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# CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A: MAYOR'S FOREWORD

Section 127(2) of the Municipal Finance Management Act (MFMA) 56 of 2003 enjoins the Mayor to table to the municipal Council the Annual Report for a financial year under review. It is for this purpose that Annual Report for 2021/22 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 2021/2022 financial year.

The financial year under review has been challenging not only to BCRM but to all municipalities in the country. The advent of the Covid 19 pandemic ravaged the socio-economic fabric of our local community. This resulted in most of our local economy being adversely affected with some businesses closing down and employees being retrenched. The resultant effect of this was the inability of some ratepayers to meet their financial obligations to the municipality. This in turn resultant in a decline of our internal revenue capacity.

Despite the above challenges, the municipality has managed to improve in terms of management and governance. Local government elections were held on 1 November 2021. Council also changed from being a Plenary type to a Collective Executive type. It has full time separate offices of the Speaker and the Mayor assisted by 3 Executive Committee Members (EXCO) each member is assigned with a Portfolio in line with the municipal Key Performance Areas. The municipality has 11 Councillors comprising of 6 Ward Councillors and 5 PR Councillors. Council and Standing Committees were seating on a regular basis to discharge their respective constitutional and statutory responsibilities.

BCRM maintained its momentum in attaining an Unqualified Audit Opinion with reduced findings. Despite the huge financial constraints facing municipalities in the Country, the province of the Eastern Cape and Sarah Baartman District, the municipality managed to keep afloat and was able to meet its third-party obligations.

The municipality aligned its strategies to the National Development Plan, Provincial Development Strategies, Sarah Baartman Development Strategies and the Local Government Turnaround

Strategies. These were indented in the five (5) Local Government Key Performance Areas.

The five KPA's were used throughout the process to guide the strategy formulation, project identification and integration to ensure smooth alignment to the end. The municipality encountered a challenge of poor spending of the funds received in the 2020/21 FY and this trend continued in 2021/22 financial year as the municipality requested for a rollover approval to the tune of R16 720, 849 of which R7 200 000 was rejected and not approved for roll-over by National Treasury. That backlog on poor spending was addressed by the Council through ensuring that those projects were catered for in the adjustment budget of 22/23 FY. Moreover, the Council will ensure that monitoring and assessment are done on a quarterly basis.

In the year under review, the Municipality established Ward Committees for all six (6) Wards and ensured that they are inducted to accelerate their efficiency. Public Participation Outreach has been the driving force in obtaining buy- in of the community and the Municipality will continue to work closely with communities to lobby for transparent public participation.

Let me take this opportunity as we wrap up the term of this Council and thank all our Councillors and Management for our unity of purpose displayed in delivering quality services and driving transformation of people's lives in our community.

The table below details the list of projects that were funded through MIG and WSIG during the year under review. There was no additional funding received for the 21/22 Financial Year. All the projects that could not be implemented during the year under review were carried over to the next financial year.

**CLLR B.A MANXOWENI**
**MAYOR**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

This 2021/22 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. All Senior Management positions have been filled.

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

The Auditor General expressed a material concern regarding the going concern principle of the municipality. This is based on debtors and creditors ratios that is within the norm, high level of electricity losses as well as material contingent liabilities. Council approved the Revenue Enhancement Strategy in order to address these matters. Our conditional grant allocation has remained the same over the years with increasing basic delivery demands by our communities.

During the financial year 2021/22 most of the grant funding was used to improve the infrastructure, in particular water and sanitation. The bulk of funding was allocated to the most impoverished communities in Blue Crane Route municipality, namely Somerset East, Cookhouse and Pearston. These communities also benefited in terms of jobs that were created. Regardless of the investments in the infrastructure, the municipality during the year under review experienced an increase in water losses compared to the previous financial year and this requires intervention in the coming financial year. The municipality took a long-term loan to fund critical capital projects. On year end the municipality was still in the procurement processes.

From a governance and Institutional Arrangement perspective the municipality is relatively functional. The Audit and Performance Audit Committee and the Internal Audit Unit are fully effective as they continue to discharge their respective statutory obligations. The municipality obtained an Unqualified Audit opinion for 2020/21 financial year with reduction of matters of emphasis.

The following are the top 6 strategic risks the municipality has identified during the year under review:

- Inability to collect revenue that is due to the municipality.
- Slow spending of grant funding;
- Inadequacy in the implementation of MSCOA;
- Inadequate implementation of asset management policies, regulations, and procedures
- Ineffective Records Management processes and
- Inadequate leave administration

May I take this opportunity to thank our Council and staff for their commitment and dedication in ensuring that Blue Crane Route continues to discharge its constitutional and statutory obligations despite the challenges.

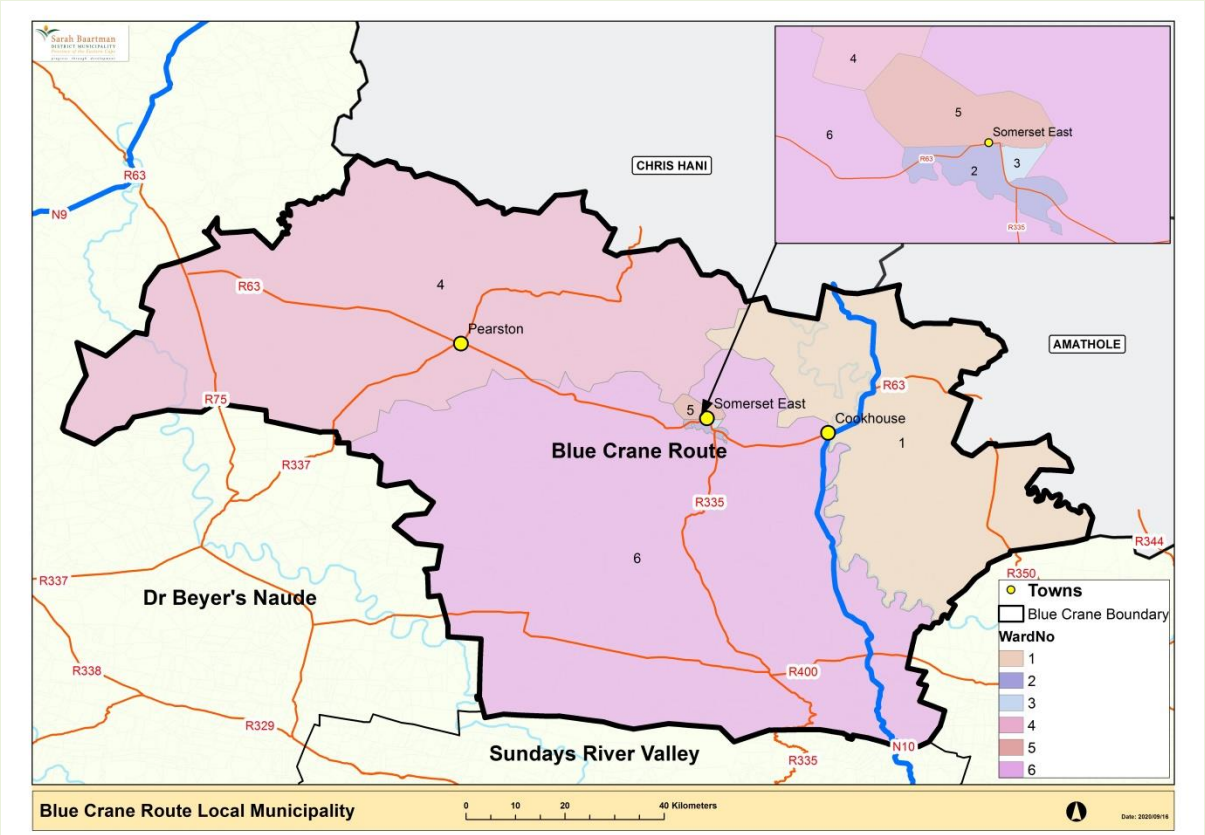
**MR T KLAAS**
**MUNICIPAL MANAGER**

## 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 Stats SA 2001 to 2011 as well Community survey 2016. 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

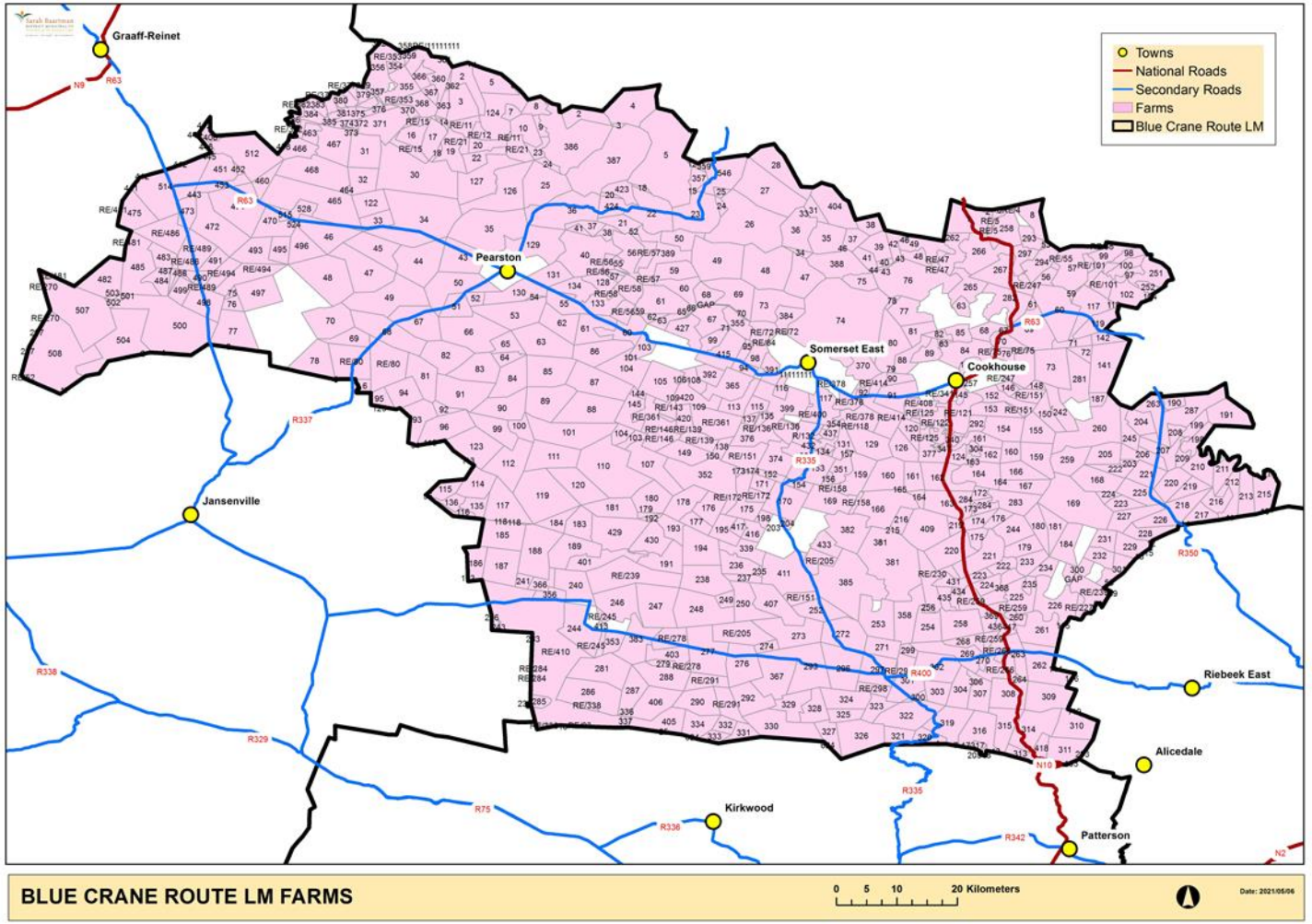


The Blue Crane Route Municipality falls within the jurisdiction of the Sarah Baartman District Municipality. The Municipality's area is bordered on the North-east of Raymond Mhlaba Municipality (Amathole DM), North-west of Inxuba Yethemba municipality (Chris Hani DM), South of Makana Municipality and the South-west of Sundays River Valley municipality. The Blue Crane Route Municipality is located at 67 Nojoli Street, Somerset East.

The Blue Crane Route area comprises of the primary node of Somerset East, which is the main commercial hub, two secondary service centres i.e Pearston and Cookhouse, and vast rural commercial farmlands. Per the Community survey that was conducted 2016, the municipality's population has moved from 36 002 to 36 063, 1.7% growth rate. The figures below reflect the findings per Census 2011, the community survey 2016 reflects the overall growth of the area not at ward level:

- Somerset East (Wards 2, 3 and 5 = 19172)
  - Town Area, Vosloodal, Chris Hani, Francisvale, Aeroville, Clevedon, Mnandi, Old Location, New Brighton, Westview and Uitkeer.
- Cookhouse (Wards 1 and 6 = 10 898)
  - Bhongweni and Newtown
  - Golden Valley and Middleton rural nodes
  - Town area and Cradock place
- Pearston (Ward 4 = 5 933)
  - Town Area, Millenium Park, Nelsig and Khanyiso

Somerset East is the administrative seat of the municipality and situated at the foot of the Boschberg Mountain. Blue Crane Route Municipality has 6 Wards and the total of eleven (11) Councillors who constitute Council. The map below reflects farms that are within the Blue Crane Route Municipality.


Towns
National Roads
Secondary Roads
Farms
Blue Crane Route LM
Graaff-Reinet
Pearston
Somerset East
Cookhouse
Jansenville
Riebeek East
Alicedale
Kirkwood
Patterson
BLUE CRANE ROUTE LM FARMS
0 5 10 20 Kilometers

**DEMOGRAPHIC PROFILE**

**Table 1: Population and extent of Area km$^2$ - EC, CDM and BLM**

| Stats SA 2011 | Province of the Eastern Cape | Sarah Baartman District Municipality | Blue Crane Route Local Municipality |
|---|---|---|---|
| Total Population | 6 562 053 | 450 584 | 36 002 |
| Total Population (Community Survey 2016) | 6 996 976 | 479923 | 36063 |
| Area km$^2$ | 168 966 km$^2$ | 58 243.3 km$^2$ | 11 068.56 km$^2$ |

***Source**: StatsSA 2011*

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 km$^2$.

According to StatsSA -Census 2011, the total population of Blue Crane Route is 36 002, however as per the Community Survey conducted 2016, the population figures have increased from 36002 to 36063. This then therefore indicates that the growth rate of the population is very slow due to number of issues flowing from migration, death and birth rate.

The most significant roads passing through the area are the; **N10, R61, R63, and R390,**

The approximate distance between the towns is:

- Somerset East to Pearston : 50 Km.
- Somerset East to Cookhouse : 25 Km.
- Cookhouse to Pearston : 75km.

### 1.2.3 DEMOGRAPHICS PER WARD

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

| DEMOGRAPHICS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Age distribution** | **00 - 04** | **05 – 09** | **10 – 14** | **15 – 34** | **35 - 64** | **65 - 85+** | **Ward Total** | **%** |
| Ward 1 | 549 | 454 | 422 | 1555 | 1566 | 203 | **4749** | **13.2** |
| Ward 2 | 814 | 583 | 591 | 1882 | 2265 | 611 | **6747** | **18.7** |
| Ward 3 | 705 | 671 | 601 | 2185 | 2320 | 498 | **6979** | **19.4** |
| Ward 4 | 661 | 668 | 570 | 1788 | 1817 | 428 | **5933** | **16.5** |
| Ward 5 | 542 | 526 | 475 | 1628 | 1804 | 470 | **5446** | **15.1** |
| Ward 6 | 686 | 550 | 449 | 2068 | 2083 | 313 | **6148** | **17.1** |
| **Grand Total BCRM** | **3956** | **3453** | **3108** | **11106** | **11856** | **2523** | **36002** | **100** |
| **Gender** | **Male** | **%** | **Female** | **%** | **Total** | | | |
| Ward 1 | 2390 | 50.3 | 2359 | 49.7 | **4749** | | | |
| Ward 2 | 3289 | 48.7 | 3458 | 51.3 | **6747** | | | |
| Ward 3 | 3311 | 47.4 | 3668 | 52.6 | **6979** | | | |
| Ward 4 | 2938 | 49.5 | 2995 | 50.5 | **5933** | | | |
| Ward 5 | 2547 | 46.8 | 2899 | 53.2 | **5446** | | | |
| Ward 6 | 3206 | 52.1 | 2943 | 47.9 | **6149** | | | |
| Grand Total BCR | **17680** | **49.1** | **18322** | **50.9** | **36002** | | | |
| **Population Group** | **Black** | **Coloured** | **White** | **Indian/ Asian** | **Other** | **Ward Total** | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ward 1 | 3278 | 1143 | 289 | 10 | 28 | **4749** | | |
| Ward 2 | 3169 | 2370 | 1128 | 37 | 44 | **6747** | | |
| Ward 3 | 6493 | 378 | 68 | 19 | 21 | **6979** | | |
| Ward 4 | 2211 | 3365 | 287 | 26 | 43 | **5933** | | |
| Ward 5 | 1813 | 3387 | 203 | 15 | 28 | **5446** | | |
| Ward 6 | 4283 | 1246 | 479 | 10 | 131 | **6148** | | |
| Grand Total BCR | **21247** | **11888** | **2453** | **118** | **295** | **36002** | | |
| **Head Household: Gender** | **Male** | **%** | **Female** | **%** | **Total Ward** | | | |
| Ward 1 | 823 | 70.1 | 351 | 29.9 | **1174** | | | |
| Ward 2 | 1048 | 56.8 | 797 | 43.2 | **1845** | | | |
| Ward 3 | 1161 | 57.5 | 859 | 42.5 | **2019** | | | |
| Ward 4 | 914 | 57.6 | 671 | 42.3 | **1586** | | | |
| Ward 5 | 769 | 51.7 | 719 | 48.3 | **1488** | | | |
| Ward 6 | 1212 | 73.5 | 436 | 26.4 | **1649** | | | |
| **Grand Total BCR** | **5927** | **60.7** | **3834** | **39.3** | **9761** | | | |

**Source**: StatsSA 2011

### 1.2.4 DEMOGRAPHIC TRENDS

**Table 3: Age distribution, Gender, Population Grouping and Head of Household**

| DEMOGRAPHICS | STATSSA 2001 | STATSSA 2011 | % | GROWTH % p.a. | COMSURVEY 2016 | GROWTH % |
|---|---|---|---|---|---|---|
| **BCRM Total Population** | 35407 | 36002 | | **0.17** | **36063** | **1.7%** |
| **Age distribution** | **35 005** | **36 003** | | | | |
| 0-14 | 10 293 | 10517 | 29.2 | 0.2 | 11825 | 2.34 |
| 15-64 | 22 485 | 22962 | 63.8 | 0.2 | 21892 | -0.96 |
| 65+ | 2 227 | 2524 | 7.0 | 1.3 | 2347 | -1.45 |
| **Gender** | **35 003** | **36 002** | | | **36063** | |
| Male | 16806 | 17680 | 49.1 | 0.5 | - | - |
| Female | 18197 | 18322 | 50.9 | 0.1 | - | - |
| **Population Grouping** | **35 003** | **36 001** | | | | |
| Black | 20861 | 21247 | 59.0 | 0.19 | - | - |
| Coloured | 11515 | 11888 | 33.0 | 0.32 | - | - |
| White | 2606 | 2453 | 6.8 | -0.6 | - | - |
| Indian/Asian | 21 | 118 | 0.3 | 46.2 | - | - |
| Other | 0 | 295 | 0.8 | - | - | - |
| **Head of Household: Gender** | **9 595** | **9 761** | | | | |

| DEMOGRAPHICS | STATSSA 2001 | STATSSA 2011 | % | GROWTH % p.a. | COMSURVEY 2016 | GROWTH % |
|---|---|---|---|---|---|---|
| **BCRM Total Population** | 35407 | 36002 | | **0.17** | **36063** | **1.7%** |
| Male | 6 486 | 5 927 | 60.7 | -0.9 | - | - |
| Female | 3 109 | 3 834 | 39.3 | 2.3 | - | - |

***Source**: StatsSA*

StatsSA 2011 reflects that 29% of the population are young and under 15 year of age, which requires intergovernmental planning efforts to jointly focus on improved education and providing sport and recreation facilities. Sport plays an important part in youth development and relevant role-players should form partnerships to promote sport initiatives and youth programmes in Blue Crane Route. The high number of children could also be an indication of a dependency on child support grants.

According to StatsSA 2011 a 7% increase has occurred, from 32% to 39%, in respect of female headed households between 2001 and 2011. The increase is relatively high considering that the population growth rate has been very low over a 10-year period and the male to female sex ratio has only risen marginally. This could be reflective of males migrating in search of employment opportunities outside of the municipal area or the occurrence of single mothers deciding to create a basis for their young with the option of marriage later in life.

A large segment (50.1% -StatsSA 2011) of the population speaks IsiXhosa, followed by 42.2% communicating in Afrikaans. Black South Africans account for 59% of the population, followed by 33% Coloured South Africans. Stats 2011 also indicates that 95.5% of the population were born in South Africa.

| | | | | | |
|---|---|---|---|---|---|
| No access to piped (tap) water | | 340 | 3.5 | | 8.8 |
| **Water – Source of water** | | **9 760** | | | |
| Water scheme operated by municipality or other WSP | | 7830 | 80.2 | | - |
| Borehole | 128 | 955 | 9.8 | 64.6 | - |
| Spring | 5 | 30 | 0.3 | 50.0 | - |
| Rain tank | 196 | 275 | 2.8 | 4.0 | - |
| Dam/stagnant water | 207 | 317 | 3.2 | 5.3 | - |
| River/stream | 201 | 53 | 0.5 | -7.4 | - |
| Water vendor | 17 | 31 | 0.3 | 8.2 | - |
| Water Tanker | | 132 | 1.4 | -2.7 | - |
| Other | 180 | 137 | 1.4 | | - |

***Source**: StatsSA 2011 and CS 2016*

The level of waterborne system/connection shows a growth of 7.7% p.a. over a period of 10 years (2001 to 2011). The number of bucket latrines reflects a negative growth of -8.6% p.a. over the same period which in effect means that bucket toilets have been reduced by 85.6% from 20.3% in 2001 to 2.8% in 2011. The standard and provision of sanitation and water shows a significant improvement from 2001 to 2011. The BCRM has a total of 8929 houses which has access to drinking water and basic level of sanitation. Three hundred and fifty (350) households which make (4%) of the households are people living in the informal settlements, their access to sanitation is in a form of bucket system and have access to drinking water in a form of community stand pipes which are within 200m walking distance from the households.

### 1.2.6 ELECTRICITY

**Table 5: 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) % |
|---|---|---|---|---|---|
| **Total number of households** | **9 595** | **9 761** | | | |
| **Energy (Access)** | **9 470** | **9 760** | | **3.06%** | |
| Electricity | 6 161 | 8 486 | 86.9 | 3.8 | 88.9 |
| Gas | 23 | 17 | 0.2 | -2.6 | - |
| Paraffin | 2 135 | 306 | 3.1 | -8.6 | - |
| Candles | 1 057 | 876 | 9.0 | -1.7 | - |
| Solar | 34 | 36 | 0.4 | 0.6 | - |
| Other | 60 | 0 | 0.0 | -10.0 | 11.1 |
| None | | 39 | 0.4 | | - |

**Source: StatsSA 2011: Community Survey 2016**

Access to electricity has improved from 65.1% in 2001 to 86.9% in 2011. Community survey conducted in 2016 also shows a slight change from 86.9% to 88.9%. The dependency on paraffin and candles were reduced from 22.5% and 11.2% in 2001 to 3.1% and 9.0% in 2011. BCRM also supply's farm areas that are >100km radius. The current backlogs in those different lines are the rotten / old network, with falling poles due to its life span. Regular routine maintenance is done but due financial constraint this exercise is not improving in most areas but in some areas, it is improving. There are constant power failures occurring in those lines. Electricity is supplied to all schools, hospital (Andre Vosloo) and Somerset East correction services.

### 1.2.7 SOLID WASTE MANAGEMENT

**Table 6: Refuse Removal Services**

| BASIC SERVICE / INFRASTRUCTURE | BLUE CRANE ROUTE AREA (STATSSA 2001) | BLUE CRANE ROUTE AREA (STATSSA 2011) | % | GROWTH % p.a. | BLUE CRANE ROUTE AREA (CS 2016) % |
|---|---|---|---|---|---|
| **Total number of households** | **9 595** | **9 761** | | | |
| **Refuse Removal** | **9 467** | **9 761** | **%** | **3.10%** | |
| **How often by municipality?** | | | | | |
| a) @ least once a week | 6351 | 7842 | 80.3 | 2.35 | 86.1 |
| b) Less often | 28 | 51 | 0.5 | 8.21 | 0.4 |
| How often is refuse bags provided | Once in 3 months | Once in 3 months | | | |
| **Mode Disposal** | | | | | |
| a) Communal dumping | 59 | 78 | 0.8 | 3.22 | 4.3 |
| b) Own dump | 2440 | 1444 | 14.8 | -4.08 | 6.4 |
| c) No disposal | 589 | 195 | 2.0 | -6.69 | 2.6 |
| Other | 0 | 151 | 1.5 | | 0.1 |
| **No of Licensed Landfill sites** | | 3 | | | |
| No of un-licensed landfill sites | | 0 | | | |

***Source**: StatsSA 2011 and CS 2016*

In 2011, 80.3% of households in the BCRM had access to a weekly refuse removal service as compared to 67.1% in 2001.In 2016 it has increased to 86.1. All residential areas, excluding farm areas, have access to refuse removal services. There is a fixed schedule for household and business refuse collection. Both household and business refuse are collected once a week. The municipality does not have a schedule for garden refuse. Waste Collection Strategies include skip bins and kerb side collections on a weekly basis. The Illegal dumping sites are cleared monthly. This is not without challenges due to availability of equipment as well as fleet.

Municipal Environmental Programme is supported with Community Works Programs (CWP) and Expanded Public Works Programme (EPWP) on an on-going basis. Community awareness programmes are conducted to educate the community about environmental issues; however communities have not fully embraced the concept of keeping the area clean and there are still illegal dumping spots. There is a private company conducting on site recycling.

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

The municipality is in the process of capacitating LED unit. The following are the economic infrastructure/projects within the municipal area which are being implemented through the Cacadu Development Agency:

1. Somerset East 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 has been done. Funding for the project is R28m.

2. Somerset East New Aerodrome

The construction of the new Somerset East Aerodrome was completed in 2016. Upon completion of fencing, it is envisaged that a Pilot training school will be established. CDA has entered into a lease agreement with the Flight Academy which is licenced.

3. Boschberg Tourism Hub

Currently the Boschberg Tourism Hub is a responsibility of CDA since the disestablishment of BCDA. The current challenges with the Tourism Hub is the lack of security. The building is vandalised and the Lease Agreement between BCRM and the Lessee has lapsed and not renewed.

**Other LED Projects**

1. R335 Road Project

The R335 road project is a long-term project that will be constructed in different phases.

2. Renewable Energy Wind farm

There are windfarms within the Province of the Eastern Cape. There are five (5) within Blue Crane Route jurisdiction situated in Cookhouse area. This wind farm has made contribution to social development projects focusing on early childhood development programmes.

### 1.2.9 SOCIO ECONOMIC DIMENSION

**Table 7: 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 8: Income Category**

| SOCIO ECONOMIC ANALYSIS | BLUE CRANE ROUTE AREA (STATSSA 2001) | BLUE CRANE ROUTE AREA (STATSSA 2011) | % | GROWTH % p.a. |
|---|---|---|---|---|
| **Total Population** | | | | |
| **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*

StatsSA 2011 reflects that poverty levels are high with 46.1% of the population not receiving any income, and a further 10.8% earn less than R801 per month, therefore technically falling under the poverty line. This is exacerbated by the fact that 65.7% of the potential labour force are not working. The population lack buying power which makes it difficult to exploit local economic development opportunities and the situation implies a high dependency on social grants. Interventions must be created and expedited to support poor communities.

The potential economic active labour force accounts for 60.2% of the total population which reinforces the need to boost the economy and stimulate job growth.

**Table 9: 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*

StatsSA indicates that 15.2% of the potential workforce is unemployed and a further 50.5% are not economically active in 2011. The remaining 34.3% of the labour force is employed. The overall dependency ratio is 56.8 persons per hundred population of working age. StatsSA 2011 also concludes that 1 953 of the youth in Blue Crane Route are unemployed.

**Table 10: 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) % |
|---|---|---|---|---|---|
| **Total Population** | | | | | |
| **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 |

| 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) % |
|---|---|---|---|---|---|
| **Total Population** | | | | | |
| **Level of education 20 +** | | | | | |
| Unspecified | 0 | 49 | 0.16 | | 0 |

***Source**: StatsSA and CS 2016*

Stats SA 2011 shows that 8.24% of the population over 20 years of age have not received any schooling. The figure is moderate and furthermore shows a decline or negative growth of -36.6% for the past decade (since 2001), when 4 088 or 19.6% of the population over 20 years had not undergone any schooling.

### 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** |
| o Air pollution<br>o Building regulations<br>o Electricity and gas reticulation<br>o Firefighting services<br>o Local tourism<br>o Municipal airports<br>o Municipal planning | o Amusement facilities<br>o Billboards and the display of advertisements in public places<br>o Cemeteries<br>o Cleansing<br>o Control of public nuisances<br>o Control of undertakings that sell liquor to the public<br>o Facilities for the accommodation, care and |

| | |
|---|---|
| ○ Municipal public works<br>○ Stormwater management systems in built-up area<br>○ Trading regulations<br>○ Water and sanitation services | burial of animals<br>○ Fencing and fences<br>○ Licensing and control of undertakings that sell food to the public<br>○ Local amenities<br>○ Local sport facilities<br>○ Municipal abattoirs<br>○ Municipal parks and recreation<br>○ Municipal roads<br>○ Noise pollution<br>○ Pounds<br>○ Public places<br>○ Refuse removal, refuse dumps and solid waste disposal<br>○ Street trading<br>○ Street lighting<br>○ Traffic and parking |

### 1.2.11 HIGHLIGHTS ON THE IMPLEMENTATION OF THE 2017- 2022 IDP

The municipality received additional conditional grant funding due to good performance: WSIG R5.49m and MIG at R4.82m.

- Cookhouse Wastewater Treatment Works upgraded
- Upgrading of Cookhouse bulk water supply
- Construction of Pearston Water Treatment Works
- Upgrading of Pearston Wastewater Treatment works - completed (phase 1 & 2)
- Bestershoek WTW
- Somerset East Sewer Lifting Station / Pump station was completed;
- Somerset East WWTW was completed;
- Upgrading of Suurberg and middleton electricity lines of Somerset East substation has been done for phase 1 and 2 completed
- 75 low cost houses in Cookhouse, Somerset East and Pearston have been electrified.
- Water conservation and demand management
- Paving of internal streets in Cookhouse
- Development of Earoville cemetery ( Clearing & fencing )

## 1.3. FINANCIAL HEALTH OVERVIEW

The municipality aims to provide services to the community that are affordable, yet at the same time ensuring that we remain financially sustainable. For the 2021/22 financial year, the municipality has been limiting rates and other tariffs at 6% except electricity that is regulated by NERSA until a revenue enhancement strategy was developed and approved. This strategy pointed out, amongst other things, that the municipality needed to ensure that their billing is complete and accurate; the tariffs must be adjusted to be more cost effective; ensure that good quality services are delivered through these tariffs; and new revenue streams / fees must be explored as a matter of urgency to improve our internal revenue base. The higher tariff increase could be considered to have been effected a little late as the municipality's cash surpluses have reduced drastically and the current provisions are not fully cash-backed. Despite the challenges, the municipality maintained positive cash balances throughout the financial year and closed the year off with a positive cash balance of R 21 425 790. The municipality should continue to cut costs and raise new revenue to improve the poor cost coverage and liquidity ratios.

| Financial Overview: Year 2021/2022 | | | |
|---|---|---|---|
| | R' 000 | R' 000 | R' 000 |
| **Details** | **Original budget** | **Adjustment Budget** | **Actual** |
| Income: | | | |
| Grants | 98 133 | 118 125 | 105 837 |
| Taxes, Levies and tariffs | 3 942 | 178 659 | 175 701 |
| Other | 192 142 | 14 116 | 8 553 |
| **Sub Total** | **294 218** | **310 900** | **290 091** |
| *Less:* Expenditure | 306 310 | 322 651 | 313 822 |
| **Net Total*** | **(12 093)** | **(11 751)** | **(23 731)** |
| ** Note: surplus/(deficit)* | | | *T 1.4.2* |

| Operating Ratios | |
|---|---|
| **Detail** | **%** |
| Employee Cost | 28% |
| Repairs & Maintenance | 1% |
| Finance Charges | 0% |

| Total Capital Expenditure: Year 2019/20 to Year 2021/2022 | | | |
|---|---|---|---|
| | R'000 | R'000 | R'000 |
| **Detail** | **Year 2019/2020** | **Year 2020/2021** | **Year 2021/22** |
| Original Budget | R 27 674 | R 37 580 | R43 411 |
| Adjustment Budget | R 54 652 | R 45 448 | R54 380 |

| | | | |
|---|---|---|---|
| Actual | R 46 657 | R 29 575 | R31 968 |

## 1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

During the year under review, the organisational structure undergone a review process which was subjected to intense engagements with all internal stakeholders. This culminated into an organogram being adopted by Council. The municipality has a workforce of 271 permanent employees and 147 temporary employees. All the senior management positions are filled. Organisational policies and bylaws were developed, some reviewed and approved by Council. Performance Management Framework and Individual Performance Management Policy were also reviewed; performance management has not cascaded to other levels of management except for Senior Management.

**COMMENT ON THE ANNUAL REPORT PROCESS**

The annual report is a product of inputs by various departments and relevant stakeholders on the activities and programmes that were implemented and those that were not achieved against the annual plan of the municipality. The year under review has been a relatively successful but challenging year in ensuring that the municipality complies with good governance principles, laws and regulations and adherence to the annual report processes and deadlines

## 1.5. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

***Delete Directive note once comment is completed*** – State the type of opinion given (disclaimer; adverse opinion; qualified opinion; unqualified opinion with 'other matters'; and an unqualified opinion) and briefly explain the issues leading to that opinion. In terms of a disclaimer you must state that 'the accounts of this municipality were too deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality'. If opinion is unqualified, briefly explain the key steps taken to accomplish and maintain (where appropriate) this important achievement. Note that the full audit report should be contained in chapter 6 of the Annual Report.

*T 1.6.1*

between the IDP, Budget and Performance Management System as dealt with at item 1 or the schedule. Explain any failures to achieve the above timescales.

*T 1.7.1.1*

# 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 Honorable Mayor. EXCO has a role of processing all items for consideration by the Council which is led by the Honorable 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. Nkonyeni-Yantolo – 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)
7 Cllr C. Nel- Ward 5 (DA)
8 Cllr P. Sonkwala- Ward 6 (ANC)
9 Cllr T. Peta replaced by Cllr E. Miggels – EFF :PR
10 Cllr J. Martin – DA :PR
11 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 2 meetings as part of its oversight responsibilities.

During the financial year, the municipality had a functional Audit & Performance Committee. Four (4) ordinary and 2 special meetings were held during the year. The Audit & Performance committee is currently serving its first year of its 3-year contract. Audit & Performance Committee charter was reviewed and submitted to Council for consideration and approval.

The municipality has a functional Disciplinary Board which also functions as MFMA Section 32 Committee to assist Council in investigation of Unauthorized, Irregular and Fruitless and Wasteful expenditure.

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 Committee for approval.

## 2.1 POLITICAL GOVERNANCE

**POLITICAL STRUCTURE**

Cllr B. A Manxoweni: **MAYOR**

**CHAIRPERSON: CORPORATE SERVICES STANDING COMMITTEE, AND**

**FINANCE 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** | |
|---|---|
| **MUNICIPAL MANAGER**<br>(Mr Thabiso Klaas) | **Function**<br>Oversee the functioning and performance of the following Directorates, i.e<br>• Corporate Services<br>• Finance<br>• Community Services<br>• Technical and Infrastructure Services<br>• Office of the Municipal Manager |
| **DIRECTOR CORPORATE SERVICES:**<br>(Mrs Novuko Kubone) | • Administration<br>• Human Resources<br>• ICT<br>• Customer Care |
| **DIRECTOR: FINANCIAL SERVICES**<br>**(**Mr Nigel Delo ) | • Income and Expenditure<br>• Budget and Financial Reporting<br>• Assets and Supply Chain Management |
| **DIRECTOR: COMMUNITY SERVICES**<br>(Adv Mandisi Planga) | • Parks and Recreation<br>• Environmental Health and cleansing<br>• Fire and Rescue Services |

| | |
|---|---|
| **DIRECTOR: TECHNICAL SERVICES**<br>( Mr Ayanda Gaji) | • Traffic Services<br>• Environmental Management<br>• Library Services<br><br>• Roads and Stormwater<br>• Projects Management Unit<br>• Electro-Mechanic<br>• Water Services<br>• Human Settlements<br>• 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. The IGR meetings were used to be combined with the IDP Rep Forum meetings. The IGR meetings were supposed to be held on a quarterly basis and these are chaired by the Mayor. It is in these meetings that Sector Departments share their development plans with Blue Crane Route Municipality. It should be noted though that IGR was strengthened by the convening of Joint Operations Committees (JOC's) as a consequence of the declaration of Covid-19 Disaster by the President. JOC's were intersectoral engagements chaired by the Mayor whose primary duty was to develop and implement mitigating measures against the spread of Covid-19 pandemic.

### 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)

- National and Provincial Treasury
- Sarah Baartman District Municipality ( SBDM)
- Dept of Rural Development and Land Reform
- Dept of Energy
- Dept of Water and Sanitation
- Department of Human Settlements
- Dept of Social Development
- South African Police Service
- Independent Electoral Commission
- Auditor General
- Cacadu Development Agency ( CDA)
- Office of the Premier
- Dr Beyers Naude Local Municipality and
- Ndlambe Local municipality

### 2.3.2 RELATIONSHIP WITH 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 P 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 MM's Forum
- District Wide Infrastructure Forum
- District PMS Forum
- District IDP Rep Forum

- District-wide Disaster Management Forum
- District Legal Advisors Forum
- Internal Audit & Risk Forum
- District Disaster JOC (Joint Operations Committee) Forum
- District HR 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.

- **MAYORAL OUTREACH /IMBIZO AND 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. Below is the table reflecting the meetings held during the year under review.

| Nature and purpose of meeting | Month of events | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending (Maximum) | Issue addressed (Yes/No) | Purpose of the meeting |
|---|---|---|---|---|---|---|
| Ward Based Planning: IDP/ Budget review - Ward 2 | Feb 2022 & June 2022 | 4 | 9 | 100 | Yes | To give feedback to the community on the municipal performance against ward-based plans which were implemented during 2017-2022 and to get inputs for the development of a 5-year IDP 2022-2027 FY. |
| Ward Based Planning: IDP/ Budget review - Ward 1 & 6 | Feb 2022 & June 2022 | 4 | 9 | 100 | Yes | To give feedback to the community on the municipal performance against ward-based plans which were implemented during 2017-2022 and to get inputs for the development of a 5-year IDP 2022-2027 FY. |
| Ward Based Planning: IDP/ Budget review - Ward 3 | Feb 2022 & June 2022 | 4 | 9 | 90 | Yes | To give feedback to the community on the municipal performance against ward-based plans which were implemented during 2017-2022 and to get inputs for the development of a 5-year IDP 2022-2027 FY. |
| Ward Based Planning: IDP/ Budget review - Ward 5 | Feb 2022 & June 2022 | 4 | 9 | 40 | Yes | To give feedback to the community on the municipal performance against ward-based plans which were implemented during 2017-2022 and to get inputs for the development of a 5-year IDP 2022-2027 FY. |
| Ward Based Planning: IDP/ Budget | Feb 2022 & June 2022 | 2 | 9 | 50 | Yes | To give feedback to the community on the municipal performance against ward-based plans which were implemented during 2017-2022 and to get inputs for |

| | | | | | | |
|---|---|---|---|---|---|---|
| review - Ward 4 | | | | | | the development of a 5-year IDP 2022-2027 FY. |

## 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 can they calculate 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. For the 2021/22 financial year, the following are high risk areas identified by the municipality:
    - Inability to collect revenue that is due to the municipality
    - Slow spending of grant money
        - Inadequate MSCOA financial management
        - Inadequate implementation of asset management policies, regulations, and procedures
        - Ineffective Records Management processes
        - Inadequate leave administration

## 2.6 ANTI-CORRUPTION AND FRAUD

All actual or suspected incidents should be reported without delay to 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;
- 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:

- 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 SCM Annual report on the implementation of the SCM policy for the 2021/2022 financial year was submitted to the Accounting Officer; Mayor and the Council. The unit has a 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 AFS 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.

## 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 | YES | 13-08-21; 09-03-22 |
| All current budget-related policies | YES | 09-09-2021 |
| The previous annual report (Year -1) | YES | 12-04-2022 |
| The annual report (Year 0) published/to be published | YES | 09-06-2021 |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards | YES | 22-08=2022 |
| All service delivery agreements (Year 0) | NO | |
| All long-term borrowing contracts (Year 0) | NO | |
| All supply chain management contracts above a prescribed value (give value) for Year 0 | NO | |
| 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 | No assets were disposed | |
| Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | NO | |
| Public-private partnership agreements referred to in section 120 made in Year 0 | NO | |
| All quarterly reports tabled in the Council in terms of section 52 (d) during Year 0 | YES | 19-08-2022 |
| *Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.* | | *T 2.10.1* |

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

INTRODUCTION

*T 3.0.1*

## COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free 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: Somerset East, 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 annual average of 0.72% - 38 800 residents in 2020.There are 10 604 households in Blue Crane Route Local Municipality. The average number of people per households is 3,7. BCRM has an estimated water availability of ± 6000 kl/day = 180 ML/Month

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

- Cookhouse is dependent on water from the Orange Fish irrigation scheme and has no surface or borehole sources.
- Pearston obtains its water solely from boreholes, there is no surface water available.
- Somerset East 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. Wellfields and Kalela Fountain
    ii. The canal
    iii. Bestershoek 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 5 x existing production boreholes of which only 3 x borehole is in operation. The existing 5 x production boreholes has a potential of supplying 1.27Ml/day .

The current 3 x production borehole delivers a safe sustainable yield of 0.84Ml per day. The municipality is currently in the process of drilling additional two boreholes. Somerset East Area: Somerset East has 7 production boreholes, 3 in operation. The town of SE current yield is 2.8 ML/day.

Cookhouse Area: No boreholes.

**Water Reticulation, Sewer Reticulation & Water Regulation Operational Matters:**

- 187km water pipelines.
- 2 of 4 Water Treatment Works operating beyond design capacity (Bestershoek & Cookhouse).
- 3x Waste Water Treatment Works fully functional for all three towns (some have Operational and Maintenance issues).
- 5x Sewer pumpstation need to be upgraded in Somerset East.
- 5x Raw water storage dams (Cookhouse, Bestershoek, Van de Walt, Lake Bertie, Mountain (Bosberg).
- 14x Raw Water Reservoirs in all three towns.
- Draft Water By-Law in place.
- 90% of sewer and water complaints attended to in the first & second quarter.
- The municipality water and sanitation budget for Operations & Maintenance is less than 2% for this current 2022/2023 FY. This is less than the norm of 8%. This adversely affects the Operational and Maintenance plans implementation.
- 10 process controllers managing 4x WTW and 3x Waste Water Treatment Works
- Chemical (quarterly) and Biological (monthly) sample collection and testing.

## 3.2 ELECTRICITY SERVICES: THIS SECTION INCLUDES – 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 Somerset East, 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 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 Swartzhoek and Pearston were also needed maintenance.

**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: 80% 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.

## 3.3 HUMAN SETTLEMENT:

This section includes – 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 Human Settlements National Government has created a National controlled system of Needs register, National Housing Needs Register online (NHNR) in order to capture applicants.

The system is structured in the following way:

- The Municipal official will use search and find a questionnaire using the identity of an applicant and check the status of the applicant.
- The Municipal official can confirm or deny if the applicant is captured in the housing needs register.
- The municipal officials use the system to populate the database of applicants per area / Town.

**Challenges:**

1) Inaccessibility of farm areas.
2) Lack or inadequate information supplied by applicants.

The projects implemented by DHS are:

- Pearston 50 Phase 1 (Ward 4) – Only 11 units in construction.

**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.

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

### INTRODUCTION TO WASTE MANAGEMENT

In 2011, 80.3% of households in the BCRM had access to a weekly refuse removal service as opposed to only 67.1% in 2001. In 2016 it has increased to 86.1%. In BCRM all residential areas, excluding farm areas, have access to refuse removal services. There is a fixed schedule for household and business refuse collection. Both household and business refuse are collected once a week. The municipality does not have a schedule for garden refuse. Illegal dumping spots are cleared every month.

The municipality conducts on-going clean up campaigns and beautification in an effort to rehabilitate the illegal dumping sites. Community awareness programmes are conducted to educate the community about environmental issues, however communities are not assisting in terms of keeping the area clean and there are still illegal dumping spots.

The challenge with the collection of garden refuse is that it is not regulated by the municipality. Members of the community dump any day of the week. Some even create illegal dumps as they do not want to dump in front of their own properties and so they dump on the street corners. The municipality received funding from DEDEA for the implementation of a waste management project and clearing of alien invasive plants. Through the funding from DEDEA the municipality employed 100 casuals for a period of one year in the field of waste management.

All three of the municipal landfill sites are licensed but none is managed according to the minimum requirements for landfill sites.

**COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:**

No capital budget was allocated for waste management for the financial year under review. The following are the waste management challenges as experienced by BCRM in the 2021/22 financial year.

1. Old refuse collection vehicles, which are constantly going for repairs and therefore hampering service delivery.
2. Demoralised staff members due to lack of equipment.
3. The management of the landfill site continues to be a challenge. The municipality does not compact because there is no bulldozer. There are also no controlled accesses to the landfill site. A Business Plan to solicit funding was submitted to the Department of Environmental Affairs. Funding was received from DEDEA for: Fencing of Somerset East Landfill Site R1 070 000.00, Weigh Bridge R650 000.00, Guard House R350 000.00, 6 X Containers, Recycling Bailer, Shelter for Bailer R520 000.00

## COMPONENT B:

### 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 and R67, which traverses the area.
- Eastern Cape Department of Transport, who is responsible for provincial trunk, main, district and minor roads within the area; and
- The BCRLM, who is responsible for all municipal roads.

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% |
| Somerset East | 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 66.2km (or 44.8%) 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:

| Town | Municipal Road Length (km) | | |
|---|---|---|---|
| | Paved | Unpaved | Total |
| Cookhouse | 8.9 | 10.7 | 19.6 |
| Pearston | 7.6 | 21.0 | 28.6 |
| Somerset East | 49.6 | 48.0 | 97.5 |
| Other | 0.1 | 2.0 | 2.2 |
| **Total** | **66.2** | **81.7** | **147.8** |
| **Percentage** | **44.8%** | **55.2%** | **100.0%** |

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 Somerset East, 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) | | | | | |
|---|---|---|---|---|---|---|
| | Very Good | Good | Fair | Poor | Very Poor | Total Length |
| 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%** |

## COMPONENT C: PLANNING & DEVELOPMENT

### 3.6 PLANNING

In 2016, BCRM adopted SPLUMA BY-LAW, and SBDM is assisting in the compilation of SDF/ILUS and will be concluded during 2022/2023 FY.

## COMPONENT D:

### 3.7 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRAFFIC SERVICES

Traffic services include Traffic Law Enforcement, Motor Vehicle Licensing Driver's License testing and renewals, Roadworthy Test & Technical Services (Street Painting).

#### 3.7.1 Traffic Law Enforcement

The key function of the Traffic Department is to provide safer roads for all stakeholders within the BCRM area: The Municipality has a mandate to:

1.Conduct preventative traffic patrols and enforce traffic legislation
2. Enforce speed limits
3. Attend to traffic accidents
4. Enforce parking legislation
5. Enforce municipal by laws

The key objective of this function is to ensure safe and free flow of traffic within BCRM Municipal area.

### 3.7.2. Motor Vehicle Licensing Driver's License testing, and Roadworthy Test

The key objective of this function is to ensure safety on the roads by ensuring a high level of competency amongst vehicle drivers and roadworthy vehicles.

The Municipality has a responsibility to:

- Test applicants and issue learner license
- Test applicants and issue driver's license
- Renew driving license
- Renew and issue Professional driving permits
- Test Vehicles
- Issue roadworthy certificates

**Staff Complement:**

1. 1x Traffic Officers (Law Enforcement - 2 vacant). Chief Traffic Officer started in September 2020. Two Traffic Officer resigned, and one position was filled, and the Examiner Driver License started in July 2022 and the other position still to be filled by an Examiner Motor Vehicles in the new financial year.
2. 1 E-natis Supervisor & 1 E-natis Clerks (Registering Authority). One E-natis clerk passed away in March 2020 and the position was filled in November 2020. The other E-Natis clerk resigned in December 2020 and the position was filled, and the Natis Clerk started in April 2022.
3. VTS — Position Vacant (Roadworthy Centre). An examiner was employed on a three month's contract from May 2021
4. DLTC — Positions Vacant (Examiner of driver license)
5. Technical Service 1 General worker (Road marking) vacant.
6. Commonage & Pound - A Pound Master & 3 Assistances. Three general workers positions are vacant.

**Challenges:**

1. Staff shortage and lack of equipment and resources (vehicles, upgrading of VTS and reseating of K53 test yard) hamper services delivery.
2. Vacant positions could not be filled due to financial constraints.

3. No Management Representative (Superintendent Traffic Officer)
4. Lack of cooperation from live-stock owners, contributing to an increase of crashes involving stray animals. An amount of R450 000 was approved for the completion of a pound. This will help reduce the number of stray animals.
5. High accident rates with fatalities on both the R63 and NIO routes

## 3.8 LIBRARIES; AND COMMUNITY FACILITIES; OTHER

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

We are dependent on the internet for information in our daily lives. Search engines provide us with information depending on our formulated questions. Therefore the answers we get is not always relevant. That is why there is libraries.
*"Google can bring you back 100 000 answers. A librarian can bring you back the right one." Neil Gaiman.*

Libraries maintain history and therefore the truth. The libraries preserve books and information in hard copy and that proves that we have the correct information available. Langenhoven library has a Africana section with different irreplaceable historical books. This has provided many answers to visitors questions about our town and region. Libraries support education and literacy. They provide different and countless resources, such as educational material. Libraries help to build communities by providing a place to do research and have have meetings.

All the libraries have computers and colour printers. Four libraries have internet and the other two will have this function provided later during the year. This is provided by Department of Sport Recreation Arts and Culture. They also provide the books that we have in the libraries. Outreach programs are conducted to the community including schools for adults and children on a weekly basis. These include programs for educational purposes such as reading, spelling Bee and book discussion. Holiday programs are also conducted during the longer holidays to keep the children busy ,out of streets and enable them to learn to be creative and love the library.

We are busy with different programs during the year. National book week was held on 1 September 2021 in Koukamma Municipality. The theme was: The books of our lives. BCRM library had an event for the preliminaries on 25 August 2021. Book clubs were established in Langenhoven and Dr Ngcipe libraries. This is continuing into the new year. In November 2021, there was a membership drive at the libraries. Membership increased with 86 members. In December 2021, Langenhoven and Dr

Ncipe libraries hosted a holiday program with lots of stories and crafts to keep the children busy. World Read Aloud day was held on 2 February 2022. Five libraries had successful programs. Library week was celebrated during March 2022. The theme was Reimagine! Repurpose! Rediscover…Libraries! The library week competition was held on 10 March 2022 at Sea Vista library in St Francis Bay. BCRM took 3 participants and 2 received prices. World Book Day was held during April 2022. The theme was "You are a reader". Programs were held in 4 libraries. World Play Day was held in May 2022. Three libraries conducted programs. They used games like chess, 30 seconds, dominoes etc to keep everyone busy. Seventy people attended these games. Nurses day was celebrated on 12 May 2022 and the staff of Langenhoven showed their appreciation to these hard workers in Union street clinic. Every staff member received a chocolate as a small token of appreciation. Youth day was celebrated on 16 June 2022 and two libraries had a small function on 15 June 2022.

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

- 8 Qualified librarians (3 provided by DSRAC)
- 2 Assistant librarians
- 1 Cleaner in every library
- Total books in all the libraries: approximately 100 000

**CIRCULATION FOR 21/22**

Adults 19347

Children 24392

Total 43739

## 3.9 CEMETORIES AND CREMATORIUMS

### INTRODUCTION TO CEMETORIES & CREMATORIUMS

BCRM has nine cemeteries in total. Only six of the nine cemeteries are officially operating. These are all three in Pearston, one in Cookhouse and two in Somerset East. The other three are full. Two cemeteries in Bongweni and Aeroville are about to reach their full capacity and that means new sites

must be identified soon and an application must be submitted to the Department of Environmental Affairs for authorization. The new Aeroville cemetery In Somerset East has been established as per the Record of Decision from the Department of Environmental Affairs and approval for burials was granted by the Department of Environmental Affairs.

The maintenance of cemeteries is performed by a group of 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. The municipality is assisted mostly by the CWP participants to clean cemeteries due to shortage of staff and resources.

## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.10 ENVIRONMENTAL PROTECTION

Health inspections are integral part of the function of Municipal Health Services. The function of Municipal Health Services was absorbed by the Sarah Baartman District as of 1 January 2022 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

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 monthly basis. The same reports are submitted to the district on a quarterly basis. Towards the end of the financial year under review,

the function was taken over by the Sarah Baartman District. Two EHPs are seconded to the municipality.

Water quality monitoring is done monthly in terms of SANS 241 and all deviations are attended to and reported to the Technical Services for further 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. 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. The municipality has teams that do the actual collection, transportation and disposal of waste. The two units work together to ensure waste is managed in an acceptable manner.

## 3.11 POLLUTION CONTROL

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

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

Environmental protection is a function that is performed by an 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.

SERVICE STATISTICS FOR 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 (EHP). Urban areas in the BCRM are primary centres of activity that generate air quality impacts. This includes particulate and other emissions. They are as a result 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 with insufficient capacity results in sewerage spillages and thus health risks. This also has a potential of water pollution which can lead to a 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 mobilise 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 at two awareness campaigns per quarter on a continuous basis**.** Expenditure for these programmes is provided for under operational budget.

Air pollution is the function of the district municipality and Sarah Baartman District Municipality involved all municipalities in its district to develop an Air Quality Management Plan to deal with issues of air pollution. Pollution control due to nuisance is dealt with in terms of the Health Act, National Norms and Standards for Environmental Health and local Municipal Bylaws.

## 3.12 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT section under the department of corporate services provides ICT services to the Municipality. One of the objectives of ICT is to provide a secure IT infrastructure which delivers appropriate levels of data confidentiality, integrity, and availability.

ICT Section has Staff a staff compliment of three (3), Manager ICT, IT Technician, System/Network Administrator, that provides support services to +- 120 users of the municipality.

**Types of IT Support Services.**

• System support - Hardware and Software Support
• Network and System Administration
• Management of printers – File and Print services
• ICT security management
* Business Continuity
• Network Infrastructure -
• Communication services; Phones, email, Internet access and mobile phones and mobile data access

**HIGHLIGHTS**

* Bandwidth increase for all our satellite sites.
* Commencement of the Procurement for the standby generators for our server room.

**CHALLENGES**

Few challenges that affected ICT operations in this year under review.:

• Dilapidated IT infrastructure that needs to be replaced.
• Budget for ICT –additional budget for ICT should be prioritized.
• Load shedding that affects our operations.

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The focus areas of Information and Communication Technology in 2021/22 financial year were the following Areas.

* Functionality of the steering committee
* Implementation of IT security measures
* Network Availability
* Continuous end user support
* Reliable and effective ICT Systems.
* Business Continuity

## COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD

**This component includes Annual Performance Report 2021/2022**

The report is attached.

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

## COMPONENT A: MANAGING THE MUNICIPAL WORKFORCE

### 4.1 POLICIES

**HR POLICIES DEVELOPED AND ADOPTED BY COUNCIL ON 29 JULY 2021**

1. Acting policy
2. Dress code, uniform & protective clothing policy
3. Municipal night shift allowance
4. Overtime policy
5. Standby policy
6. Employment policy
7. Municipal bereavement policy
8. Remuneration policy
9. Leave encashment policy
10. Employee relations policy
11. Termination of services policy
12. Employee Assistance policy
13. HIV & AIDS Policy
14. Smoking policy
15. Substance abuse policy
16. Sexual harassment policy
17. Inclement weather policy
18. Labour relations policy
19. OHS Policy
20. Employment equity & affirmative action policy
21. Training and development policy
22. Individual performance management policy

OTHER POLICIES IN PLACE

- Leave management policy – not reviewed
- Retention strategy – not reviewed

## 4.2 INJURIES, SICKNESS AND SUSPENSIONS

| Number and cost on injury on duty | | | | | |
|---|---|---|---|---|---|
| Type of injury | Injury leave taken | Employees using injury leave | Proportion of employees using injury leave | Average injury leave per employee | Total estimated costs |
| First Aid Attention | 3 | 3 | 5.4% | 1 | R 519.00 |
| Temporary Disablement | 1 | 5 | 1.8% | 5 | R 865.00 |
| Permanent Disablement | 0 | 0 | 0 | 0 | 0 |
| Fatal | 0 | 0 | 0 | 0 | 0 |
| Total | 4 | 8 | 7.2% | 6 | R1 384.00 |

| Number of days and costs to sick leave | | | | | | |
|---|---|---|---|---|---|---|
| Salary band | Total sick leave | Proportion of sick leave without medical certification | Employees using sick leave | Total employees in post | Average sick leave per employee | Estimated costs |
| Lower skilled (level 1-2) | 150 | 80 | 49 | | | |
| Skilled (level 3 – 5) | 98 | 65 | 35 | | | |
| Highly skilled production (level 6 -8) | 56 | 25 | 15 | | | |
| Highly skilled supervision (level 9-12) | 38 | 15 | 30 | | | |
| Senior management (level 13-15) | 33 | 9 | 9 | | | |
| MM and S57 | 15 | 4 | 5 | | | |
| Total | | | | | | |
| *- number of employees in post at the beginning of the year<br>* Average is calculated by taking sick leave in column 2 divided by total of employees in column 5 | | | | | | |

PERIODS OF SUSPENSION

No suspension in the financial year

DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

No disciplinary action was taken. Only investigation was done by the Disciplinary Board.

| Position | Nature of alleged misconduct and rand value of any loss to the municipality | Disciplinary action taken | Date finalised |
|---|---|---|---|
| Director: Technical Services | Submission of fraudulent invoices | None. The Disciplinary Board found no link to the Director | April 2022 |
| Manager: PMU | 1. Submission of fraudulent invoices and<br>2. Soliciting money from service provider | The disciplinary board came to a conclusion that sufficient grounds exist to warrant a full investigation against the manager, furthermore the disciplinary board recommended that Councils appoint an independent investigator with specialist legal expertise to conduct full investigation of the alleged financial misconduct" | April 2022 |

## 4.3 PERFORMANCE REWARDS

No Performance bonuses where awarded during the year under review.

## 4.4 SKILLS DEVELOPMENT AND TRAINING

| Skills Matrix | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management level | Gender | Employees in post as at 30 June | Number of skilled employees required and actual as at 30 June | | | | | | | | | | | |
| | | No | Learnerships | | | Skills programmes and other short courses | | | Other forms of training | | | Total | | |
| | | | Actual : end of year -1 | Actual : end of year 0 | Year 0 target | Actual : end of year -1 | Actual : end of year 0 | Year 0 target | Actual : end of year -1 | Actual : end of year 0 | Year 0 target | Actual : end of year -1 | Actual : end of year 0 | Year 0 target |
| MM & S57 | Male | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | | | | | | | | | | | | | |
| Councillors, Senior Officials and Managers | Male | 9 | 0 | 0 | 0 | 9 | 9 | 9 | 8 | 8 | 8 | | | |
| | Female | 2 | 0 | 0 | 0 | 2 | 2 | 2 | 1 | 1 | 1 | | | |
| *Technicians and Associate Professional | Male | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| | Female | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Professionals | Male | | | | | | | | | | | | | |
| | Female | | | | | | | | | | | | | |
| Sub – total | Male | | | | | | | | | | | | | |
| | Female | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |
| *Registered with professional associate bodies | | | | | | | | | | | | | | |

| NUMBER OF EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY THE JOB EVALUATION | | | | |
|---|---|---|---|---|
| OCCUPATION | NUMBER OF EMPLOYEES | JOB EVALUATION LEVEL | REMUNERATION LEVEL | REASON FOR DEVIATION |
| Payroll Clerk | 1 | 6 | BCRM scale is equivalent task grade12 | Employee was appointed prior to Task Job evaluation |
| Creditors Controller | 1 | 7 | Task grade 10 | Appointed on the incorrect salary scale. |

# CHAPTER 5 – FINANCIAL PERFORMANCE

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

**Operational Budget**

The total revenue (excluding capital grants) for the year that ended on 30 June 2022, was R261 million at 94%, which is 7% less than the budget, but this is mainly because the electricity revenue did not realise as per budget with 12% less than the budget which is R18 million.

Property Rates was R3,9m more than budgeted but the possibility still exist that adjustments may be needed for the Game Farms rates levied, or if mistakes were made by the Valuer with their valuations. This is also still at the lawyers for possible corrections to be made.

The total operating expenditure was R333 million and at 97% against the budget for the year that ended at 30 June 2022.

The employee cost for the year was at R91 million and in total only 27% of the total expenditure budget. The main reason for this lower-than-normal expenditure for employee cost, is the very high Electricity charges because of the bigger rural areas.

**The Total Bulk electricity purchases ended at a final figure of R108 million which is 6% less than the budget of R115 million but the electricity sales were also 12% less than the budget, leaving the gross profit of electricity to be R11 million less than the budget. (The budget for gross surplus was R30 million but actual was only R19 million.)**

Furthermore, the debt impairment for the 2021/2022 financial year was R29.6 million and is becoming a concern as also raised in the audit report as one of the reasons that the Municipality did not achieve a clean audit.

The other reason for not achieved a clean audit, was the high electricity losses of 21% which could be around R15million loss in income.

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A total actual deficit of R71,7million (Budget deficit of R66,9 million) is shown as per Statement of Financial Performance at year end on 30 June 2022 excluding capital grants. If the depreciation cost is not included, the net deficit was an amount of R15.7 million which is mainly because of the electricity loss of R11 million as per above explanation as well as the EPWP grant that was not fully utilised.

**The Capital Budget**

The total capital expenditure at the end the financial year on 30 June 2022, was an amount of R31,9million against the total budget of R54 million which is only 59%. The Municipality therefore

applied for a roll over to National Treasury for an amount of R16,7 million but only R9,5 million was approved. The approved amount is funded from MIG and WSIG funds.

**Financial problems or risks facing the municipality.**

Although this Municipality showed a total of R21,4 million cash and investments at the end of the year, it must be kept in mind that the unspent capital and other grants were in total an amount of R22,3 million. Furthermore, the Eskom account for May 2022 was only payable on 1 July 2021 of R7,8 million leaving the Municipality with no surplus cash at year end

The biggest concern for the Municipality is the possibility of a SAMWU Provident fund contribution claim of up to R20m that is currently in the hands of the Court.

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

**EC102 Blue Crane Route - Reconciliation of Table A1 Budget Summary**

| Description | 2020/21 | | | | | | | | 2019/20 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | Original Budget | Budget Adjustments (i.t.o. MFMA s28 ) | Final adjustments budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered |
| **Financial Performance** | | | | | | | | | | | |
| Property rates | 18 027 | – | 18 027 | 21 561 | | 3 535 | 119.6% | 119.6% | | | |
| Service charges | 148 405 | 509 | 148 915 | 143 764 | | (5 151) | 96.5% | 96.9% | | | |
| Interest earned - external investments | 850 | 500 | 1 350 | 1 390 | | 40 | 102.9% | 163.5% | | | |
| Transfers and recognised -operational | 60 969 | 969 | 61 938 | 61 941 | | 3 | 100.0% | 101.6% | | | |
| Other own revenue | 7 618 | 8 921 | 16 539 | 12 846 | | (3 693) | 77.7% | 168.6% | | | |
| **Total Revenue (excluding capital transfers and contributions)** | **235 869** | **10 899** | **246 769** | **241 502** | | **(5 267)** | **97.9%** | **102.4%** | | | |
| Employee related costs | 83 150 | (2 693) | 80 457 | 80 785 | | 328 | 100.4% | 97.2% | | | |
| Remuneration of councillors | 4 254 | (75) | 4 178 | 4 051 | | (128) | 96.9% | 95.2% | | | |
| Debt impairment | 11 104 | 3 886 | 14 990 | 23 281 | | 8 291 | 155.3% | 209.7% | | | |
| Depreciation & asset impairment | 42 179 | 300 | 42 479 | 53 948 | | 11 469 | 127.0% | 127.9% | | | |
| Finance charges | 5 019 | 18 | 5 036 | 4 228 | | (808) | 84.0% | 84.3% | | | |
| Materials and bulk purchases | 101 972 | (9) | 101 963 | 95 272 | | (6 691) | 93.4% | 93.4% | | | |
| Transfers and subsidies | 884 | (43) | 841 | 841 | | (0) | 100.0% | 95.2% | | | |
| Other expenditure | 34 271 | 3 191 | 37 462 | 32 777 | | (4 685) | 87.5% | 95.6% | | | |
| **Total Expenditure** | **282 832** | **4 575** | **287 407** | **295 183** | **–** | **7 776** | **102.7%** | **104.4%** | **–** | **–** | **–** |
| **Surplus/(Deficit)** | **(46 963)** | **6 324** | **(40 638)** | **(53 681)** | | **(13 042)** | **132.1%** | **114.3%** | | | |
| Transfers recognised - capital | 27 014 | 26 822 | 53 836 | 51 734 | | (2 102) | 96.1% | 191.5% | | | |
| Contributions recognised - capital & contributed assets | – | – | – | | | – | - | | | | |
| **Surplus/(Deficit) after capital transfers & contributions** | **(19 949)** | **33 146** | **13 197** | **(1 947)** | | **(15 144)** | **-14.8%** | **9.8%** | | | |
| Share of surplus/ (deficit) of associate | – | – | – | | | – | - | - | | | |
| **Surplus/(Deficit) for the year** | **(19 949)** | **33 146** | **13 197** | **(1 947)** | | **(15 144)** | **-14.8%** | **9.8%** | | | |
| **Capital expenditure & funds sources** | | | | | | | | | | | |
| **Capital expenditure** | | | | | | | | | | | |
| Transfers recognised - capital | 27 064 | 26 822 | 53 886 | 45 897 | | (7 988) | 85.2% | 169.6% | | | |
| Public contributions & donations | – | – | – | – | | – | - | - | | | |
| Borrowing | – | – | – | – | | – | - | - | | | |
| Internally generated funds | 610 | 157 | 767 | 759 | | (7) | 99.1% | 124.5% | | | |
| **Total sources of capital funds** | **27 674** | **26 978** | **54 652** | **46 657** | | **(7 996)** | **85.4%** | **168.6%** | | | |
| **Cash flows** | | | | | | | | | | | |
| Net cash from (used) operating | 31 529 | 21 964 | 53 493 | 33 781 | | (19 712) | 63.2% | 107.1% | | | |
| Net cash from (used) investing | (27 670) | (26 982) | (54 652) | (46 642) | | 8 010 | 85.3% | 168.6% | | | |
| Net cash from (used) financing | (3 950) | 168 | (3 782) | (4 891) | | (1 109) | 129.3% | 123.8% | | | |
| **Cash/cash equivalents at the year end** | **909** | **21 588** | **22 498** | **9 882** | | **(12 615)** | **43.9%** | **1087.0%** | | | |

## 5.2 ASSET MANAGEMENT

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.

Financial data regarding asset management may be sourced from **MBRR Table A9**

| Repair and Maintenance Expenditure: Year 2021/22 | | | | |
|---|---|---|---|---|
| | | | | R' 000 |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure: Materials | 8 799 | 8 456 | 6 881 | 22% |

## 5.3 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

**COMMENT ON FINANCIAL RATIOS:**

| | 2021/2022 | 2020/2021 |
|---|---|---|
| Liquidity | 0.85% | 0.99% |
| Total Outstanding Consumer Debtors to total income from services | 71% | 61% |
| Total Finance Charges to Operating Expenditure | 0.40% | 0.40% |
| Employee Cost to total expenditure | 27% | 27% |
| Repairs & Maintenance to total expenditure | 1.34% | 1.34% |
| Capital Expenditure to total capital budget | 59% | 65% |
| Operating Expenditure against total expenditure budget | 97% | 97% |
| Grants Income against total income | 35% | 28% |

**COMMENT ON FINANCIAL RATIOS**

The operating expenditure was spent according to the budget at almost 100%. The municipality is still dependent on grant income of 35% of which the equitable share of R58 million is the biggest component. Employee cost stays at 27% because of vacancies not filled during the year. The liquidity ratio also decreased and is now only at 71c for every R1 liability.

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# 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

**COMMENT ON SOURCES OF FUNDING:**

The Municipality took up an external loan for capital expenditure during 2021/22 of R5,5 million but only spent R1.2 million. The balance will be spent in 2022/2023 financial year. All the other Capital funding came from Government grants (75%) and own funding (18%) and finance lease/loan (7%)

## 5.6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

**COMMENT ON CAPITAL PROJECTS:**

The municipality performed worst in the 2020/21 year as the Municipality needed to apply for roll overs from MIG, WSIG and INEP grants. MIG and WSIG late additional allocations are the reason for this. However only R6,6million out of the R10,9million roll over application was approved by National Treasury. No amount of the INEP roll over of R3,179million was approved.
A Total amount of R29,5million (65%) of the capital budget of R45million was spent for 2020/21 financial year.

| Capital Expenditure of 5 largest projects* | | | | | R' 000 |
|---|---|---|---|---|---|
| Name of Project | Current: Year 2020/2021 | | | Variance: Current Year 2020/2021 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| Upgrade Pearston WTW | 13 000 | 34 424 | 27 089 | 108.38% | -21.31% |
| Cookhouse Bulkwwater Supply (Phase 2 B) | 7 000 | 7 000 | 5 782 | -17.40% | -17.40% |
| Upgrade Pearston WWTW | 0 | 2 035 | 4 737 | | 132.78% |
| Cookhouse Bulkwater Supply (Phase 2 C) | 0 | 4 300 | 4 024 | | -6.42% |
| Refurbishment of Bestershoek WTW | 0 | 2 000 | 892 | | -55.40% |
| ** Projects with the highest capital expenditure in Year 0* | | | | | |
| **Upgrade Pearston WTW** | | | | | |
| Objective of Project | Upgrade water supply and reservoirs in Pearston | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Cookhouse Bulk Water (Phase 2B)** | | | | | |
| Objective of Project | Upgrade water supply and reservoirs in Cookhouse | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Upgrade Pearston WWTW** | | | | | |
| Objective of Project | To upgrade Sewerage Waster water treatment works in Pearston | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Cookhouse Bulkwater Supply (Phase 2 (** | | | | | |
| Objective of Project | Upgrade water supply and reservoirs in Cookhouse | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Refurbishment of Bestershoek WTW** | | | | | |
| Objective of Project | Upgrade Bestershoek water treatment works | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| *T 5.7.1* | | | | | |

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

**COMMENT ON CASH FLOW OUTCOMES:**

The Municipality's cash balance at 30 June 2022 was an amount of R21,4million which has decreased from R4,2 million from last year. The main reason for this is the low pay rate from Game Farmers rate payers that is currently in a legal battle with Council.

## 5.7 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality settled the R13m loan in full in July 2021 from Standard Bank. A Further loan of R5.5 million from Nedbank was then taken up in the 2021/2022 financial year of which the first of 10 instalments was paid in June 2022.
An amount of R4.3 million of this loan was still unspent at year end. However the Municipality is planning to spend it in the 2022/2023 financial year.

The municipality invests surplus cash in accordance with the approved Investment policy.
A long term investment for two years was placed with ABSA Bank to secure a Labour court issue for an amount of R613 992. The full amount was pledged as security and will be coming available on 12 May 2023.

## 5.8 SUPPLY CHAIN MANAGEMENT

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 implemented by the Sarah Baartman District Municipality (SBDM) has been adopted 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 2021/22 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 2021/2022 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 above R15 000 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.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

| Capital Expenditure - Funding Sources: Year 2019/2020 to Year 2021/2022 R' 000 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Details | | Year 2020/2021 | Year 2021/2022 | | | | |
| | | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| **Source of finance** | | | | | | | |
| | External loans | 0 | 5 548 | 5 498 | 0 | 99,10% | 0,00% |
| | Public contributions and donations | | | | | | |
| | Grants and subsidies | 28 079 | 66 442 | 71 436 | 28 079 | 7,52% | -57,74% |
| | Other | 1 496 | 3 007 | 4 377 | 1 496 | 45,56% | -50,25% |
| **Total** | | **29 575** | **74 997** | **81 311** | **29 575** | **152,18%** | **-107,99%** |
| *Percentage of finance* | | | | | | | |
| | External loans | 0,0% | 7,4% | 6,8% | 0,0% | 65,1% | 0,0% |
| | Public contributions and donations | | | | | | |
| | Grants and subsidies | 94,9% | 88,6% | 87,9% | 94,9% | -0,83% | 53,5% |
| | Other | 5,1% | 4,0% | 5,4% | 5,1% | 34,26% | 46,5% |
| **Capital expenditure** | | | | | | | |
| | Water and sanitation | 12 595 | 19 345 | 24 844 | 10 413 | 28,43% | -46,17% |
| | Electricity | 1 194 | 3 550 | 7 212 | 5 287 | 103,15% | 48,93% |
| | Housing | | | | | | |
| | Roads and storm water | 42 | 2 755 | 2 755 | 21 | 0,00% | 0,00% |
| | Other | 15 744 | 17 761 | 19 569 | 13 375 | 10,18% | -24,69% |
| **Total** | | **29 575** | **43 411** | **54 380** | **29 096** | **141,76%** | **-21,94%** |
| *Percentage of expenditure* | | | | | | | |
| | Water and sanitation | 42,6% | 44,6% | 45,7% | 35,8% | 2,52% | -19,69% |
| | Electricity | 4,0% | 8,2% | 13,3% | 18,2% | 62,18% | 122,20% |
| | Housing | | | | | | |
| | Roads and storm water | 0,1% | 6,3% | 5,1% | 0,1% | 0,00% | 0,00% |
| | Other | 53,2% | 40,9% | 36,0% | 46,0% | -12,04% | 12,36% |

| Capital Expenditure of 5 largest projects* | | | | | R' 000 |
|---|---|---|---|---|---|
| Name of Project | Current: Year 2021/2022 | | | Variance: Current Year 2021/2022 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| Orange Fish WTW | 12 000 | 16 000 | 3 675 | | -77,03% |
| Pearston Bulk Water Augmentation | 0 | 5 499 | 5 184 | | -5,73% |
| Paving Gravel Roads - Somerset East | 3 000 | 4 000 | 3 680 | | -8,00% |
| Upgrade Aeroville Sportsfields | | 3 061 | 2 925 | | -4,44% |
| Upgrading West View Stormwater Drainage | | 2 546 | 2 134 | | -16,18% |
| ** Projects with the highest capital expenditure in Year 0* | | | | | |
| **Upgrade Pearston WTW** | | | | | |
| Objective of Project | Upgrade water supply and reservoirs in Pearston | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Cookhouse Bulk Water (Phase 2C)** | | | | | |
| Objective of Project | Upgrade water supply and reservoirs in Cookhouse | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Upgrade Pearston WWTW** | | | | | |
| Objective of Project | To upgrade Sewerage Waster water treatment works in Pearston | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Cookhouse Bulkwater Supply (Phase 2** | | | | | |
| Objective of Project | | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |
| **Refurbishment of Bestershoek WTW** | | | | | |
| Objective of Project | Upgrade Bestershoek water treatment works | | | | |
| Delays | | | | | |
| Future Challenges | | | | | |
| Anticipated citizen benefits | | | | | |

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

**EC102 Blue Crane Route - Reconciliation of Table A7 Budgeted Cash Flows**

| Description | 2021/22 | | | | | | | 2020/21 |
|---|---|---|---|---|---|---|---|---|
| R thousand | Original Budget | Budget Adjustments (i.t.o. s28) | Final adjustments budget | Actual Outcome | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Ratepayers and other | 173 680 | (1 034) | **172 647** | **168 580** | 4 067 | 97,6% | 97,1% | **123 771** |
| Other revenue | 9 538 | 1 273 | **10 810** | **5 714** | 5 096 | 52,9% | 59,9% | **11 212** |
| Government - operating | 68 442 | – | **68 442** | **68 657** | (216) | 100,3% | 100,3% | **62 020** |
| Government - capital | 35 147 | – | **35 147** | **29 184** | 5 963 | 83,0% | 83,0% | **28 275** |
| Interest | 4 617 | 800 | **5 417** | **5 373** | 44 | | 116,4% | **1 354** |
| **Payments** | | – | | | – | | | |
| Suppliers and employees | (254 128) | (16 891) | **(271 019)** | **(231 616)** | (39 404) | 85,5% | 91,1% | **(191 643)** |
| Finance charges | (557) | – | **(557)** | **(3 371)** | 2 813 | 604,9% | 604,9% | **(367)** |
| Transfers and Grants | (908) | – | **(908)** | **(927)** | 18 | 102,0% | | **(841)** |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **35 830** | **(15 853)** | **19 977** | **41 595** | **(21 618)** | **208,2%** | **116,1%** | **33 781** |
| | | | | | | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | – | – | **–** | **–** | – | | | **11** |
| Decrease (Increase) in non-current debtors | 4 | | **–** | **–** | – | | | **3** |
| Decrease (increase) other non-current receivables | | | **–** | | – | - | - | |
| Decrease (increase) in non-current investments | | | **–** | | – | - | - | |
| **Payments** | | | | | – | | | |
| Capital assets | (27 674) | (26 978) | **(54 652)** | **(46 657)** | (7 995) | 85,4% | 168,6% | **(46 657)** |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(27 670)** | **(26 978)** | **(54 652)** | **(46 657)** | **(7 995)** | **85,4%** | **168,6%** | **(46 642)** |
| | | | | | | - | - | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Short term loans | | | **–** | | – | - | - | |
| Borrowing long term/refinancing | 7 300 | (1 800) | **5 500** | **5 500** | | | | |
| Increase (decrease) in consumer deposits | 2 918 | – | **2 918** | **60** | 2 858 | 2,1% | | **60** |
| **Payments** | | | | | – | | | |
| Repayment of borrowing | – | (271) | **(271)** | **(4 952)** | 4 681 | 1830,0% | #DIV/0! | **(4 952)** |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **10 218** | **(2 071)** | **8 147** | **609** | **7 539** | **7,5%** | **6,0%** | **(4 891)** |
| | | | | | | | | |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | 46 048 | (44 901) | **(26 256)** | **(4 453)** | (27 121) | | | **(17 752)** |
| Cash/cash equivalents at the year begin: | 2 893 | 23 404 | **26 297** | **48 941** | – | | | **27 635** |
| Cash/cash equivalents at the year end: | 48 941 | (21 497) | **42** | **44 488** | (27 121) | 106732,9% | 90,9% | **9 882** |

# CHAPTER 6 – LOCAL GOVERNMENT KEY PERFORMANCE INDICATORS

**Basic Service delivery performance highlights (KPA 2)**

**Annual performance as per key performance indicators in water services**

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the FY under review (actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year | Comments |
|---|---|---|---|---|---|---|---|
| 1 | Percentage of households with access to potable water | 8558 | 600 | 0 | 0 | 0% | Lack of funding to develop informal settlements |
| 2 | Percentage of indigent households with access to free basic potable water | 3600 | 0 | 0 | 3600 | 100% | N/A |
| 3 | Percentage of clinics with access to potable water | | | | | | |
| 4 | Percentage of schools with access to potable | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | water | | | | | | |
| 5 | Percentage of households in formal settlements using buckets | 600 | 600 | 0 | 0 | 0% | Lack of funding to develop informal settlements |

**Annual performance as per key performance indicators in Electricity services**

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review (actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year | Comments |
|---|---|---|---|---|---|---|---|
| 1 | Percentage of households with access to electricity services | 8558 | 600 | 0 | 0 | 0% | Lack of funding to develop informal settlements |
| 2 | Percentage of indigent households with access to basic electricity services | 3600 | 0 | 0 | 3600 | 100% | N/A |
| 3 | Percentage of indigent households with access to free alternative energy sources | 0 | 0 | 0 | 0 | 0 | No alternative sources in place. |

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review | Number of HH/customer reached | Percentage of achievement during the year | Comments |
|---|---|---|---|---|---|---|---|
| 1 | Percentage of households with access to sanitation services | 8558 | 600 | 0 | 0 | 0% | Lack of funding to develop informal settlements |
| 2 | Percentage of indigent households with access to free basic sanitation services | 3600 | 0 | 0 | 3600 | 100% | N/A |
| 3 | Percentage of clinics with access to sanitation services | | | | | | |
| 4 | Percentage of schools with access to sanitation services | | | | | | |

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

| | Indicator name | Total number of household/customer expected to benefit | Estimated backlogs (actual numbers) | Target set for the f. year under review (Actual numbers) | Number of HH/customer reached during the FY | Percentage of achievement during the year | Comments |
|---|---|---|---|---|---|---|---|
| 1 | Percentage of households without access to gravel or graded roads | 600 | 600 | 0 | 0 | 0% | Lack of development to develop informal settlements |
| 2 | Percentage of road infrastructure requiring upgrade | 300 | 30 | 1.7km | 90 | 30% | Inadequate funding |
| 3 | Percentage of planned new road infrastructure actually constructed | 300 | 30 | 1.7 | 90 | 30% | |
| 4 | Percentage of capital budget reserved for road upgrading and maintenance effectively used. | 0 | 0 | 0 | 0 | 0 | |

**KPA 2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

| No | Indicator Name | Total number of people (planned for) during the year under review | Achievement level during the year under review | Achievement % during the year | Comments on the gap |
|---|---|---|---|---|---|
| 1. | Vacancy rate for all approved and budgeted posts | 7% | 7% | 93% | |
| 2. | % of appointments in strategic positions (MM and S57) | 100% | 100% | 100% | |
| 3. | % of S56 Managers including MM who attended at least one skills development training course within the FY | 0% | 0% | 0% | Insufficient budget |
| 4. | % of Managers in Technical services with a professional qualification | 3 | 3 | | |
| 5. | Level of PMS Effectiveness in the LM | It is implemented on a higher level (MM and s57). | | | |
| 6. | % of staff that have undergone a skills audit (including competency profiles) | 70% | 70% | 30% | |
| 7. | % of Cllrs who attended a skills development training course within the current 5 year term | 100% | 100% | 100% | |
| 8. | % of staff compliment with disability | 0% | 0% | 0% | |
| 9. | % of female employees | 20% | 20% | | |
| 10. | % of employees that are aged 35 or younger | 14% | 14% | | |
| 11. | Adoption and implementation of a District wide / local performance management system | 30 June 2022 | 30 June 2022 | | |

## GLOSSARY

| | |
|---|---|
| **Accessibility indicators** | Explore whether the intended beneficiaries are able to access services or outputs. |
| **Accountability documents** | Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| **Activities** | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*. |
| **Adequacy indicators** | The quantity of input or output relative to the need or demand. |
| **Annual Report** | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General. |
| **Approved Budget** | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive. |
| **Baseline** | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period. |
| **Basic municipal service** | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| **Budget year** | The financial year for which an annual budget is to be approved – means a year ending on 30 June. |
| **Cost indicators** | The overall cost or expenditure of producing a specified quantity of outputs. |
| **Distribution indicators** | The distribution of capacity to deliver services. |
| **Financial Statements** | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed. |
| **General Key performance indicators** | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally. |
| **Impact** | The results of achieving specific outcomes, such as reducing poverty and creating jobs. |

| | |
|---|---|
| **Inputs** | All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings. |
| **Integrated Development Plan (IDP)** | Set out municipal goals and development plans. |
| **National Key performance areas** | • Service delivery & infrastructure<br>• Economic development<br>• Municipal transformation and institutional development<br>• Financial viability and management<br>• Good governance and community participation |
| **Outcomes** | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve". |
| **Outputs** | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area. |
| **Performance Indicator** | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to<br>which an output has been achieved (policy developed, presentation delivered, service rendered) |
| **Performance Information** | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |
| **Performance Standards:** | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor. |
| **Performance Targets:** | The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and |

| | |
|---|---|
| | express a specific level of performance that a municipality aims to achieve within a given time period. |
| **Service Delivery Budget Implementation Plan** | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included. |
| **Vote:** | One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.<br>Section 1 of the MFMA defines a "vote" as:<br>*a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*<br>*b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned* |

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Councillors, Committees Allocated and Council Attendance- OLD COUNCIL JULY – NOVEMBER 2021. (8 COUNCIL MEETINGS HELD) | | | | | |
|---|---|---|---|---|---|
| **Council Members** | **Full Time / Part Time FT/PT** | **Committees Allocated** | ***Ward and/ or Party Represented** | **Percentage Council Meetings Attendance** % | **Percentage Apologies for non-attendance** % |
| Cllr B.A. Manxoweni (Mayor/Speaker) | FT | Finance Committee | ANC | 87.5 | 12.5 |
| Cllr M. Kwatsha | PT | -Community Services Committee<br>-Corporate Services Committee<br>-MPAC<br>-LLF | Ward 1/ ANC | 100 | 0 |
| Cllr P. Sonkwala | PT | -Community Services Committee<br>-Corporate Services Committee<br>-Technical Services Committee | Ward 6/ ANC | 100 | 0 |
| Cllr J.M. Martin | PT | -Corporate Services Committee<br>-MPAC<br>-LLF | Ward 2/ DA | 75 | 25 |
| Cllr T.C. Xakakxa | PT | -Community Services Committee<br>-Corporate Services Committee<br>-Technical Services Committee | Ward 3/ ANC | 100 | 0 |
| Cllr A. Hufkie | PT | -Community Services Committee<br>-Corporate Services Committee<br>-Finance Committee<br>-MPAC<br>-LLF | Ward 5/ ANC | 87.5 | 12.5 |
| Cllr T.A. Grootboom | PT | -Technical Services Committee | Ward 4/ ANC | 87.5 | 12.5 |

| | | | | | |
|---|---|---|---|---|---|
| Cllr N.P. Yantolo- Nkonyeni | PT | -Finance Committee<br>-Technical Services Committee<br>-MPAC<br>-LLF | ANC | 100 | 0 |
| Cllr K.C. Brown | PT | -Finance Committee | DA | 87.5 | 12.5 |
| Cllr F.P. Brown | P.T. | -Technical Services Committee<br>-MPAC | DA | 87.5 | 12.5 |
| Cllr C. Nel | PT | -Community Services Committee | DA | 87.5 | 12.5 |
| **Note: * NEW COUNCILLORS WERE ELECTED IN NOVEMBER 2021 ITO LOCAL GOVERNMENT ELECTIONS** | | | | | |
| **Councillors, Committees Allocated and Council Attendance NOVEMBER 2021 – JULY 2022 (11 COUNCIL MEETINGS HELD)** | | | | | |
| **Council Members** | **Full Time / Part Time**<br><br>**FT/PT** | **Committees Allocated** | ***Ward and/ or Party Represented** | **Percentage Council Meetings Attendance**<br><br>% | **Percentage Apologies for non-attendance**<br><br>% |
| Cllr B.A. Manxoweni (Mayor) | FT | -EXCO<br>-Corporate Services Committee<br>-Finance Committee<br>-Community Services Committee | ANC | 100 | 0 |
| Cllr Z. Baskiti | PT | -Finance Committee<br>-Technical Services Committee<br>-MPAC | Ward 1/ ANC | 90.9 | 9.1 |
| Cllr P. Sonkwala | PT | -Corporate Services Committee<br>-Community Services Committee<br>-MPAC<br>-LLF | Ward 6/ ANC | 100 | 0 |
| Cllr A. Heynse | PT | -Community Services Committee<br>-MPAC | Ward 2/ DA | 81.8 | 18.2 |
| Cllr A. Dyantyi | PT | -Corporate Services Committee<br>-Technical Services Committee<br>-MPAC<br>-LLF | Ward 3/ ANC | 100 | 0 |
| Cllr C. Nel | PT | -Finance Committee<br>-Community Services Committee | Ward 5/ DA | 100 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| | | -LLF | | | |
| Cllr M.K. Mali | PT | -EXCO<br>-Technical Services Committee<br>-Finance Committee<br>-LLF | Ward 4/ ANC | 100 | 0 |
| Cllr N.P. Yantolo- Nkonyeni (Speaker) | FT | N/A | ANC | 100 | 0 |
| Cllr J.M. Martin | PT | -EXCO<br>-Corporate Services Committee<br>-Community Services Committee | DA | 63.63 | 36.37 |
| Cllr F.P. Brown | P.T. | -Technical Services Committee<br>-MPAC | DA | 90.9 | 9.1 |
| T.W. Peta | PT | -Corporate Services Committee<br>-Technical Services Committee | EFF | 50 | 50 |
| E. Miggels | PT | Same as above | EFF | 80 | 20 |

Note* Cllr Peta was replaced by Cllr Miggels in April 2022. He attended 3 Council meetings out of 6 during his tenure from November 2021 to March 2022.
Cllr Miggels attended 4 Council meetings out of 5 from April to July 2022 after replacing Cllr Peta.

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| Committees ( Executive Committee) and Purposes of Committees | |
|---|---|
| **Municipal Committees** | **Purpose of Committee** |
| | |
| Finance | To deliberate on matters related to finances of the municipality e.g. income, expenditure and |
| | Supply Chain Management Functions. |
| Corporate Services | To deliberate on matters related to Administration, Human Resources and Records Management. |
| Community Services | To deliberate on matters related to Environmental Health Traffic, Parks and Open Spaces, |
| | Libraries, Waste Management, Commonage and Pound, Disaster Management and Protection Services |
| Technical Services | To deliberate on matters related to Electricity, Roads and Stormwater, Mechanical Workshop |
| | MIG, Water and Sanitation and Housing and Land Use. |
| LLF | To discuss labour related issues |
| MPAC | Oversight on municipal overall performance |
| Internal Audit | Ensures implementation of internal control |
| Land Committee | Attend to issues related to municipal land and properties. |

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| **Third Tier Structure** | |
|---|---|
| **Directorate** | **Manager (State title and name)** |
| Municipal Manager Office | Manager: Internal Audit- Ms Phelokazi Ndumndum |
| | Manager: IDP/Performance Management- Ms Samela Hanabe |
| Finance Department | Manager: Revenue and Expenditure- Mr Julius Maputha |
| | Manager: Financial and Audit Matters- Mr Martin Meyer |
| | Manager: Supply Chain Management- Ms Ayanda Mbebe |

| | |
|---|---|
| Community Services | Manager: Environmental Health Services- Mr Francois Trichard |
| | Chief: Protection Services- Mr Roland Hare |
| | Chief: Fire and Disaster- Mr John Conmway |

| | |
|---|---|
| Technical Services | Head: Electrical Services- Mr Vuyani Apollis |
| | Manager: PMU- Ms Nonkqubela Dlova |
| | Manager: Maintenance and Infrastructure: Mr Albertus Swanepoel |

| | |
|---|---|
| Corporate Services | Manager: ICT- Mr Mzwandile Gush |

## APPENDIX D- WARD COMMITTEE MEMBERS AND ALLOCATION

**WARD 1**

1. Kula Nomvume Jeanette : Agriculture Association, Farm Workers and Employment
2. Fani Vuyokazi : Business & Informal Traders
3. Mbenya Khanyisa : Community Based Organization
4. Mali Unathi : Community Safety Forum
5. Kwatsha Busisiwe Zelda : Education
6. Maqenge Xabiso : Environment & Tourism
7. Mtana Noxolo : Health & Welfare and People living with disabilities
8. Dywili Ngubengwe Armstrong : Religious Groups & Senior Citizens
9. Xhaso Vuyiswa : Sport, Culture and Youth
10. Sixaxa Andiswa : Women

**WARD 2**

1. Gegesi Abednego : Arts. Sport & Culture
2. Webb Willem : Community Based Organisation and Community Safety Forum
3. Isaacs Gaywin Andrew : Employment
4. Mbunge Vuyiseka : Environment, Health & Welfare
5. Nel Emile Riaan : Farm workers
6. Toni Neliswa Charmaine : People living with disabilities
7. Jacobs Josef : Rate Payers & Civic Association
8. Jordaan Michelle Zelda : Religions Groups
9. Sekori Kegomoditshwe Sinnah : Women & Senior Citizens
10. Brander Mzoxolo Norman : Youth

**WARD 3**

1. Asisipho Wonderboy Nywebeni : Community Based Organisation & Community Safety Forum
2. Silumko Wiseman Lawrence : Education
3. Mandilakhe Melville Storm : Employment
4. Mandisi Justice Memese : Health & Welfare
5. Nonceba Priscilla Heka : Religious Grouping
6. Nosiphenkosi Mbotya : Sports, Culture and Youth
7. Thuleka Pamela Gcume : People living with disabilities
8. Julia Blouw : Women
9. Ntombizanele Primrose Mahobe : Senior Citizens

** Only 9 members could be elected and not 10 as these were the only sectors nominated.

**WARD 4**

1. Pumzile Matthews Danster : Agricultural Association & Business
2. Gerald Zongezile Danster : Community Safety Forum
3. Thembakazi Precious Jas : People Living with disabilities

4. Verryne Piet : Education
5. Anele Andrew Kulati : Senior Citizens
6. Ivan Setiele : Unemployed & Employed
7. Annie Kamin : Health & Welfare
8. Mandile Afrika : Sport & Art and Culture
9. Mina Malgas : Women
10. Luyanda Ncingolo : Youth

**WARD 5**

1. Xaluva Sonwabile Siviwe : Agriculture
2. Hartzenberg Tamarah Reinel : Business
3. Stofile Ntombomzi Cynthia : Community Based Organisation & Community Safety Forum
4. Storm Wellington Vuyo : Education
5. Malambile Phumula Doreen : Employment
6. Zoeloe Deon Martin : Health & Welfare and People Living with Disabilities
7. Memese Thembisa Elsie : Religious Groups & Senior Citizens
8. Arends Rose Mary : Sport & Culture and Youth
9. Faku Nonkonzo Veronica : Traditional Leaders
10. Gogo Noluthando Junior : Women

**WARD 6**

1. Antoni Trinity Loyiso : Agriculture Association& Farm Workers and Employment
2. Piliso Noma-Afrika : Environment
3. Mjekula Sindiswa : Business
4. Mbombiya Mandla Xolani : Community Based Organisation & Community Safety Forum
5. Silimeni Sinazo : Education
6. Baskiti Anelisa : Health & Welfare and People living with Disabilities
7. Dwane Ntombizanele Ethel : Rate Payers & Civil Association
8. Mtengwana Lungelwa : Religious Groups
9. Fani Melisizwe : Sport & Youth

** Sindiswa Mjekula was also single - nominated under the women sector. She could not be endorsed again under a different sector and so there are 9 members elected instead of 10.

## APPENDIX E – AUDIT COMMITTEE ANNUAL REPORT 2021/22

### 1. OBJECTIVE

The Audit Committee has prepared this report in full accordance with the applicable laws and regulations as supplemented by the Audit Committee Charter. The purpose of this report is to present the Audit Committee's progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process including the Audit Committee's review meetings to 30 June 2022.

### 2. TERMS OF REFERENCE

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Council. The Audit Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of sections 38 and 41 of the Municipal Systems Act No 32 of 2000 and Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001: Review and advise in terms of the provisions of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers.

The advisory expected from the Audit Committee guided by the above stated tenets of legislation includes the following: Internal Financial Control and Internal Audits; Risk Management; Adequacy, Reliability and Accuracy of Financial Reporting and Information; Accounting Policies; Performance Management and Evaluation; Effective Governance; Compliance with the MFMA, the Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipality.

The Audit Committee assists Council in fulfilling its oversight responsibilities in helping to ensure high quality financial and performance management reporting as well as effective internal control. The MFMA also requires the Audit Committee to review the Annual Financial Statements, respond to Council on matters raised by the Auditor General South Africa (AGSA) and carry out investigations into the financial affairs of the Municipality.

### 3. AUDIT COMMITTEE COMPOSITION AND ATTENDANCE

The Audit Committee is made up of three independent members. The Municipal Manager, Honourable Mayor, MPAC Chairperson, and the Auditor General South Africa have a standing invitation to all Committee meetings. An independent member appointed by Council chairs the committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee. The Audit Committee have held meetings as outlined below from July 2021 to June 2022:

| Name of member | Appointed | Number of Meetings Attended |
|---|---|---|
| Mr. M.K. Mafani (Chairperson) | 01 July 2021 | 5 |
| Prof. W. Plaatjes | 01 July 2021 | 5 |
| Mr. S. Mbewu | 01 July 2021 | 5 |

## I. INTERNAL FINANCIAL CONTROL AND INTERNAL AUDITS

The Internal Audit unit completed and issued final reports in respect of an exceptional 99.8% of its original audit plan for the 2021/22 financial year. This is a remarkable performance achieved under trying conditions and as such the Internal Audit Unit was able to provide the Municipality with some assurance required in the institution's environment of acceptable risks.

Such a performance probably influenced the work performed AGSA as External Auditors put more reliance on the work performed by Internal Auditors. The Internal Audit sub-directorate reports to the Audit Committee on a quarterly basis in respect of the progress achieved in executing the audit plan. Amendments to the audit plan are approved by the Audit Committee.

**Internal Audit review:**

• The Audit Committee reviewed the adequacy, reliability and accuracy of financial reporting and information.

• The Audit Committee reviewed and agreed to the Accounting Policies in place when reviewing the Annual Financial Statements (AFS) at the Special Audit Committee meeting to review the AFS prior to submission to the AGSA.

• Internal financial controls were considered in reviewing the findings of internal audits.

• Management draw conclusions on the adequacy and effectiveness of the system of internal controls through the review of Internal Audit assurance reports.

- The Audit Committee note a continued lack of attention by management in effectively addressing reported weaknesses in control, deficiencies in systems and recommendations for improvement. A low response rate to addressing reported weaknesses is evident together with a high failure rate to

adequately and effectively address noted control weaknesses by Internal Audit and the Auditor General. This is a repeat noted concern by the Audit Committee where the general lack of addressing Internal Audit and Auditor General findings result in continued serious control weaknesses and new findings by the Auditor General. The lack of capacity within the MPAC has been raised and communicated to the Council by the Audit Committee for consideration.

• In reviewing whether management encourage ethical and lawful behaviour, financial discipline and accountability for the use of public resources, consideration should be given to greater accountability and consequence management being implemented in cases of mismanagement of resources.

• The Audit Committee note that little / no consequence management is evident in respect of senior managements' non-performance in dealing with high risk Internal Audit and Auditor General findings. There appears to be no mechanism available to the Accounting Officer to deal with continued long term non-performance by management in addressing the reported findings.

• Internal Audit have prepared, in consultation with the Audit Committee and for their approval:

- A three year rolling Strategic Internal Audit Plan

- An Annual Internal Audit Plan

- Internal Audit plans indicate the scope of each audit in the annual internal audit plan.

• The Audit Committee have noted that Internal Audit perform an internal self-assessment on an annual basis.

• The Audit Committee reviewed the Internal Audit Charter and the Audit Committee Charter, with amendments having been made thereto and approved.

• In the evaluating of the adequacy of performance of the Internal Audit sub-directorate, including the degree of co-operation with External Auditors, the Audit Committee consider the performance of Internal Audit to be at an acceptable level and beneficial to the Blue Crane Route Municipality.

• The assurance reports issued together with recommended remedial action is considered adequate. Effective action by management in addressing high risk findings remains inadequate. The repeat findings, year on year, are the result of management not effectively addressing noted high risk findings.

• Assurance reports are often concerning, indicating 'extreme' findings. Executive Directorship and management should actively work on addressing those agreed upon findings, together with implementing the recommended and agreed-to remedial actions. A close proactive working

relationship between Executive Management and Internal Audit is essential. In the absence of such a working relationship, repeat findings are likely to remain the norm.

• The Audit Committee have noted that no restrictions or limitations are placed on the Internal Audit sub-directorate in the execution of their mandate.

• A review of the quarterly performance reports submitted by Internal Audit takes place and amongst other includes:

- Supply Chain Management, Irregular Expenditure, Financial Management, Compliance with Policies and Regulations, Corporate, compliance with the Division of Revenue Act (DORA), HR effectiveness, Assistance to the Poor programme, and the critically important area of mSCOA implementation.

• Internal Audit conducted guided by its Annual plan specific reviews of the AG action plan for 2021/22 (Audit Implementation Plan) which show that most directorates achieved limited progress in addressing Auditor General high-risk findings. The Municipality remains exposed to the risk of future qualifications or new emphasis of matters. There is limited evidence of action or lack of appetite taken to address high risk repeat audit findings. No consequence management is evident in the lack of addressing these high-risk findings by management.

• Only high-risk findings are reported on through the Audit Implementation Plan. With the lack of progress noted in addressing Internal Audit and Auditor General high-risk findings, it must be assumed that similarly, limited progress is being achieved in addressing medium / lower risks identified. This is a repeat observation by the Audit Committee.

• The lack of progress in addressing audit findings results in the municipality:

- Conducting operations in a weak control environment,

- Being exposed to increased high risks of inaccurate information and errors,

- Management being unable to detect incidents of possible fraud.

• Ideally both Internal Audit and the Audit Committee should review the Annual Financial Statements prior to submission thereof to the Auditor General, the Audit Committee was not provided an opportunity to review the set of AFS prior to be submitted to AGSA for the year under review.

• The Committee further received copies of all Communications of Audit Findings throughout the regularity audit. The final Auditor General Audit Report and Management Report were also considered.

## II. AUDITOR GENERAL – EXTERNAL AUDIT

• The Audit Committee met with the Auditor General to review whether the Auditor General felt there were any restrictions placed on the external audit. The Auditor General noted that there were no restrictions.

• The audit plan was provided to the Audit Committee for review by the external Auditors, AGSA.

• No significant disagreements between External Auditors and Management were noted.

• No material unsolved accounting and auditing problems were noted.

• The Audit Committee did not have any significant audit matters to disclose that arose from the audit.

• The Audit Committee did not meet with Internal and External Auditors during the year without management being present so as to create an opportunity for views and concerns to be raised that may not be appropriate in an open forum.

• The Audit Committee considers the performance of External Auditors to be adequate.

## III. FINANCIAL REPORTING

• The Audit Committee have reviewed the expertise, resources and experience of the municipalities finance function which are considered to be adequate.

• The Audit Committee could not consider whether the financial disclosures made by management were objective, complete, timely and show council's financial position, results of operations, plans and long-term commitments.

• Through the Annual Financial Statement review process, the Audit Committee could not consider whether the quality, value and effectiveness of financial information produced together with the Accounting Policies with recommendations for amendments and changes were being affected to failure by management to submit a set of AFS before submission was made to AGSA.

## IV. PERFORMANCE MANAGEMENT AND EVALUATION

• The Audit Committee is responsible to report to Council, the Political Office Bearers, the Accounting Officer and Management on matters relating to Performance Management:

- The Audit Committee reviewed the Performance Management Report for the 2021/2022 financial year. The Performance Management Report was considered accurate by the Audit Committee.

• The Audit Committee reviewed the relevance of noted indicators together with their measurability in relation to services performed.

• Where the performance reviews are not scheduled and conducted during the first quarter of a new year, little / no value is secured through relevant noted non-performance and the appropriate remedial actions being taken.

• The Chairperson of the Audit Committee did chair the required performance reviews.

**V. ICT GOVERNANCE**

ICT governance within the Blue Crane Route Municipality remains a concern, the Audit Committee is of the view that Management has to prioritise this space and allocate sufficient resources to augment what is currently in place.

**VI. RISK MANAGEMENT AND GOVERNANCE**

It must be noted that the Blue Crane Route Municipality does not have a stand-alone sub-directorate entrusted with the risk management function, such work is performed by Internal Audit Unit. The Audit Committee has advised on numerous engagements to separate these two units with the view to improve governance.

• The Audit Committee together with the Management considers that the Internal Audit work carried out will assist in improving the effectiveness of risk management, control and governance processes.

• The Audit Committee continues to review those recommendations made by the Internal Audit Unit.

• The Internal Audit Unit continues to contribute effectively to identifying high risk areas. The Internal Audit Unit remains under capacitated where additional resources would contribute to identifying additional risks providing for an improved control environment.

• The lack of commitment by the service provider developing mSCOA has resulted in the absence of an integrated system, and this might lead to future audit findings and thus reverse to good work performed in improving the control environment. This also compromises credibility of reports and thus exposes the Institution to potential system manipulation. The Audit Committee observed that, no evidence of any consequence management in this matter has been noted.

• The Audit Committee express disappointment that previous concerns noted regarding dysfunctional mSCOA implementation have not been rectified and this remains a material matter in respect of on-going non-compliance.

**VII. INVESTIGATIONS**

The Audit Committee wishes to register that there has never been any investigation report tabled by both Management and MPAC on our engagements, thus the Committee is of the view that there exist no cases for investigation.

**4. CONCLUSION**

Guided by the reports presented by Internal Audit and deliberations between the Audit Committee, Council and Management there is a high probability of improving on performance and governance in general. It is inevitably that resource allocation will always be the impediment in key set targets and indicators intended to address issues of service delivery, hence it is of utmost importance that the Blue Crane Route Municipality ought to decisive on prioritising areas which would portray it as a machinery driving service delivery at a local level.

The Audit Committee note the following areas of concern

- The continued court cases which might have a negative impact on the finances of the Municipality and thus its financial viability should the outcomes find the Municipality liable.
- The separation of Internal Audit function from the Risk Management function
- Addressing high risk findings by the Auditor General and Internal Audit.
- Evaluation of mSCOA compliance and the way forward with the existing service provider.
- Matters relating to continue under performance by certain directorates of the Municipality, which risks future reduction on Grant funding.

**M.K. Mafani, (CFE)**

**Chairperson: Audit and Performance Committee**