Current Assets	60 216 000	(43 546 000)	16 670 000	96 185 113	79 515 113
Total Non-Current Assets	848 667 000	31 198 000	879 865 000	856 243 440	(23 621 560)
Total Current Liabilities	(79 429 000)	56 765 000	(22 664 000)	(177 947 746)	(155 283 746)
Total Non-Current Liabilities	(61 315 000)	-	(61 315 000)	(59 932 579)	1 382 421
Accumulated Surplus	768 139 000	44 417 000	812 556 000	714 548 228	(98 007 772)

For detailed explanations relating to variances, refer to **Note 53**.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30-June 2024

Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The figures in the annual financial statements are rounded to the nearest rand.

1.2 Going concern

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts. The approved budget is prepared on an accrual basis. The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

1.4 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in the notes to the annual financial statements.

1.5 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the annual financial statements.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis.

Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

Impairment of non-financial assets

In determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised.

This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 17 - Provisions.

Pension and other post-employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Provisions for rehabilitation of refuse landfill sites

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life.

In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.7 Property, plant and equipment

Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the cost of dismantling and removing the asset and restoring the site on which it is operated.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and servicing equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and servicing equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Property, plant and equipment (continued)

Depreciation

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

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

Item	Average useful life
Land (PPE)	Indefinite
Buildings	30 - 60 years
Plant	5 - 15 years
Furniture and fixtures	5 - 15 years
Motor vehicles	5 - 20 years
Office equipment	3 - 10 years
Other equipment	3 - 10 years
Infrastructure	5 - 80 years
Landfill site	15 - 30 years
Community assets	10 - 30 years

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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1.8 Investment property (continued)

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Property - buildings	30 years

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.9 Heritage assets

Heritage assets, which are culturally significant resources, and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives.

Initial Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairments

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

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Accounting Policies

1.9 Heritage assets (continued)

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

1.10 Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) financial instruments at fair value:

- derivatives.
- combined instruments that are designated at fair value.
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instrument costs.

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Accounting Policies

1.10 Financial instruments (continued)

b) Financial instruments at amortised cost

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

(c) Financial Instrument at cost

Investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairments

All financial assets measured at cost or amortised cost are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

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Accounting Policies

1.10 Financial instruments (continued)

- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categories as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments.

Impairment adjustments are made through the use of an allowance accounts.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost. Trade payables are recognised VAT included.

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Accounting Policies

1.10 Financial Instruments (continued)

Other financial assets

These include loans receivable and initially measured at fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at amortised cost.

1.11 Leases

Finance leases - lessee

Initial recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Subsequent measurement

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished.

The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability.

An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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Accounting Policies

1.12 Inventories

Initial recognition and measurement

Inventories are initially measured at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage. Where inventory is acquired for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Derecognition

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.

Recoverable amount of an asset or a cash generating unit is the higher its fair value less costs to sell and its value in use.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating.

Cash generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash generating unit is determined on a basis consistent with the way the recoverable amount of the cash generating unit is determined.

An impairment loss is recognised for a cash generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable)
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cashgenerating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.14 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

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1.14 Employee benefits (continued)

Post-retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, and are recognised in the Statement of Financial Performance upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

1.16 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

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Accounting Policies

1.16 Revenue from exchange transactions (continued)

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- (a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (b) The amount of revenue can be measured reliably; and
- (c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Specific exchange revenue sources

Service charges relating to electricity and water are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high-tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on on-going leases.

License fees and permits are recognised in accordance with the substance of the agreements entered into.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and rebates.

1.17 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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1.17 Revenue from non-exchange transactions (continued)

Recognition

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount and once all the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Expenditure - Operational Cost

An operating expense is a day-to-day expense such as sales and administration, or research & development, accounting expenses, licence fees, advertising, office expenses, utilities, such as telephone, insurance, property management, travel and vehicle expenses.

1.20 Expenditure - Bulk Purchases

Bulk purchases of Electricity and Water from Eskom (Including alternative service providers) and Water sources such as Water Boards and other providers.

1.21 Expenditure - Contracted Services

This expenditure type distinguishes between Outsourced services, Contractors and Professional and Special services.

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1.22 Expenditure - Inventory Consumed

The amount of inventories recognised as an expense during the period. The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consist of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. (Grap 12.49).

1.23 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003), and includes:

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act;

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Blue Crane Route Local Municipality (EC 102)

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Accounting Policies

1.27 Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax.

The Municipality accounts for Value Added Tax on the invoice basis.

VAT receivable or payable

The net effect of VAT outputs which has been declared to SARS and VAT inputs which has been claimed from SARS, is disclosed separately on the statement of financial position as either a vat receivable or vat payable, depending on the balance as at year end.

This amount is a statutory receivable or payable and includes all amounts which arise as a result of transactions directly related to the submission of returns.

VAT output accrual

Where the Municipality has an obligation to pay over output VAT, but the amount has not been collected from a third party, this amount is disclosed separately as a VAT output accrual, until such time as the amount is collected from the third party, whereinafter it is declared to SARS on the Municipality's VAT return.

VAT input accrual

Where the Municipality is entitled to claim input VAT, but the amount has not been paid to a third party, this amount is disclosed separately as a VAT input accrual, until such time as the amount is paid by the Municipality to the third party, whereinafter it is claimed from SARS on the Municipality's VAT return.

1.28 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.29 Capital Commitments

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.30 Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in-line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.31 Post-reporting reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.32 Segment Information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.33 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Blue Crane Route Local Municipality (EC 102)

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2. New standards and interpretations

2.1 Standards of General Recognised accounting Practice (GRAP) and Interpretations (GRAP) issued and effective

- GRAP 1 Presentation of Financial Statements (as revised in 2010)
- GRAP 2 Cash Flow Statements (as revised in 2010)
- GRAP 3 Accounting Policies, Changes in accounting Estimates and Errors (as revised in 2010)
- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs (as revised in 2013)
- GRAP 9 Revenue from exchange Transactions (as revised in 2010)
- GRAP 10 Financial Reporting in Hyperinflationary Economies (as revised in 2010)
- GRAP 11 Construction Contracts (as revised in 2010)
- GRAP 12 Inventories (as revised in 2010)
- GRAP 13 Leases (as revised in 2010)
- GRAP 14 Events After the Reporting Date (as revised in 2010)
- GRAP 16 Investment Property (as revised in 2010)
- GRAP 17 Property, Plant and Equipment (as revised in 2010)
- GRAP 18 Segment Reporting (issued in 2011)
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
- GRAP 20 Related Party Disclosures
- GRAP 21 Impairment of Non-cash -generating Assets
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 24 Presentation of Budget Information in Financial statements
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of Cash-generating assets
- GRAP 27 Agriculture
- GRAP 31 Intangible Assets
- GRAP 32 Service Concession Arrangement: Grantor
- GRAP 34 Separate Financial Statements Replaced GRAP 6
- GRAP 35 Consolidated Financial Statements Replaced GRAP 6
- GRAP 36 Investments in Associates and Joint Ventures Replaced GRAP 7
- GRAP 37 Joint Arrangements Replaced GRAP 8
- GRAP 38 Disclosure of Interest in Other Entities Replaced GRAP 8
- GRAP 100 Discontinued Operations (as revised in 2013)
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments
- GRAP 105 Transfer of Functions Between Entities Under Common Control
- GRAP 106 Transfer of Functions Between Entities Not Under Common Control
- GRAP 107 Mergers
- GRAP 108 Statutory Receivables
- GRAP 109 Accounting by Principals and Agents
- GRAP 110 Living and Non-living Resources

2.2 Standards and Interpretations effected and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104: (as revised): Financial Instruments	01 April 2024	No material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2024	No material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2024	No material impact

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

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2. New standards and Interpretations (continued)

Standard/ Interpretation:

- GRAP 1: Presentation of Financial Statements
- GRAP 103: Heritage Assets
- GRAP 104: Financial Instruments
- Amendments: Improvements to Standards of GRAP
- IGRAP 22: Foreign Currency Transactions and Advance Consideration

Effective date: Years beginning on or after

Not yet effective
Not yet effective
01 April 2025
Not yet effective
Not yet effective

Expected impact:

No material impact
No material impact
No material impact
No material impact
No material impact

3. Inventories

Consumable stores	1 757 080	912 379
Housing in process	55 080	55 080
Water	81 607	152 865
	1 893 767	1 120 324

Inventory Expensed

Stores issues amounted to R723 212 (2023: R491 690). (Refer to Note 37).
Inventory relating to stores was written down by R44 606 (2023: Nil).
No inventory was pledged as security.

4. Other receivables from exchange transactions

Deposits (Eskom)	960 102	897 972
Government Grants and Subsidies: Department of Human Settlements	158 842	158 842
Accumulated interest on investments	332 839	108 492
Other receivables	185 223	655 650
Provision for bad debts: Other receivables	(29 933)	(29 933)
	1 607 073	1 791 023

The ageing of other receivables from exchange transactions and not impaired is as follows:

3 to 6 months	62 130	94 316
>120 days	1 544 943	1 696 707

Trade and other receivables pledged as security

Other receivables were not pledged as security.
Other receivables are classified as financial assets at amortised cost.

Credit quality of trade and other receivables

The credit quality of trade and other receivables from exchange transactions that are neither past due nor impaired can be assessed by reference to historical trends and other available information.

Although credit quality can be assessed, the municipality did not apply any methods to evaluate the credit quality.

Blue Crane Route Local Municipality (EC 102)

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5. Receivables from non-exchange transactions

Property rates	5 587 965	8 460 683
Other receivables	185 975	185 975
	5 773 940	8 646 658

Total receivables from non-exchange transactions

5 773 940 8 646 658

Property rates

Property rates: Statutory	8 171 685	8 286 756
Property rates: All other categories	55 928 332	39 138 246
Provision for bad debts: Property rates	(58 512 052)	(38 964 319)
	5 587 965	8 460 683

Property rates age analysis: Statutory

Current rates (0 - 30 days)	24 580	85 495
31 - 60 days	14 389	11 018
61 - 90 days	10 952	10 589
91 -120 days	11 065	9 889
> 121 days	8 110 699	8 169 765
	8 171 685	8 286 756

Property rates age analysis : All other Categories

Current rates (0 - 30 days)	381 942	275 308
31 - 60 days	170 082	166 848
61 - 90 days	143 730	121 114
91 -120 days	134 180	105 650
> 121 days	55 098 398	38 469 526
	55 928 332	39 138 246

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to historical trends and other available information.

Although credit quality can be assessed, the municipality did not apply any methods to the credit quality.

Allowance for impairment: Property rates

Impairment balance prior year	(38 964 319)	(28 534 836)
Contributions to provision	(19 547 733)	(10 429 483)
	(58 512 052)	(38 964 319)

Property rates : Statutory

Rates are charged on Statutory properties according to the Property Rates Act No.6 of 2004. Reading together with Government Gazette nr 32061 dated 27 March 2009.

No debt impairment is calculated on statutory rates receivables.

Interest is charged at prime plus 1 percent which was 12.75% at 30 June 2024.

Receivables from non-exchange transactions

Employees overpayment on back pay	231 831	231 831
Provision for bad debts: Employees overpayment	(231 831)	(231 831)
Insurance claims	17 121	17 121
Provision for bad debts: Insurance claims	(17 121)	(17 121)
SARS UIF and SDL	185 975	185 975
	185 975	185 975

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5. Receivables from non-exchange transactions (continued)		
Allowance for impairment: Other receivables		
Impairment balance prior year	248 952	248 952
Contributions to provision	-	-
	248 952	248 952
<p>The amount of impairment for property rates was R58 512 052 as at 30 June 2024 (2023: R38 964 319). The amount of impairment for other receivables was R248 952 as at 30 June 2024 (2023: R248 952). Other receivables from non-exchange transactions are classified as financial assets at amortised cost.</p>		
Other receivables from non-exchange past due but not impaired		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	14 389	88 833
2 months past due	10 952	10 589
3 months past due	11 066	9 889
Older than 3 months	8 110 699	8 169 763
Other receivables from non-exchange transactions past due but not impaired		
Older than 3 months	185 975	185 975
6. Trade receivables from exchange transactions		
Gross balances		
Electricity	43 203 508	36 318 337
Water	49 040 739	34 386 069
Sanitation	4 836 220	4 066 053
Sewerage	17 379 998	13 313 945
Refuse	33 362 774	25 408 889
Other	7 472 068	7 413 020
	155 295 307	120 906 313
Trade receivables pledged as security		
Trade receivables were not pledged as security.		
Trade receivables are financial assets at amortised cost.		
Less: Allowance for impairment		
Electricity	(24 330 902)	(18 854 584)
Water	(43 900 035)	(27 766 021)
Sanitation	(4 632 828)	(3 591 088)
Sewerage	(16 020 645)	(10 940 935)
Refuse	(31 033 279)	(21 328 539)
Other	(7 377 736)	(6 577 883)
	(127 295 425)	(89 059 050)
Net balance		
Electricity	18 872 606	17 463 753
Water	5 140 704	6 620 048
Sanitation	203 392	474 965
Sewerage	1 359 353	2 373 010
Refuse	2 329 495	4 080 350
Other	94 332	835 137
	27 999 882	31 847 263

Blue Crane Route Local Municipality (EC 102)

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6. Trade receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	1 286 869	12 746 155
31 - 60 days	9 596 863	1 722 402
61 - 90 days	2 976 663	1 418 624
91 - 120 days	2 343 849	1 413 837
121 - 365 days	26 999 262	19 017 319
Less: Impairment	(24 330 900)	(18 854 584)
	18 872 606	17 463 753
Water		
Current (0 -30 days)	911 690	2 822 332
31 - 60 days	1 691 882	853 055
61 - 90 days	1 511 935	572 647
91 - 120 days	1 215 143	600 547
121 - 365 days	43 710 089	29 537 488
Less: Impairment	(43 900 035)	(27 766 021)
	5 140 704	6 620 048
Waste water		
Current (0 -30 days)	15 533	43 309
31 - 60 days	37 198	31 239
61 - 90 days	36 778	31 027
91 - 120 days	36 616	31 166
121 - 365 days	4 710 094	3 929 312
Less: Impairment	(4 632 827)	(3 591 088)
	203 392	474 965
Sewerage		
Current (0 -30 days)	347 316	731 422
31 - 60 days	578 809	363 179
61 - 90 days	418 864	309 645
91 - 120 days	352 946	297 999
121 - 365 days	15 682 063	11 611 700
Less: Impairment	(16 020 645)	(10 940 935)
	1 359 353	2 373 010
Refuse		
Current (0 -30 days)	550 201	1 178 048
31 - 60 days	983 091	604 495
61 - 90 days	708 775	520 972
91 - 120 days	641 998	500 219
121 - 365 days	30 478 709	22 605 154
Less: Impairment	(31 033 279)	(21 328 538)
	2 329 495	4 080 350
Other		
Current (0 -30 days)	-	36 867
31 - 60 days	28 406	31 691
61 - 90 days	36 506	31 848
91 - 120 days	36 421	31 975
121 - 365 days	7 370 735	7 280 639
Less: Impairment	(7 377 736)	(6 577 883)
	94 332	835 137

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
6. Trade receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	3 111 610	17 558 133
31 - 60 days	12 916 250	3 606 061
61 - 90 days	5 689 522	2 884 763
91 - 120 days	4 626 975	2 875 743
121 - 365 days	128 950 947	93 981 612
	<u>155 295 304</u>	<u>120 906 312</u>
Less: Allowance for impairment	<u>(127 295 422)</u>	<u>(89 059 049)</u>
	27 999 882	31 847 263

Reconciliation of debt impairment provision

Opening balance	(89 059 050)	(77 092 416)
Provision for impairment	(38 236 372)	(11 966 634)
	<u>(127 295 422)</u>	<u>(89 059 050)</u>

Fair value of trade receivables from exchange transactions

Trade and other receivables	27 999 882	31 847 263
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Trade receivables impaired

The amount of the provision was R (127 295 425) as of 30 June 2024 (2023: R (89 059 050)).

Trade receivables past due but not impaired

The ageing of amounts for exchange transactions past due but not impaired is as follows:

1 month past due	755 958	17 917 234
2 months past due	607 562	1 803 031

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 707	1 732
Bank balances	24 912 722	4 169 444
Short-term deposits	15 221 931	5 814 350
	40 136 360	9 985 526

No restrictions exist with regard to the use of cash.

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA - Fixed Deposit - 2053825035	7 500	7 500	7 500	7 500	7 500	7 500
Nedbank - Money Market - 1263036023	-	-	1 932	-	-	1 932
Nedbank - Fixed Deposit - 18312491	-	-	4 600	-	-	4 600
Nedbank - Money Money Market - 1263034756	-	-	86 164	-	-	86 164
ABSA Bank - Cheque Account - 2200000008	24 941 325	4 140 157	840 461	24 912 722	4 169 446	901 131
ABSA - Call Account - 4099838357	14 474 923	5 120 396	19 807 724	14 474 923	5 120 396	19 807 724
ABSA - Fixed Deposit - 2079809548	-	-	613 992	-	-	613 992
ABSA - Liquidity Plus - 9379793662	739 508	686 455	-	739 508	686 455	-
Total	40 163 256	9 954 508	21 362 373	40 134 653	9 983 797	21 423 043

The municipality has a guarantee at ABSA bank to the value of R6 000 (2023:R6 000) relating to the personal bonds of one municipal employee.

8. Investments

Short-term deposits	-	734 274
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The full investment of R734 274 was pledged as security pending a labour court case, (See Contingent liabilities for more details).

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

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9. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property at cost	66 430 888	(30 646 092)	35 784 796	66 430 888	(28 604 130)	37 826 758

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Land	12 085 655	-	12 085 655
Farms	9 046 000	-	9 046 000
Buildings	16 695 104	(2 041 963)	14 653 141
	37 826 759	(2 041 963)	35 784 796

Reconciliation of investment property - 2023

	Opening balance	Depreciation	Total
Land	12 085 655	-	12 085 655
Farms	9 046 000	-	9 046 000
Buildings	18 737 066	(2 041 962)	16 695 104
	39 868 721	(2 041 962)	37 826 759

Rental income from investment properties amounted to R646 828 (2023: R571 747).

No direct operating expenses arising from investment property that generated rental income was incurred.

No impairment assessment was done for Investment Property on 30 June 2024.

Pledged as security

No investment property have been pledged as security for loans.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

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10. Property, plant and equipment

	2024		2023			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	34 826 057	-	34 826 057	34 826 057	-	34 826 057
Buildings	45 976 420	(24 716 599)	21 259 821	45 833 910	(18 047 352)	27 786 558
Community assets	59 819 085	(23 757 621)	36 061 464	63 265 187	(23 915 535)	39 349 652
Plant and equipment	5 688 087	(2 818 372)	2 869 715	6 140 798	(2 513 126)	3 627 672
Furniture and fixtures	2 984 852	(2 719 377)	265 475	3 548 485	(3 216 304)	332 579
Motor vehicles	20 059 735	(12 679 637)	7 380 098	19 431 008	(14 030 675)	5 400 329
Office equipment	5 016 401	(3 784 730)	1 231 671	6 274 189	(4 992 268)	1 281 921
Infrastructure	990 232 996	(349 486 534)	640 746 462	988 156 905	(306 020 314)	682 136 595
Work in progress (WIP)	75 046 163	-	75 046 163	38 021 225	-	38 021 225
Landfill sites	11 015 019	(10 701 368)	313 651	18 412 502	(18 046 576)	365 927
Total	1 250 664 815	(430 664 238)	820 000 577	1 223 910 266	(390 782 150)	833 128 515

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	34 826 057	-	-	-	-	34 826 057
Buildings	27 786 558	142 510	-	(2 334 859)	(4 334 388)	21 259 821
Community Assets	39 349 652	-	(172 482)	(3 115 705)	-	36 061 465
Plant and machinery	3 627 672	163 325	(110 651)	(810 428)	-	2 869 918
Furniture and fixtures	332 579	-	(17 095)	(50 010)	-	265 474
Motor vehicles	5 400 329	3 354 673	(73 573)	(1 301 335)	-	7 380 094
Office equipment	1 281 921	630 908	(86 318)	(594 879)	-	1 231 632
Infrastructure	682 136 595	2 156 101	(291 738)	(43 484 526)	-	640 516 432
Work in progress (WIP)	38 021 225	37 254 807	-	-	-	75 276 032
Landfill sites	365 927	-	-	(52 275)	-	313 652
Total	833 128 515	43 702 324	(751 857)	(51 744 017)	(4 334 388)	820 000 577

Blue Crane Route Local Municipality (EC 102)

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	34 826 057	-	-	-	-	34 826 057
Buildings	30 362 907	-	-	(2 576 349)	-	27 786 558
Community Assets	40 016 727	2 589 293	-	(3 092 143)	(164 225)	39 349 652
Plant and machinery	1 839 947	2 271 476	-	(483 751)	-	3 627 672
Furniture and fixtures	377 349	-	-	(44 770)	-	332 579
Motor vehicles	3 055 632	3 404 702	-	(954 405)	(105 600)	5 400 329
Office equipment	1 409 629	325 462	-	(453 170)	-	1 281 921
Infrastructure	684 775 123	37 151 200	-	(38 611 859)	(1 177 869)	682 136 595
Work in progress (WIP)	51 312 314	31 201 497	(44 492 586)	-	-	38 021 225
Landfill Sites	-	418 202	-	(52 275)	-	365 927
	847 975 685	77 361 832	(44 492 586)	(46 268 722)	(1 447 694)	833 128 515

Pledged as security

No assets pledged as security.

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

The Pounds - (Work in Progress)

756 531 678 832

Blue Crane Route Local Municipality (EC 102)

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10. Property, plant and equipment (continued)

2023

Reasons: Funding has been secured for the completion of the project. Material has been procured and construction will be finalised in the next financial period..

2024

The following sections of the pound remain incomplete at year end, due to slow progress by the maintenance department.

- Ablution facilities
- Fence.

No impairment loss has been recognised in relation to this asset.

756 531

678 832

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	33 801 075	3 541 318	678 832	38 021 225
Additions/capital expenditure	36 594 961	355 548	304 298	37 254 807
	70 396 036	3 896 866	983 130	75 276 032

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	46 652 055	4 415 138	245 121	51 312 314
Additions/capital expenditure	29 052 362	1 715 472	1 522 811	32 290 645
Transferred to completed items	(41 903 342)	(2 589 292)	(1 089 100)	(45 581 734)
	33 801 075	3 541 318	678 832	38 021 225

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment Included in Statement of Financial Performance

Employee related costs

1 130 592

2 250 570

Blue Crane Route Local Municipality (EC 102)

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11. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage Assets	458 067	-	458 067	458 067	-	458 067

Reconciliation of heritage assets 2024

	Opening balance	Total
Heritage assets	458 067	458 067

Reconciliation of heritage assets 2023

	Opening balance	Total
Heritage Assets	458 067	458 067

Description of heritage assets

The Municipality owns the following heritage assets:

- Delville Wood Monument
- William Charles Comley Monument

Blue Crane Route Local Municipality (EC 102)

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12. Employee benefit obligations

Post employment medical aid

Define benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme.

All continuation members and their eligible dependents receive a subsidy of either 60% or 70%.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same subsidy.

All subsidies are suspected to remain to a maximum of R5 541 for the year ending 30 June 2024. The maximum subsidy amount has been assumed to increase in the future at 75% of salary inflation.

Principal assumptions

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefits payments, current market rates of the appropriate term should be used to discount shorter term payments and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 12,09% per annum has been used. The corresponding index-linked yield at this term is 5,17%.

These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the Johannesburg stock after the market close on 30 June 2024.

Financial assumptions

Discount rates used	12,09 %	12,09 %
Expected rate of return on assets	7,60 %	7,72 %
Expected rate of return on reimbursement rights	4,17 %	4,06 %
Actual return on reimbursement rights	5,33 %	5,42 %
Medical cost trend rates	6,42 %	6,33 %

The next contribution rate increase is assumed to occur at 1 January 2025.

Demographic assumptions

Average retirement age 62 (males)/ 59 (Females)

Actual return on plan assets	75 %	75 %
Actual return on reimbursement rights	60 %	60 %

Blue Crane Route Local Municipality (EC 102)

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12. Employee benefit obligations (continued)		
Accrued liability values		
Carrying value		
Opening Accrued Liability	23 985 000	24 691 000
Service cost	607 000	666 000
Interest cost	2 831 000	2 777 000
Benefits paid	(1 175 000)	(1 060 841)
Actuarial (gain)/loss recognised in the year	(2 071 000)	(3 088 159)
	24 177 000	23 985 000
Non-current liabilities	(22 783 000)	(22 810 000)
Current liabilities (Estimate of benefits payments expected in the next annual period)	(1 394 000)	(1 175 000)
	24 177 000	23 985 000
The total liability has decreased by 1% (or R192 000) since the last valuation.		
Calculation of actuarial gains and losses		
The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:		
Basic changes: net effect if changes in net discount rates	(302 000)	(2 791 000)
Change in in-service non-member assumed medical aid option	-	544 000
Subsidy increases lower than assumed	(17 000)	(342 000)
Changes to membership profile different from assumed	(1 752 000)	(452 000)
Actual benefits vesting, lower than expected	-	(47 159)
Actuarial (Gain)/Loss for the period	(2 071 000)	(3 088 159)
Net expense recognised in the statement of financial performance		
Consumers		
Current service cost	607 000	666 000
Interest	2 831 000	2 777 000
Benefits paid	(1 175 000)	(1 060 841)
Total included in employee related costs	2 263 000	2 382 159
Actuarial (Gain)/Loss recognised in statement of financial performance	(2 071 000)	(3 088 159)
	192 000	(706 000)
Estimate of contributions expected to be paid to the plan in the next financial year	(662 000)	(607 000)

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12. Employee benefit obligations (continued)

Sensitivity analysis on the accrued liability for the year ending 30/06/2024 (R millions)

Assumptions

	Change	Eligible employees	Continuation members	Total	% Change against central assumptions
Central assumptions	-	10,582	13,595	24,177	-
Medical aid contribution inflation rate	1 %	11,501	14,413	25,914	7 %
Discount rate	-1 %	9,489	12,716	22,205	-8 %
	1 %	9,234	12,566	21,800	-10 %
Post-retirement mortality	-1 %	12,245	14,790	27,035	12 %
	1 yr	10,359	13,202	23,561	-3 %
Average retirement age	1 yr	10,798	13,986	24,784	3 %
Membership contribution	-1 yr	11,488	13,595	25,083	4 %
	-10 %	9,207	13,595	22,802	-6 %

Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2024

Assumptions

	Change	Current Service Cost	Interest	Total	% Change against central assumptions
Central assumptions	-	607 000	2 831 000	3 438 000	-
Medical aid contribution inflation rate	1 %	668 000	3 046 000	3 714 000	8 %
Discount rate	-1 %	530 000	2 588 000	3 118 000	-9 %
	1 %	517 000	2 752 000	3 269 000	-5 %
Post- retirement mortality	-1 %	720 000	2 916 000	3 636 000	6 %
	1 yr	595 000	2 758 000	3 353 000	-2 %
Average retirement age	-1 yr	619 000	2 903 000	3 522 000	2 %
Membership contribution	-1 yr	687 000	2 934 000	3 621 000	5 %
	-10 %	530 000	2 662 000	3 192 000	-7 %

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History

	2020	2021	2022	2023	2024
Accrued liability	20,317	22,799	24,691	23,985	24,177
Fair value of plan asset	0,000	0,000	0,000	0,000	0,000
Surplus / (Deficit)	<u>(20 317)</u>	<u>(20 799)</u>	<u>(24 691)</u>	<u>23 985</u>	<u>24 177</u>

History of experience adjustments: Gains and Losses (R millions)

Experience adjustments

	2020	2021	2022	2023	2024
Liabilities: (Gain)/Loss	0,102	(1,262)	0,110	(0,841)	(1,769)
Assets: Gain/Loss	0,000	0,000	0,000	0,000	0,000

Blue Crane Route Local Municipality (EC 102)

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13. Long Service Awards (LSA)

Defined benefit plan

The Municipality offers employees LSA for every five years of service completed, to 45 years of service, inclusive. In the month that each "Completed Service" milestone is reached, the employee is granted a LSA. At 30 June 2024, the Municipality had 253 employees that are entitled to LSA.

Principal assumptions

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10,68% per annum has been used. The corresponding liability-weighted index linked yield is 5,03%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 30 June 2024.

The duration of the total liability was estimated to be 7 years.

Financial assumptions

Discount rates used	10,68 %	10,92 %
Expected rate of return on assets	5,91 %	6,39 %
Expected rate of return on reimbursement rights	4,51 %	4,26 %

The salaries used in this valuation include an assumed increase on 1 July 2024 by 5%. The next contribution rate increase is assumed to occur at 1 July 2025.

Accrued liability values

Carrying value		
Opening accrued liability	4 313 000	4 270 000
Service cost	462 000	440 000
Interest cost	436 000	424 000
Benefits paid	(667 000)	(670 645)
Actuarial (gain)/loss recognised in the year	145 000	(150 355)
	4 689 000	4 313 000
Non-current liabilities	3 682 000	3 646 000
Current liabilities (Estimate of benefits payments expected in the next annual period)	1 007 000	667 000
	(4 689 000)	(4 313 000)

The total liability has increased by 9% (or R376 000) since the last valuation.

Calculation of actuarial gains and losses

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Basic changes: Increase in net discount rate	(46 000)	(235 000)
Salary increases higher than assumed	27 000	(38 000)
Change to employee profile different from assumed	164 000	65 000
Actual benefits vesting, lower than expected	-	57 645
Actuarial (Gain)/Loss for the period	145 000	(150 355)

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Figures in Rand	2024	2023
13. Long Service Awards (LSA) (continued)		
Net expense recognised in the statement of financial performance		
Consumers		
Current service cost	462 000	440 000
Interest	436 000	424 000
Benefits vesting	(667 000)	(670 645)
Total included in employee related costs	231 000	193 355
Actuarial (Gain)/Loss recognised in statement of financial performance	145 000	(150 355)
	376 000	43 000
Estimate of benefits vesting in the next financial year	(1 007 000)	(667 000)

Sensitivity analysis on the accrued liability (R millions)

Assumptions

	Change	Liability	% Change against central assumptions
Central assumptions	-	4,689	- %
General salary inflation	1 %	4,897	5 %
	-1 %	4,497	-4 %
Discount rate	1 %	4,488	-4 %
	-1 %	4,909	5 %
Average retirement age	2 yrs	5,205	11 %
	-2 yrs	4,110	-12 %
Withdrawal rates	x2	3,995	-15 %
	x0.5	5,138	10 %

Other assumptions

Assumptions

	Change	Current service cost	Interest cost	Total	% Change against central assumptions
Central assumptions	-	462 000	436 000	898 000	-
General salary inflation	1 %	488 000	457 000	945 000	5 %
	-1 %	438 000	416 000	854 000	-5 %
Discount rate	1 %	441 000	453 000	894 000	0 %
	-1 %	485 000	417 000	902 000	0 %
Average retirement age	2 yrs	508 000	497 000	1 005 000	12 %
	-2 yrs	411 000	372 000	783 000	-13 %
Withdrawal rates	x2	368 000	364 000	732 000	-18 %
	x0.5	526 000	482 000	1 008 000	12 %

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History

	2020	2021	2022	2023	2024
Accrued liability	4,244	4,112	4,270	4,313	4,689

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Figures in Rand	2024		2023	
13. Long Service Awards (LSA) (continued)				
Fair value of plan asset	0,000	0,000	0,000	0,000
Surplus / (Deficit)	<u>(4,244)</u>	<u>(4,112)</u>	<u>(4,270)</u>	<u>(4,689)</u>

History of experience adjustments: Gains and Losses (R millions)

Experience adjustments

	2020	2021	2022	2023	2024
Liabilities: (Gain) / Loss	116 205	(72 633)	(61 841)	84 645	191 000
Assets: Gain / Loss	0	0	0	0	0

Total employment benefit obligation

Carrying value

Post-employment medical aid		24 177 000	23 985 000
Long service awards		4 689 000	4 313 000
		<u>28 866 000</u>	<u>28 298 000</u>
Non-current liabilities		26 465 000	26 456 000
Current liabilities		2 401 000	1 842 000
		<u>28 866 000</u>	<u>28 298 000</u>

14. Other financial liabilities

At amortised cost

Nedbank

A loan of R5 500 000 was taken up from Nedbank on 19 November 2021 for financing of vehicles and other assets.

Fixed instalments are payable semi-annually at R712 565.00 at a fixed interest rate of 9.58% p.a.

The final instalment is payable on 31 December 2026.

3 103 105 4 152 640

3 103 105 4 152 640

Total other financial liabilities

3 103 105 4 152 640

In terms of Section 46 of the Municipal Finance Management Act, the Council resolved that the Municipality may obtain loan funding for the purposes of acquiring assets.

Non-current liabilities

At amortised cost

1 947 666 3 103 105

Current liabilities

At amortised cost

1 155 439 1 049 535

Blue Crane Route Local Municipality (EC 102)

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15. Finance lease obligation		
Minimum lease payments due		
- within one year	-	395 895
less: future finance charges	-	395 895
Present value of minimum lease payments	-	380 807
Present value of minimum lease payments due		
- within one year	-	380 807

It is municipality policy to lease certain plant and equipment under finance leases.

The lease term was 3 years and the average effective borrowing rate was fixed at 9,70% (2023: 9,70%).

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note . Property, plant and equipment for the carrying value of assets subject to finance lease.
At 30 June 2023 there was only a current liability for finance leases outstanding. The final instalment will be payable on 30 June 2024.

There are no subleases.

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption or redemption terms of loans payable.

Blue Crane Route Local Municipality (EC 102)

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16. Unspent conditional grants and receipts

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totaling R32 886 554 (2023: R10 388 272).

Where conditions have been met, the amounts were recognised as revenue and is shown under the transfer columns per the following table.

The municipality complied with all the conditions attached to the grants / allocations.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2024	2023
Water Services Infrastructure Grant (WSIG)	-	3 800 000
District Municipality - Various Projects	440 644	440 644
Dr WH Craib Trust	13 015	13 015
District Municipality - Fire and Disaster	1 475 822	1 055 822
Expanded Public Works Programme (EPWP)	444 024	1 796 812
Integrated National Electrification Grant (INEP)	-	81 979
Disaster Grant	30 063 049	3 200 000
Sarah Baartman District Municipality (SBDM)	450 000	-
	32 886 554	10 388 272

Grant description	Unspent balance 2023	Receipts	Adjustments /written off	Transfer operational expenditure	Transfer capital expenditure	Unspent balance 2024
Municipal Infrastructure Grant (MIG)	-	22 645 000	-	-	(22 645 000)	-
Water Service Infrastructure Grant (WSIG)	3 800 000	16 250 000	(3 800 000)	-	(16 250 000)	-
District Municipality: Infrastructure Grant	9 772	-	-	-	-	9 772
Finance Management Grant (FMG)	-	2 450 000	-	(2 270 129)	(179 871)	-
District Municipality: Youth and other tourism upgrades	262 838	-	-	-	-	262 838
Dr WH Craib Trust	13 015	-	-	-	-	13 015
District Municipality: Fire and Disaster	1 055 821	420 000	-	-	-	1 475 822
Depart Sport : Library admin cost	-	2 300 000	-	(2 300 000)	-	-
Expanded Public Works Programme (EPWP) - Operational grant	-	1 143 000	-	(1 143 000)	-	-
Expanded Public Works Programme - Community Services	1 796 812	-	-	(1 352 788)	-	444 024
ACIP Water conservation	42 520	-	-	-	-	42 520
Integrated National Electrification Program (INEP)	81 979	100 000	-	-	(181 979)	-
Abafazi Rural Project (LED)	24 393	-	-	-	-	24 393
Resourcing Youth Centre (LED)	91 571	-	-	-	-	91 571
Sarah Baartman District - Operational	-	1 750 000	-	(1 300 000)	-	450 000
Water Tanks: District Municipality	1 550	-	-	-	-	1 550
Moral Regeneration Movement Programme	8 000	-	-	-	-	8 000

Blue Crane Route Local Municipality (EC 102)

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Figures in Rand			2024			2023
16. Unspent conditional grants and receipts (continued)						
Energy Efficiency and Demand Side Management Grant (EEDM)	-	4 000 000	-	-	(4 000 000)	-
Disaster Grant	3 200 000	30 491 000	-	(3 627 851)	-	30 063 049
Equitable Share	-	63 422 000	3 800 000	(67 222 000)	-	-
	10 388 271	144 971 000	-	(79 215 869)	(43 256 850)	32 886 554

Movement during the year

Balance at the beginning of the year	10 388 271	24 614 816
Additions during the year	144 971 000	99 668 688
Income recognition during the year	(122 472 717)	(113 895 233)
	32 886 554	10 388 271

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, WSIG, & FMG):	Upgrade of Infrastructure (MIG and WSIG) and building financial capacity and learnerships (FMG)
Sarah Baartman District Municipality:	Fire fighting, LED Projects and Infrastructure grants
Eastern Cape Department of Roads and Public Works:	Labour intensive projects to promote job creation for unemployed people (EPWP)
Department of Sport and Agriculture:	Administration cost for Libraries
EEDM:	Energy Efficiency and Demand Side Management for electricity network
INEP:	Electricity upgrading

17. Payables from exchange transactions

Trade payables	106 456 517	48 886 912
Payments received in advanced	3 006 698	1 831 497
Accrued leave pay	7 631 751	7 014 146
Accrued 13th cheque	2 274 352	2 479 886
Retentions on capital projects	2 040 017	1 519 000
Previous employees of Development Agency	813 695	813 695
Unidentified bank deposits	909 845	286 266
Deposits received - (Town Hall)	253 335	226 069
Deposits received - (Chalets)	36 913	36 913
	123 423 123	63 094 384

Blue Crane Route Local Municipality (EC 102)

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18. Trade and other payable from non-exchange

Trade and other: Principal-Agency arrangement (Traffic Licences)	161 685	77 299
Trade and other: Principal-Agency arrangement (Housing Project)	-	74 619
	<u>161 685</u>	<u>151 918</u>

Reconciliation : Reconciliation: Principal-Agency arrangement (Traffic Licences)

Opening balance	77 299	102 569
Total licence and transaction fees received from third parties	2 201 474	2 319 528
Total licence and transaction fees paid over to Principal (Department of Transport)	(2 117 088)	(2 344 798)
	<u>161 685</u>	<u>77 299</u>

These liabilities relates to transactions between a Principal-Agent relationship of which the Municipality is the Agent for Department of Transport to issue motor vehicle licences to third parties.

The Municipality receive agency fees of 19% of the total income. This revenue is included in Note 27 and was an amount of R546 241 (2023: R781 887).

The fees are paid over to the Principal (Department of Transport) on a weekly basis.

The outstanding amount at year end were paid over during the first week in July 2024.

Reconciliation : Principal-Agency arrangement (Housing Project)

Opening balance	74 619	926 385
Payments received from Department of Human Resources	-	434 023
Payments paid to contractor appointed for the Housing Project	(77 796)	(1 285 789)
Other	3 177	-
	<u>-</u>	<u>74 619</u>

These liabilities relate to transactions between a Principal-Agent relationship of which the Municipality is the Agent for Department of Human Resources in the Eastern Cape to build houses. The Municipality received the cost of the project in advance in 2021.

The Municipality received the cost of the project in advance in 2021 and start with the project in 2022. The project was completed in 2024.

See note 56 for other Principal and Agent disclosures.

19. VAT payable

VAT	<u>1 349 650</u>	<u>1 410 810</u>
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VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.

20. Consumer deposits

Electricity	1 435 313	1 479 167
Water	1 360 615	1 358 594
	<u>2 795 928</u>	<u>2 837 761</u>

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21. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	29 624 458	1 895 330	-	31 519 788
Municipal Workers Retirement Fund (MWRF)	10 896 601	1 360 159	(12 256 760)	-
	40 521 059	3 255 489	(12 256 760)	31 519 788

Reconciliation of provisions - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	26 297 727	3 326 731	29 624 458
Municipal Workers Retirement Fund (MWRF)	9 672 519	1 224 082	10 896 601
	35 970 246	4 550 813	40 521 059

Non-current liabilities

31 519 912 **40 521 060**

Environmental rehabilitation provision

The above rehabilitation provision includes the three towns of Somerset East, Cookhouse and Pearston.

All landfill sites financial implications and valuations are determined in terms of Section 28 of the National Environmental Management Act No. 107 of 1998.

There is no planning for closure and rehabilitation of the landfill sites within the next five years and this is likely to only commence around 2030.

The effective date of all valuations was 30 June 2024 and was done and certified by Mr. T. Duvenhage, Professional Engineer, from Zutari (Pty) Ltd.

In Calculating the provision for rehabilitation, the following have been included:

- Direct contract costs
- Indirect Professional Fees
- Indirect disbursements
- Escalation

No rehabilitation has taken place on Cookhouse or Pearston landfill sites during the current year, while covering has partly taken place at Somerset East landfill site.

Fencing at Cookhouse (316m) and Pearston (621m) and Somerset East (121m) has been vandalised and needs regular replacing.

Monetary values for landfill sites

Cookhouse	1 881 940	1 767 001
Pearston	5 373 193	5 031 013
Somerset East	24 264 655	22 826 444
	31 519 788	29 624 458

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21. Provisions (continued)

Municipal Workers Retirement Fund (MWRF)

The above provision relates to a court judgement in favour of the Municipal Workers Retirement Fund (MWRF).

The judgement required the Municipality to pay an amount of R3.8m to the MWRF. The Municipality was unsuccessful in its appeals and is therefore liable for the capital relating to the outstanding amount plus any interest accrued up to the date of settlement. In the current year, the Municipality settled the outstanding amount.

22. Revenue

Service charges	159 899 407	142 055 598
Agency services	546 241	781 887
Fines	113 471	188 505
Interest received - External investment	2 507 707	1 102 484
Interest earned - Outstanding debtors	7 215 028	5 973 958
Licences and permits	436 111	478 753
Other income	2 606 978	3 275 659
Property rates	28 215 239	24 315 580
Rental of facilities and equipment	723 854	648 718
Transfers & subsidies	122 472 719	108 230 791
Interest, Dividends and Rent on Land	4 331 983	2 265 019
	329 068 738	289 316 952

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	159 899 407	142 055 598
Agency services	546 241	781 887
Interest received - External investment	2 507 707	1 102 484
Interest earned - Outstanding debtors	7 215 028	5 973 958
Other income	2 606 978	3 275 659
Rental of facilities and equipment	723 854	648 718
	173 499 215	153 838 304

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	28 215 239	24 315 580
Fines, penalties and forfeits	113 471	188 505
Licences or permits	436 111	478 753
Interest, Dividends and Rent on Land	4 331 983	2 265 019
Transfer revenue		
Transfers & Subsidies	122 472 719	108 230 791
	155 569 523	135 478 648

Collectibility of amounts

At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the municipality has an obligation to collect all revenue.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
23. Property rates		
Revenue		
Agricultural	4 828 074	4 147 219
Business & Commercial	3 410 348	3 099 257
Game Farms	8 438 294	6 482 497
Government - Other	6 736 300	6 124 141
Residential	4 802 223	4 462 466
	28 215 239	24 315 580
Valuations		
Agricultural	7 054 282 030	7 053 964 030
Business & Commercial	327 107 465	325 148 725
Game Farms	849 617 225	853 471 225
Government - Other	636 340 810	636 340 810
Residential	648 395 361	644 648 336
	9 515 742 891	9 513 573 126

Statutory property rates

Rates are charged on Statutory properties according to the Property Rates Act No. 6 of 2004. Read together with Government Gazette No. 32061 dated 27 March 2009. The tariffs of all property rates as well as the valuation date are disclosed hereunder.

Valuation and tariffs

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The next general valuation will be done on 1 July 2024.

Rates are levied on an annual basis with the final date for payment being 30 June 2024 (30 June 2023). Interest at prime plus 1% per annum (2023: prime plus 1% per annum), is levied on rates outstanding one month after due date.

A general rate of 0.000633 (2023: 0.000576) for agricultural properties, 0.010586 (2023: 0.009624) for business properties, 0.009048 (2023: 0.008225) for residential properties 0.000 (2023: 0.000) for government infrastructure properties and 0.010586 (2023: 0.009624) for government properties is applied to property valuations to, determine assessment rates.

Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted and have not changed since the prior year.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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24. Service charges

Sale of electricity	122 768 459	111 543 856
Sale of water	18 276 953	14 928 934
Sewerage and sanitation charges	7 251 431	6 025 151
Refuse removal	11 602 564	9 557 657
	159 899 407	142 055 598

Electricity losses

Units (kwh)	7 630 439	14 357 956
Amount	R 8 634 866 R	13 488 602
Percentage	12 %	24 %

Electricity losses are due to aging infrastructure, electricity theft and outdated meters. The municipality has developed an action plan, called the "Revenue Enhancement Plan", to deal with the replacement of old infrastructure and meters and also appoint electricians to investigate theft.

Water losses

Units (Kl)	403 187	356 752
Amount	R 3 052 122 R	2 500 832
Percentage	22 %	22 %

The water losses are due to aging infrastructure, theft of water outdated water meters and vandalism.

25. Interest earned - external investments

Interest revenue

Bank Accounts	2 507 707	1 102 484
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The amount of R2 507 707 (2023: R1 102 484) is included under revenue arising from exchange transactions.

26. Agency services

Motor vehicle licences	546 241	781 887
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Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Transfers & subsidies		
Operating grants		
Department of Sport: Library Grant	2 300 000	2 300 000
Disaster Relief Grant	3 627 951	-
Equitable share	67 222 000	63 385 000
Expanded Public Works Programme (EPWP)	2 495 789	2 671 103
Finance Management Grant (FMG)	2 270 129	2 450 000
Sarah Baartman District Subsidy	1 300 000	3 081 500
	79 215 869	73 887 603
Capital grants		
Municipal Infrastructure Grant (MIG)	22 645 000	16 322 542
Water Services Infrastructure (WSIG)	16 250 000	17 482 625
Integrated National Electrification Program (INEP)	181 979	538 021
Energy Efficiency and Demand Side Management Grant	4 000 000	-
Finance Management Grant (FMG)	179 871	-
	43 256 850	34 343 188
	122 472 719	108 230 791
28. Other income		
Bad debts recovered	-	1 200 619
Building plan approvals	90 226	220 162
Burial fees	103 485	81 808
Camping fees	28 765	54 899
Commission: Transaction handling fees	189 407	186 022
Connections and reconnection fees	368 409	364 312
Fire services - Reimbursement of salaries	930 787	291 980
General/Other	109 911	108 997
Incidental cash surpluses	1 624	54 512
Insurance refund	565 208	343 421
Library fees	4 134	9 429
Skills development levy refund	193 840	349 816
Sub-divisions and consolidations	21 182	9 682
	2 606 978	3 275 659
29. Employee related costs		
Basic salary and wages	63 674 898	61 781 471
Bonuses	4 842 795	5 102 483
Social contributions - Medical	4 315 456	2 169 295
Social contributions - Group life insurance	3 943	1 960
Social Contributions - Unemployment insurance	524 872	517 348
Social contributions - Bargaining council	36 382	35 416
Social contributions - Pension	11 121 621	10 217 159
Overtime	5 948 218	4 719 638
Other allowances: Non Pensionable	4 648 525	3 971 843
Leave pay	2 237 196	1 993 331
Post-retirement benefits - Medical : Net Service Cost	607 000	666 000
Long Term Service Awards: Net Service Cost	462 000	440 000
Post-retirement benefits - Medical : Interest Cost	2 831 000	2 777 000
Long Term Service Awards: Interest Cost	436 000	424 000
Less: Recharge to capital works	1 130 592	824 300
	102 820 498	95 641 244

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023	
29. Employee related costs (continued)			
Section 56 Senior Managers: Total cost per position			
Municipal Manager - Mr T Klaas	: Appointed 01/07/2022 - 31/10/2022	-	781 567
Municipal Manager - Mr P Nini	: Appointed 01/01/2023 - Current	1 543 849	743 009
Chief Financial Officer - Mr N B Delo	: Appointed 01/02/2017 - Current	1 452 266	1 205 558
Director: Corporate Services - Mrs N Kubone	: Appointed 01/01/2021 - Current	1 299 733	1 202 820
Director: Community Services - Adv M Planga	: Appointed 01/07/2022 - 31/10/2022	-	565 124
Director: Community Services - Mrs Y Mniki	: Appointed 01/01/2023 - Current	1 251 994	598 350
Director: Technical Services - Mr A Gaji	: Appointed 01/06/2019 - 30/05/2024	1 282 210	1 241 413
		6 830 052	6 337 841
Remuneration of Municipal Manager : T Klaas			
Annual Remuneration	-	414 369	
Car Allowance	-	80 057	
Performance Bonuses	-	21 764	
Contributions to UIF, Medical and Pension Funds	-	885	
Skill Levy	-	5 002	
Subsistence Allowance	-	7 380	
Bargaining Council	-	43	
Leave	-	252 067	
	-	781 567	
Remuneration of Municipal Manager : M P Nini			
Annual Remuneration	824 939	371 877	
Car Allowance	480 000	298 904	
Contributions to UIF, Medical and Pension Funds	51 503	34 045	
Remote Allowance	52 986	25 721	
Skill Levy	13 894	6 697	
Subsistence Allowance	11 480	5 700	
Bargaining Council	137	65	
Travel Allowance - Re-imbursive	108 910	-	
	1 543 849	743 009	
Remuneration of Chief Finance Officer: N Delo			
Annual Remuneration	1 132 029	958 778	
Car Allowance	240 000	181 306	
Contributions to UIF, Medical and Pension Funds	2 125	2 125	
Remote Allowance	46 187	47 764	
Skill Levy	12 189	11 516	
Subsistence Allowance	3 360	3 940	
Bargaining Council	137	130	
Travel Allowance - Re-imbursive	16 239	-	
	1 452 266	1 205 559	
Remuneration of Director - Corporate Services: N Kubone			
Annual Remuneration	1 087 718	998 778	
Car Allowance	120 000	140 057	
Contributions to UIF, Medical and Pension Funds	2 125	2 125	
Remote Allowance	46 187	47 764	
Skill Levy	12 149	11 586	
Subsistence Allowance	3 140	2 380	
Bargaining Council	136	130	

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
29. Employee related costs (continued)		
Travel Allowance - Re-imbursive	28 278	-
	1 299 733	1 202 820
Remuneration of Director - Community Services: M Planga		
Annual Remuneration	-	320 321
Car Allowance	-	53 934
Contributions to UIF, Medical and Pension Funds	-	708
Remote Allowance	-	17 869
Skill Levy	-	3 813
Subsistence Allowance	-	280
Bargaining Council	-	43
Leave	-	168 155
	-	565 123
Remuneration of Director - Community Services: Y H Mniki		
Annual Remuneration	1 000 057	469 400
Car Allowance	180 000	98 337
Contributions to UIF, Medical and Pension Funds	2 125	1 063
Remote Allowance	46 187	22 421
Skill Levy	11 984	5 705
Subsistence Allowance	1 360	1 360
Bargaining Council	136	65
Travel Allowance - Re-imbursive	10 145	-
	1 251 994	598 351
Remuneration of Director - Technical Services: A Gaji		
Annual Remuneration	868 374	795 702
Car Allowance	110 000	174 737
Contributions to UIF, Medical and Pension Funds	194 067	205 436
Remote Allowance	42 338	47 764
Skill Levy	11 738	11 866
Subsistence Allowance	4 740	5 780
Bargaining Council	125	130
Travel Allowance - Re-imbursive	50 828	-
	1 282 210	1 241 415

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Remuneration of councillors		
Mayor: BA Manxoweni	947 326	876 537
Speaker: NP Nkonyeni	765 388	710 212
Chairperson: Corporate Services - MS Kwatsha	-	3 387
Chairperson: Community Services - A Hufkie	-	3 387
Chairperson: Infrastructure - TA Grootboom	-	3 387
Portfolio Head: Technical Services - MK Mali	286 486	392 891
Portfolio Head: Community Services - JM Martin	421 479	392 979
Chief Whip: P Sonkwala	421 478	392 979
Councillors	2 108 970	1 771 449
	4 951 127	4 547 208
Mayor: B A Manxoweni		
Councillors Allowance	686 378	629 146
Pension Fund Contributions	48 568	47 064
Medical Aid Contributions	49 378	46 400
Fixed Travel Allowance	118 602	109 526
Councillors Cellphone Allowance	44 400	44 400
	947 326	876 536
Speaker: N P Nkonyeni		
Councillors Allowance	504 886	464 604
Pension Fund Contributions	35 855	34 755
Fixed Travel Allowance	180 247	166 453
Councillors Cellphone Allowance	44 400	44 400
	765 388	710 212
Councillor - M K Mali		
Councillors Allowance	192 665	261 435
Fixed Travel Allowance	64 221	87 056
Councillors Cellphone Allowance	29 600	44 400
	286 486	392 891
Portfolio Head: Community Services - J M Martin		
Councillors Allowance	329 944	297 709
Fixed Travel Allowance	47 134	50 870
Councillors Cellphone Allowance	44 400	44 400
	421 478	392 979
Chief Whip: P Sonkwala		
Councillors Allowance	241 807	221 781
Pension Fund Contributions	41 001	39 743
Fixed Travel Allowance	94 270	87 056
Councillors Cellphone Allowance	44 400	44 400
	421 478	392 980
Councillor: F P Brown		
Councillors Allowance	213 906	197 536
Fixed Travel Allowance	71 302	65 845

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Remuneration of councillors (continued)		
Councillors Cellphone Allowance	44 400	44 400
	329 608	307 781
Councillor: C Nel		
Councillors Allowance	4 778	73 722
Pension Fund Contributions	-	13 103
Fixed Travel Allowance	1 712	28 792
Councillors Cellphone Allowance	-	19 354
	6 490	134 971
Councillor: Z S Baskiti		
Councillors Allowance	259 251	253 505
Pension Fund Contributions	15 262	-
Fixed Travel Allowance	91 504	84 502
Councillors Cellphone Allowance	44 400	44 400
	410 417	382 407
Councillor: A B C Heynse		
Councillors Allowance	197 802	136 783
Pension Fund Contributions	14 184	10 223
Fixed Travel Allowance	70 662	49 002
Councillors Cellphone Allowance	44 400	33 015
	327 048	229 023
Councillor: A Dyantyi		
Councillors Allowance	213 906	197 536
Fixed Travel Allowance	71 302	65 845
Councillors Cellphone Allowance	44 400	44 400
	329 608	307 781
Councillor: T A Grootboom		
Councillors Allowance	-	2 512
Fixed Travel Allowance	-	875
	-	3 387
Councillor: M S Kwatsha		
Councillors Allowance	-	2 512
Fixed Travel Allowance	-	875
	-	3 387
Councillor: T C Xakaxa		
Councillors Allowance	-	1 957
Fixed Travel Allowance	-	682
	-	2 639
Councillor: K C Brown		

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Remuneration of councillors (continued)		
Councillors Allowance	-	1 957
Fixed Travel Allowance	-	682
	-	2 639
Councillor: A Hufkie		
Councillors Allowance	-	2 512
Fixed Travel Allowance	-	875
	-	3 387
Councillor: E L Miggels		
Councillors Allowance	199 200	193 567
Pension Fund Contributions	14 184	3 437
Fixed Travel Allowance	71 302	65 845
Councillors Cellphone Allowance	44 400	44 400
	329 086	307 249
Councillor: T W Peta		
Councillors Allowance	-	2 119
Fixed Travel Allowance	-	785
	-	2 904
Councillor: L E Smith-Johnson		
Councillors Allowance	206 850	60 631
Fixed Travel Allowance	68 950	20 210
Councillors Cellphone Allowance	44 400	13 661
	320 200	94 502
Councillor: H C Davenport		
Councillors Allowance	36 451	-
Fixed Travel Allowance	12 150	-
Councillors Cellphone Allowance	7 912	-
	56 513	-
31. Debt impairment		
Debt impairment	39 858 963	22 366 184
Bad debts written off	12 634 470	7 865 001
	52 493 433	30 231 185

Subsequent to the 2023/24 financial year end, Council approved the write-off of R12.6 million relating to indigent debtors.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

32. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

2022 - Prior period Errors

Provisions - (Municipal Workers Retirement Fund)

In 2019, a court ruling in favour of the Municipal Workers Retirement Fund (MWRF), resulted in the Municipality incurring a liability of R9 672 520, including interest and capital. Despite the judgement being passed, the Municipality appealed the court judgement and did not recognise a contingent liability. The 2023 opening accumulated surplus was restated to taken into account the effects of the capital and interest, not previously recognised.

Property, plant and equipment

Errors relating to property, plant and equipment were identified. The remaining useful lives of assets which were still in use, were not assessed resulting in these assets being fully depreciated to RNil. The remaining useful lives of these assets were assessed in the current year, resulting in an increase in the carrying value of property, plant and equipment and an increase in the opening accumulated surplus for the 2022/23 financial year.

2023 - Prior period Errors

Property, plant and equipment

Errors identified in prior periods relating to property, plant and equipment, resulted in a restatement of the opening balances for property, plant and equipment. This resulted in a decrease in Depreciation and Amortisation.

The cost and accumulated depreciation amounts for the following categories of assets listed within property, plant and equipment was amended, due to an incorrect disclosure of note 10 in the 2022/23 financial year

1. Plant and equipment -

<u>Previously reported:</u> Cost - R5 051 698	Accumulated depreciation - R2 513 126	Carrying Amount - R2 538 572
<u>Revised disclosure:</u> Cost - R6 140 798	Accumulated depreciation - R2 513 126	Carrying Amount - R3 627 672

2. Motor vehicles -

<u>Previously reported:</u> Cost - R17 522 440	Accumulated depreciation - R11 926 959	Carrying Amount - R5 595 481
<u>Revised disclosure:</u> Cost - R19 431 008	Accumulated depreciation - R14 030 675	Carrying Amount - R5 400 333

3. Infrastructure -

<u>Previously reported:</u> Cost - R947 293 553	Accumulated depreciation - R268 647 970	Carrying Amount - R678 645 583
<u>Revised disclosure:</u> Cost - R988 156 905	Accumulated depreciation - R306 020 314	Carrying Amount - R682 136 591

4. Work in progress -

<u>Previously reported:</u> Cost and Carrying Amount - R39 110 325
<u>Revised disclosure:</u> Cost and Carrying Amount - R38 021 225

Other receivables from exchange transactions

1. The District Municipality re-imbursed the salaries and wages of the fire fighters. This resulted in an increase in receivables, and a corresponding increase in other income which relates to the prior year.
2. An overpayment to the Department of Transport relating to the prior year, was corrected.

Unspent conditional grants and receipts

Rollovers relating to the prior year were not accounted for and has been adjusted for.

Contracted services

The District Municipality performed job evaluations for the Municipality, which related to the prior period. These expenses, were billed for in the current year, although a portion of this expense relates to prior years.

Depreciation and Amortisation

The effects of the assessed of the carrying values of property, plant and equipment in the prior year, resulted in a decrease in depreciation.

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
32. Prior-year adjustments (continued)				
2023 - Reclassifications				
VAT				
During the current year, the accrual relating to VAT was reallocated out of the VAT control account. The effect on the prior year as a result of this was follows:				
1. VAT Inputs totalling R3 237 687 was reallocated from the VAT Control account to the VAT Input Accrual account, included with Note 4 - Other receivables from exchange transactions.				
2. VAT Outputs totalling R2 944 837 was reallocated from the VAT Control account to the VAT Output Accrual account, included with Note 17 - Payables from exchange transactions.				
3. The net effects of the reclassifications and the errors identified above, resulted in an increase in the VAT Payable for the prior year.				
Accumulated Surplus				
The effects of the errors identified have been corrected and adjusted for in the opening Accumulated Surplus.				
Statement of financial position				
2022				
	Note	As previously reported	Correction of error	Restated
Property, plant and equipment	10	843 078 691	4 896 994	847 975 685
Accumulated surplus		(811 337 247)	4 775 525	(801 609 926)
Provisions		(26 297 727)	(9 672 519)	(35 970 246)
		5 443 717	-	10 395 513
2023				
	Note	As previously reported	Correction of error	Restated
Other receivables from exchange transactions	4	1 443 394	5 677 755	7 121 149
Property, plant and equipment	10	829 629 810	3 498 705	833 128 515
Unspent conditional grants and receipts	16	(8 105 645)	(2 282 626)	(10 388 271)
Payables from exchange transactions	17	(65 018 907)	(3 112 749)	(68 131 656)
VAT payable	19	(1 164 666)	(246 144)	(1 410 810)
Accumulated surplus		(781 957 273)	7 361 661	(774 595 612)
Provisions		(29 624 458)	(10 896 602)	(40 521 060)
		(54 797 745)	-	(54 797 745)
Statement of financial performance				
2023				
	Note	As previously reported	Correction of error	Restated
Other income	28	(2 928 030)	(347 629)	(3 275 659)
Depreciation and amortisation	33	51 967 802	(3 657 118)	48 310 684
Contracted services	36	8 799 471	381 050	9 180 521
Operational cost	39	12 998 540	88 756	13 087 296
Deficit for the year		(29 325 172)	2 310 858	(27 014 314)
Finance costs		3 687 228	1 224 083	4 911 311
Surplus for the year		45 199 839	-	45 199 839

Blue Crane Route Local Municipality (EC 102)

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
33. Depreciation and amortisation		
Investment property	2 041 962	2 041 962
Property, plant and equipment	51 744 018	46 268 722
	53 785 980	48 310 684
34. Finance charges		
Annual loans	375 596	468 281
Finance leases	15 089	45 802
Interest cost - Landfill sites liability	3 188 777	2 908 529
Interest cost - MWRF settlement	1 360 157	1 224 083
Overdue accounts	7 673 005	264 616
	12 612 624	4 911 311
Interest expense is calculated using the effective interest rate.		
35. Bulk purchases		
Electricity - Eskom	123 757 103	102 967 924
36. Contracted services		
Outsourced Services		
Catering services	-	9 561
Debt collection costs	40 680	1 637 281
Drivers licence cards	102 779	89 428
Security services	420 209	763 454
Consultants and Professional Services		
Business and advisory	1 523 905	3 111 184
Legal cost	936 263	1 319 043
Contractors		
Distribution of electricity commission	1 245 773	723 106
Electrical	-	37 050
Maintenance of buildings and facilities	3 795	4 944
Maintenance of unspecified assets	3 458 918	1 356 523
Transportation	630 121	128 947
	8 362 443	9 180 521
37. Inventory Consumed		
Consumables	8 877 691	8 209 188
Consumables - Standard Rated	723 212	491 690
Consumables - Zero Rated (Fuel)	3 495 033	7 709 922
Consumables - Other (Exempt)	4 663 539	7 576
	8 881 784	8 209 188
38. Transfer and subsidies		
Other subsidies		
South African Local Government Association	1 089 500	1 035 527

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
39. Operational costs		
Advertising, publicity, marketing and tenders	121 914	118 496
Assets expensed	15 141	22 150
Bank charges, facility and card fees	144 375	220 964
Courier and delivery services	1 666	1 967
Entertainment	4 810	1 724
External audit fees	3 918 420	3 127 194
Hire charges	312 704	212 817
Insurance underwriting: Premiums	2 083 860	1 483 218
Motor vehicle licences and registration	217 433	258 419
Printing, publications and books	311 228	582 958
Professional bodies, memberships and subscriptions	5 945	7 718
Registration fees - Seminars, conferences and workshops	19 626	27 295
Remuneration to ward committee	668 000	699 019
Resettlement costs	18 556	-
Skills development levy	995 562	929 886
Software licences	142 712	284 905
Title deed search fees	6 193	17 595
Telephone, fax, telegraph and telex	2 354 710	2 234 944
Transportation costs	35 530	24 012
Travel and subsistence	2 277 101	1 676 794
Uniforms and protective clothing	495 461	547 769
Workman's compensation fund	690 845	607 452
	14 841 792	13 087 296
40. Auditors' remuneration		
Audit Fees	3 918 420	3 127 194
An amount of R904 804 was outstanding at 30 June 2024.		
41. Net cash flows from operating activities		
Deficit	(56 390 250)	(27 014 314)
Adjustments for:		
Depreciation and amortisation	53 785 980	48 310 684
Actuarial gain	(1 926 000)	(3 238 514)
Fair value adjustments	(1 293 447)	-
Finance costs - Finance leases	15 089	45 802
Finance costs - MWRF	1 360 157	-
Finance costs - Landfill site	3 188 777	2 908 529
Impairment deficit	5 086 245	1 447 694
Debt impairment	52 493 433	30 231 185
Movement in long service awards liability	2 494 000	2 575 514
Movements in provisions	(12 256 760)	1 642 285
Movement in VAT provisions	(7 926 246)	-
Non-cash donations and other in-kind benefits	(1 334 366)	(1 556 534)
Changes in working capital:		
Inventories	(773 443)	129 098
(Increase)/decrease in other receivables from exchange transactions	(30 888 096)	(22 579 840)
(Increase)/decrease in other receivables from non-exchange transactions	(14 885 238)	(12 010 256)
Payables from exchange transactions	60 328 751	20 932 993
Net decrease in VAT payable	(61 160)	393 395
Increase in trade and other payables from non-exchange	9 767	(997 864)
Unspent conditional grants and receipts	22 498 283	(11 943 922)
Consumer deposits	(41 833)	45 503
Other receivables from exchange transactions	(183 949)	(5 805 439)
	73 299 694	23 515 999

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	2024	2023
42. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	40 251 498	38 856 958
Total capital commitments		
Already contracted for but not provided for	40 251 498	38 856 958

This committed expenditure relates to Infrastructure projects and will be financed by Government Grants.

43. Contingencies

Contingent liabilities

Matter: Blue Crane Route Municipality vs Municipal Workers Retirement Fund (MWRF)

Appeal was set down for 29 August 2022. The Municipality is waiting for the judgement to be issued.

2022/23

The municipality is in a process to petition the Judge President of the Supreme Court of Appeal, for this matter to be argued again.

2023/24

In May 2024, the Court issued a judgement which required the Municipality to pay R12.2 million to the MWRF. This amount was paid over to the fund.

In April 2025, Part B of the Municipality's application to the Court to set aside the interest cost of R21.6 million, will be heard.

The Municipality's legal representatives have advised that there are reasonable prospects of defending the R21.6 million claim against the Municipality.

Matter: Blue Crane Route Municipality vs M Gantsho (Former employee)

Mr Gantsho was found guilty of multiple counts of serious misconduct in 2020, and referred a dispute to the SALGBC claiming that he had been unfairly dismissed.

The matter proceeded to arbitration and a ruling was issued that he was entitled to retrospective reinstatement and back pay in the amount of R127 915. The Municipality has now referred the matter to the Labour Court requesting that the arbitration award be reviewed and set aside.

Fixed deposit of R613 992 was needed from the Labour Court to proceed with the case. See Note 10.1 It is anticipated that further cost associated with the Labour Court proceedings will amount to approximately R150 000.

2022/23

This matter is still pending in labour Court and the Municipality has good prospects of success.

2023/24

The matter relating to the contingent liability has been settled.

(See below for details relating to the Municipality's contingent asset claim relating to the matter).

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43. Contingencies (continued)

Matter: Blue Crane Route Municipality vs Q Plaatties

The Plaintiff claims that his vehicle was damaged after colliding with a pothole as a result of the defendant not maintaining the road. Legal fees estimated at R40 000 plus the claim from the Plaintiff of R18 052. The matter is ongoing and a plea had been filed. The Plaintiff has been missing since October 2020 so it is unclear who will be called to testify regarding the alleged.

2022/23

No further progress in this matter.

2023/24

Based on the fact that the plaintiff has not come forward since 2020, the matter has been removed.

Matter: Blue Crane Route Municipality vs DW Lackay

The plaintiff is claiming R111 440 from the Municipality for breach of duty to maintain water drainage. There are reasonable prospects of defending the claim.

2022/23

No further progress in this matter.

2022/24

The plaintiff withdrew the claim and accordingly, the matter was finalised and pleadings closed. Both parties agreed to settle the matter on the basis that each party paid its own costs, the matter has been removed.

Matter: Blue Crane Route Municipality vs C Simonse (Former employee)

Unfair dismissal dispute referred by employee, who claims she had reasonable expectation of having her contract renewed for a further 5 years. Reasonable prospects of opposing referral. Cost around estimated at R458 044.

2022/23

No further progress in this matter.

2023/24

The Court order dated 24 April 2024, indicated that there would be no further financial implications and the matter is finalised. Costs and disbursements incurred until finalisation of the matter (including settlement amounts paid to the employee) were R1 585 000, the matter has been removed.

Summary of Contingent liabilities

MWRF	21 602 355	16 940 819
M Gantsho	-	613 992
Q Plaatties	-	58 052
D W Lackay	-	111 440
C Simonse	-	458 044
	21 602 355	18 182 347

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43. Contingencies (continued)

Contingent assets

Matter: Blue Crane Route Municipality vs Autumn Star/Claassen

2022/23

The Municipality's legal representatives have advised that due to the age of the matter they do not foresee any chance of recovering the costs through legal processes. The matter will not be pursued further.

2023/24

The matter is ongoing. The Municipality's legal representatives have advised that an estimate of R3.6 million repayment from Autumn Star may be claimed and there are reasonable prospects of recovering the claim.

Matter: Blue Crane Route Municipality vs SAMWU

2023/24

In 2022/23 an unprotected strike occurred and an interdict against striking employees was sought. The interdict was granted and rule Nisi upheld with costs in the Municipality's favour. Bill of costs was prepared. Currently attending to taxation of the matter, whereafter costs may be recovered.

Matter: Blue Crane Route Municipality vs V Xaluva

2023/24

Building encroachment of Xaluva's boundary wall overlap onto neighbours property and multiple notices to demolish were sent as the prospects of success in the demolition application are reasonable. Costs to be recovered are estimated as R87 417, if instructed to proceed with demolition application.

Matter: Blue Crane Route Municipality vs M Gantsho (Former employee)

2023/24

The matter is still ongoing as the Municipality has good prospects of success. The Municipality was awarded partial costs by the Labour Court.

Despite demand, Mr Gantsho has refused to pay the costs. The Municipality is in the process of instructing the Sheriff to serve Mr Gantsho with a warrant of execution for the recovery of the costs amounting to R150 000.

Summary of Contingent assets

Autumn Star / Claassen	3 600 000	-
V Xaluva	87 417	-
SAMWU	144 859	-
M Gantsho	613 992	-
	4 446 268	-

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44. Related parties

No transactions were entered into with Section 56 Managers and the Councillors, except as per notes 29 and 30.

Key management information

Councillors	Description
Mr B A Manxoweni	Mayor
Mrs N P Nkonyeni	Speaker
Mr P Sonkwala	Chief Whip
Mr J M Martin	Councillor
Dr F P Brown	Councillor
Mr E L Miggels	Councillor
Mr Z S Baskiti	Councillor
Mr A B C Heynse	Councillor
Mr A Dyantyi	Councillor
Mr H C Davenport	Councillor
Mrs L E Smith-Johnson	Councillor
Mr M K Mali	Councillor
Section 56 managers	Description
M P Nini	Municipal Manager
N Delo	Chief Financial Officer
N Kubone	Director - Corporate Services
Y H Mniki	Director - Community Services
A Gaji	Former Director - Technical Services

45. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets and liabilities exposed to credit risk at year end were as follows:

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45. Risk management (continued)		
Financial instrument	2024	2023
Assets		
Receivables from exchange transactions	27 999 882	31 847 263
Other receivables from exchange transactions	1 637 006	1 791 023
Cash and cash equivalents	40 136 360	9 985 526
Financial instrument	2024	2023
Liabilities		
Other financial liabilities	3 103 105	4 152 640
Payables from exchange transactions	113 517 028	53 600 348
Trade and other payables from non-exchange transactions	161 685	151 918

At 30 June 2024	1 month past due	2 months past due	3 months past due	12 months past due
Financial Assets	-	-	-	-
Past due but not impaired	-	-	-	-
Receivables from exchange transactions	755 958	607 562	-	-
Other receivables from exchange transactions	-	-	1 637 006	-
Past due and impaired	-	-	-	-
Receivables from exchange transactions	6 458 125	2 844 761	4 626 975	128 950 947
Financial Liabilities	-	-	-	-
Payables from exchange transactions	113 517 028	-	-	-
Trade and other payables from non-exchange transactions	161 685	-	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial Assets	-	-	-	-
Past due but not impaired	-	-	-	-
Receivables from exchange transactions	17 917 234	1 803 031	-	-
Other receivables from exchange transactions	-	-	1 791 023	-
Past due and impaired	-	-	-	-
Receivables from exchange transactions	1 803 031	1 442 382	2 875 743	93 981 612
Financial Liabilities	-	-	-	-
Payables from exchange transactions	53 600 348	-	-	-
Trade and other payables from non-exchange transactions	151 918	-	-	-

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

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46. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business for the 12 month period ending 30 June 2024.

The following material uncertainties may cast doubt on the going concern assumption:

1. National ESKOM electricity loadshedding, which impacted electricity sales severely. This seriously impacted the previous years as well.
2. NERSA declined Council's 18% approved tariffs for the 2024/25 financial year. NERSA only approved a 11% increase, which is insufficient to cover inflation increases for the ESKOM increase of 12.7%.
3. Debt payment ratio's not in the norm.
4. Credit payment ratio's not in the norm.
5. High level of electricity losses that occur.
6. High level of poverty within the BCRM's municipal area.
7. Contingent liabilities as disclosed in Note 43, may impact future cash flows negatively if the court rulings are not in the favour of the municipality. It should be noted that the Municipal Retirement Workers Fund (MWRF) matter already had a negative impact on the cashflow projections for the 2023/24 financial year.

The following revenue enhancement strategies are currently in place to ensure that the municipality address the above listed concerns:

1. Debt collection interventions, including services restrictions if bills are not paid, including the issuing of summonses.
2. Implementation of an electronic meter reading system to ensure accurate and timely distribution of accounts.
3. Meter audits, to establish if all service usages are being billed.
4. Installation of bulk electricity and water meters to track and monitor losses.
5. Replacement of antiquated electricity and water infrastructure to curb electricity and water losses.
6. Developing of cost covering tariffs to ensure that consumers are paying for all municipal services rendered by the Municipality.
7. Cost containing measures to prevent unnecessary expenditure.
8. Implementation of a general valuation roll and interim rolls to ensure that the new market values of property are accounted for.
9. Establishing a LED unit to attract growth opportunities for local business.
10. It is therefore important to note that the Municipality is well prepared to absorb the additional pressures.

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47. Events after the reporting date

The following events occurred after the reporting date:

Approval of the 2024/25 electricity tariffs:

On 8 July 2024, the Gauteng High Court handed down its judgement and ordered that:

- Nersa' assumption method for approval of municipal electricity tariffs is unlawful, invalid and of no force and effect.
- Nersa must consider and approve the 2024/25 electricity tariff applications, if based on the Municipality's cost of supply study.
- For the non-compliant Municipalities:

(a) Nersa is prohibited from considering and approving electricity tariffs for the 2024/25 and subsequent financial years where the Municipality's application for the approval of electricity tariffs is not based on a cost of supply study.

(b) Municipalities are not entitled to levy electricity tariffs upon consumers until Nersa has approved an application supported by a cost of supply study. Until such time as Nersa has approved an application supported by a cost of supply study, the Municipality must continue levying electricity on the same tariff applicable during the 2023/24 financial year.

(c) Municipalities are afforded 60 days from the date of the court order (i.e. until 6 September 2024) to supplement electricity applications with cost of supply studies. Nersa must consider and approve such electricity applications if they are legally compliant and based on the Municipality's cost of supply study.

The Municipality was negatively impacted by this court judgement against Nersa.

Nersa took this matter under review. This means that the matter is still *sub judice*, pending legal proceedings.

The Municipality subsequently submitted its cost of supply study to Nersa as prescribed by Nersa and is currently waiting for Nersa to respond accordingly.

Approval of the 2023/24 indigent debtor write-offs

On 25 July 2024, Council approved the write-off of R12.6m relating to indigent debtors. See note 31 for further details.

48. Unauthorised expenditure

Unauthorised expenditure - current	12 255 420	-
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During the year, the Municipality was ordered to pay an amount of R12 256 420 (capital and interest) in respect of monies owed to the Municipal Workers Union Retirement Fund (MWURF). The court order was executed in March 2024, at which point, no further adjustments to the Municipality's budget could be made for the 2023/24 financial year.

49. Fruitless and wasteful expenditure

Opening balance as previously reported	344 909	51 409
Add: Fruitless and wasteful expenditure identified - current	16 288 656	295 000
Add: Fruitless and wasteful expenditure identified - prior period	-	(1 500)
Less: Amount written off - current	(165 501)	-
Closing balance	16 468 064	344 909

Fruitless and wasteful expenditure incurred in the current year comprised of the following:

1. MWRF - Interest on long outstanding debt - R8 451 151
2. Eskom - Interest charged on overdue accounts - R6 869 589
3. SARS - Interest and penalties relating to VAT - R599 524
4. AGSA - Interest charged on overdue accounts - R137 520
5. SARS - Interest and penalties relating to payroll submissions - R65 371

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50. Irregular expenditure		
Opening balance as previously reported	8 828 414	8 828 414
Add: Irregular expenditure - current	7 204 614	12 636 784
Less: Amount recovered/written off by Council	(4 602 806)	(12 636 784)
Closing balance	11 430 222	8 828 414

51. Segment Information

REPORTABLE SEGMENTS FOR THE YEAR ENDED AT 30 JUNE 2024

Identification of segments

For management purposes, the Municipality is organised and operates in four key functional segments (or business units). Revenue and expenditure relating to these business units are allocated at a transaction level. Cost relating to the governance and administration of the Municipality are not allocated to these business units.

The four key business units comprise of:

Community and Public safety which includes community and social services, sport and recreation, public safety, health and refuse removal services.

Technical Services which includes Water, electricity, Sewerage/Sanitation and roads services

Corporate services which includes Human resources, Legal services and administration function.

Financial services which includes the Budget and Treasury office, Supply chain management, Assets management, Revenue and Expenditure.

Governance and Administration which includes the Offices of the Accounting Officer, Mayor and Municipal Council.

Management does not have at present reliable separate financial information that monitors geographically the performance. The cost to implement such a system will be excessive but will be considered in future as a full electronic costing system should be implemented.

Aggregated segments

The municipality's segments were aggregated on the basis of the two main types of services delivered. This is also the two directories of service delivery at the Municipality, which is Technical services and Community Services. All the other administration and financial services are grouped together as "Other services".

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51. Segment information (continued)

Types of services by segment

These reportable segments as well as the goods and services for each segment are set out below:

Reportable segment	Services
Technical Services	Water, Electricity, Sewerage and Public Works
Community Services	Refuse, Public Safety, Traffic, Library and Parks
Other Services	Finance, Council and All Administration Sections

Segment surplus or deficit, assets and liabilities

2024

	Community and Public Safety	Technical services	Other services	Total
Revenue				
External revenue from Non-exchange transactions	-	126 462 596	24 774 943	151 237 539
External revenue from Exchange transactions	930 036	1 824 406	161 022 039	163 776 481
Interest revenue	-	11 721 245	2 333 472	14 054 717
Total segment revenue	930 036	140 008 247	188 130 454	329 068 737
Entity's revenue				329 068 737
Expenditure				
Employee related costs	9 775 471	54 384 983	42 465 655	106 626 109
Material and bulk purchases	-	-	123 757 103	123 757 103
Debt impairment	-	20 064 088	32 429 345	52 493 433
Depreciation and amortisation	-	50 684 605	3 101 375	53 785 980
Interest expense	-	19 501 981	201 636	19 703 617
Remuneration of councillors	-	4 951 126	-	4 951 126
Total other segment expenditure	(8 026 070)	18 671 414	22 526 083	33 171 427
Total segment expenditure	1 749 401	168 258 197	224 481 197	394 488 795
Total segmental surplus/(deficit)				(65 420 058)

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51. Segment information (continued)

Actuarial gains (losses)
 Cost adjustment on landfill site
 Impairment loss

1 926 000
 1 293 447
 (5 086 245)
(1 866 798)

Entity's surplus (deficit) for the period

Assets

Current assets
 Non-current assets

(1 399 293) 40 009 807 57 574 598 96 185 112
 1 251 304 689 685 593 165 306 543 856 243 440
(147 989) 729 695 400 222 881 141 952 428 552

Total segment assets

Total assets as per Statement of financial Position

952 428 552

Liabilities

Current liabilities
 Non-current liabilities

41 986 319 (100 807 893) 236 769 320 177 947 746
 - 59 932 579 - 59 932 579

Total segment liabilities

Total liabilities as per Statement of financial Position

237 880 325

2023

	Community and public Safety	Technical services	Other services	Total
Revenue				
External revenue from Non-exchange transactions	2 300 000	21 505 355	109 408 272	133 213 627
External revenue from Exchange transactions	9 711 921	133 675 828	3 297 340	146 684 889
Interest revenue	-	1 588 789	7 829 642	9 418 431
Total segment revenue	12 011 921	156 769 772	120 535 254	289 316 947
Entity's revenue				289 316 947

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51. Segment information (continued)

Expenditure					
Employee related costs	20 391 332	28 755 231	46 494 682	95 641 245	
Material Bulk Purchases	363 293	105 000 941	191 555	105 555 789	
Debt Impairment	3 005 880	15 611 821	11 613 485	30 231 186	
Depreciation and amortisation	(14 750 525)	68 164 312	(5 103 102)	48 310 685	
Interest expense	2 928 821	471 760	286 649	3 687 230	
Remuneration of councillors	-	-	4 547 206	4 547 206	
Total other segment expenditure	2 893 129	6 120 543	19 910 990	28 924 662	
Total segment expenditure	14 831 930	224 124 608	77 941 465	316 898 003	
Total segmental surplus/(deficit)				(27 581 056)	
Actuarial gains (losses)				3 238 514	
Impairment Loss				(1 447 694)	
Entity's surplus (deficit) for the period				1 790 820	
Assets					
Current assets	1 152 910	(9 789 181)	67 597 726	58 961 455	
Non-current assets	1 938 362	163 771 662	738 502 224	904 212 248	
Total segment assets	3 091 272	153 982 481	806 099 950	963 173 703	
Total assets as per Statement of financial Position				963 173 703	
Liabilities					
Current liabilities	20 194 179	(54 806 315)	113 617 907	79 005 771	
Non-current liabilities	-	-	59 564 369	59 564 369	
Total segment liabilities	20 194 179	(54 806 315)	173 182 276	138 570 140	
Total liabilities as per Statement of financial Position				138 570 140	

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Contribution for the year	1 089 500	1 035 527
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No contributions were outstanding at year end.

PAYE, UIF and SDL

Opening balance	1 521 510	1 002 071
Current year subscription / fee	15 019 295	14 386 870
Amount paid - current year	(15 060 905)	(13 867 431)
	1 479 900	1 521 510

The net outstanding amount of R1 414 529 which includes PAYE, UIF and SDL was paid in July 2024 to SARS.

Pension/provident/annuity fund and Medical Aid

Opening balance	1 230 650	-
Current year subscription / fee	21 776 270	21 523 600
Amount paid - current year	(23 006 920)	(20 292 950)
	-	1 230 650

VAT

VAT payable	(1 349 650)	(1 410 810)
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

VAT returns for August 2020, January 2024 and June 2024 were submitted by the due dates. however these returns have since been reassessed by SARS and have not been finalised

Councillors' arrear consumer accounts

No municipal charges for Councillors were outstanding for more than 90 days at 30 June 2024.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
3 Quotations not obtained	2 068 098	906 354
Emergency	5 209 527	3 068 576
Advertising in local news paper and radio stations	4 307	2 053
Sole provider	2 825	181 211
	7 285 758	4 158 194

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53. Actual versus Budget: Explanation of material variances greater than 10% versus budget

FINANCIAL PERFORMANCE	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Revenue					
Property rates		2 463 990	9 %	The municipality budgeted conservative for property rates, given the pending game farm court cases	
Service charges		(27 041 393)	-17 %	Electricity revenue realised much less than the budget as the bulk purchases	
Interest Earned - External Investments		2 507 707	62 %	The municipality received disaster management grants to the value of R 33,6 m during the financial year, which was not gazetted at the time of preparations of the final budget	
Interest earned - outstanding debtors		2 574 322	22 %	Debtor collection rate lower than the norm of 95%	
Grants and subsidies		(27 773 065)	-23 %	Unspent disaster grant funding. The municipality applied for a rollover.	
Other own revenue		3 178 634	-77 %	Less bad debt recovered during the year, due to the fact that Smith Tabata's contract came to an end in August 2023	
Expenditure					
Employee costs		(3 842 782)	4 %	As per high court ruling the municipality needed to pay MWRF contributions to the value of R 3,8 m in capital	
Remuneration of Councillors		22 694	- %	N/A	
Debt impairment		(25 316 063)	48 %	Debtor collection rate lower than the norm of 95%. The municipality did not anticipate the decline in revenue, although credit control processes were implemented	
Depreciation and amortisation		8 304 583	(17)%	Impairment of assets that the municipality was not aware of when the adjustment budget was approved	
Finance charges		(16 214 145)	(82)%	Interest accrued on outstanding Eskom account as well as high court ruling pertaining the MWRF that the municipality needed to pay interest to the value of R 8 m	
Bulk purchases		(16 067 743)	(6)%	Due to the unpredictability of Eskom Load shedding, the municipality was unable to accurately calculate electricity purposes	

Blue Crane Route Local Municipality (EC 102)

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53. Actual versus Budget: Explanation of material variances greater than 10% versus budget (continued)			
Contracted services	1 717 598	(21)%	The municipality used less contractual services during the year
Other expenditure	12 226 010	(77)%	The Municipality tries to implement stricter cost containment measures when it comes to miscellaneous expenditure
FINANCIAL POSITION			
Total Current Assets	79 915 412	83 %	More cash due to disaster grant funding received in the financial year. Debtors not collected as per the norm
Total Current Liabilities	(12 221 393)	(1)%	Unspend conditional Disaster grants and outstanding Eskom liability
Total Non-Current Liabilities	(153 985 860)	87 %	N/A
54. VAT input accrual			
Vat inputs			<u>14 504 843</u> <u>3 237 687</u>
55. VAT output accrual			
VAT outputs			<u>971 666</u> <u>2 944 837</u>
56. Interest earned - outstanding debtors			
Interest charged on overdue debtors accounts - Exchange			7 215 028 5 973 958
Interest charged on overdue debtors accounts - Non-Exchange			4 331 983 2 265 019
			<u>11 547 011</u> <u>8 238 977</u>

The amount of R11 547 011 (2023: R8 238 977) is included under revenue arising from exchange and non-exchange transactions.

57. Accounting by principals and agents

The Municipality is a party to a principal-agent arrangement.

Details of the arrangement(s) is/are as follows:

The Municipality has entered into a Principal-Agent relationship with a service provider (Contour Technology), for the provision of online hosted infrastructure for connection to the Contour Online Vending system. Contour Technology has agreements in place with vendors to sell electricity to the community.

Contour Technology collects the proceeds of the sales from these vendors, and pays it over to the Municipality in arrears. On a monthly basis, Contour Technology invoices the Municipality for these services which is calculated as a percentage of the total revenue collected from the vendor.

Municipality as Principal

Revenue recognised

Blue Crane Route Local Municipality (EC 102)

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57. Accounting by principals and agents (continued)

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R24 202 749 (2023: R21 120 146).

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables

Contour Technology

Opening balance	4 059 256	2 507 760
Revenue that principal is entitled to	24 837 147	21 660 957
Expenditure incurred - Agent fees	(634 398)	(540 811)
Cash received from Agent	(22 998 815)	(19 568 650)
	5 263 190	4 059 256

All categories

Opening balance	4 059 256	2 507 760
Revenue that principal is entitled to	24 837 147	21 660 957
Expenditure incurred - Agent fees	(634 398)	(540 811)
Cash received from Agent	(22 998 815)	(19 568 650)
	5 263 190	4 059 256

Fees Paid

Due to the nature of the service level agreement with the service provider, the Municipality pays the service provider a commission, which is based on the amount of revenue generated by the vendors, who sell electricity to the community.

Revenue collected by the service provider, is transferred in full to the Municipality, and thereafter the service provider invoices the Municipality, a commission based on the amount of revenue collected.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

No resources (including assets or liabilities) of the Municipality are under the custodianship of Contour Technology.

Either party may terminate the arrangement if either fails to cure a material breach, ceases operation without a successor or seeks protection under bankruptcy, receivership, trust deed, creditors arrangement, composition, or comparable proceeding, or if any such proceeding is instituted against that party (and not dismissed within 60 days thereafter).

The service level agreement is silent on specific costs associated with termination.

See note 18 for other Principal and Agent disclosures.

Report of the auditor-general to Eastern Cape Provincial Legislature and the Council on Blue Crane Route Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Blue Crane Route Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Blue Crane Route Local Municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act and the Division of Revenue Act 5 of 2023 (DoRA).

Basis for qualified opinion

Property, Plant and Equipment

3. The municipality did not assess all assets for impairment in accordance with GRAP 21, Impairment of non-cash-generating assets. Infrastructure and community assets with impairment indicators were not assessed for impairment, and the impairment loss calculation recorded was determined on the carrying value at the beginning of the financial year. Furthermore the municipality did not account for its property, plant and equipment in accordance with GRAP 17, Property plant and equipment. Certain fixed assets recorded in the municipality's fixed asset register could not be physically verified because of duplications and missing barcodes of assets.

In addition, I was unable to obtain sufficient and appropriate audit evidence for property, plant and equipment to determine the full extent of the misstatement due the state of accounting records. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to property, plant and equipment stated at R820 million.

4. The municipality did not disclose capital work-in-progress where construction was halted for the 2023-2024 financial year as required by GRAP17, "*Property, plant and equipment*". Consequently, the carrying value of property, plant and equipment where construction or development has been halted as disclosed in note 10 in the financial statements was understated by R20, 7 million.

Payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for payables for the current year due to the status of record keeping. I was unable to confirm payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to payables stated at R123,42 million.

Service charges

6. Service charges were not accounted for in accordance with GRAP 9, *Revenue from exchange transactions*. This was due to incorrect tariffs used to bill customers. In addition, I was unable to obtain sufficient appropriate audit evidence due to the state of the billing records. I could not confirm the service charges by alternative means. I was unable to determine the full extent of the misstatement as it was impractical to do so. Consequently, I was unable to determine whether any further adjustments were necessary to service charges stated at R159,90 million.

Statement of comparison of budget and actual amounts

7. The municipality did not correctly account for the statement of comparison of budget and actual amounts in accordance with GRAP 24, Presentation of budget information in financial statements as budget amounts presented in the statement of comparison of budget and actual amounts, for the statement of financial position and the statement of financial performance, did not agree to the approved budget amounts. Furthermore, the amounts in the statement of financial position did not agree to the amounts presented on the actual amounts on comparable basis. Consequently, the statement of comparison of budget and actual amounts is overstated by an amount of R8,58 million.

Cash flow statement

Reconciliation of net cash flows from operating activities

8. The municipality did not recognise net cash flows from operating activities in accordance with GRAP 2, cash flow statements. This was due to the municipality incorrectly accounting for the movement of receivables from non-exchange transactions. As a result, reconciliation of net cash flows from operating activities is understated by an amount of R14, 7million.

Segment Reporting

9. I was unable to obtain sufficient appropriate audit evidence regarding the segment reporting disclosed in note 51 to the financial statements, as the disclosure presented in the financial statements for auditing purposes was not based on accurate and complete underlying accounting records. I was unable to audit the disclosure in the financial statements by

alternative means. Consequently, I was unable to determine whether any adjustments were necessary to segment reporting.

Context for opinion

10. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
11. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.
14. As disclosed in note 46 to the financial statements which indicates high levels of electricity losses and contingent liabilities negatively impacting future cash flows if court ruling are not in favour of the municipality. These events or conditions, along with other matters as set forth in note 46, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern. The steps taken by management to address the risk and ensure the municipality's financial stability are also highlighted in note 46 to the financial statements.

Emphasis of matters

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

16. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2023 financial year were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material impairments- Trade receivables from non-exchange transactions

17. As disclosed in note 5 of the financial statements, provision for bad debts of R58, 51 million (2022-23: R38, 96 million) was incurred.

Material impairments- Trade receivables from exchange transactions

18. As disclosed in note 6 of the financial statements, allowance for impairment of R127, 30 million (2022-23: R89, 06 million) was incurred.

Material losses- Electricity losses

19. As disclosed in note 24 of the financial statements, a material loss of 12% (2022-23: 24%) was incurred as a result of aging infrastructure, electricity theft and outdated metres.

Other matters

20. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

21. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

22. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

23. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

24. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

25. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, forms part of our auditor's report.

Report on the annual performance report

26. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material

performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

27. I selected the following material performance indicators related to KPA 1- Basic service delivery presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- % progress on the upgrading of Cookhouse water treatment works (phase 1)
- % progress on the refurbishment of Khanyiso waterpipe line and booster pump
- No of houses service connections in Millennium Park (Pearston)
- Number of streetlights retrofitted
- % progress on the paving of gravel roads in BCRM
- % progress on the refurbishment of Glen Avon Street
- % progress on Installation of ablution facilities in Aeroville cemetery
- Number of illegal dumps reduced

28. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

29. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner

- 30. there is adequate supporting evidence for the achievements reported and measures taken to improve performance.
- 31. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
- 32. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

- 33. I draw attention to the matters below.

Achievement of planned targets

- 34. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.
- 35. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

KPA1: Basic Service Delivery

<i>Targets achieved: 75%</i>		
<i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
% progress on the upgrading of Cookhouse water treatment works (phase 1) (KPI 1)	100% Progress on the upgrading of Cookhouse water treatment works (phase1)	89% Progress on the upgrading of Cookhouse water treatment works (phase1)
% progress on Installation of ablution facilities in Aeroville cemetery	100% progress on Installation of ablution facilities in Aeroville cemetery	0% progress on the installation of ablution facilities in Aeroville cemetery.

Report on compliance with legislation

- 36. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
- 37. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa

(AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

38. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
39. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance report and annual report

40. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements on Property, Plant and Equipment, Revenue, Receivables from exchange transactions and Disclosures identified by auditors in the submitted financial statements were not corrected, resulting in the financial statements receiving a qualified audit opinion.

Procurement and contract management

41. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).

Asset management

42. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
43. Capital assets were permanently disposed of that were needed to provide the minimum level of basic municipal services, in contravention of section 14(1) of the MFMA.
44. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services.

Expenditure management

45. Reasonable steps were not taken to prevent irregular expenditure amounting to R7,20 million as disclosed in note 50 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with regulations of the Municipal Supply Chain Regulations.
46. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R16,3 million as disclosed in note 49 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the payment of capital and interest amounts to the Municipal Workers Union Retirement Fund as per court order.

Utilisation of conditional grants

47. I was unable to obtain sufficient appropriate audit evidence that the (Expanded Public Works Programme Integrated Grant for Municipalities (EPWP) was spent for its intended purposes in accordance with the grant Schedule 5B, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2023).

Other information in the annual report

48. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
49. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
50. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
51. I did not receive any other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the audit report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

52. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
53. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the material findings on compliance with legislation included in this report.
54. The municipality's action plan to address external audit findings from the prior years was not adequate as it was identified that a lot of the recommendations from the prior year, were not addressed by management. Furthermore, the audit action plan was not implemented and monitored timeously by management, this has contributed to material misstatements and internal control deficiencies that could have been avoided.

55. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information evidenced by the number of material misstatements noted, which some were subsequently corrected.
56. Management did not perform their oversight responsibility of the municipality's internal controls on a regular basis. This is evidenced by the significant errors in the annual financial statements submitted for audit.
57. Material non-compliance with key legislation and policies of the municipality was identified. This indicates that the audit action plan was not effective as matters communicated to management in the prior year were not addressed in the current reporting period.
58. The municipality did not maintain a proper record management system for records, or for the timely retrieval thereof, as evidenced by limitations experienced during the audit. There were also inadequate reviews performed by management.
59. Leadership did not exercise oversight over financial, performance reporting and compliance requirements, as the annual financial statements, annual report and compliance were not adequately reviewed, which contributed to the material findings reported.

Auditor General

Auditor-General

East London

30 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act (Act No. 56 of 2003)	Section 122 (1) Section 122 (2) Section 126 (1) (a) and 126 (1)(b) Section 133 (1)(a) and 133 (1)(c) Section 127 (2) and 127 (5)(a) Section 129 (1) and 129 (3) Section 65 (2) (e) and 65 (2) (a) Section 11 (1) Section 62 (1)(d) Section 87 (8) Section 15 Section 29 (1) and 29 (2) (b) Section 62(1)(f)(i) and 62(1)(f)(ii) Section 63(2)(a) Section 64(2)(e) and 64 (2) (b) Section 64(2) (c) and 64(2)(g) Section 13(2) Section 14(1) Section 14(2)(a) and 14(2)(b) Section 33(2) Section 170 Section 32(2) and 32(6)(a) Section 171 (4)(a) Section 53(1)(c)(ii) Section 1 Section 72(1)(a)(ii) Section 24(2)(c)(iv) Section 54(1)(c) Section 117
Municipal Budget and Reporting Regulations	Regulation 71 (1) and 71 (2) Regulation 72
Municipal Structures Act ,(Act No.32 of 2000)	Section 74(1) Section 96 (b) Section 29(1)(b)(ii) Section 42

Legislation	Sections or regulations
	Section 25(1) Section 26 Section 41(1)(a) and 41(1)(b) Section 43(2) Section 4(a) and 41(1)(c)(ii) Section 34(b) Section 38(a)
Municipal Property Rates Act ,(Act No.06 of 2004)	Section 3 (1)
Municipal investment regulations	Regulation 3(1)(a) and 3(3) Regulation 6 Regulation 7 Regulation 12(2) and 12(3)
Prevention and Combatting of Corrupt Activities Act (Act No.12 of 2004)	Section 34(1)
Municipal Planning and Performance Management Regulations	Regulation 15(1)(a)(i) Regulation 2(1)(e) Regulation 2(3)(a) Regulation 9(1)(a) Regulation 10(a) Regulation 12(1) Regulation 3(4)(b) and 15(1)(a)(ii) Regulation 3(3) Regulation 8 Regulation 7(1)
Disciplinary Regulations for Senior Managers	Regulation 5 (2) Regulation 5 (6) Regulation 8 (4)
Financial Misconduct Regulations	Regulation 5(4) Regulation 6(8)(a) Regulation 10(1)
Supply Chain Management Regulations	Regulation 121(1)(c) Regulation 16(a) Regulation 17(a) and (c) Regulation 17(b) Regulation 43 Regulation 19(a) &(b)

Legislation	Sections or regulations
	Regulation 3691)(a) Regulation 12(3) Regulation 27(2)(a)&(e) Regulation 22(1)(b) & 22(2) Regulation 28(1)(a)(i) Regulation 21(b) Regulation 29(1) (a) & (b) Regulation 29(5)(a)(ii) & (b)(i) Regulation 13(c) Regulation 38(1) (c.) Regulation 38(1)(d)(ii) & (g)(iii) Regulation 38(1) (e.) Regulation 38(1)(g)(i) and 38(1)(g)(ii) Regulation 32 Regulation 5 Regulation 44 Regulation 46(2)(e) and 46(2)(f)
Preferential Procurement Policy Framework Act,(Act No.5 of 200)	Section sec 2(1)(a) Section 2(1)(f)
Public Procurement Regulations of 2017	Regulation 6(1) and 7(1) Regulation 6(8), 7(8), 10(1)&(2) & 11(1) Regulation 5(1) & 5(3) Regulation 5(6) Regulation 5(7) Regulation 9(1)
Public Procurement Regulations of 2022	Regulation 4(1) and 5(1) Regulation 4(4) & 5(4)