

# BLUE CRANE ROUTE LOCAL MUNICIPALITY (102 EC )



## Adjusted ANNUAL PERFORMANCE REPORT 2021/2022 FINANCIAL YEAR

# TABLE OF CONTENTS

## Contents

1. INTRODUCTION.....	3
2. LEGISLATIVE REQUIREMENTS.....	3
3. COMPARISON OF BCRM'S CURRENT PERFORMANCE WITH THE PREVIOUS TWO FINANCIAL YEAR'S PERFORMANCE:.....	4
4. MUNICIPAL OVERALL PERFORMANCE FOR THE YEAR UNDER REVIEW: 2021/2022 .....	4
4.1 OVERALL MUNICIPAL PERFORMANCE PER QUARTER.....	4
4.2 DEPARTMENTAL PERFORMANCE AS PER THE SDBIP 2021/2022 .....	5
4.3 GENERAL COMMENTS .....	5

## 1. INTRODUCTION

Guided by section 25 (1) of the Municipal Systems Act 32 of 2000 which requires a municipal council within a prescribed period after the start of its elected term; to adopt a single, inclusive and strategic plan for the development of the municipality. Section 25 (2) of the same Act allows for the municipal council to amend the Integrated Development Plan (in terms of section 34 Municipal Systems Act 32 of 2000) and remain in force until Integrated Development Plan is adopted by the next elected council. Blue Crane Route Municipal Council adopted its 5-year Integrated Development Plan in May 2017, and the plan was reviewed and approved annually.

Blue Crane Route Municipal Council adopted its last reviewed Integrated Development Plan for 2021/22 financial year on the 24 June 2021. Following the approval of the IDP, a Service Delivery and Budget Implementation Plan (SDBIP) for 2021/22 was developed according to Circular 13 and was approved by the Mayor as prescribed in Section 53(1)(c)(ii) of the Municipal Finance Management Act 56 of 2003, which requires the Mayor to approve SDBIP within 28 days after the approval of annual budget. The approved SDBIP for 2021/22 was revised and approved by Council in March 2022 according to section 54(1)(c) and section 72 (1)(a)(ii) of the Municipal Finance Management Act 56 of 2003, the Act outlines the processes to be followed for reviewing and approving the SDBIP.

It is against this background that the report is prepared to give an account on the implementation of SDBIP 2021/2022 financial year.

## 2. LEGISLATIVE REQUIREMENTS

Implementation of the performance management system in the municipality is informed by the following legislation:

### **Municipal Systems Act 32 of 2000.**

- Section 40 requires that; a municipality must establish mechanisms to monitor and review its Performance Management System (PMS)
- Section 41 (1) A municipality in terms of its Performance Management System (PMS) must:
  - (a) set appropriate KPI's as a yardstick for measuring performance as well as measurable performance targets, with regard to the municipality's development priorities and objectives as set out in the IDP.
  - (b) set measurable performance targets with regard to each of those development priorities and objectives.
  - (c) (i)-(ii) monitor, measures and reviews performance at least annually.
  - (d) take steps to improve performance with regards to those development priorities and objectives where performance targets are not met.
- Section 46 requires the municipality to prepare a performance report for each financial year reflecting the performance of the service providers during that financial year, comparison of the

performances with set targets for and the performances of the previous financial year and measures taken to improve performance. The Act further requires that the report must form part of the Municipality's annual report, in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

### 3. COMPARISON OF BCM'S CURRENT PERFORMANCE WITH THE PREVIOUS TWO FINANCIAL YEAR'S PERFORMANCE:

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

<b>MUNICIPAL PERFORMANCE RESULTS OVER 3 YEARS BASED ON SDBIP TARGETS</b>			
<b>FINANCIAL YEAR</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
<b>OVERALL PERFORMANCE</b>	<b>58%</b>	<b>55%</b>	<b>55%</b>

### 4. MUNICIPAL OVERALL PERFORMANCE FOR THE YEAR UNDER REVIEW: 2021/2022

#### 4.1 OVERALL MUNICIPAL PERFORMANCE PER QUARTER

The table below details the total number of targets set for each quarter, total number of the achieved targets against the set targets and the total number of targets that were not achieved during the quarter.

<b>Reporting Period</b>	<b>Total targets per quarter</b>	<b>Targets achieved per quarter</b>	<b>Targets Not Achieved per quarter</b>	<b>Overall performance per quarter %</b>
Q1	47	23	24	49%
Q2	43	20	23	47%
Q3	46	27	19	59%
Q4	44	29	15	66%
<b>Annual Performance</b>	<b>180</b>	<b>99</b>	<b>81</b>	<b>55%</b>

## 4.2 DEPARTMENTAL PERFORMANCE AS PER THE SDBIP 2021/2022

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

Departments	Total Target	Total number of achieved targets per quarter				Annual Performance	% Achievement
		Q1	Q2	Q3	Q4		
Municipal Transformation and Institutional Development: <b>(Corporate Services)</b>	24	4	1	1	4	10	41.6%
Service Delivery and Infrastructure Development: <b>(Technical Services)</b>	55	5	5	5	6	21	38%
Service Delivery and Infrastructure Development <b>(Community Services)</b>	40	6	7	7	6	26	65%
Municipal Finance Viability <b>(Financial Services)</b>	26	3	5	5	4	17	65.3%
Local Economic Development	1	0	n/a	n/a	n/a	0	0%
Good Governance and Public Participation <b>(Office of the Municipal Manager)</b>	34	5	2	8	10	25	74%
<b>Municipal overall performance</b>	<b>180</b>	<b>23</b>	<b>20</b>	<b>27</b>	<b>29</b>	<b>99</b>	<b>55%</b>

## 4.3 GENERAL COMMENTS

The overall municipal performance for the under year review is 55%. Revisions of Key Performance Indicators and Targets were done for Q3 and Q4. Some indicators were revised, and some were removed.

The recorded performance information is according to the performance targets set per quarter for each key performance indicator. Performance targets set for key performance indicators (KPI) varies for each quarter depending on the project implemented. This therefore means that; setting of quarterly targets will not be applicable in some quarters. The said explains the variances in terms of the number of targets set per quarter as reflected on the table above. Another contributing factor to the differences on the quarterly performance targets is due to the revisions that were done in the SDBIP after the assessment of the midterm performance and adjustment budget.

The following documents are attached as annexures:

- **Annexure A: Blue Crane Route Local Municipality Annual Performance Report 2021/2022**
- **Annexure B: Blue Crane Route Local Municipality Annual Performance indicator schedule for 2021/2022**

- **Annexure C: Blue Crane Route Local Municipality Performance of the Service Providers 2021/2022**

Prepared by:



**S Harabe: IDP/PMS Manager**

Approved by:



**T Klaas: Municipal Manager**



**Cllr B A Manxoweni: Mayor/Speaker**

Adjusted ANNUAL PERFORMANCE REPORT 2021/2022 FINANCIAL YEAR: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (CORPORATE SERVICES)																																																					
Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2020/21	Actual Performance 2020/21	Annual Target 2021/22	Actual Performance 2021/22	Reasons for Deviation	Corrective Measure	Time Frame	Comments	No of KPI	Custodian																																								
Institutional integration and coordination	To build and strengthen the administrative and institutional capability of the municipality by 2022	By conducting a filing plan mini workshop	No. of filing plan mini workshop conducted	New Indicator	n/a	1 filing plan mini workshop conducted	Target met -1 filing plan mini workshop conducted as from 06-16 September 2021 for all municipal employees during the policy roll-out ; Second workshop on File Plan conducted during induction for new employees held on 01 December 2021.	n/a	n/a	n/a	n/a	1	Director Corporate Services																																								
														By developing and implementing Employment equity plan	No of Employment equity plan developed	New Indicator	n/a	1 Employment equity plan developed	Target met -Terms of reference for Employment Equity Committee and adopted by Council, Employment Equity Committee Established successfully, Employment Plan developed and tabled to the Employment Equity Committee (17/06/22), L.F. (20/06/22) and Exco (27/06/22) before it was adopted by Council on 30 June 2022	n/a	n/a	2	Director Corporate Services																														
																								By developing and implementing individual performance management system	Number of performance agreements signed by Senior Management by 31 July 2021	New Indicator	n/a	5 performance agreements signed by Senior Management by 31 July 2021	Target met -5 performance agreement packages were developed and were signed by Senior Management by 31 July 2021	n/a	n/a	3	Director Corporate Services																				
																																		By conducting Employee & Council Relations programmes	Number of performance plans signed by employees reporting to the Director by 30 August 2021	New Indicator	n/a	7 performance plans signed by employees reporting to the Director by 30 August 2021	Target met -7 performance plans were designed and signed by employees reporting to the Director by 30 August 2021. Monitoring of the Performance Plans was done bi-monthly as per attendance register of Corporate Services department meetings.	n/a	n/a	4	Director Corporate Services										
																																												By conducting training for employees	No of municipal staff trained	New Indicator	n/a	40 municipal staff trained	Target met. 4 Employee & Councilor relations programmes conducted. 1. Policy Roll-out coordinated and executed in September 2021 for all 5 departments (Municipal employees); 2. Coordinated Council Inauguration on 22/11/2021; 3. Wellness Day was coordinated and held on 08/04/2022. 4. Prayer Day coordinated and held on 24/05/2022.	n/a	n/a	5	Director Corporate Services

	By conducting training for councillors	No. of councillors trained	New Indicator	n/a	11 Councillors trained	Target met - 11 Councillors trained 11 Councillors trained on: SALGA LED Portfolio-Based Induction for Councillors held on 11 & 12 May 2022; Dept Human Settlements Housing Finance & Administration Training for Councillors held on 20 to 25 June 2022; Induction Workshop for Ward Councillors & Ward Committee Members held on 22 to 23 June 2022	n/a	n/a	n/a	7	Director Corporate Services
<b>Financial viability</b>	To build and strengthen the administrative and institutional capability of the municipality by 2022	Number of activities contributing towards clean audit from Audit Turnaround Plan addressed	New Indicator	n/a	4 activities contributing towards clean audit from Audit Turnaround Plan addressed	Target not met. Activities were not fully addressed.	n/a	To be addressed in the next financial year	n/a	8	Director Corporate Services
	To ensure compliance with MFMA and DORA regulations pertaining to reporting by 2022	% of capital budget spent on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital; measured as the total operational expenditure / total approved operational budget	New Indicator	n/a	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met. 45% (Capital); 88% (Operational)	Budget (operational) was spent accordingly for all activities of the department except the legal fees which were not paid before 30 June 2022 due to the fact that some cases are ongoing.	Budget spending	Dec-22	9	Director Corporate Services



Priority Area (KPA)	Adjusted ANNUAL PERFORMANCE REPORT 2021/22 FINANCIAL YEAR : BASIC SERVICE DELIVERY (TECHNICAL SERVICES)												
	Strategic Plan Objective	Strategy	Indicator	Annual Target 2020/21	Actual Performance 2020/21	Annual Target 2021/22	Actual Performance 2021/22		Corrective Measure	Time Frame	Comments	No of KPI	Custodian
							Reasons for Deviation	Reasons for Deviation					
Water and Sanitation	To ensure efficient, economical and quality provision of water 2022 and beyond	By upgrading Orange Fish WTW and Cookhouse WTW	% progress on the upgrading Orange Fish Water Treatment Works	New Indicator	N/A	10% progress on site on upgrading of Orange Fish WTW	Target not met: 2% progress on site on upgrading of Orange Fish WTW. Site establishment has been done, site clearance, excavations etc.	Contractor was appointed on 21 February 2022. Delayed submission of contractual documents. Contractor only commenced on 3 June 2022 on site.	A turn around plan to recover time lapsed on site has been submitted by the contractor. Project will be carried over to the new FY and anticipated to be complete by January 2023.	January 2023.	n/a	10	Director Technical Services
							Target not met. 0 contractors appointed to upgrade cookhouse water treatment works.	Inadequate funding vs envisage scope of works. Re-tender was delayed by the constitutional ruling on PPPFA.	Specification submitted and is awaiting advertisement.	Dec-22	15% progress on site for emergency work. 0% progress on site for main work. Main contractor not appointed yet, due to inadequate funding.	11	Director Technical Services
							Target met. 1 feasibility study report for bulk infrastructure services in Pearston compiled	n/a		n/a	n/a	12	Director Technical Services
							Target met: 1.054km of 315mm diameter pipeline installed. Project end December 2021.	n/a	n/a	n/a	n/a	13	Director Technical Services
							Target met: 100% progress on site on the augmentation of bulk water supply in Pearston. A practical completion certificate has been submitted	n/a	n/a	n/a	n/a	14	Director Technical Services
							Target not met. 0 contractor appointed to upgrade the sewer pump stations in Maylla, Memese and Aeroville	EIA was required for sewer pumpstations. This then delayed the implementation.	EIA application to be submitted to DEDEA. Business plan to be submitted to DWS & CoGTA for funding approval.	n/a	Dec-22	n/a	15
Electro-mechanical services	To ensure quality electricity supply and reduction of Electricity losses by 2022 and beyond	By refurbishing sewer pump stations in Maylla, Memese and Aeroville	Number of streetlights and high mast lights retrofitted	New Indicator	N/A	100 Streetlights and 23 high mast lights retrofitted	Target could not be achieved due to faulty plants in Q3	To be addressed in the next financial year	Dec-22	n/a	16	Director Technical Services	
						100 Streetlights and 23 high mast lights retrofitted	Target could not be achieved due to faulty plants in Q3	To be addressed in the next financial year	Dec-22	n/a	16	Director Technical Services	

<b>Social Facilities</b>	To ensure that communities have access to well established social amenities by 2022 and beyond	By upgrading Sportsfield in Aeroville and west view	% progress on site of upgrading sportsfield in Aeroville phase 1	20% progress on upgrading of Aeroville Sportsfield	0% progress on upgrading of Aeroville Sportsfield. Contractor is establishing is site	100% progress on site of upgrading sportsfield in Aeroville phase 1	Target not met: 99% progress on site of upgrading sportsfield in Aeroville phase 1. Practical completion not issued yet due to submission of COC and confusion of penalties.	There was a delay in electrical connection by BCMR and issuance of COC by a registered electrical person.	COC has been submitted and a draft practical completion issued to the contractor.	Dec-22	n/a	17	Director Technical Services
	<b>Roads and stormwater</b>	To ensure that communities have access to reliable and efficient roads by 2022	% progress on site of upgrading sportsfield in Aeroville phase 2	New Indicator	N/A	10% progress on site of upgrading sportsfield in Aeroville phase 2	Target met: 25% progress on site of upgrading sportsfield in Aeroville phase 2. Removing of old material, locating existing pipes and excavation of all material has been completed.	n/a	n/a	n/a	n/a	18	Director Technical Services
			No of contractors appointed to upgrade sportsfield in westview phase 1	New Indicator	N/A	1 contractor appointed to upgrade sportsfield in westview phase 1	Target not met: 0 contractor appointed to upgrade sportsfield in westview phase 1	EIA needs to be conducted. Inadequate budget was also a factor.	An EIA report has been submitted to DEDEA. A technical report has been submitted to DSAC for application of funding.	n/a	n/a	19	Director Technical Services
			No of km of Gravel roads paved in Cookhouse	0.200km of internal streets paved in Cookhouse	0.210km paved in paving of internal streets in Cookhouse.	0.40km of Gravel roads paved in Cookhouse	Target not met : 0.080km has been paved in Vujo Street (60m) and Khatwasha street (20m).	Unruly labour, theft of material, and lack of tools and equipment.	It will be carried over the next FY 22-23	Dec-22	20	Director Technical Services	
	<b>Commonage and Pound</b>	To ensure that animals are kept away from the public roads and private properties to ensure safety of road users and private	By constructing pounds	No of km of Gravel roads paved in Somersset East	0.19km of internal streets paved in Pearston	0km paved on site in Pearston. Only 150m both construction of V-drains and concrete edge beams.	0.50km of Gravel roads paved in Pearston	Target met: 0.320 km paved of Gravel roads paved in Pearston at Siyakolwa street.	Lack of funding to proceed with earmarked Yem-Yem street.	It will be carried over the next FY 22-23	Dec-22	Yem-Yem street will be done in the new FY	21
Distance in kilometres of stormwater pipes upgraded in ward 5				New Indicator	N/A	0.350km of internal streets paved in Somersset East	0.150km paved in Somersset East	0.8km of Gravel roads paved in Somersset east	Target met : 1.130km of paving completed. kofie street and patunia street completed.	n/a	n/a	n/a	n/a
<b>Commonage and Pound</b>	To ensure that animals are kept away from the public roads and private properties to ensure safety of road users and private	By constructing pounds	% progress on the Construction of a pound in Somersset East	New Indicator	N/A	50% progress on the Construction of a pound in Somersset East	Target not met: 0% progress on site.	Constitutional ruling has delayed the project. BSC set in February 2022 for advertisement and was only advertised in June 2022.	Project will be carried over to the next FY. BAC recommended to the AO.	n/a	n/a	24	Director Technical Services
			Distance in kilometres of stormwater pipes upgraded in ward 5	New Indicator	N/A	0.350km of Stormwater pipes upgraded in ward 5	Target met : 0.463km of pipe has been upgraded.	n/a	n/a	n/a	n/a	n/a	n/a

<b>Institutional integration and coordination.</b>	To build and strengthen the administrative and institutional capability of the municipality by 2022	By developing and implementing individual performance management system	No. of performance plans signed by employees reporting to the Director, by 30 August 2021	New Indicator N/A	N/A	2 performance plans signed by employees reporting to the Director, by 30 August 2021	Target not met: 1 performance plan were compiled and signed	The performance plans are underway	The signing of performance plans will be finalised in the next FY	Sep-22	n/a	25	Director Technical Services
<b>Financial Management &amp; Reporting</b>	To ensure compliance with MFMA and DORA regulations pertaining to reporting by 2022	By monitoring compliance with MFMA & DORA check lists	% of capital budget spent on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital; measured as the total actual year to date operational expenditure / total approved operational budget	New Indicator N/A	N/A	100 % of capital budget spent on capital projects; measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met: 49% CAPEX and 96% OPEX.	CAPEX was delayed due to ineffective procurement value chain, and constitutional ruling.	Procurement plan to be in a performance agreement of senior management and be in SDBIP	Sep-22	n/a	26	Director Technical Services

Adjusted ANNUAL PERFORMANCE REPORT 2021/22 FINANCIAL YEAR : BASIC SERVICE DELIVERY (COMMUNITY SERVICES)													
Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2020/21	Actual Performance 2020/21	Annual Target 2021/22	Actual Performance 2021/22	Reasons for Deviation	Corrective Measure	Time Frame	Comments	No of KPI	Custodian
Solid waste management	To ensure a well maintained clean and healthy environment by 2022 and beyond	By conducting environmental awareness campaigns in all 3 townships	Number of environmental awareness campaigns conducted	8 Environmental awareness campaigns conducted	4 Environmental awareness campaigns conducted	8 Environmental awareness campaigns conducted	Target met-9 Environmental awareness campaigns conducted	n/a	n/a	n/a	n/a	27	Director Community Services
	To ensure a healthy water environment to improve human health by 2022	By conducting water quality monitoring and education awareness programmes in the community	No of water quality education awareness programmes conducted	6 school based water quality education awareness programmes conducted	3 awareness campaigns conducted due to lockdown restrictions.	6 school based water quality education awareness programmes conducted	Target met - 8 school based water quality education awareness programmes conducted	n/a	n/a	n/a	n/a	28	Director Community Services
Water quality			No of bacteriological water samples and 4 chemical water samples taken	96 bacteriological water samples and 4 chemical water samples taken	88 bacteriological water samples and 4 chemical water samples taken	96 bacteriological water samples and 4 chemical water samples taken	Target not met -87 bacteriological water samples and 4 chemical water samples taken	During Q4 the laboratory experienced procurement challenges. Samples couldnot be taken for all sampling points	This will be addressed in the next financial year	Sep-22	n/a	29	Director Community Services
			Number of school leavers programme conducted	New Indicator	N/A	3 school leavers programme conducted	Target not met-3 school leavers programme conducted	Most of the schools could not be reached during the financial year	This will be addressed in the next financial year	Sep-22	n/a	30	Director Community Services
Traffic Services	To ensure that all road users comply with the roads and traffic laws by 2022 and beyond to ensure a safe environment	By conducting law enforcement and education programmes with the schools in BCRM	Number of roadblocks conducted at National roads in BCRM area	4 roadblocks conducted at National roads in BCRM area	5 roadblocks were conducted.	4 roadblocks conducted at National roads in BCRM area	Target met -5 roadblocks conducted at National roads in BCRM area	n/a	n/a	n/a	n/a	31	Director Community Services
			Number of fire prevention awareness programmes conducted	New Indicator	N/A	24 fire prevention awareness programmes conducted	Target not met- 14 fire prevention awareness programmes conducted	Target could not be achieved due to lockdown in Q1 and staff shortage in Q2 .	This will be addressed in the next financial year	Sep-22	n/a	32	Director Community Services
Fire & Disaster Management Services	To ensure prevention and management of fire incidences to promote safety of the environment, properties and humans by 2022 and beyond	By conducting fire safety and prevention inspections at commercial entities and public amenities	Number of fire safety and prevention inspections conducted in commercial entities and public amenitie	100 fire safety and prevention inspections conducted in commercial entities and public amenities	160 fire safety and prevention inspections conducted in commercial entities and public amenities	100 fire safety and prevention inspections conducted in commercial entities and public amenities	Target met - 273 Fire safety and prevention inspections conducted in commercial entities and public amenities	n/a	n/a	n/a	n/a	33	Director Community Services
	To promote a culture of learning amongst the communities of BCRM by 2022 and beyond	By conducting library awareness campaigns amongst the communities to elevate culture of	Number of library awareness campaigns conducted	8 library awareness campaigns conducted	6 library awareness campaigns done	8 library awareness campaigns conducted	Target met -11 library awareness campaigns conducted	n/a	n/a	n/a	n/a	34	Director Community Services

	By developing business plan to solicit funds for the extension of a library building in Pearston	No of business plans to solicit funds for the extension of a library building in Pearston developed	New Indicator	N/a	1 business plans to solicit funds for the extension of a library building in Pearston developed	Target not met. However funding for the extension of a library in Pearston was approved.	n/a	n/a	n/a	35	Director Community Services
<b>Safety and security</b>	To ensure provision of a safe and secure environment to all BCFM residents by 2022	By developing a Commonage Management policy	New Indicator	N/A	1 Commonage Management Policy developed	Target not met -0 Commonage Management Policy developed	The Commonage Management policy could not be approved due to the Commonage bylaw that is still on public participation stage	Dec-22	n/a	36	Director Community Services
<b>Financial Management &amp; Reporting</b>	To ensure compliance with MFMA and DORA regulations pertaining to reporting by 2022	By monitoring compliance with MFMA & DORA check lists	New Indicator	N/A	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met .	Total budget could not be spent due to delays in SCM processes	To facilitate speeding up of SCM processes	n/a	37	Director Community Services
<b>Institutional integration and coordination</b>	To build and strengthen the administrative and institutional capability of the municipality by 2022	By developing and implementing individual performance management system	New Indicator	N/A	5 performance plans signed by employees reporting to the Director by 30 August 2021	Target not met - Performance plans signed by employees reporting to the Director by 30 August 2021	Discussions with HODs are underway and the plan will be concluded	Sep-22	n/a	38	Director Community Services

Adjusted ANNUAL PERFORMANCE REPORT 2021/22 FINANCIAL YEAR : LOCAL ECONOMIC DEVELOPMENT													
Priority Area ((PA))	Strategic Plan Objective	Strategy	Indicator	Annual Target 2020/21	Actual Performance 2020/21	Annual Target 2021/22	Actual Performance 2021/22	Reasons for Deviation	Corrective Measure	Time Frame	Comments	No of KPI	Custodian
Job creation	To strive for reduction on household poverty through labour intensive construction methods in 2022 and beyond	By creating jobs through EPWP grant funding	No of jobs created through grant funding	76 Jobs created through EPWP grant funding	76 Jobs created through EPWP grant funding	239 Jobs created through grant funding	Target not met -234 Jobs created through grant funding	The target could not be achieved	Appointment will be done in the next financial year	Dec-22	n/a	39	Director Technical Services

Adjusted ANNUAL PERFORMANCE REPORT 2021/22 FINANCIAL YEAR: MUNICIPAL FINANCIAL VIABILITY (FINANCIAL SERVICES)															
Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2020/21	Actual Performance 2020/21	Annual Target 2021/22	Actual Performance 2021/22	Reasons for Deviation	Corrective Measure	Time Frame	Comments	No of KPI	Custodian		
Revenue Management	To ensure that the municipality is financially viable to sustain short, medium and long-term obligations to be able to provide services to the community in a sustained manner by 2022.	By reviewing, implementing and monitoring of a credible revenue enhancement plan	No of revenue enhancement plan reviewed	New Indicator	N/A	1 revenue enhancement plan reviewed	Target met-1 revenue enhancement plan reviewed	N/A	N/A	N/A	N/A	40	Director Financial Services		
Financial Management & Reporting	To ensure compliance with MFMA and DORA regulations pertaining to reporting by 2022	By monitoring compliance with MFMA & DORA check lists	Number of section 71 (YR) reports submitted to NT, Council by the 10th of each month	New Indicator	N/A	12 section 71 (YR) reports submitted to Council by the 10th of each month	Target not met- 11 section 71 (YR) reports submitted to NT, Council by the 10th of each month	Jan 2022 report was submitted later due to SAMRAS system call log.	The matter has resolved	N/A	N/A	N/A	41	Director Financial Services	
			Number of quarterly financial reports submitted to Council within 30 days of the end of each quarter.	New Indicator	N/A	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	Target met-4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	N/A	N/A	N/A	N/A	N/A	N/A	42	Director Financial Services
			Number of midyear financial reporting submitted to Council by 25 January 2022.	New Indicator	N/A	1 midyear financial reporting submitted to Council by 25 January 2022.	Target met-1 midyear financial reporting submitted to Council by 25 January 2022.	N/A	N/A	N/A	N/A	N/A	N/A	43	Director Financial Services
			Number of adjustment budget submitted to PT, NT and Council by the 28th February 2022	New Indicator	N/A	1 adjustment budget submitted to PT, NT and Council by the 28th February 2022	Target met-1 adjustment budget approved by Council by the 28th February 2022	N/A	N/A	N/A	N/A	N/A	N/A	44	Director Financial Services
			Number of draft budget by 31 March & final budget by 30 May for 2022/23 reports submitted to Council	New Indicator	N/A	1 draft budget by 31 March & 1 final budget by 30 May for 2022/23 reports submitted to Council	Target met-1 draft budget by 31 March & 1 final budget by 30 May for 2022/23 reports submitted to Council	N/A	N/A	N/A	N/A	45	Director Financial Services		
			Number of financial statements submitted to the Auditor General by 31 August 2021	New Indicator	N/A	1 financial statement submitted to the Auditor General	Target met -1 Financial statement submitted to the Auditor General	N/A	N/A	N/A	N/A	46	Director Financial Services		





<b>Institutional integration and coordination</b>	To build and strengthen the administrative and institutional capability of the municipality by 2022	By developing and implementing individual performance management system	No of performance plans signed by employees reporting to the Director by 30 August 2021	New Indicator N/A	4 performance plans signed by employees reporting to the Director by 30 August 2021	Target Not met - 0 performance plans signed by employees reporting to the Director by 30 August 2021	The Plans for the employees are still underway	Will be addressed	Sep-22	N/A	52	Director Financial Services
---	---	---	---	----------------------	---	--	--	-------------------	--------	-----	----	-----------------------------

Adjusted ANNUAL PERFORMANCE REPORT 2021/22 FINANCIAL YEAR - Good Governance (Municipal Manager)																
Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2020/21	Actual Performance 2020/21	Annual Target 2021/22	Actual Performance 2021/22	Reasons for Deviation	Corrective Measure	Time Frame	PMS/Comments	Internal Audit Comments	No of KPI	Custodian		
Internal Control	To ensure effective Audit, Risk management and Corporate governance function that will result in improved compliance and clean administration by 2022	By reviewing municipal internal controls through execution of the Internal Audit Plan	Number of Internal Audit Strategic Risk based Plans developed and approved by AC for 22/23 FY	New Indicator	N/A	1 Internal Audit strategic Risk based Plan developed and approved by AC for 22/23 FY	Target met -1 Internal Audit strategic Risk based Plan developed and approved by AC for 22/23 FY	n/a	n/a	n/a	n/a	n/a	53	Municipal Manager		
			Number of Risk Registers developed for 22/23 FY	New Indicator	N/A	1 Risk Registers developed	Target met -1 Risk Registers developed	n/a	n/a	n/a	n/a	n/a	n/a	54	Municipal Manager	
			Number of Audit and Performance Committee and Internal Audit Charters developed	New Indicator	N/A	1 Audit and Performance Committee and 1 Internal Audit Charters developed	Target met - 1 Audit and Performance Committee and 1 Internal Audit Charters developed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	55	Municipal Manager
			Number of Audit and Performance Committee meetings held on a quarterly basis	New Indicator	N/A	2 Audit and Performance Committee meetings coordinated	Target met -5 Audit and Performance Committee meetings coordinated	n/a	n/a	n/a	n/a	n/a	n/a	n/a	56	Municipal Manager
			Number of reports on the implementation of the Internal Audit Plan on a quarterly basis	4 reports on progress against approved IAP submitted to AC - AC approved IAP submitted to AC September (2), November, February May and June.	4 reports on progress against approved IAP submitted to AC - AC approved IAP submitted to AC September (2), November, February May and June.	2 reports on the implementation of the Internal Audit Plan on a quarterly basis	Target met -4 reports on the implementation of the Internal Audit Plan on a quarterly basis	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	57
IDP and Performance Management	To ensure that the municipality is responsive to the needs of community as well as the to strengthen a culture of performance management by 2022	By facilitating the implementation of the performance management system By conducting IDP Rep Forums per quarter	Number of Organisational Performance Reports submitted to Council quarterly	New Indicator	N/A	4 Organisational Performance Report submitted to Council quarterly	Target met -4 Organisational Performance Report submitted to Council quarterly	n/a	n/a	n/a	n/a	n/a	58	Municipal Manager		
			No of IDP Rep Forum meetings held	2 IDP Rep Forum meetings held	2 IDP Rep Forum meetings held	4 IDP Rep Forum meetings held	Target met -3 IDP Rep Forum meetings held	IDP Rep Forum meeting was held in the 3rd quarter	n/a	n/a	n/a	n/a	59	Municipal Manager		
			No of PMS Framework reviewed	New Indicator	N/A	1 PMS Framework reviewed	Target met -1 PMS Framework reviewed	n/a	n/a	n/a	n/a	n/a	n/a	60	Municipal Manager	

	By conducting institutional strategic planning session	No of Institutional strategic planning session conducted	New Indicator	N/A	1 Institutional strategic planning session	Target met -1 Institutional strategic planning session	n/a	n/a	n/a	n/a	61	Municipal Manager
	By organising IGR Meetings	No of IGR Meetings organised	4 IGR Forum Meetings held	3 IGR Forum Meetings held	4 IGR Meetings organised	Target not met -3 IGR Meetings organised	IGR and IDP Rep Forum meeting were to be held following the public participation meetings. However the public participation meetings were suspended due to the passing of the District Executive Mayor. The scheduled week for the public meetings was thus declared a mourning week for the entire district.	n/a	n/a	n/a	62	Municipal Manager
<b>Public Participation</b>	To ensure effective efficient and public participation by 2022 and beyond	Number of Public Participation sessions convened	New Indicator	N/A	6 Public Participation sessions convened	Target met - 12 Public Participation sessions convened	n/a	n/a	n/a	n/a	63	Municipal Manager
<b>Social cohesion</b>	To ensure mainstreaming of Special Programmes in the institution by 2022	No of social cohesion programmes facilitated	5 social cohesion programmes hosted	11 programmes have been conducted	5 social cohesion programmes facilitated	Target met -5 social cohesion programmes facilitated		n/a	n/a	n/a	64	Municipal Manager
<b>Financial Management &amp; Reporting</b>	To ensure compliance with MFMA and DORA regulations pertaining to reporting by 2022	% of capital budget spent on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital, measured as the total actual year to date operational expenditure / total approved operational budget	New Indicator	N/A	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met-Capital 45% at 30 June 2022. Operational = 95 % at 30 June 2022.	Procurement delays. NT guidance received in this quarter that formal tenders can be advertised a month before the ending of the financial year. 1. Rollover budget to be approved by end of Aug 2022. 2. Procurement processes to be speeded up by user departments.	n/a	n/a	n/a	65	Municipal Manager
<b>Institutional integration and coordination</b>	To build and strengthen the administrative and institutional capability of the municipality by 2022	Number of performance agreements signed by Senior Management by 31 July	New Indicator	N/A	5 performance agreements signed by Senior Management by 31 July 2021	Target met -5 performance agreements signed by Senior Management by 31 July 2021	n/a	n/a	n/a	n/a	66	Municipal Manager
		Number of performance plans signed by employees reporting to the Director by 30 August 2021	New Indicator	N/A	4 Performance plans signed by employees reporting to the Director by 30 August 2021	Target not met -1 Performance plans signed by employees reporting to the Director by 30 August 2021	n/a	n/a	n/a	n/a	67	Municipal Manager

## Blue Crane Route Local Municipality Annual Performance Indicator Schedule 2021/22

<b>Corporate Services</b>			
<b>Indicator</b>	<b>Annual target</b>	<b>Actual performance</b>	<b>List</b>
No. of filing plan mini workshop conducted	1 filing plan mini workshop conducted	Target met. Target met -1 filing plan mini workshop conducted.	06-16 September 2021 for all municipal employees during the policy roll-out; Second workshop on File Plan conducted during induction for new employees held on 01 December 2021.
No of Employment equity plan developed	1 Employment equity plan developed	Target met- 1 Employment equity plan developed	Terms of reference for Employment Equity Committee and adopted by Council; Employment Equity Committee Established successfully; Employment Equity Plan developed and tabled it to the Employment Equity Committee (17/06/22), LLF (20/06/22) and Exco (27/06/22) before it was adopted by Council on 30 June 2022
Number of performance agreements signed by Senior Management by 31 July 2021	5 performance agreements signed by Senior Management by 31 July 2021	Target met. 5 performance agreements signed by Senior Management by 31 July 2021	
Number of performance plans signed by employees reporting to the Director by 30 August 2021	7 performance plans signed by employees reporting to the Director by 30 August 2021	Target met. 7 performance plans signed by employees reporting to the Director by 30 August 2021	
Number of employee & Councillor relations programmes conducted	3 Employee & Councillor relations programmes conducted	Target met -3 Employee & Councillor relations programmes conducted	1. Policy rollout programme for 5 BCRM department 2. Wellness Day was coordinated and held on 08/04/2022. 3. Prayer Day coordinated and held on 24/06/2022
No of municipal staff trained	40 municipal staff trained	Target not met -36 Municipal staff trained	
No. of councillors trained	11 Councillors trained	Target met- 11Councillors trained	
Number of activities contributing towards clean audit from Audit Turnaround Plan addressed	4 activities contributing towards clean audit from Audit Turnaround Plan addressed	Target not met- Activities were not fully addressed.	

% of capital budget spent on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital; measured as the total actual year to date operational expenditure / total approved operational budget	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met - Target not met .45% (Capital); 88% (Operational)	
<b>Technical Services</b>			
% progress on the upgrading Orange Fish Water Treatment Works	10% progress on site on Upgrading of Orange Fish WTW	Target not met: 2% progress on site on upgrading of Orange Fish WTW. Site establishment has been done, site clearance, excavations etc.	
No of contractors appointed to upgrade cookhouse water treatment works	1 contractor appointed to upgrade cookhouse water treatment works	Target not met: 0 contractors appointed to upgrade cookhouse water treatment works.	
No. of feasibility study report for bulk infrastructure services in Pearston compiled	1 feasibility study report for bulk infrastructure services in Pearston compiled	Target met: 1 feasibility study report for bulk infrastructure services in Pearston compiled	
Distance in km of 315mm diameter pipeline installed	0.7km of 315mm diameter pipeline installed	Target met: 1.054km of 315mm diameter pipeline installed. Project end December 2021.	
% progress on site on the augmentation of bulk water supply in Pearston.	100% progress on site on the augmentation of bulk water supply in Pearston.	Target met: 100% progress on site on the augmentation of bulk water supply in Pearston. A practical completion certificate has been submitted.	

No of contractors appointed to upgrade the sewer pump stations in Mayila, Memese and Aeroville	1 contractor appointed to upgrade the sewer pump stations in Mayila, Memese and Aeroville	Target not met. 0 contractor appointed to upgrade the sewer pump stations in Mayila, Memese and Aeroville	
Number of streetlights and high mast lights retrofitted	100 Streetlights and 23 high mast lights retrofitted	Target not met: 111 streets lights and 8 highmast lights retrofitted.	
% progress on site of upgrading sportsfield in Aeroville	100% progress on site of upgrading sportsfield in Aeroville phase 1	Target not met: 99% progress on site of upgrading sportsfield in Aeroville phase 1. Practical completion not issued yet due to submission of COC and conclusion of penalties	
% progress on site of upgrading sportsfield in Aeroville phase 2	10% progress on site of upgrading sportsfield in Aeroville phase 2	Target met: 25% progress on site of upgrading sportsfield in Aeroville phase 2. Removing of old material, locating existing pipes and excavation of all material has been completed	
No of contractors appointed to upgrade sportsfield in westview phase 1	1 contractor appointed to upgrade sportsfield in westview phase 1	Target not met: 0 contractor appointed to upgrade sportsfield in westview phase 1	
No.of km of Gravel roads paved in Cookhouse	0.40km of Gravel roads paved in Cookhouse	Target not met: 0.080km has been paved in Vuyo Street (60m) and Khwatsha street (20m).	
No.of km of Gravel roads paved in Pearston	0.50km of Gravel roads paved in Pearston	Target met 0.320 km paved of Gravel roads paved in Pearston at Siyakolwa street.	
No of km of Gravel roads paved in Somerset East	0.8km of Gravel roads paved in Somerset east	Target met: 1.130km of paving completed. koffie street and petunia street completed.	
Distance in kilometres of stormwater pipes upgraded in ward 5	0.350km of Stormwater pipes upgraded in ward 5	Target met: 0.463km of pipe has been upgraded.	
% progress on the Construction of a pound in Somerset	50% progress on the Construction of a pound in	Target not met: 0% progress on site.	

East	Somerset East		
No. of performance plans signed by employees reporting to the Director by 30 August 2021	2 performance plans signed by employees reporting to the Director by 30 August 2021	Target not met -1 performance plans signed by employees reporting to the Director by 30 August 2021	
% of capital budget spent on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital; measured as the total actual year to date operational expenditure / total approved operational budget	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met: 49% CAPEX and 96% OPEX	
<b>Community Services</b>			
Number of environmental awareness campaigns conducted	8 Environmental awareness campaigns conducted	Target met. 9 Environmental awareness campaigns conducted	<ol style="list-style-type: none"> <li>1. Ethiopian Business owner's church in somerset East</li> <li>2. Ethiopian Business owner's church in somerset East</li> <li>3. Outside Longenhoven Library</li> <li>4. Pearston Side Hall</li> <li>5. Somerset East, West View</li> <li>6. Somerset East, Old Location</li> <li>7. Aeroville Cemetery</li> <li>8. Glen Avon Hall</li> <li>9. Youth Centre</li> </ol>
No of water quality education awareness programmes conducted	6 school-based water quality education awareness programmes conducted	Target met. 8 school-based water quality education awareness programmes conducted	<ol style="list-style-type: none"> <li>1. Gilbert Xuza</li> <li>2. Soqaqamba Secondary School</li> <li>3. Nonzwakazi Primary School</li> <li>4. Pearston Primary School</li> <li>5. Nojoli Primary School</li> <li>6. William Oats Primary School</li> <li>7. Hambakahle Primary School</li> <li>8. Witmos Primary School</li> </ol>

No of bacteriological water samples and chemical water samples taken	96 bacteriological water samples and 4 chemical water samples taken	Target not met. 87 bacteriological water samples and 4 chemical water samples taken	<ol style="list-style-type: none"> <li>1. Bongweni, Cookhouse (Q1-Q4)</li> <li>2. Cradock Place(Q1-Q4)</li> <li>3. Primrose street(Q1-Q4)</li> <li>4. Millennium Park Pearston(Q1-Q4)</li> <li>5. Khanyiso, Pearston(Q1-Q4)</li> <li>6. Somerset Budge(Q1-Q4)</li> <li>7. 5<sup>th</sup> avenue old location(Q1-Q4)</li> <li>8. Lottering Street, Mnandi (Q1-Q4)</li> <li>9. 106 Francis Street(Q3)</li> <li>10. Water shop (Q4)</li> </ol>
Number of school leavers programme conducted	3 school leavers programme conducted	Target not met. 2 school leavers programme conducted	<ol style="list-style-type: none"> <li>1. Pearston High School</li> <li>2. Cookhouse High School</li> </ol>
Number of roadblocks conducted at National roads in BCRM area	4 roadblocks conducted at National roads in BCRM area	Target met. 5 roadblocks conducted at National roads in BCRM area	<p>Special operation on the following dates:</p> <ol style="list-style-type: none"> <li>1. 15 July 2021 @ Longhope on the N10</li> <li>2. 20 August 2021 @ East Poort on the N10</li> <li>3. 18 February 2022 @ Vooertkrekker Street in Pearston</li> <li>4. 10 March 2022 @ Long Hope on the N10</li> <li>5. 12 May 2022 @ Patryshoogte on the N10</li> </ol>
Number of fire prevention awareness programmes conducted	24 fire prevention awareness programmes conducted	Target not met. 14 fire prevention awareness programmes conducted	<ol style="list-style-type: none"> <li>1. Cookhouse Clinic</li> <li>2. Glen Avon Community Hall</li> <li>3. William Oats Primary School</li> <li>4. W.G. Olivier Primary School</li> <li>5. Somerset East Pep Stores</li> </ol>



			<ol style="list-style-type: none"> <li>6. Gilbert Xuza</li> <li>7. Nojoli Primary School</li> <li>8. Nonzwakazi Lower Primary School</li> <li>9. Witmos Farm Primary School</li> <li>10. Jakes Gerwl Multi-Purpose for Areoville Secondary School</li> <li>11. Mini Marvel Day Care Centre</li> <li>12. Middle Drift Primary School</li> <li>13. Hambukuhle Farm Primary School</li> <li>14. Jakes Gerwel Multi – Purpose for Aeroville Community</li> </ol>
Number of fire safety and prevention inspections conducted in commercial entities and public amenities	100 fire safety and prevention inspections conducted in commercial entities and public amenities	273 fire safety and prevention inspections conducted in commercial entities and public amenities	<ol style="list-style-type: none"> <li>1. Mnandi Supermarket</li> <li>2. Family Store</li> <li>3. S.A Discount Shop</li> <li>4. Thandabantu Shop</li> <li>5. Jikeleza Shop</li> <li>6. Somerset East Supermarket</li> <li>7. Indwe Fish &amp; Grill</li> <li>8. Bhongweni Grocery</li> <li>9. Nohobile Shop</li> <li>10. Pop in Spaza</li> <li>11. Jalaal Supermarket</li> <li>12. Kwabayeni Shop</li> <li>13. Mthembu Brothers Shop</li> <li>14. Mnandi Supermarket</li> <li>15. Madiba Spaza Shop</li> <li>16. Africa Spaza Shop</li> <li>17. Mnandi Cash Store</li> <li>18. Lucky Spaza Shop</li> <li>19. Nqantosi Spaza Shop</li> <li>20. Nomdimba Shop</li> <li>21. Mandela Shop</li> <li>22. Corner Shop</li> <li>23. Chip Chip Supermarket</li> <li>24. Ali Super Shop</li> <li>25. Nisha Groceries Shop</li> <li>26. Bangladesh Grocery Shop</li> <li>27. Africa Variety Café</li> <li>28. FM Spaza Shop</li> <li>29. Amini Shop</li> </ol>

			30. Shabir Spaza Shop 31. Hamina Cash Store 32. Avonwood 33. Nelsig Supermarket 34. Plankies Super Store 35. Lucky Shop 36. Dudu's Corner Shop 37. Brother Shop 38. Ntombi Spaza Shop 39. Prince Imran Supermarket 40. Shaid's Cash Store 41. Taxi Shop 2 42. Taxi Stop 43. Pop inn 44. Mimi's Fresh Supermarket 45. BP Café 46. PnP Shop 47. Shofiq 48. Taxi Rank Mini Market 49. All In One Shop 50. Afrika Shop 51. Indwe enterprise 52. Somerset Fried Chicken 53. Somerset Fisheries 54. Jikeleza Supermarket 55. Radu Shop 56. Tady Shop 57. Discount Shop 58. Pop In Spaza 59. Mbityo Enterprises 60. Nisha Groceries 61. FM Shop 62. Dinangwe Shop 63. Anas Discount Shop 64. Jalal Supermarket 65. Chip Chip Supermarket 66. Mehrim Supermarket 67. Ali Super Shop 2 68. Ali Super Shop 69. Bismilla shop 70. Welcome Spaza 71. All In One Mini Market 72. Sicklik Rahman 73. Ghetto Kasi Store 74. Discount Shop 75. Corner Café 76. Paulet General Dealer 77. Family Mini Market 78. Astons All Cash Store 79. Family Supermarket 80. Bafana Bafana Shop 81. New Brighton General Dealer 82. Family Spaza 83. Sunshine 84. Ntombi Cash Store 85. Pollar Cash Store 86. Skuur Spaza
--	--	--	--

			87. Hosana Supermarket 88. Rockie Spaza Shop 89. Aeroville Supermarket 90. Flamingo Cash Store 91. New Town Super price 92. Aeroville Spaza 93. Barcelona Spaza Shop 94. Dudu's Spaza Shop 95. MTN Shop 96. Nelsig Supermarket 97. Samir Shop 98. Hamini Shop 99. Pearston Cash Store 100. Bismillah Shop 101. Kwabhayeni Cash Store 102. Thembi's Spaza Shop 103. Rachel Spaza Shop 104. Vaal Block Supermarket 105. Shabbir Super Store 106. Igshaan & Samia Cash Store 107. Part of Life 108. New City 109. Lolli Pop 110. Hostel Special Spaza 111. Taxi Stop 112. Taxi Stop 2 113. Pop in Spaza 114. Prince Imran 115. Shahid Spaza Shop 116. PMP Shop 117. Aeroville Supermarket 118. Hosana Supermarket 119. Pollar Cash Store 120. Magnum Motors Spaza Shop 121. Thandabantu Shop 122. Best Price Shop 123. Bismillar 124. Less Price Supermarket 125. Somerset Fishery Shop 126. Somerset Fried Chicken Shop 127. Jikeleza Supermarket 128. All in One Mini Market
--	--	--	--

			129. Taxi Rank Mini Market Shop
			130. Plankies Spaza
			131. Nelsig Supermarket
			132. MTN Shop
			133. Dudu's Corner Shop
			134. Lucky Shop
			135. Samira Shop
			136. Avonwood Shop
			137. Igshaan & Sami Shop
			138. Rahim & Sumia Shop
			139. Amina Shop 2
			140. Amina Shop 1
			141. All In One Spaza Shop
			142. Welcome Spaza Shop
			143. Ali Spaza Shop
			144. All Shop 2
			145. FM Shop
			146. Dinangwe Shop
			147. Nokhaya Cash Store
			148. Nisha Grocery
			149. Mbityo Enterprise
			150. Pop In Spaza
			151. Bongweni Grocery Shop
			152. Nohombile General Dealer
			153. Star Spaza
			154. Hamja Shop
			155. Bangladesh Spaza Shop
			156. Save More Shop
			157. Norma Spaza Shop
			158. Jalal Supermarket
			159. Anas Discount Shop
			160. Chip Chip Supermarket
			161. Mnandi Supermarket
			162. Aeroville Spaza
			163. African Shop
			164. Mbityo Enterprise Shop
			165. Norman Shop
			166. Star Spaza
			167. All in One Mini Market & Cell Repair
			168. Ali super shop

			169. Bangladesh Grocery Shop
			170. Hamja Shop
			171. Welcome Shop
			172. Nokhaya Cash Store
			173. Blue Vankel Supermarket
			174. New Town Super price
			175. New Town Discount Store
			176. Friends Super Market Shop
			177. Sentrum Café
			178. Skuur Shop
			179. Nobantu Shop
			180. Sunshine Shop
			181. Simunye Supermarket
			182. Thembu Brothers
			183. Spaza Corner Shop
			184. Mandela Spaza
			185. Jerome Supermarket
			186. Family Store
			187. S.A Discount
			188. Africa Shop
			189. Nomdimba Spaza Shop
			190. Madiba Spaza
			191. Mnandi Supermarket
			192. Ethan Casher Store
			193. Family Mini Market
			194. Las Vegas Shop
			195. Eleven African Spaza
			196. Loli Pop Store
			197. Family Supermarket
			198. Halleluja Supermarket
			199. New City Shop
			200. Luvano General Dealer
			201. Part Of Life
			202. Rachel Spaza
			203. Ostorm Shop
			204. Thembu Spaza
			205. Radi's Spaza
			206. Nqantosi Shop
			207. Discount Shop
			208. Luck Spaza
			209. Kwanoxolo Spaza Shop

			210. Madiba Shop
			211. Solomon Shop
			212. New Brighton General Dealer
			213. Thanduxolo Shop
			214. Getto Cash Store
			215. Family Spaza
			216. Bafana Bafana Store
			217. Indraf Café
			218. Somerset Fishery
			219. Fried Chicken
			220. Indwe Enterprise
			221. Aval Takeaway Shop
			222. Teddies Spaza Shop
			223. Poelit General Dealer
			224. Corner Café
			225. 2010 Discount Shop
			226. Somerset Fried Chicken
			227. Teobly Spaza
			228. Thanduxolo General Dealer
			229. Summer Strand Discount Shop
			230. FF Shop
			231. Radish Spaza
			232. Jikezela Mini Market
			233. All In One Mini Market
			234. Somerset Fishery
			235. Thandabantu Shop
			236. Taxi Rank Mini Market
			237. Africa Variety Café
			238. Nokhoya Cash Store
			239. Star Shop
			240. Hamza Shop
			241. Bangladesh Grocery Store
			242. FM Shop
			243. Ali Super Shop
			244. Ali 2 Shop Spaza
			245. Nohombile Shop
			246. Bongweni Shop
			247. Mbityo

			Enterprise 248. Nisha Grocery Shop 249. Pop Inn General Dealer 250. Newtown Discount Store 251. Aeroville Spaza 252. Ubuntu Shop 253. Newtown Super Price 254. Hossana Supermarket 255. Skuur Shop 256. Pollars Cash Store 257. Aeroville Supermarket 258. Daybreak Shop 259. Shahid Cash & Carry 260. Prince Imran Supermarket 261. Ahmed Cash Store 262. Part of Life 263. New City 264. Rachels Spaza Shop 265. Stonehill Spaza 266. Solomon Shop 267. Halleluya Supermarket 268. Madiba Shop 269. Kwanoxolo Shop 2 270. Lucky Spaza Shop 271. Nqantosi Shop 272. Eleven Africa Spaza Shop 273. Las Vegas
Number of library awareness campaigns conducted	8 library awareness campaigns conducted	Target met. 11 library awareness campaigns conducted	1. National Book week 2. Heritage Day 3. Bookclub meeting 4. Importance of membership in BCRM Libraries 5. Breast Cancer Awareness 6. Book club 17 November 2021 7. Holiday Programme 8. South African Library Week 9. World Read Aloud Day 10. World Book and Copyright Day 11. World Play Day

No of business plans to solicit funds for the extension of a library building in Pearston developed	1 business plans to solicit funds for the extension of a library building in Pearston developed	Target not met -0 business plans to solicit funds for the extension of a library building in Pearston developed.	
No of Commonage Management Policy developed	1 Commonage Management Policy developed	Target not met 0 Commonage Management Policy developed	
% of capital budget spent on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital; measured as the total actual year to date operational expenditure / total approved operational budget	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met	
No. of performance plans signed by employees reporting to the Director by 30 August 2021	5 performance plans signed by employees reporting to the Director by 30 August 2021	Target not met -0 performance plans signed by employees reporting to the Director by 30 August 2021	
<b>Local Economic Development</b>			
No of jobs created through grant funding	239 Jobs created through grant funding	Target not met -234 Jobs created through grant funding	EPWP-106 MIG-128
<b>Financial Services</b>			
No of revenue enhancement plan reviewed	1 revenue enhancement plan reviewed	Target not met: 49% CAPEX and 96% OPEX	
Number of section 71 (IYR) reports submitted to NT, Council by the 10th of each month	12 section 71 (IYR) reports submitted to NT, Council by the 10th of each month	Target not met- 11 section 71 (IYR) reports submitted to NT, Council by the 10th of each month	
Number of quarterly financial reports submitted to Council within 30 days of the end of each quarter.	4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	Target met-4 quarterly financial reports submitted to Council within 30 days of the end of each quarter.	



Number of midyear financial reporting submitted to Council by 25 January 2022.	1 midyear financial reporting submitted to Council by 25 January 2022.	Target met-1 midyear financial reporting submitted to Council by 25 January 2022	
Number of adjustment budget submitted to PT; NT and Council by the 28th February 2022	1 adjustment budget submitted to PT: NT and Council by the 28th February 2022	Target met-1 adjustment budget approved by Council by the 28th February 2022	
Number of draft budget by 31 March & final budget by 30 May for 2022/23 reports submitted to Council	1 draft budget by 31 March & 1 final budget by 30 May for 2022/23 reports submitted to Council	Target met-1 draft budget by 31 March & 1 final budget by 30 May for 2022/23 reports submitted to Council	
Number of financial statements submitted to the Auditor General by 31 August 2021	1 financial statement submitted to the Auditor General	Target met -1 Financial statement submitted to the Auditor General	
on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital; measured as the total actual year to date operational expenditure / total approved operational budget	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met- Capital 45% at 30 June 2022. Operational = 93 % at 30 June 2022.	
Sound financial management by maintaining an acceptable liquidity ratio	'1:0.92 or greater = liquidity ratio	Target met. 1.22:1.00 liquidity ratio.	
Number of unqualified audit reports	1 unqualified audit reports	Target met- 1 unqualified audit reports	
Number of GRAP Compliant Asset Register maintained	1 GRAP Compliant Asset Register maintained	Target not met -0 GRAP Compliant Asset Register maintained	
% of creditors paid within 30 days of submission of valid invoice, measured as the total number of invoices paid within 30 days / total number of invoices	100 % of creditors paid within 30 days of submission of valid invoice, measured as the total number of invoices paid within 30 days / total	Target met-100 % of creditors paid within 30 days of submission of valid invoice, measured as the total number of invoices paid within 30 days / total	

received x 100	number of invoices received x 100	number of invoices received x 100	
No of performance plans signed by employees reporting to the Director by 30 August 2021	4 performance plans signed by employees reporting to the Director by 30 August 2021	Target Not met - 0 performance plans signed by employees reporting to the Director by 30 August 2021	
<b>Municipal Manager's Office</b>			
Number of Internal Audit Strategic Risk based Plans developed and approved by AC for 22/23 FY	1 Internal Audit strategic Risk based Plan developed and approved by AC for 22/23 FY	Target met -1 Internal Audit strategic Risk based Plan developed and approved by AC for 22/23 FY	
Number of Risk Registers developed for 22/23 FY	1 Risk Registers developed	Target met -1 Risk Registers developed	
Number of Audit and Performance Committee and Internal Audit Charters developed	1 Audit and Performance Committee and 1 Internal Audit Charters developed	Target met - 1 Audit and Performance Committee and 1 Internal Audit Charters developed	
Number of Audit and Performance Committee meetings held on a quarterly basis	2 Audit and Performance Committee meetings coordinated	Target met -5 Audit and Performance Committee meetings coordinated	
Number of reports on the implementation of the Internal Audit Plan on a quarterly basis	2 reports on the implementation of the Internal Audit Plan on a quarterly basis	Target met -4 reports on the implementation of the Internal Audit Plan on a quarterly basis	
Number of Organisational Performance Reports submitted to Council quarterly	4 Organisational Performance Report submitted to Council quarterly	Target met. 4 Organisational Performance Report submitted to Council quarterly	
No of IDP Rep Forum meetings held	4 IDP Rep Forum meetings held	Target met. 4 IDP Rep Forum meetings held	
No of PMS Framework reviewed	1 PMS Framework reviewed	Target met -1 PMS Framework reviewed	
No of Institutional strategic planning session conducted	1 Institutional strategic planning session	Target met. 1 Institutional strategic planning session	
No of IGR Meetings organised	4 IGR Meetings organised	Target met. 4 IGR Meetings organised	
Number of Public Participation sessions convened	6 Public Participation sessions convened	Target met. 12 Public Participation sessions convened	

No of social cohesion programmes facilitated	5 social cohesion programmes facilitated	Target met -5 social cohesion programmes facilitated	
% of capital budget spent on capital projects, and % of operational budget spent, measured as the total actual year to date capital expenditure / total approved capital budget x 100 for capital; measured as the total actual year to date operational expenditure / total approved operational budget	100 % of capital budget spent on capital projects, measured as the total actual year to date capital expenditure / total approved capital budget x 100; 100 % of operational budget spent	Target not met- Capital 45% at 30 June 2022. Operational = 93 % at 30 June 2022.	
Number of performance agreements signed by Senior Management by 31 July	5 performance agreements signed by Senior Management by 31 July 2021	Target met -5 performance agreements signed by Senior Management by 31 July 2021	
Number of performance plans signed by employees reporting to the Director by 30 August 2021	4 Performance plans signed by employees reporting to the Director by 30 August 2021	Target met -1 Performance plans signed by employees reporting to the Director by 30 August 2021	

**EC102 BLUE CRANE ROUTE MUNICIPALITY : PERFORMANCE OF SERVICE PROVIDERS AS AT 30 JUNE 2022**

Project Number	Appointment Date	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	UP TO 20/21 EXPENDITURE	21/22 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION/ AMMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance	Ward
T 03/2016	03-Jun-16	PROVISION OF EXTERNAL LOAN FINANCE	STANDARD BANK OF SOUTH AFRICA	OWN	R 4 436 445,70	R 3 992 801,23	R 443 644,57	R 4 436 445,80	R -0,10	N/A	N/A	May-21	Contract expired 30 June 2021	All
T 05/2017	23-Aug-17	SUPPLY AND DELIVERY OF MULTI-FUNCTION PHOTOCOPIER MACHINES	KONICA MINOLTA SA A DIV OF BIDVEST OFFICE (PTY) LTD	OWN	R 1 697 420,52	R 2 694 893,63	R 155 348,89	R 2 850 242,52	R -1 152 822,00	N/A	N/A	01-Oct-20	Service Provider prompt with service and machines are working well. Contract expired 30 June 2021	All
T03/2018	04-Jul-18	GENERAL VALUATION ROLL	F2 WAARDEERders t/a SUID KAAP WAARDEERders	OWN	R 594 373,00	R 830 524,37	R -	R 830 524,37	R -236 151,37	N/A	N/A	Jun-23	Contract & SIA signed. Meetings regularly held and a CV is out for comments. SP performing fairly well.	All
T 07/2018	09-Oct-18	PROF ENGINEERING SERVICES FOR CONSTRUCTION OF PEARSTON WWTW	ZUTARI (AURECON SA)	WSIG	R 6 335 395,55	R 5 573 231,17	R 480 966,27	R 6 054 197,44	R 281 198,11	COVID Related	Original A/ment = R2 865 984,68 A/ment 17 APR 2019 Council = R993 822,77 A/ment 16 SEP 2020 Council = R1 289 422,20 A/ment 24 Jun 2021 = R1 032 375,70 A/ment Dec 2021.07 2022 = R121 628,60 + R38 161,60	At the end of construction	Consultant performed well.	4
T 08/2018	25-Sep-18	PROF ENGINEERING SERVICES FOR CONSTRUCTION OF PEARSTON WWTW	IX ENGINEERS	WSIG	R 5 634 064,16	R 4 092 307,00	R -	R 4 092 307,00	R 1 541 757,16	COVID Related	Original A/ment = R2 858 535,45 A/ment 12 May 2020 May Council = R2 775 528,71	At the end of construction	Consultant performed well.	4
T 14/2018	25-Sep-18	UPGRADING OF COOKHOUSE WWTW, PHASE III	LRC CIVILS	WSIG	R 7 990 941,75	R 7 990 819,09	R -	R 7 990 819,09	R 122,66	N/A	N/A	08-May-19	Contractor completed the construction	1 & 6
T 27-Feb-19	27-Feb-19	UPGRADING OF SPORTSFIELD, GLEN AVON STREET, SOMERSET EAST	OWENCO (PTY) LTD		R 1 400 918,50	R 1 283 906,09	R -	R 1 283 906,09	R 117 012,41	N/A	N/A		Construction not completed, project still sitting on WIP	3
T 34/2018	29-Mar-19	CONSTRUCTION OF PEARSTON WATER TREATMENT WORKS (1.5 ML/DAY)	WATER PURIFICATION CHEMICAL & PLANT HIRE CC	WSIG	R 31 071 628,17	R 25 687 665,60	R 4 169 209,01	R 29 856 874,61	R 1 214 753,56	COVID Related	Extension of time.	22-Dec-20	Contract completed	4
T 27-Nov-19	27-Nov-19	PSP: AUGMENTATION OF COOKHOUSE BULK WATER SUPPLY SCHEME - PHASE IIB	WATER AND PUMPING SOLUTIONS	MIG	R 1 532 623,17	R 1 470 506,14	R -	R 1 470 506,14	R 62 117,03	N/A	N/A	At the end of construction	Consultant performed well - completed	1 & 6
T 09/2019	21-Aug-19	AUGMENTATION OF COOKHOUSE BULK WATER SUPPLY SCHEME - PHASE IIB	LRC CIVILS	MIG	R 5 311 298,00	R 5 178 203,41	R 132 782,45	R 5 310 985,86	R 312,14	R 218 957,26	N/A	27-Apr-20	Contractor performed very well and their work is of quality - completed	1 & 6
T 11/2019	01-Oct-19	PROVISION OF GUARDING SERVICES AND MONITORING OF ALARM SYSTEM FOR A PERIOD OF THREE YEARS	ROYAL SECURITY CC	OWN	R 3 497 135,79	R 1 550 162,38	R 1 292 882,72	R 2 843 045,10	R 654 090,69	N/A	N/A	31-Dec-22	SP performing fairly	All
T 13/2019	10-Mar-20	PROVISION OF DEBT COLLECTION SERVICES FOR A PERIOD OF 3 YEARS	SMITH TARATA INC	OWN	R 958 970,50	R 2 191 812,97	R -	R 3 150 783,47	R -3 150 783,47	N/A	N/A	30-Aug-23	10% of amount successfully collected + fees.	All
T 14/2019	03-Feb-20	PROVISION OF BANKING SERVICES	ABSA BANK	OWN	RATE				#VALUE!	N/A	N/A	30-Jun-25	Fixed rate of 4% on +bank bal, d/dep fee R0,20/R1000,00, cheq fee R5,00, d/order fee R3,4Lea, EFT R0,67/trans (salaries incl), All fees incl VAT.	All
T 16/2019	18-Mar-20	UPGRADING OF PEARSTON WWTW:PHASE 2	DE JAGERS LOODGIEIER KONTRAKTEURS	WSIG	R 11 308 269,40	R 11 387 520,27	R -	R 11 387 520,27	R -79 250,87	COVID Related	N/A	05-Nov-20	Contractor performed exceedingly well - completed.	4
T 17/2019	24-Mar-20	COOKHOUSE BULK WATER SUPPLY - PHASE 2C (Section 1 & 2)	LRC CIVILS cc	MIG	R 12 472 596,68	R 12 154 038,93	R -	R 12 154 038,93	R 318 557,75	COVID Related	N/A	15-Dec-20	Contractor performing very well.	1 & 6
T 18/2019	26-Feb-20	SUPPLY AND DELIVERY OF INTERLOCK PAVING BRICKS AND CEMENT FOR A PERIOD OF THREE YEARS	OWENCO (PTY) LTD	MIG	R 2 547 426,36	R 3 086 740,13	R -	R 5 634 166,49	R -	N/A	N/A	28-Feb-23	Appointed at a rate of R3 133.13	All
RFQ 2 OF T32/2018	11-Feb-20	PE: UPGRADING OF AEROVILLE SPORTSFIELDS	KCS CONSULTANTS	MIG	R 696 890,00	R 207 183,75	R 289 422,18	R 490 605,93	R 206 284,07	N/A	N/A	At the end of construction	Consultant performing fairly.	2
RFQ 3 OF T32/2018	11-Feb-20	PE: UPGRADING OF STORMWATER DRAINAGE IN WARD 5 (WESTVIEW, FRANCISVALE, OLD LOCATION)	KCS CONSULTANTS	MIG	R 908 152,50	R 279 816,71	R 173 122,13	R 452 938,84	R 455 213,66	N/A	N/A	At the end of construction	Consultant performing fairly.	5

Project Number	Appointment Date	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	UP TO 20/21 EXPENDITURE	21/22 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION/ AMMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance	Ward
	13-May-20	REFURBISHMENT OF BESTERSHOEK WATER TREATMENT WORKS	LRC CIVILS cc	MIG/WSIG	R 1 563 494,36	R 1 113 456,94		1 113 456,94	R 450 037,42					5
	29-May-20	PSP- AUGMENTATION OF COOKHOUSE BULK WATER SUPPLY SCHEME- PHASE 2C	WATER & PUMPING SOLUTIONS	MIG	R 2 814 740,00	R 2 250 137,59	R 599 909,31	2 850 046,90	R -35 306,90	COVID Related	N/A	At the end of construction	Consultant performed well	1 & 6
	01-Nov-18	2019/2020 INFRASTRUCTURE CONDITION ASSESSMENT	BOSCH MUNITECH	OWN	R 667 000,00	R -	R 262 418,37	262 418,37	R 404 581,63				SP did only the part they billed for	All
T04/2020	13-May-21	WCDM	BOSCH MUNITECH	DROUGHT	R 37 412 661,00	37 412 102,51	R 103 660,07	37 515 762,58	R -103 101,58		N/A	8 MONTHS	Contract completed - outstanding payment 8,28% pa	All
T08/2020	07-May-21	PROVISION OF EXTERNAL LOAN FINANCE	MEBANK	OWN	R -	R -	R 712 424,91	712 424,91	R -712 424,91					All
T08/2020	07-May-21	SUPPLY AND DELIVERY OF REFUSE BAGS	TCSH INTERNATIONAL HOLDINGS (PTY) LTD	OWN	R 1 398 400,00	R 110 400,00	R 331 200,00	441 600,00	R 956 800,00			29-Jun-24	SP performs well	All
T09/2020	08-Apr-21	PROVISION OF PRE-PAID ELECTRICITY VENDING SYSTEM	COMTOUR TECHNOLOGIES (PTY) LTD	OWN	R 1 641 600,00	R -	R 273 151,62	273 151,62	R 1 368 448,38			30-Jun-24	SP started servicing the municipality	All
T10/2020	30-Mar-21	UPGRADING OF AEROVILLE SPORTSFIELDS, PHASE 1	OWENCO (PTY) LTD	MIG	R 1 323 025,97	R -	R 1 067 127,37	1 067 127,37	R 255 898,60			24 weeks	See member 21 & 15 performing very well. Delays on site.	All
T11/2020	11-Jan-21	HIRE OF PLANT TO BCRM	JK STRUCTURES cc	MIG	R 1 036 725,00	R 1 036 630,00	R 150 880,00	1 186 510,00	R -149 785,00	VO #1 - R150 880,00		30-Jun-21	SP performing well	All
RF08 OF T32/2018	11-Jan-21	UPGRADING OF SOMERSET EAST MAIN SUBSTATION	BOSCH PROJECTS	INEP	R 600 139,00	R 300 850,35	R 508 267,80	809 118,15	R -208 979,15			At the end of construction	Consultant performing well	All
	14-May-21	SUPPLY, DELIVER AND INSTALL OF MATERIAL & EQUIPMENT TO RIVERLANE SEWER PUMPSTATION IN SOMERSET EAST	MFURAA PROJECTS & GENERAL		R 797 062,13	R -	R 797 062,13	797 062,13	R -			30-Aug-21	SP performed well	2
T01/2021	24-May-21	SUPPLY, DELIVER AND INSTALLATION OF 19 x MULTI-FUNCTIONAL PRINTERS FOR 3 YEARS	KONICA MINOLTA SA	OWN	R 1 816 224,51	R -	R 429 410,57	429 410,57	R 1 386 813,94			30-Jun-24	SP performing well	All
T03/2021	24-May-21	SUPPLY AND DELIVERY OF PPE FOR FIRE FIGHTERS	SIBALAM GROUP (PTY) LTD	OWN	R 270 981,67	R -	R 125 207,66	125 207,66	R 145 774,01				Service provider could not provide the rest of the uniform.	All
RF07 OF T32/2018	07-Jun-21	PROVISION OF PEARSTON BULK SERVICES (PLANNING)	MZANSI AFRICA CIVILS	MIG	R 839 503,39	R -	R 373 581,07	373 581,07	R 465 922,32			30-Jun-22	SP is slow	4
T05/2021	14-May-21	UPGRADING OF SOMERSET EAST MAIN SUBSTATION, PHASE 3	MOTHEO CONSTRUCTION GROUP (PTY) LTD	INEP	R 3 500 000,00	R -	R 961 980,75	961 980,75	R 2 538 019,25				Contractor has challenges of replacement staff that did not meet the requirements as appointment staff.	All
	08-Jul-21	COMPILATION OF GRAP COMPLIANT 20/21 ASSET REGISTER AND CONDITION ASSESSMENT	ENGET SOLUTIONS	OWN	RATE	R -	R 1 497 530,00	1 497 530,00	R -			30-Nov-21	SP performs well	All
RF08 OF T32/2018	29-Jun-21	PES- PEARSTON BULK WATER SUPPLY AUGMENTATION	BVI CONSULTING ENGINEERS EC (PTY) LTD	WSIG	R 1 120 376,00	R -	R 815 807,71	815 807,71	R 304 568,29			AT THE END OF CONSTRUCTION	SP performing fairly	4
	29-Jun-21	PEARSTON BULK WATER SUPPLY AUGMENTATION	DE JAGERS LOODGIEETER KONTRAKTEURS	WSIG	R 4 378 624,00	R -	R 4 148 953,93	4 148 953,93	R 229 670,07				Site established in November	4
T14/2021	15-Jul-21	PROVISION OF SHORT-TERM INSURANCE	LATERAL UNISON INSURANCE BROKERS	OWN	R 1 398 841,00	R -	R 1 204 412,45	1 204 412,45	R -5 571,45	#1 = R1 502,45 #2 = R407,54 # = R3662,46		30-Jun-24	SP performs fairly	All
RF09 OF T32/2018	19-Jul-21	PES- UPGRADING OF WESTVIEW SPORTSFIELDS	SKYHIGH CONSULTING ENGINEERS	MIG	R 984 750,00	R -	R 713 497,30	713 497,30	R 281 252,70	#2 =		AT THE END OF CONSTRUCTION	SP performs well	5
T13/2021	13-Aug-21	UPGRADING OF STORMWATER DRAINAGE IN FRANCIS STREET, WESTVIEW SOMERSET EAST	COSTAPX (PTY) LTD	MIG	R 2 159 142,25	R -	R 1 012 422,86	1 012 422,86	R 1 146 719,39			24 WEEKS	Site established late due to delays in Environmental Authorisation.	5
T02/2021	10-Aug-21	CIT FOR A PERIOD OF THREE YEARS	ABSA BANK	OWN	R 776 899,80	R -	R 177 925,33	177 925,33	R 776 899,80			30-Sep-24		All
T15/2021	10-Aug-21	SUPPLY AND DELIVERY OF WATER CHEMICALS FOR A PERIOD OF THREE YEARS	INDULAMISO AQUA SOLUTIONS	OWN	R 5 523 993,93	R -	R 819 610,18	819 610,18	R 4 704 383,75			31-Jul-24	SP performs well	All
T09/2021	09-Sep-21	SUPPLY AND DELIVERY OF TEN TRANSFORMERS	TYZACH PROJECTS (PTY) LTD	OWN	R 470 000,00	R -	R 470 000,00	470 000,00	R -			30-Nov-21	SP performs well	All
T11/2021	09-Sep-21	HIRING OF PLANT, MACHINERY AND EQUIPMENT FOR PERIOD OF THREE YEARS	JK STRUCTURES cc	MIG	RATE	R -	R 1 269 059,50	1 269 059,50	R #VALUE!			30-Aug-24	SP performs well	All

Project Number	Appointment Date	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	UP TO 20/21 EXPENDITURE	21/22 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION/ AMMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance	Ward
RF010 OF T32/2018	13-Sep-21	PES: IMPLEMENTING AGENT FOR PAYING OF INTERNAL STREETS IN COOKHOUSE, PEARSTON & SOMERSET EAST	SKYHIGH CONSULTING ENGINEERS	MIG	R 2 986 827,00	R -	R 980 664,05	R 980 664,05	R 2 006 162,95			AT THE END OF CONSTRUCTION	SP performs well	All
RF011 OF T32/2018	22-Sep-21	PES: UPGRADING OF ORANGE FISH WTW & RISING MAIN TO KWANOJOLI RESERVOIR	BOSCH PROJECTS (PTY) LTD	WSIG	R 1 570 011,81	R -	R 983 371,95	R 983 371,95	R 636 639,86			AT THE END OF CONSTRUCTION	SP performs well	2, 3 & 5
RF012 OF T32/2018	22-Sep-21	PES: UPGRADING OF SEWER PUMPSTATIONS IN SOMERSET EAST	IX ENGINEERS (PTY) LTD	OWN	R 964 850,00	R -	R 552 228,25	R 552 228,25	R 412 621,75			AT THE END OF CONSTRUCTION	SP performs well	2, 3 & 5
RF013 OF T32/2018	22-Sep-21	PES: UPGRADING OF COOKHOUSE WATER TREATMENT WORKS	BOSCH PROJECTS (PTY) LTD	WSIG	R 957 585,31	R -	R 655 047,37	R 655 047,37	R 302 537,94			AT THE END OF CONSTRUCTION	SP performs well	1 & 6
T17/2021	10-Sep-21	PROVISION OF MEDICAL EXAMINATIONS FOR EFEMP FOR A PERIOD OF THREE YEARS	POSH INNOVATION (PTY) LTD	MIG/OWN	RATE		R 230 550,00	R 230 550,00	#VALUE!			30-Oct-24	Rate of R1450.	All
T18/2021	27-Sep-21	PROVISION OF DISCONNECTION, RECONNECTION/AUDIT OF ELECTRICITY METERS FOR A PERIOD OF THREE YEARS	RED ANT SECURITY AND EVICTION SERVICES (PTY) LTD	OWN	RATE	R -	R 89 889,75	R 89 889,75	#VALUE!			30-Aug-24	SP performs well	All
T19/2021	21-Sep-21	SUPPLY AND DELIVERY OF STREETLIGHTS AND HIGHMAST LIGHTS	GENLUX LIGHTING a Div of ACTOM (PTY) LTD	OWN	R 1 765 434,00	R -	R 1 765 434,00	R 1 765 434,00	R -			30-Nov-21	Delivered.	All
T20/2021	30-Nov-21	SUPPLY AND DELIVERY OF ASPHALT COLDMIX FOR A PERIOD OF THREE YEARS	EBUSHA GENERAL TRADING (PTY) LTD	OWN	R 1 098 104,40	R -	R 364 083,80	R 364 083,80	R 734 020,60			30-Nov-24	Order only done in Jan 2022	All
T21/2021	21-Feb-22	UPGRADING OF AEROVILLE SPORTSFIELDS, PHASE 2	LRC CIVILS CC	MIG	R 3 498 564,96	R -	R 1 480 206,02	R 1 480 206,02	R 2 018 358,94			180 DAYS		2
T25/2021	21-Feb-22	UPGRADING OF ORANGE FISH WTW AND KWANOJOLI PIPELINE	MAX-WEEZIE CIVIL & BUILDING CONTRACTORS	WSIG	R 12 522 044,43	R -	R 394 549,35	R 394 549,35	R 12 127 494,78			180 DAYS		2, 3 & 5
T22/2021	08-Mar-22	SUPPLY AND DELIVERY OF TRANSFORMERS FOR A PERIOD OF THREE YEARS	ARTIVOLT	OWN	R 2 537 602,77	R -	R -	R -	R 2 537 602,77					All
T01/2022	31-May-22	SUPPLY AND DELIVERY OF TYRES FOR THREE YEARS	MALAS (PTY) LTD		RATE	R -			#VALUE!					All



# **BLUE CRANE ROUTE LOCAL MUNICIPALITY**

Audit Report

*For the year ended 30 June 2022*



**AUDITOR-GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

# Report of the auditor-general to Eastern Cape Provincial Legislature and Council on Blue Crane Route Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Blue Crane Route Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Blue Crane Route Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standard of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2021 (Act No. 9 of 2021) (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 43 to the financial statements, which indicates the high levels of electricity losses, debt and credit payment ratios not in the norm and the potential risk that contingent liabilities as disclosed in this set of financial statements may materialise into actual commitments to pay. A deficit was realised for the year under review. The municipality was in a net current liabilities position in the current year. As stated in note 43, these events or conditions, along with other matters as set forth in note 43, indicate that material uncertainty exists that may cast doubt on the municipality's ability to continue as a going concern.



## **Emphasis of matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Underspending of the Conditional Grant**

9. As disclosed in note 15 to the financial statements, the municipality materially underspent the allocated Water Services and Infrastructure grant (WSIG) by R13,2 million.

## **Responsibilities of the accounting officer for the financial statements**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the annual performance report**

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
15. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.

16. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.
17. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I selected the following material performance indicators contained in the Service Delivery and Infrastructure Development department presented in the municipality's annual performance report for the year ended 30 June 2022 set out on pages ... to .... I selected the indicators that measure the municipality's performance on its primary mandated functions and which are of significant national, community or public interest.

<b>Performance Indicators Service Delivery and Infrastructure Development</b>
KPI 10 - % progress on the upgrading Orange Fish Water Treatment Works
KPI 11 - No. of contractors appointed to upgrade cookhouse water treatment works
KPI 13 - Distance in km of 315mm diameter pipeline installed
KPI 14 - % progress on site of the augmentation of bulk water supply in Pearston
KPI 15 - No. of contractors appointed to upgrade the sewer pump stations in Mayila, Memese and Aeroville
KPI 29 - No. of bacteriological water samples and chemical water samples taken

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected material performance indicators.

**Other matters**

21. I draw attention to the matters below.

### **Achievement of planned targets**

22. Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year.

### **Adjustment of material misstatements**

23. I identified a material finding in the annual performance report submitted for auditing. This material finding was in the reported performance information of KPI 29: No. of bacteriological water samples and chemical water samples taken. As management subsequently corrected the finding, we did not raise any material findings on the usefulness and reliability of the reported performance information.

### **Report on compliance with legislation**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
26. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are included in the annexure to this auditor's report.
27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### **Annual Financial Statements, Annual Performance Report and Annual Report**

28. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements on non-current assets, liabilities, and revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure management**

29. Reasonable steps were not taken to prevent irregular expenditure amounting to R10 million as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with regulation 36(1)(a).

### **Asset management**

30. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

### **Procurement and contract management**

31. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM Regulation 17(1)(a) and (c).
32. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
33. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). This non-compliance was identified in the procurement processes for the supply and delivery of transformers and personal protective equipment.
34. The performance of some of the providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
35. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

### **Consequence management**

36. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### **Other information**

37. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the mayor's foreword, executive summary, governance, environmental protection, organisational development, performance and financial performance. The other information does not include the financial statements, the auditor's report and those selected material indicators presented in the annual performance report that have been specifically reported in this auditor's report.
38. My opinion on the financial statements and material findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the material indicators presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
40. I did not receive any other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract the audit report and re-issue an amended report as appropriate, however, if it is corrected, this will not be necessary.

## Internal control deficiencies

41. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the unqualified with findings opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
42. Management did not perform their oversight responsibility over the internal controls of the municipality on a regular basis. This is evidenced by the significant errors in the annual financial statements submitted for audit.
43. Material non-compliance with key legislations and policies of the municipality was identified. This indicates that the audit action plan was not effective as matters communicated to management in the prior year were not addressed in the current reporting period.

*Auditor General*

Auditor-General

East London

13 December 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected compliance requirements for compliance testing

### **Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs and the AGSA audit methodology, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected performance indicators and on the 's compliance with selected requirements in key legislation.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the [board of directors, which constitutes the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Blue Crane Route Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated

financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### Compliance with legislation - selected legislative requirements

5. The selected legislative requirements are as follows:

Selected legislation and regulations	Consolidated firm level requirements
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b) Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(l)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a) Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii) Regulations 43; 44; 46(2)(e); 46(2)(f)



Selected legislation and regulations	Consolidated firm level requirements
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); 29(1)(b)(ii) Sections 29(3)(b); 34(a); 34(b); 38(a) Sections 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2); Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1) Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)
LG: MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(6)(a); 7(1); 8 Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)
LG: MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Reg 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2011	Regulations 4(1); 4(3); 4(4); 4(5) Regulations 5(1); 5(2); 5(3); 5(5) Regulations 6(1); 6(2); 6(3); 6(4); 6(5) Regulations 7(1); 10; 11(2); 11(4); 11(5); 11(8)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regulations 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2); 11(1)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	PRECCA 34(1)



Blue Crane Route Local Municipality (EC 102)  
Annual Financial Statements  
for the year ended 30 June 2022

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Index

---

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

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8
Accounting Policies	9 - 25
Notes to the Annual Financial Statements	28 - 82

### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
mSCOA	Municipal Standard Chart of Accounts
IAS	Generally Recognised Accounting Practice
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Institute of Municipal Finance Officers
SBDM	Sarah Baartman District Municipality
MIG	Municipal Infrastructure Grant
WSIG	Water Services Infrastructure Grant
FMG	Financial Management Grant
EPWP	Expanded Public Works Program
INEP	Integrated National Electrification Program

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures in Rand	Notes	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	1 249 422	1 153 368
Other receivables from exchange transactions	4	1 315 710	1 162 857
Other receivables from non-exchange transactions	5	11 994 688	9 300 976
Trade receivables from exchange transactions	6	25 452 279	27 554 235
VAT receivable		969 285	-
Cash and cash equivalents	7	21 425 790	25 685 132
		<b>62 407 174</b>	<b>64 856 568</b>
<b>Non-Current Assets</b>			
Investments		-	613 992
Investment property	8	39 868 716	41 910 678
Property, plant and equipment	9	842 958 102	865 923 511
Intangible assets	10	1 241	3 102
Heritage assets	11	458 067	458 067
		<b>883 286 126</b>	<b>908 909 350</b>
<b>Total Assets</b>		<b>945 693 300</b>	<b>973 765 918</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Employee benefit obligation	12	1 721 000	1 497 000
Other financial liabilities	14	957 669	443 645
Unspent conditional grants and receipts	15	22 332 193	16 932 935
Payables from exchange transactions	17	44 304 709	42 723 807
Trade and other payable from non-exchange	18	1 028 954	1 586 289
VAT payable	19	-	237 679
Consumer deposits	20	2 792 258	2 734 065
		<b>73 136 783</b>	<b>66 155 420</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	14	4 151 820	-
Finance lease obligation		730 898	-
Employee benefit obligation	12	27 240 000	25 414 000
Provisions	16	26 297 727	26 272 112
		<b>58 420 445</b>	<b>51 686 112</b>
<b>Total Liabilities</b>		<b>131 557 228</b>	<b>117 841 532</b>
<b>Accumulated Surplus</b>		<b>814 136 072</b>	<b>855 924 386</b>
Accumulated surplus		814 136 072	855 924 386
<b>Total Net Assets</b>		<b>814 136 072</b>	<b>855 924 386</b>

\* See Note 41

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	887 912 590	887 912 590
Adjustments		
Assets accepted as settlement of debtors account	(1 133 844)	(1 133 844)
Prior year adjustments 41	(4 638 419)	(4 638 419)
<b>Balance at 01 July 2020 as restated*</b>	<b>882 140 327</b>	<b>882 140 327</b>
Changes in net assets		
Deficit for the year	(26 215 941)	(26 215 941)
Total changes	(26 215 941)	(26 215 941)
Opening balance as previously reported	859 435 779	859 435 779
Adjustments		
Prior year adjustments 41	(3 511 405)	(3 511 405)
<b>Restated* Balance at 01 July 2021 as restated*</b>	<b>855 924 374</b>	<b>855 924 374</b>
Changes in net assets		
Surplus for the year	(41 788 302)	(41 788 302)
Total changes	(41 788 302)	(41 788 302)
<b>Balance at 30 June 2022</b>	<b>814 136 072</b>	<b>814 136 072</b>

\* See Note 41

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
--	-----------------	-------------	--------------	------------------------------------	--

Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue by source

Property rates	19 874 401	-	<b>19 874 401</b>	23 816 440	<b>3 942 039</b>
Service charges	180 637 794	(6 405 198)	<b>174 232 596</b>	144 865 363	<b>(29 367 233)</b>
Interest earned - external investments	800 000	-	<b>800 000</b>	935 030	<b>135 030</b>
Government grants and subsidies	103 589 000	11 200 932	<b>114 789 932</b>	94 941 494	<b>(19 848 438)</b>
Contributions recognised - capital & contributed assets	-	28 000 000	<b>28 000 000</b>	2 900 000	<b>(25 100 000)</b>
Other Income	10 185 028	542 670	<b>10 727 698</b>	12 897 292	<b>2 169 594</b>
	<b>315 086 223</b>	<b>33 338 404</b>	<b>348 424 627</b>	<b>280 355 619</b>	<b>(68 069 008)</b>

##### Expenditure by type

Employee costs	(94 230 626)	(2 174 077)	<b>(96 404 703)</b>	(91 419 228)	<b>4 985 475</b>
Remuneration of councillors	(4 384 006)	-	<b>(4 384 006)</b>	(4 442 577)	<b>(58 571)</b>
Depreciation & amortisation	(61 879 141)	-	<b>(61 879 141)</b>	(56 449 101)	<b>5 430 040</b>
Finance charges	(557 202)	(1 593 718)	<b>(2 150 920)</b>	(3 370 546)	<b>(1 219 626)</b>
Materials and bulk purchases	(127 603 483)	3 947 037	<b>(123 656 446)</b>	(114 963 021)	<b>8 693 425</b>
Other expenditure	(56 208 206)	677 117	<b>(55 531 089)</b>	(51 499 448)	<b>4 031 641</b>
<b>Total expenditure</b>	<b>(344 862 664)</b>	<b>856 359</b>	<b>(344 006 305)</b>	<b>(322 143 921)</b>	<b>21 862 384</b>
<b>Surplus/(Deficit) for the year</b>	<b>(29 776 441)</b>	<b>34 194 763</b>	<b>4 418 322</b>	<b>(41 788 302)</b>	<b>(46 206 624)</b>

### Statement of Financial Position

Total Current Assets	60 988 907	(12 245 966)	<b>48 742 941</b>	62 407 173	<b>13 664 232</b>
Total Non-Current Assets	831 465 912	38 969 070	<b>870 434 982</b>	883 286 126	<b>12 851 144</b>
Total Current Liabilities	(80 883 818)	31 753 155	<b>(49 130 663)</b>	(73 136 782)	<b>(24 006 119)</b>
Total Non-Current Liabilities	(29 420 030)	(703 240)	<b>(30 123 270)</b>	(58 420 445)	<b>(28 297 175)</b>
<b>Accumulated Surplus</b>	<b>782 150 971</b>	<b>57 773 019</b>	<b>839 923 990</b>	<b>814 136 072</b>	<b>(25 787 918)</b>

### Cash Flow Statement

Net cash from/(used) operating	35 830 060	(15 852 694)	<b>19 977 366</b>	18 809 180	<b>(1 168 186)</b>
Net cash from/(used) investing	-	(54 380 470)	<b>(54 380 470)</b>	(28 449 777)	<b>25 930 693</b>
Net cash from/(used) financing	10 217 986	(2 070 572)	<b>8 147 414</b>	5 381 255	<b>(2 766 159)</b>
<b>Cash/cash equivalents at the year end</b>	<b>48 941 418</b>	<b>(48 899 736)</b>	<b>41 682</b>	<b>21 425 790</b>	<b>21 384 108</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.7 Significant judgements and sources of estimation uncertainty (continued)

#### Judgements

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

#### Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

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

#### Inventory

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

#### Impairment of non-financial assets

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

#### Provisions

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

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

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

#### Pension and other post-employment benefits

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

#### Effective interest rate

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

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.8 Property, plant and equipment (continued)

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

#### Subsequent measurement

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

#### Subsequent expenditure

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

#### Depreciation

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

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

---

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

#### Impairments

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

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

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

#### Derecognition

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



# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.10 Intangible assets (continued)

An internally generated intangible asset is subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the entity intends to complete the intangible asset, for use or sale .
- it is technically feasible to complete the intangible asset .
- the entity has the resources to complete the project.
- it is probable that it will generate future economic benefits or service potential.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction; the cost shall be its fair value as at the date of acquisition.

#### Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

For all other intangible assets amortisation is provided on a straight line basis over their useful life. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

#### Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software

5 years

#### Impairments.

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

#### Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.11 Heritage assets

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

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.12 Financial instruments (continued)

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

#### b) Financial instruments at amortised cost

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

#### (c) Financial Instrument at cost

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

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

### Gains and losses

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

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

### Impairments

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

#### Financial assets measured at amortised cost:

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

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

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

#### Financial assets measured at cost:

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

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.12 Financial instruments (continued)

trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance accounts.

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

#### Trade and other payables

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

#### Other financial assets

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

### 1.13 Leases

#### Finance leases - lessee

##### Initial recognition

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

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

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

##### Subsequent measurement

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

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

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

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

#### Operating leases - lessor

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

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

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

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.15 Impairment of cash-generating assets (continued)

#### Identification

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

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

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

#### Value in use

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

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

#### Discount rate

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

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.15 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

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

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

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

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

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

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

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

### 1.16 Employee benefits

#### Short-term employee benefits

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

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

#### Post-employment benefits

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

#### Defined contribution plans

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

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.18 Revenue from exchange transactions (continued)

#### Recognition

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

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

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

#### Specific exchange revenue sources

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

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

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

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

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

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

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

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

#### Measurement

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

### 1.19 Revenue from non-exchange transactions

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

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.24 Expenditure - Inventory Consumed

The amount of inventories recognised as an expense during the period. GRAP 12.45(d). The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consist of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. (Grap 12.47).

### 1.25 Unauthorised expenditure

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

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

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

### 1.26 Fruitless and wasteful expenditure

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

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

### 1.27 Irregular expenditure

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

### 1.28 Related parties

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

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

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

### 1.29 Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. The Municipality is registered at SARS for VAT on the payment basis.

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 2. New standards and interpretations

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

##### Standard/ Interpretation:

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

Replaced GRAP 6  
Replaced GRAP 6  
Replaced GRAP 7  
Replaced GRAP 8  
Replaced GRAP 8

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	06 September 2022	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• GRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact



# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>5. Other receivables</b>		
Property Rates	11 757 999	8 990 479
Other receivables	236 689	310 497
	<b>11 994 688</b>	<b>9 300 976</b>
<b>Property Rates</b>		
Property Rates: Statutory	7 885 550	6 503 261
Property Rates: All Other Categories	32 407 284	22 627 774
Provision for bad debts: Property rates	(28 534 836)	(20 140 556)
	<b>11 757 998</b>	<b>8 990 479</b>
<b>Property rates age analysis: Statutory</b>		
Current rates (0 - 30 days)	10 056	242 837
31 - 60 days	6 570	35
61 - 90 days	6 585	2
91 - 120 days	6 633	2
> 121 days	7 855 706	6 260 385
	<b>7 885 550</b>	<b>6 503 261</b>
<b>Property Rates age analysis : All other Categories</b>		
Current rates (0 - 30 days)	289 694	1 614 651
31 - 60 days	120 598	108 888
61 - 90 days	95 328	82 610
91 - 120 days	100 997	71 239
> 121 days	31 800 667	21 131 184
	<b>32 407 284</b>	<b>23 008 572</b>
<b>Credit quality of other receivables from non-exchange transactions</b>		
The credit quality of other receivables from non-exchange transactions that are neither past due nor due nor impaired can be assessed by reference to historical trends and other available information.		
Although credit quality can be assessed the municipality did not apply any methods to the credit quality.		
<b>Allowance for impairment: Property rates</b>		
Impairment balance prior year	(20 140 556)	(12 113 087)
Contributions to provision	(8 394 280)	(8 027 469)
	<b>(28 534 836)</b>	<b>(20 140 556)</b>
<b>Property rates : Statutory</b>		
Rates are charged on Statutory properties according to the Property Rates Act nr 6 of 2004. Reading together with Government Gazette nr 32061 dated 27 March 2009.		
No debt impairment is calculated on Statutory rates receivables.		
Interest is charged at prime plus 1 percent which was 9.25% at 30 June 2022.		
<b>Other receivables</b>		
Employees overpayment on back pay	231 831	231 831
Provision for bad debts: Employees overpayment	(231 831)	(231 831)
Insurance claims	17 121	17 121
Provision for bad debts: Insurance claims	(17 121)	(17 121)
Employee overpayments	50 714	50 714
SARS UIF and SDL	185 975	259 783
	<b>236 689</b>	<b>310 497</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>6. Trade receivables from exchange transactions (continued)</b>		
61 - 90 days	1 029 165	889 149
91 - 120 days	914 347	660 121
> 121 days	16 003 084	12 126 161
Less: Impairment	(12 338 385)	(9 096 180)
	<b>18 005 297</b>	<b>19 028 870</b>
<b>Water</b>		
Current (0 -30 days)	2 396 745	2 143 727
31 - 60 days	1 226 418	552 329
61 - 90 days	1 017 852	727 594
91 - 120 days	517 820	441 705
> 121 days	25 000 918	20 999 472
Less: Impairment	(26 112 802)	(20 716 909)
	<b>4 046 951</b>	<b>4 147 918</b>
<b>Sanitation</b>		
Current (0 -30 days)	40 531	145 601
31 - 60 days	28 754	26 860
61 - 90 days	29 492	26 615
91 - 120 days	29 230	26 523
> 121 days	3 414 700	3 043 734
Less: Impairment	(3 487 799)	(3 086 371)
	<b>54 908</b>	<b>182 962</b>
<b>Sewerage</b>		
Current (0 -30 days)	617 757	577 460
31 - 60 days	285 809	230 101
61 - 90 days	267 091	202 140
91 - 120 days	245 459	173 446
> 121 days	9 946 573	8 147 073
Less : Impairment	(10 118 846)	(8 061 203)
	<b>1 243 843</b>	<b>1 269 017</b>
<b>Refuse</b>		
Current (0 -30 days)	963 075	1 009 766
31 - 60 days	448 383	380 225
61 - 90 days	423 099	336 414
91 - 120 days	390 955	314 935
> 121 days	19 167 133	15 999 404
Less : Impairment	(19 670 646)	(15 897 287)
	<b>1 721 999</b>	<b>2 143 457</b>
<b>Other</b>		
Current (0 -30 days)	282 404	106 852
31 - 60 days	298 845	108 305
61 - 90 days	324 150	33 460
91 - 120 days	193 220	563 375
> 121 days	4 644 610	2 386 202
Less: Impairment	(5 363 948)	(2 416 183)
	<b>379 281</b>	<b>782 011</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	14 916 079	16 611 827

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 748	1 732
Bank balances	901 131	5 452 944
Short-term deposits	20 521 911	20 230 456
	<u>21 425 790</u>	<u>25 685 132</u>

#### Prior Period adjustment

Balance as previously reported

No restrictions exist with regard to the use of cash.

#### Cash and cash equivalents pledged as collateral

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

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
ABSA Bank - Fixed deposit - 2053825035	7 500	7 500	7 500	7 500	7 500	7 500
Nedbank - Money market - 1263036023	1 932	2 442	2 844	1 932	2 442	2 844
Nedbank - Fixed deposit - 18312491	4 600	4 600	4 600	4 600	4 600	4 600
Nedbank - Money market - 1263034756	86 164	85 382	84 802	86 164	85 382	84 802
ABSA - Cheque account - 2200000008	840 461	3 164 122	785 991	901 131	3 164 122	785 991
FNB - Cheque account - 62541421046	-	2 288 821	8 157 636	-	2 288 821	8 192 330
ABSA - Call Account - 4099838357	19 807 724	20 130 532	-	19 807 724	20 130 532	-
FNB - Call account - 6259597005	-	-	802 134	-	-	802 134
ABSA Fixed deposit - 2079809548	613 992	-	-	613 992	-	-
<b>Total</b>	<b>21 362 373</b>	<b>25 683 399</b>	<b>9 845 507</b>	<b>21 423 043</b>	<b>25 683 399</b>	<b>9 880 201</b>

The municipality has a guarantee at ABSA bank to the value of R6 000 (2021: R6 000) relating to the personal bonds of one municipal employee.

ABSA Bank: Account nr 2079809548 (Bank statement and Cash Book)

The full investment of R613 992 was pledged as security pending a labour court case, this investment will mature in the next 12 months, the maturity date for the investment is the 12th of May 2023 thus the reclassification from prior year Investments to Cash and Cash equivalents in the current year under review.

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand 2022 2021

---

### 8. Investment property (continued)

#### Reconciliation of investment property - 2022

	Opening balance	Depreciation	Total
Land	12 085 655	-	12 085 655
Farms	9 046 000	-	9 046 000
Buildings	20 779 028	(2 041 962)	18 737 066
	<b>41 910 683</b>	<b>(2 041 962)</b>	<b>39 868 721</b>

---

## Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	34 826 059	-	-	-	-	-	34 826 059
Buildings	32 939 256	-	-	-	(2 576 349)	-	30 362 907
Community Assets	37 968 738	2 900 000	-	1 791 420	(2 904 106)	(9 958)	39 746 094
Plant and machinery	2 291 472	56 929	-	-	(504 025)	(4 429)	1 839 947
Furniture and fixtures	441 401	-	-	-	(64 052)	-	377 349
Motor vehicles	4 200 210	-	(157 730)	-	(1 007 629)	20 781	3 055 632
Office equipment	776 915	1 086 394	-	-	(451 902)	(1 778)	1 409 629
Infrastructure	709 416 472	1 291 600	-	16 248 642	(45 655 311)	(1 200 213)	680 101 190
WIP	42 646 205	26 633 152	-	(18 040 062)	-	-	51 239 295
Landfill sites	416 783	(370 476)	-	-	(46 307)	-	-
	<b>865 923 511</b>	<b>31 597 599</b>	<b>(157 730)</b>	<b>-</b>	<b>(53 209 681)</b>	<b>(1 195 597)</b>	<b>842 958 102</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 9. Property, plant and equipment (continued)

Pearston Water Treatment Works – (work In Progress) 33 148 013 -

The SCADA, the electrical management system of the plant is not fully functional hence delaying the commissioning and issuing of the takeover certificate.

It is a highly sensitive WTW to the extend where it was being constructed the DPW had a lot of challenges. The WTW was designed without proper consultation hence the facility is currently unusable.

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

**33 393 134 -**

### Reconciliation of Work-in-Progress 2022

	Infrastructure Assets	Community Assets	Other Assets	Total
Opening balance	38 969 499	3 431 584	-	42 401 083
Additions/capital expenditure	23 345 943	3 287 209	-	26 633 152
Other assets	-	-	245 121	245 121
Transferred to completed items	(16 248 642)	(1 791 420)	-	(18 040 062)
	<b>46 066 800</b>	<b>4 927 373</b>	<b>245 121</b>	<b>51 239 294</b>

### Reconciliation of Work-in-Progress 2021

	Infrastructure Assets	Community Assets	PPE - Building	Total
Opening balance	38 164 047	3 112 440	298 961	41 575 448
Additions/capital expenditure	27 163 852	265 304	-	27 429 156
Transferred to completed items	(26 358 400)	-	-	(26 358 400)
	<b>38 969 499</b>	<b>3 377 744</b>	<b>298 961</b>	<b>42 646 204</b>

### Expenditure incurred to repair and maintain property, plant and equipment

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

Maintenance of assets 5 866 151 880 027

### Heritage assets

[Where the entity holds heritage assets, but has not accounted for such assets using GRAP 17 or using an accounting policy based on GRAP 103, consider whether disclosure, including a description of the nature and extent, of these assets is useful to the users of the annual financial statements.]

### 10. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	7 446	(6 205)	1 241	7 446	(4 344)	3 102

#### Reconciliation of intangible assets - 2022

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 10. Intangible assets (continued)

#### Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	4 963	(1 861)	3 102

#### Other information

Fully amortised intangible assets still in use.

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

### 11. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage Assets	458 067	-	458 067	458 067	-	458 067

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Historical buildings	458 067	458 067

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Employee benefit obligations (continued)</b>		
<b>Accrued liability values</b>		
<b>Carrying value</b>		
Opening Accrued Liability	22 799 000	20 317 000
Service cost	661 000	491 000
Interest cost	2 249 000	2 050 000
Benefits paid	(936 484)	(851 280)
Actuarial (gain)/loss recognised in the year	(81 516)	792 280
	<b>24 691 000</b>	<b>22 799 000</b>
Non-current liabilities	23 583 000	21 790 000
Current liabilities (Estimate of benefits payments expected in the next annual period)	1 108 000	1 009 000
	<b>24 691 000</b>	<b>22 799 000</b>

The total liability has increased by 8,3% (or R1 892 000) since the last valuation

### Calculation of actuarial gains and losses

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

Basic changes: nett effect of changes in nett discounts rates	(192 000)	1 440 000
Increase in assumed in-service non-member take-up rate	-	614 000
Subsidy increases lower than assumed	(457 000)	(476 000)
Changes to membership profile different from assumed	640 000	(705 000)
Actual benefits vesting ,lower than expected	(72 516)	(80 720)
<b>Actuarial (Gain)/Loss for the period</b>	<b>(81 516)</b>	<b>792 280</b>

### Net expense recognised in the statement of financial performance

Current service cost	661 000	491 000
Interest	2 249 000	2 050 000
Benefits paid	(936 484)	(851 280)
Total included in employee related costs	1 973 516	<b>1 689 720</b>
Actuarial (Gain)/Loss recognised in statement of financial performance	(81 516)	<b>792 280</b>
	<b>1 892 000</b>	<b>2 482 000</b>

Estimate of contributions expected to be paid to the plan in the next financial year	(666 000)	(661 000)
--	-----------	-----------

### Sensitivity analysis on the accrued liability for the year ending 30/06/2022(R millions)

#### Assumptions

	Change	Eligible employees	Continuation members	Total	% change against Central Assumptions
Central Assumptions	-	10,770	13,921	24,691	-
Health Care	1 %	11,755	14,766	26,521	7 %
	-1 %	9,620	12,960	22,580	-9 %
Discount rate	1 %	9,333	12,734	22,067	-11 %
	-1 %	12,556	15,319	27,875	13 %
Post-retirement mortality	1yr	10,513	13,519	24,032	-3 %



# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 13. Long Service Awards (LSA) (continued)

The duration of the total liability was estimated to be 7.50 years.

#### Financial assumptions

Discount rates	10,67 %	10,67 %
General salary inflation	7,31 %	7,31 %
Nett-effective discount rate	3,13 %	3,13 %

The salaries used in this valuation include an assumed increase on 1 July 2022 by 4.90%.  
The next contribution rate increase is assumed to occur at 1 July 2023.

#### Accrued liability values

##### Carrying value

Opening Accrued Liability	4 112 000	4 244 000
Service cost	465 000	466 000
Interest cost	341 000	261 000
Benefits paid	(512 159)	(803 367)
Actuarial (gain)/loss recognised in the year	(135 841)	(55 633)
	<b>4 270 000</b>	<b>4 112 000</b>

Non-current liabilities	3 657 000	3 624 000
Current liabilities (Estimate of benefits payments expected in the next annual period)	613 000	488 000
	<b>4 270 000</b>	<b>4 112 000</b>

The total liability has increased by 4% (or R 158 000) since the last valuation

#### Calculation of actuarial gains and losses

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

Basis changes: Increase in net discount rate	(74 000)	17 000
Salary increases higher than assumed	(2 000)	87 000
Changes to employee profile different from assumed	(84 000)	(113 000)
Actual benefits vesting ,lower than expected	24 159	(46 633)
<b>Actuarial (Gain)/Loss for the period</b>	<b>(135 841)</b>	<b>(55 633)</b>

#### Net expense recognised in the statement of financial performance

Current service cost	465 000	466 000
Interest	341 000	261 000
Benefits vesting	(512 159)	(803 367)
Total included in employee related costs	293 841	(76 367)
Actuarial (Gain)/Loss recognised in statement of financial performance	(135 841)	(55 633)
	<b>158 000</b>	<b>(132 000)</b>

Estimate of benefits vesting in the next financial year	(613 000)	(488 000)
---	-----------	-----------

#### Sensitivity analysis on the accrued liability (R millions)

##### Assumptions

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 14. Other financial liabilities

#### Held at amortised cost

Standard Bank

- 443 645

On 30 June 2016, a loan of R3 300 000 was also taken up from Standard Bank for the financing of vehicles purchased during the year at a fixed interest rate of 11.55%. Instalments of R443 645

will be semi-yearly payable over five years. The last instalment was payable on 30 June 2021 but the payment was rejected from Standard Bank and was paid again on 1 July 2021.

No defaults except for the above Standard Bank instalment or breaches or re-negotiations of the terms and conditions occurred during the year.

The Standard Bank loan is not secured, but the following covenants are also applicable for the R3 300 000 loan:

Nedbank

5 109 489 -

A loan of R5 500 000 was also taken up from Nedbank during the current year for financing of capital assets.

Fixed instalments are payable semi-annually at R712 44.00.

The final instalment is payable on 31 December 2026.

5 109 489 443 645

#### Total other financial liabilities

5 109 489 443 645

#### Non-current liabilities

At amortised cost

4 151 820 -

#### Current liabilities

At amortised cost

957 669 443 645

### 15. Unspent conditional grants and receipts

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totaling R23 258 577

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

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

These amounts are invested in a ring-fenced investment until utilised.

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

			2022	2021
<b>15. Unspent conditional grants and receipts (continued)</b>				
Integrated National Electrification Program (INEP)	3 179 914	-	(3 179 914)	-
Abafazi Rural Project (LED)	66 208	-	-	66 208
Resourcing Youth Centre (LED)	91 571	-	-	91 571
Water Tanks: District Municipality	157 299	-	-	157 299
Moral Regeneration Movement Programme	8 000	-	-	8 000
Energy Efficiency and Demand Side Management Grant (EEDM)	-	3 000 000	-	(1 765 718)
Equitable Share	-	58 178 500	(58 178 500)	-
Amakhala Emonyeni Cookhouse Community Trust	-	1 900 000	-	(1 900 000)
Cacadu Development Agency	-	1 000 000	-	(1 000 000)
	<b>16 932 935</b>	<b>106 948 727</b>	<b>(4 315 501)</b>	<b>(68 015 440) (29 218 529)</b>
				<b>22 332 190</b>

### Movement during the year

Balance at the beginning of the year	18 362 858	2 254 113
Receipts during the year	104 048 727	119 207 680
Income recognition during the year	(100 079 392)	(104 528 858)
	<b>22 332 193</b>	<b>16 932 935</b>

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

National Treasury (MIG, WSIG, & FMG)	Upgrade of Infrastructure (MIG and WSIG) and building financial capacity and learnerships (FMG)
Sarah Baardman District municipality:	Fire fighting, LED Projects and Infrastructure grants
Eastern Cape Department of Roads and Public Works:	Labour intensive projects to promote job creation for unemployed people (EPWP)
Department of Sport and Agriculture:	Administration cost for Libraries

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>17. Payables from exchange transactions</b>		
Trade payables	32 620 927	30 246 507
Payments received in advanced	1 143 382	983 560
Traffic Licence Suspense	12 468	-
Accrued leave pay	6 144 972	6 697 826
Accrued 13th cheque	2 090 784	2 028 505
Retentions on capital projects	1 204 562	1 693 428
Previous employees of Development Agency	813 695	813 695
Unidentified bank deposits	12 598	11 073
Deposits received - (Town Hall )	221 521	207 767
Deposits Recieved - (Chalets)	39 800	41 446
	<b>44 304 709</b>	<b>42 723 807</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
<b>21. Revenue (continued)</b>		
Agency services	724 977	845 485
Fines	244 539	120 785
Licences and permits	336 813	264 548
Transfers & subsidies	97 841 494	104 528 860
Gains on disposal of assets	-	1 979
Other income	3 820 886	2 239 683
	<b>277 610 268</b>	<b>278 298 086</b>

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

Service charges	144 865 363	141 897 307
Rental of facilities and equipment	587 118	612 984
Interest earned outstanding debtors	4 437 608	3 844 246
Interest received - External investment	935 030	591 804
Agency services	724 977	845 485
Gain on disposal of assets	-	1 979
Other income	3 820 886	2 239 683
	<b>155 370 982</b>	<b>150 033 488</b>

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

Property rates	23 816 440	23 350 405
Fines, Penalties and Forfeits	244 539	120 785
Licences or permits	336 813	280 173
Transfers & Subsidies	97 841 494	104 528 860
	<b>122 239 286</b>	<b>128 280 223</b>

### Collectibility of amounts

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

### 22. Property rates

#### Revenue

Agricultural	3 923 365	4 206 132
Game Farms	8 847 404	7 469 841
Business & Commercial	2 988 144	2 429 683
Statutory Rates - All other departments	5 865 786	5 579 131
Residential	2 191 741	3 665 618
	<b>23 816 440</b>	<b>23 350 405</b>

#### Valuations

Agricultural	7 053 964 030	7 121 449 270
Game Farms	853 471 225	855 056 225
Business & Commercial	325 148 725	278 827 725
Residential	644 648 336	656 822 936
Government - Other	636 340 810	635 509 110
	<b>9 513 573 126</b>	<b>9 547 665 266</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
<b>25. Transfers &amp; subsidies (continued)</b>		
Sarah Baartman District Subsidy	300 000	1 205 266
Council Covid Care Contributions	-	8 416
	<b>67 854 575</b>	<b>73 303 682</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant (MIG)	15 063 467	16 204 260
Water Services Infrastructure (WSIG)	10 257 734	14 264 867
Integrated National Electrification Program (INEP)	-	320 086
Infrastructure Grant (SBDM)	-	435 965
Energy Efficiency and Demand Side Management Grant	1 765 718	-
Amakhala Emonyeni Cookhouse Community Trust	1 900 000	-
Cacadu Development Agency	1 000 000	-
	<b>29 986 919</b>	<b>31 225 178</b>
	<b>97 841 494</b>	<b>104 528 860</b>
<b>26. Other income</b>		
Incidental cash surpluses	4 545	12 765
Commission: Transaction handling fees	173 968	168 551
Insurance refund	486 659	435
Skills development levy refund	-	136 031
Bad debts recovered	2 198 761	870 072
Sub-divisions and consolidations	30 024	653
Building plan approvals	231 410	168 294
Burial fees	91 459	109 176
General/Other	210 963	312 534
Library fees	10 679	4 940
Camping fees	60 029	33 929
Connections and reconnection fees	322 389	422 303
	<b>3 820 886</b>	<b>2 239 683</b>
<b>27. Employee related costs</b>		
Basic salary and wages	64 103 479	59 529 080
Bonuses	4 070 108	4 604 129
Social contributions - Medical	2 733 349	3 341 698
Social contributions - Group life insurance	2 287	2 352
Social Contributions - Unemployment insurance	539 099	478 933
Social contributions - Bargaining council	34 773	33 866
Social contributions - Pension	9 764 013	9 310 579
Overtime	4 091 709	3 773 659
Other allowances: Non Pensionable	3 700 353	3 974 502
Leave Gratuity	-	970 838
Post-retirement benefits - Medical : Nett Service Cost	661 000	(360 280)
Long Term Service Awards: Nett Service Cost	465 000	(337 367)
Post-retirement benefits - Medical : Interest Cost	2 249 000	2 050 000
Long Term Service Awards: Interest Cost	341 000	261 000
Less: Recharge to capital works	(1 335 942)	(582 262)
	<b>91 419 228</b>	<b>87 050 727</b>
<b>Section 56 Senior Managers: Total cost per position</b>		
Municipal Manager	1 490 895	1 417 129
Chief Financial Officer	1 184 345	1 163 537
Director: Corporate Services	1 178 133	598 221

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Employee related costs (continued)</b>		
Bargaining council	124	-
	<b>1 186 296</b>	<b>1 156 850</b>
<b>28. Remuneration of councillors</b>		
Mayor: BA Manxoweni	853 413	850 466
Speaker: NP Nkonyeni	576 865	371 767
Chairperson: Corporate Services - MS Kwatsha	132 500	371 767
Chairperson: Community Services - A Hufkie	134 337	369 930
Chairperson: Infrastructure - TA Grootboom	132 500	371 767
Portfolio Head: Technical Services - MK Mali	248 599	-
Portfolio Head: Community Services - JM Martin	357 926	299 491
Chief Whip: P Sonkwala	357 926	299 491
Councillors	1 648 510	1 197 965
	<b>4 442 576</b>	<b>4 132 644</b>
<b>Mayor: BA Manxoweni</b>		
Councillors Allowance	596 705	611 284
Back Pay Increase	20 631	-
Pensions Fund Contributions	43 711	46 044
Medical Aid Contributions	44 356	42 660
Fixed Travel Allowance	103 610	106 078
Councillors Cellphone Allowance	44 400	44 400
	<b>853 413</b>	<b>850 466</b>
<b>Speaker: NP Nkonyeni</b>		
Councillors Allowance	365 644	228 396
Back Pay Increase	13 078	-
Pension Fund Contributions	26 609	17 130
Fixed Travel Allowance	127 134	81 842
Councillors Cellphone Allowance	44 400	44 400
	<b>576 865</b>	<b>371 768</b>
<b>Portfolio Head: Technical Services - MK Mali</b>		
Councillors Allowance	163 252	-
Back Pay Increase	3 055	-
Fixed Travel Allowance	53 661	-
Councillors Cellphone Allowance	28 632	-
	<b>248 600</b>	<b>-</b>
<b>Portfolio Head: Community Services - JM Martin</b>		
Councillors Allowance	229 480	191 318
Back Pay Increase	8 291	-
Fixed Travel Allowance	75 756	63 773
Councillors Cellphone Allowance	44 400	44 400
	<b>357 927</b>	<b>299 491</b>
<b>Chief Whip: P Sonkwala</b>		
Councillors Allowance	194 006	162 134
Back Pay Increase	8 291	-

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
<b>28. Remuneration of councillors (continued)</b>		
<b>Councillor: MS Kwatsha</b>		
Councillors Allowance	81 402	228 396
Pension Fund Contributions	6 105	17 130
Fixed Travel Allowance	29 169	81 842
Councillors Cellphone Allowance	15 824	44 400
	<b>132 500</b>	<b>371 768</b>
<b>Councillor: TC Xakaxa</b>		
Councillors Allowance	63 430	177 970
Pension Fund Contributions	4 757	13 348
Fixed Travel Allowance	22 729	63 773
Councillors Cellphone Allowance	15 824	44 400
	<b>106 740</b>	<b>299 491</b>
<b>Councillor: KC Brown</b>		
Councillors Allowance	57 786	162 134
Pension Fund Contributions	10 401	29 184
Fixed Travel Allowance	22 729	63 773
Councillors Cellphone Allowance	15 824	44 400
	<b>106 740</b>	<b>299 491</b>
<b>Councillors: A Hufikie</b>		
Councillors Allowance	74 158	208 072
Pension Fund Contributions	13 349	37 453
Fixed Travel Allowance	31 006	80 005
Councillors Cellphone Allowance	15 824	44 400
	<b>134 337</b>	<b>369 930</b>
<b>Councillor: EL Miggels</b>		
Councillors Allowance	44 394	-
Back Pay Increase	1 670	-
Fixed Travel Allowance	14 798	-
Councillors Cellphone Allowance	10 303	-
	<b>71 165</b>	<b>-</b>
<b>Councillor: TW Peta</b>		
Councillors Allowance	78 487	-
Fixed Travel Allowance	26 162	-
Councillors Cellphone Allowance	18 215	-
	<b>122 864</b>	<b>-</b>
<b>29. Debt impairment</b>		
Debt impairment	23 440 982	16 458 272
Bad debts written off	6 172 083	8 899 138
	<b>29 613 065</b>	<b>25 357 410</b>



# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>35. Operational costs</b>		
Advertising, Publicity and Marketing and Tenders	59 679	145 009
Assets expensed	3 315	-
External Audit Fees	2 936 078	4 152 311
Bank charges, Facility and card fees	158 626	244 625
Entertainment	30 126	77 004
Insurance Underwriting: Premiums	1 047 316	1 152 206
Insurance Underwriting: Excess payments	142 212	24 053
Registration fees - Seminars, conferences and workshops	29 000	13 502
Road traffic and Other fines	8 500	-
Hire charges	155 533	332 039
Printing, publications and books	818 883	700 785
Uniforms and protective clothing	700 021	451 637
Telephone, Fax, Telegraph and Telex	2 264 872	2 371 235
Courier and delivery services	1 185	1 231
Title deed search fees	9 036	14 312
Motor vehicle licences and registration	187 100	281 868
Postage	-	144
Resettlement costs	9 500	21 555
Remuneration to ward committee	336 343	650 000
Workman's compensation fund	575 133	525 410
Professional bodies, memberships and subscriptions	17 536	2 450
Skills development levy	927 045	726 841
Travel and subsistence	1 020 740	529 472
External Computer Services - Software Licences	724 067	753 888
Transport provided as part of events	14 070	3 400
	<b>12 175 916</b>	<b>13 174 977</b>
<b>36. Auditors' remuneration</b>		
Audit Fees	2 936 078	4 152 311
Additionally an amount of R6 277 was outstanding at 30 June 2021 and paid in July 2021.		
<b>37. Net cash flows from operating activities</b>		
Deficit	(41 788 302)	(26 215 941)
<b>Adjustments for:</b>		
Depreciation and amortisation	56 449 100	56 247 706
Gain on sale of assets and liabilities	153 424	393 050
Fair value adjustments	(2 527 994)	(513 212)
Finance costs - Finance leases	73 680	4 080
Finance costs - Landfill site	2 924 086	1 245 481
Debt impairment	29 613 065	25 357 410
Movement in retirement benefit assets and liabilities	1 892 000	2 482 000
Movement in long service awards liability	158 000	(132 000)
Movements in provisions	-	1 129 262
<b>Changes in working capital:</b>		
Inventories	(96 054)	60 483
Trade receivables from exchange transactions	(19 116 828)	(18 603 094)
((Increase)/decrease in other receivables from exchange transactions	(152 853)	208 353
(Increase)/decrease in other receivables from non-exchange transactions	(11 087 991)	(9 611 792)
Nett Increase/(decrease) in VAT receivables	(969 295)	-
Payables from exchange transactions	1 580 900	(3 338 163)
Nett Increase/(decrease) in VAT payable	(237 679)	1 819 129
Increase/(decrease) in trade and other payables from non-exchange	(557 335)	(47 771)
Unspent conditional grants and receipts	2 499 256	16 108 744
	<b>18 809 180</b>	<b>46 593 725</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 39. Contingencies

#### Contingent liabilities

##### **Matter: Blue Crane Route Municipality vs R Brown** **2020/21**

Mr Brown claim from the Municipality an amount of R46 216 for repairs done on a common boundary.

In the Magistrate Court it was found that the Magistrate has no jurisdiction to adjudicate the amount of the debt and that the proper way to settle the debt is by way of declaring a dispute in terms of section 29 of the Fencing Act no 31 of 1963.

A letter was received from Mr Brown's attorney's requested to refer the dispute a Board to be appointed. The Municipality still considering this request.

The Council decided to approve this liability but a further claim was received from Mr Brown for interest. Council resolved on a Council meeting dated August 2020 that management should settle this matter with R Brown, by way of further negotiations and not incurring further legal costs.

##### **2021/22**

Matter was resolved on 30 September 2021. An amount of R78 66.24 was paid.

##### **Matter: Blue Crane Route Municipality vs Municipal Workers Retirement Fund (MWRF)** **2021/21**

The effected workers are claiming an amount of R2 686 022 for the Council's contributions that was less than what it should be towards the retirement fund for the period July 2007 to June 2013.

The employees also need to contribute an additional amount of R1 111 246 for the same period of time. Since 1 July 2013, the correct contributions were paid over to the fund.

This claim of back-pay re-surfaced in May 2016, this claim could have prescribed as at 1 July 2017 (after three years) Council still needs to resolve this matter.

Council took a decision to object against the back-pay claim from SAMWU provident fund of around R16 940 819 (Interest included).

This matter went to the High Court in August 2020. Council is currently waiting the decision from the Judge. The Municipality attorneys still feel confident about the prospects of not paying the back pay amounts.

##### **2021/22**

Appeal was set down for 29 August 2022. The Municipality is waiting for the judgement to be issued.

## Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand			2022	2021
<b>39. Contingencies (continued)</b>				
M Gantsho	-	-	613 992	613 992
Q Plaatjies	-	-	58 052	58 052
DW Lackay	-	-	111 440	-
C Simonse	-	-	458 044	-
	-	-	<b>18 182 347</b>	<b>20 460 163</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 40. Related parties

No awards made to Section 56 and other Councillors, except as per notes 31 and 32

#### Key management information

##### Councillors

	Description
BA Manxoweni	Mayor
NP Nkonyeni	Speaker
KC Brown	Councillor
P Sonkwala	Councillor
JM Martin	Councillor
FP Brown	Councillor
A Hufkie	Chairperson: Community Services
TA Grootboom	Chairperson: Infrastructure
MS Kwatsha	Chairperson: Corporate Services
TC Xakaxa	Councillor
C Nel	Councillor
A Dyantyi	Councillor
ABC Heynse	Councillor
ZS Baskiti	Councillor
MK Mali	Councillor
EL Miggels	Councillor
EW Peta	Councillor

##### Section 56 managers

	Description
T Klaas	Municipal Manager
NB Delo	Chief Financial Officer
M Planga	Director: Community Services
A Gaji	Director: Technical Services
N Kubone	Director: Corporate Services

##### Acting Senior Managers

M Gush: Acting Director: Corporate Services

-

46 174

## Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>41. Prior-year adjustments (continued)</b>		
Landfill sites - Finance costs	1 129 261	1 245 481
Fair value adjustment for landfill site provision	-	513 213
<b>Surplus for the year</b>	<b>(213 433 608)</b>	<b>(209 922 203)</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 42. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The ongoing basis, municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets and liabilities exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
<b>Assets</b>		
Trade receivables from exchange transactions	25 452 279	27 554 235
Other receivables from non-exchange transactions	11 994 688	9 300 976
Other receivables from exchange transactions	1 315 710	1 162 857
Short term deposits and cash in banks	21 362 373	25 683 399
<b>Financial instrument</b>	<b>2022</b>	<b>2021</b>
<b>Liabilities</b>		
Other financial liabilities	957 669	443 645
Payables from exchange transactions	44 304 709	42 723 807
Trade and other payable from non-exchange	1 028 954	1 586 289

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 43. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business for the 12 month period ending 30 June 2023.

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

- Covid-19 global impact on the economy
- Debt payment ratio's not in the norm
- Credit payment ratio's not in the norm
- High level of electricity losses that occur
- High level of poverty within the BCRM's municipal area
- The potential risk that contingent liabilities as disclosed in this set of financial statements may materialise in actual commitments to pay.

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

- Debt collection interventions, including services restrictions if bills are not paid and issuing of summonses
- Implementation of an electronic meter reading system to ensure accurate and timely issuing of accounts
- Meter audits, to establish if all service usages are accounted for
- Installation of bulk electricity and water meters to track and monitor losses
- Replacement of old electricity and water infrastructure to curb electricity and water losses
- Developing of cost covering tariffs to ensure that consumers are paying for the services rendered by the municipality
- Cost containing measures to prevent unnecessary expenditure
- Implementation of a general valuation roll and interim rolls to ensure that the new market values of property are accounted for VAT audits
- Establishing a LED unit to attract business opportunities for local business

COVID-19 impact and measures to ensure the financial stability

The Covid-19 recession is a major ongoing global economic crisis which has caused both a recession in South Africa, and is currently the worst global economic crisis since the Great Depression. Modeling by the World Bank suggests that in some regions of the world a full recovery will not be achieved until 2025 or beyond. It is therefore important that Blue Crane Route Municipality is well geared to absorb the additional pressure.

### 44. Events after the reporting date

There are no events after reporting date to report on.

### 45. Unauthorised expenditure

Opening balance as previously reported	-	35 303 488
Less: Approved by Council during the year	-	(35 303 488)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

No unauthorised expenditure incurred during the year 2022.

### 46. Fruitless and wasteful expenditure

Opening balance as previously reported	6 755	845 535
Add: Fruitless and wasteful expenditure identified - current year	50 866	6 279
Less: Approved by Council during the year	(14 712)	(845 059)
<b>Closing balance</b>	<b>42 909</b>	<b>6 755</b>

### Disciplinary steps taken/criminal proceedings

## Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 48. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2022

	Community and Public Safety	Technical services	Other services	Total
<b>Revenue</b>				
External revenue from Non-exchange transactions	9 492 655	58 549 601	54 197 030	122 239 286
External revenue from Exchange transactions	9 390 831	138 425 062	6 620 059	154 435 952
Interest revenue	-	-	935 030	935 030
<b>Total segment revenue</b>	<b>18 883 486</b>	<b>196 974 663</b>	<b>61 752 119</b>	<b>277 610 268</b>
<b>Entity's revenue</b>				<b>277 610 268</b>
<b>Expenditure</b>				
Employee related costs	23 722 405	36 539 364	31 157 459	91 419 228
Bulk Purchases	-	108 082 284	-	108 082 284
Debt impairment	4 217 403	14 338 640	11 057 022	29 613 065
Depreciation and amortisation	1 371 357	53 082 503	799 644	55 253 504
Interest expense	2 962 324	340 567	67 655	3 370 546
Total other segment expenditure	3 651 152	9 916 080	19 489 042	33 056 274
<b>Total segment expenditure</b>	<b>35 924 641</b>	<b>222 299 438</b>	<b>62 570 822</b>	<b>320 794 901</b>
<b>Total segmental surplus/(deficit)</b>				<b>(43 184 633)</b>
Loss on disposal of assets				(153 424)
Fair value adjustment of landfill site provision				2 527 994
Actuarial gains (losses)				217 357
Impairment Loss				(1 195 596)
<b>Entity's surplus (deficit) for the period</b>				<b>1 396 331</b>
<b>Assets</b>				
Current assets	1 721 999	23 730 280	36 954 895	62 407 174
Non-current assets	39 746 094	731 340 485	112 199 547	883 286 126



## Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 48. Segment information (continued)

2021

	Community and public Safety	Technical services	Other services	Total
<b>Segment Revenue</b>				
External revenue from Non-exchange transactions	11 578 962	44 988 998	71 712 263	128 280 223
External revenue from Exchange transactions	8 694 306	136 538 981	4 208 397	149 441 684
Interest revenue	-	-	591 804	591 804
<b>Total segment revenue</b>	<b>20 273 268</b>	<b>181 527 979</b>	<b>76 512 464</b>	<b>278 313 711</b>
<b>Entity's revenue</b>				<b>278 313 711</b>
<b>Expenditure</b>				
Employee related costs	23 587 683	33 933 794	29 529 250	87 050 727
Bulk Purchases	-	99 826 577	-	99 826 577
Debt impairment	3 660 568	13 428 413	8 268 430	25 357 411
Depreciation and amortisation	4 946 702	50 859 697	441 307	56 247 706
Interest expense	2 374 742	45 906	35 983	2 456 631
Total other segment expenditure	2 529 416	6 085 915	24 356 805	32 972 136
<b>Total segment expenditure</b>	<b>37 099 111</b>	<b>204 180 302</b>	<b>62 631 775</b>	<b>303 911 188</b>
<b>Total segmental surplus/(deficit)</b>				<b>(25 597 477)</b>
Loss on disposal of assets				(395 029)
Fair value adjustment of landfill site provision				513 212
Actuarial gains (losses)				(736 647)
<b>Entity's surplus (deficit) for the period</b>				<b>(618 464)</b>
<b>Assets</b>				
Current assets	2 146 731	25 730 690	36 979 147	64 856 568
Non-current assets	43 133 654	752 050 703	113 724 993	908 909 350
<b>Total segment assets</b>	<b>45 280 385</b>	<b>777 781 393</b>	<b>150 704 140</b>	<b>973 765 918</b>
<b>Total assets as per Statement of financial Position</b>				<b>973 765 918</b>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
--	------	------

### 49. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Contribution for the year	926 617	881 086
---------------------------	---------	---------

No contributions were outstanding at year end.

#### PAYE, UIF and SDL

Opening balance	1 027 695	795 618
SARS deductions	12 865 350	12 164 048
Amount paid over	(12 890 974)	(11 931 971)
	<u>1 002 071</u>	<u>1 027 695</u>

The nett outstanding amount of R1 002 071 which includes PAYE, UIF and SDL was paid in July 2022 to SARS.

#### Pension/provident/annuity fund and Medical Aid

Opening balance	2 064	-
Current year deductions	19 470 012	18 633 489
Amount paid - current year	(19 472 076)	(18 631 425)
	<u>-</u>	<u>2 064</u>

#### Councillors' arrear consumer accounts

No municipal charges for Councillors were outstanding for more than 90 days at 30 June 2022:

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

#### Incident

3 Quotations not obtained	1 353 586	-
Emergency	2 832 490	-
Advertising in local news paper and radio stations	429 266	-
Sole provider	195 904	-
Covid 19	9 858	-
	<u>4 821 104</u>	<u>-</u>

# Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 50. Actual versus Budget: Explanation of material variances greater than 10% versus budget (continued)

#### CASH FLOWS

Net cash from (used) investing	25 930 693	48 %	Capital Budget was not spent according to plan as the unspent grants needed to be approved as roll overs
Net cash from (used) financing	(2 766 159)	-34 %	Consumer deposits incorrectly anticipated to increase with R2.9m