



# **Bitou Municipality**



**2020/21**

# **Annual Report**





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## CHAPTER 1: EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD AND MUNICIPAL MANAGER'S OVERVIEW

#### 1.1 MAYOR'S FOREWORD



It is my privilege as Acting Executive Mayor to introduce the 2020/21 Annual Report of Bitou Municipality. In terms of Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act, No. 56 of 2003, the Municipality must prepare an Annual Report for each financial year, which must be tabled by the Executive Mayor within seven months after the end of each financial year.

The Annual Report is in terms of accountability a valuable instrument of government to assess the effectiveness of the Municipality and the impact it has on the community/residents. It not only provides an overview of the

state of financial affairs of the Municipality and the administrative and governance maturity levels of the institution, but it also provides a synopsis of the successes achieved and the challenges experienced.

The municipality had, as a result of the COVID -19 pandemic, been severely constrained to maintain the high standards of service delivery that the consumers were accustomed to.

The local economy was and still is seriously negatively affected by the limitation to the movement of national and international visitors which literally brought the tourism sector to a standstill.

Periodic instances of public unrest not only harmed the already weak economy, but also had a negative impact on future investments in the town and surrounds.

We have however to acknowledge that the 2020/21 financial year will not be remembered for the successes achieved, but for the political instability at the latter part of the financial year. A deadlock between the representatives of the two major political parties resulted in Council not being able to function from April 2021 until the following elections to be held on 01 November 2021.

Notwithstanding the abovementioned challenges, had the municipality still succeeded in providing services of quality to the citizens, continue with maintenance projects in respect of ageing infrastructure and spending 94% of the capital budget.

The following major capital projects were addressed:

#### Electricity

- |                                    |             |
|------------------------------------|-------------|
| ○ Plettenberg Bay – New Generators | R 433 024   |
| ○ Magistrate Court Metering Unit   | R 1 051 140 |
| ○ Ebenezer Bulk Infrastructure     | R 3 466 018 |
| ○ Ebenezer Bulk Infrastructure     | R 451 641   |





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○ Minaar Land Electrification	R 677 473
○ 11KV Links Kwano and Brakkloof stations	R 555 212
○ New Horizons Upgrade MV Cable	R 291 896
○ Qolweni New Electrification	R 477 329
○ New Horizon Replace Faulty Cable	R 720 000
○ New Horizons 11 KV Switching Station	R 240 000
○ Bowtie HV Metering Unit	R 360 000
○ High Mast Lightning Qolweni / Kwano	R 416 402
○ Street Lights Piesang Valley	R 430 532

## Roads

○ Kwano New Walk Ways	R 500 000
○ Kranshoek Upgrade Gravel Roads (MIG)	R 6 960 019
○ Kranshoek Upgrade Gravel Roads	R 3 838 979
○ Kwano Upgrading Roads	R 1 629 177
○ Kurland New Roads	R 300 000
○ Speedhumps	R 200 000
○ Ebenezer New Roads	R 2 750 000
○ Replace Truck	R 930 732

## Sewerage

○ Pump Station Equipment	R 827 278
○ Kranshoek Upgrade	R 961 308
○ Replace LDV	R 344 325
○ Ebenezer New Bulk Sewer	R 3 343 914
○ Kranshoek Upgrade Sewer	R 1 532 352
○ Kurland New Sewer	R 499 565
○ Ebenezer New Sewer	R 1 606 162
○ Kurland Upgrade WWTW	R 1 777 071
○ Piesang Valley Pump Stations	R 4 035 868
○ New Jetting Truck	R 1 097 550
○ New Digger Loader	R 1 069 660

## Water

○ Kranshoek Upgrade Bulk (MIG)	R 4 501 023
○ Kranshoek Upgrade Bulk (AFR)	R 1 838 102
○ Kwano New Pipeline	R 4 864 218
○ Pump Station Equipment	R 740 925
○ Ebenezer New Water Ret	R 2 399 999
○ Kurland New Water Ret	R 200 000
○ Kwano Upgrade Tank	R 2 013 212
○ Kwano Upgrade WTW	R 717 276
○ Uplands New High Lift Pump	R 514 926

This Annual Report shows that the municipality has performed admirably despite the continued difficult



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economic climate as well as the complex social environment in which local government has to operate at present. It has not been an easy task, particularly as the frustrations of communities regarding matters over which municipalities have no control, such as inadequate National Government funding for human settlement projects, are directed at municipalities as the sphere of government closest and most accessible to the communities.

In conclusion, I would like to thank my fellow-Councillors, particularly the members of my Mayoral Committee, as well as the Municipal Manager, Adv Lonwabo Ngoqo, the management team of the Municipality and all municipal officials for their continual strive and initiative throughout the 2020/21 financial year in achieving the strategic goals of Bitou and to appeal to them to continue to serve the Greater Plettenberg Bay Community.

**CLLR. S GCABAYI**  
**ACTING EXECUTIVE MAYOR**  
**BITOU LOCAL MUNICIPALITY**







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## 1.2 MUNICIPAL MANAGER'S OVERVIEW

The purpose of the overview of the Municipal Manager is to do an evaluation of the achievements and challenges the municipality had experienced during the previous financial year as well as the financial position of the municipality.

### A) OVERVIEW 2020/2021

#### i) Report Auditor General 2020/2021

In terms of section 126(1) (a) of the Municipal Finance Management Act, Act 56 of 2003 has the Auditor General to submit an audit report on the Financial Statements within three months of receipt of the Annual Financial Statements.

The municipality had submitted the Annual Financial Statements on 31 August 2021 (as prescribed) but the Auditor General had only completed the audit on 27 January 2022.

The Auditor General had as a result of the delay in completing the audit to issue a report in terms of section 126(4) of the Municipal Finance Management Act, Act 56 of 2003 to provide reasons for the delay in completing the audit.

The following reasons were provided by the Auditor General:

“The non – submission of the audit report within the prescribed timeframe is due to the COVID 19 pandemic and its related impact on the audit process, as well as a number of technical matters in the prior MFMA and PFMA cycles that resulted in a number of late sign offs which have negatively impacted the time lines of the current MFMA cycle. This has been exacerbated with further resourcing challenges due to the very late finalization of some of the PFMA audits and unexpected study commitments.”

The municipality had received for the fifth year in succession an unqualified audit report with findings. It is again necessary to place the standard of the finding

in perspective, as the ordinary citizen would not understand the criteria.

There are five formats (types) of auditor's conclusions / opinions, namely:

- Unqualified without findings (clean audit report)
- Unqualified with findings
- Qualified
- Adverse
- Disclaimer

Bitou municipality had therefore for the past eight years achieved three “clean audits” and five opinions which can be regarded as the second best opinion.

Note has been taken of the findings and recommendations in the report of the Auditor General and the necessary measures will be implemented to improve the audit outcome.

Bitou has once again compiled the Annual Financial Statements “in house” without the assistance of consultants. It has to be highlighted that very few municipalities in the Western Cape are capable of this achievement.

#### ii) Financial Viability Expenditure Management

The creditor payment period had improved from 73 days to 45 days.

#### Revenue Management

The debtors impairment provision, as a percentage of accounts had increased from 81.6% to 83.9% and in monetary value from R287 199 000 to R293 441 000. This is mainly as a result of the increase in indigent consumers and as a result of the difficult financial position of consumers caused by the Covid 19 pandemic.

#### Asset and Liability Management

The amount of the surplus had decreased from R41 917 000 at 30 June 2020 to R6 317 000 at 30 June 2021.





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## Cash Management

The year- end bank balance had decreased from R125 717 000 to R73 465 000.

The amount of creditors (accounts payable) had decreased from R 52 825 000 at 30 June 2020 to R39 378 000 at 30 June 2021.

The amount of current liabilities had also increased from R153 945 000 at 30 June 2020 to R161 614 000 as at 30 June 2021.

## Conclusion

The Auditor General has once again assessed the financial viability of the municipality as good.

## iii) Governance Council

The composition of the Council changed as a result of the removal of Cllr. Lobese as Executive Mayor on 16 April 2021. The Deputy Executive Mayor, Cllr. S. E. Gcabayi acted as Executive Mayor from 16 April 2021 until 30 June 2021.

The following Councilors represented their political parties during 2020/2021:

AUF: The Executive Mayor (From 01/07/2020 to 16/04/2021) Cllr. M. P. Lobese.

ANC: Deputy Executive Mayor Cllr. S. E. Gcabayi, The Speaker Cllr. E. V. Wildeman, Cllr. M. M. Mbali, Cllr. L. M. Seyisi, Cllr. X. Matyila and Cllr. V. van Rhyner.

DA: Cllr. J. N. Kamkam, Cllr. W. J. Nel, Cllr. N. Ndayi, Cllr. A. R. Olivier, Cllr. D. J. Swart, Cllr. A. S. M. Windvogel.

## Council meetings

Twelve (12) ordinary Council meetings, Four (4) Special Council meetings and eleven (11) In Committee meetings took place during 2020/2021.

## Executive Mayoral Committee.

There was a change in the composition of the Executive Mayoral Committee as a result of the

removal of the Executive Mayor Cllr. Lobese on 16 April 2021.

The following Councilors served on the Executive Mayoral Committee:

The Executive Mayor (From 01/07/2020 to 16/04/2021) Cllr. M. P. Lobese, the Deputy Executive Mayor Cllr. S. E. Gcabayi, Cllr. M. M. Mbali and Cllr. L. M. Seyisi

## Executive Mayoral Committee meetings

Twelve (12) Executive Mayoral Committee meetings took place during the 2020/2021 financial year.

## Portfolio Committees

The Section 80 committees established by Council had regular monthly meetings during the 2020/2021 financial year. The following Councilors served on the section 80 Committees.

## Finance and Engineering

Cllr. M. Mbali (Chairperson), Cllr. N. Ndayi, Cllr. J. Kamkam, Cllr. X. Matyila and Cllr. V. van Rhyner.

## Corporate Services and Community Services

Cllr. S. Gcabayi (Chairperson), Cllr. D. Swart, Cllr. A. Windvogel, Cllr. X. Matyila and Cllr. V. van Rhyner.

## Strategic Services

Cllr. L. Seyisi (Chairperson), Cllr. W. Nel, Cllr. A. Olivier, Cllr. X. Matyila.

## Conclusion

The Governance component of the municipality was functioning well and informed resolutions were taken

## Acting Municipal Manager

Mr M Dyushu



# ANNUAL REPORT

## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of the Bitou Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2020/21 annual report reflects on the performance of the Bitou Municipality for the period 1 July 2020 to 30 June 2021. The annual report is prepared in accordance with Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an annual report for each financial year.

### 1.3.1 Municipal Overview

Bitou Municipality is situated in the Western Cape Province within the jurisdictional area of Eden District Municipality. The municipal area, in extent **991.84 km<sup>2</sup>**, is situated in the South Eastern corner of the province and the Bloukrans River is the boundary between the Western and Eastern Cape Provinces. The following map indicates the extent of the Bitou Municipality's area of jurisdiction:

Below is a map of the Western Cape that indicates the location of the Bitou Municipality in the Eden District area:

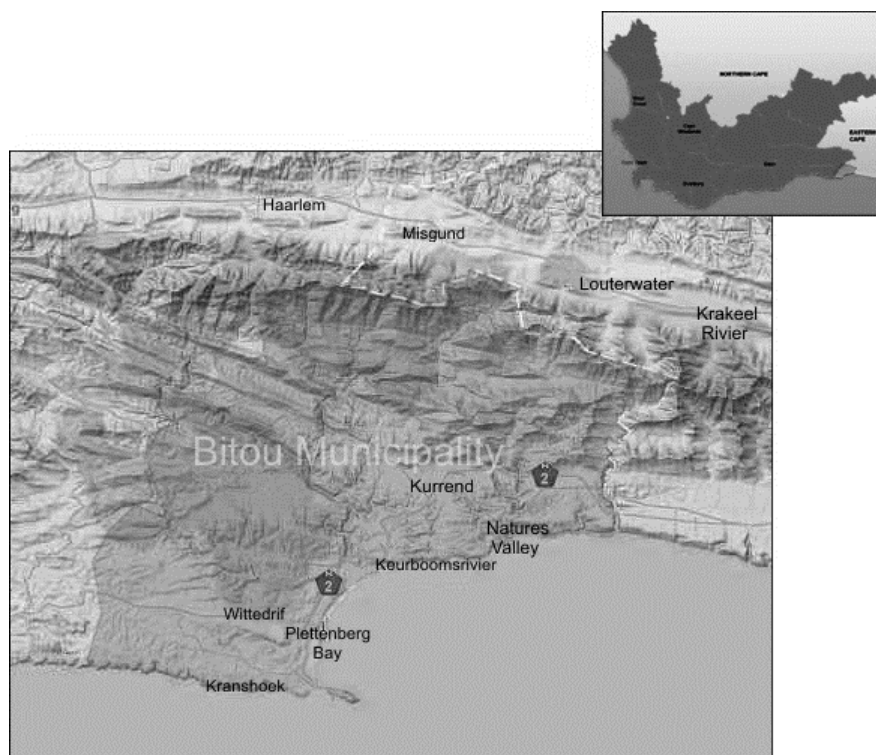


Figure 1.: *Bitou Area Map*



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## 1.3.2 Vision and Mission

The Bitou Municipality committed itself to the vision and mission of:

### Development Vision:

*To be the best together –  
Om saam die beste te wees –  
SobalaselaSonke*

### Mission:

The political office bearers and staff of the Bitou Local Municipality commit to:

- Effecting participative and accountable development local government and governance
- Fostering effective intergovernmental relations
- Facilitating sustainable people-centred development and ensuring environmental integrity
- Proactively identifying and securing suitable land for settlement
- Providing effective basic services
- Facilitating local economic development with a particular focus on reducing poverty, creating Jobs and developing the tourism and eco-tourism sectors
- Facilitating social upliftment and community integration
- Adhering to the Batho Pele principles for its community

### Strategic Objectives:

- An active and engaged citizenry, able to engage with and shape the municipality's programme
- Build a capable, corruption-free administration that is able to deliver on developmental mandate
- Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy
- Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development
- Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities
- Universal access to decent quality of services

## 1.4 MUNICIPAL FUNCTIONS, POPULATION AND ENVIROMENTAL OVERVIEW

### 1.4.1 Population

#### a) Total Population

The table below indicates the total population within the municipal area:

Population	2001	2011	2016	2017	2018	2019
	29 182	49 162	59 157	49 162	60 686	65 074

Source: StatsSA

Table 1: Total Population



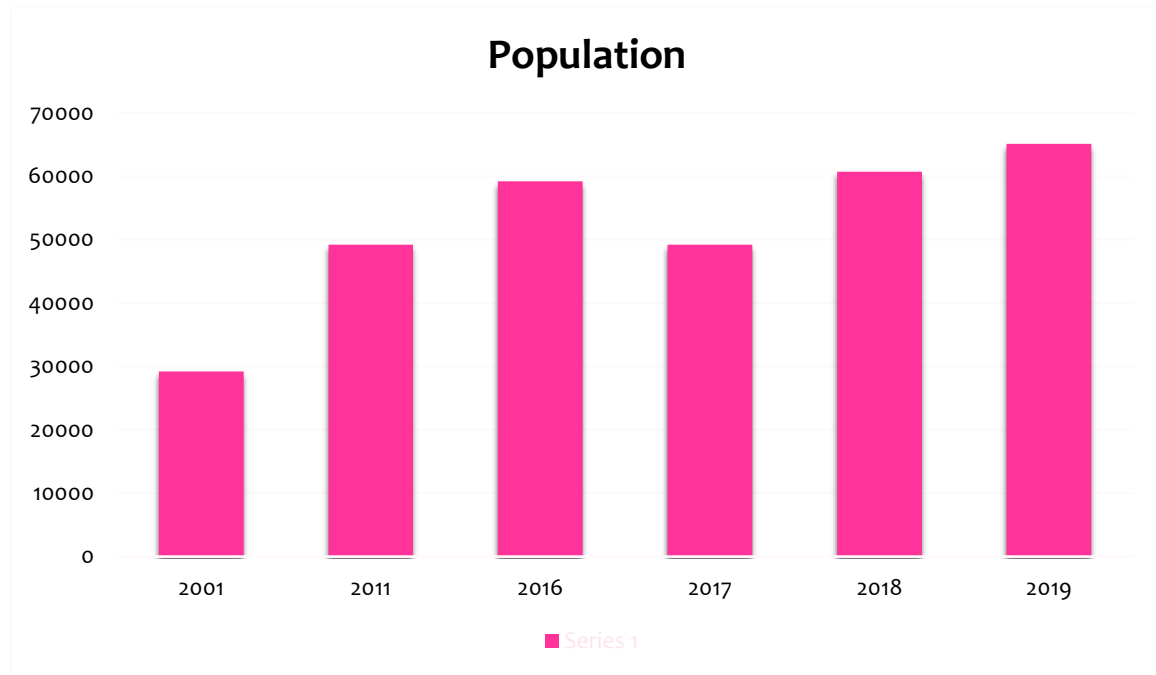




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The graph below illustrates that the total population growth as from 2001 till 2019:



Graph 1.: Total Population

## b) Population Profile

Population - Age	2011			2019		
	Male	Female	Total	Male	Female	Total
0 - 4	2 394	2 247	4 641	3 208	3070	6 278
5 - 9	1 937	2 105	4 042	2 871	3 177	6 048
10 - 14	1 806	1 897	3 703	2 477	2 746	5 223
15 - 19	1 876	1 806	3 682	2 396	2 269	4 665
20 - 24	2 088	2 136	4 224	2 565	2 617	5 182
25 - 29	2 489	2 485	4 974	3 162	3 141	6 303
30 - 34	2 394	2 207	4 601	3 749	3 499	7 248
35 - 39	2 188	2 053	4 241	3 041	2 634	5 675
40 - 44	1 748	1 762	3 511	1 937	1 829	3 766
45 - 49	1 458	1 447	2 905	1 901	1 756	3 657
50 - 54	1 135	1 188	2 323	1 475	1 605	3 080
55 - 59	850	914	1 763	1 061	1 190	2 251
60 - 64	678	745	1 423	789	933	1 722
65 - 69	516	678	1 195	612	937	1 549
70 - 74	458	424	882	482	570	1 052
75 - 79	244	282	527	286	443	729
80 +	208	316	525	237	409	646
<b>Total</b>	<b>24 468</b>	<b>24 694</b>	<b>49 162</b>	<b>32 249</b>	<b>32 825</b>	<b>65 074</b>

Table 2: Population Profile





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## C) Population by Race Categories

Population - Racial	2011	2018	2019
African	25 262	33 687	32 496
Coloured	15 344	17 669	18 616
Indian	249	-	Not Available
White	8 307	8 976	8 045
Asian	-	355	Not Available
Source: StatsSA			

Table 3: Race Categories

### 1.4.2 Households

The total number of estimated households within the municipal area for 2019/20:

Households	2017/18	2018/19	2019/20	2020/21
Number of households in municipal area	26 888	28 232	*21 914	21 914
Number of registered indigent households in municipal area	4 381	1 891	**2 357	3 930
*Population Estimate: Community Survey 2016 **Actual Indigents as per Bitou Indigent Register				

Table 4: Total Number of Households

### 1.4.3 Demographic Information

#### a) Municipal Geographical Information

##### *Complex past, rich present*

Leaving their mark on the region have been an intriguing mix of Middle Stone Age man, indigenous Khoi people, ostrich feather barons, woodcutters, farmers, gold-diggers, merchants, sailors, craftsmen, ordinary folk and even intrepid explorers such as Portugal's Bartholomew Diaz who landed at Mossel Bay in 1488, as well as a modern-day diverse mix of tycoons and artists.

##### *Stone Age*

Plettenberg Bay's Nelsons Bay and Matjes River Caves were inhabited by Middle Stone Age man for more than 100 000 years, with the Khoisans leaving a legacy of tools and ornaments. Deposits of their tools, ornaments and food debris can be viewed in these caves, which are still being excavated. One can also observe the geological changes over millions of years which affected prehistoric life. Stilbaai, at the coast, boasts shell middens which date back 3 000 years, not to mention an abundance of fish traps. The presence of Blombos Cave, where it is believed that man first thought abstractly, is a further feather in the Garden Route and Klein Karoo's history books.

##### *Explorers*

Long before Van Riebeeck landed at the Cape, Portuguese explorers of the 15th and 16th centuries called in and charted the bay, the first being Bartholomew Dias in 1487. Ninety years later Manuel da Perestrelo aptly called it





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Bahia Formosa or the Bay Beautiful. The first white inhabitants were the 100 men stranded here for nine months when the San Gonzales sank in 1630. In 1763 the first white settlers in the Bay were stock farmers, hunters and frontiersmen from the Western Cape.

## *Griqua beginnings*

Infamous historical figures include the leader of the Grikwas, Andrew Abraham Stockenström le Fleur, who by his people, was looked upon as a new Messiah. The name of Le Fleur is intimately associated with the history of the Griqua people in this area and his grave can be seen in the village of Kranshoek on the Robberg/Airport Road.

The village of Harkerville was named for Robert Charles Harker, who, as a Government resident, controlled the affairs of Plettenberg Bay for 21 years. The family graves are one of the highlights on the Plettenberg Bay town day walk.

Plettenberg Bay itself is an intriguing mix of cultures. A woodcutter's post was established in 1787 and Johann Jacob Jerling, an early inhabitant, was commissioned by the Dutch East India Co. to build a storehouse for house timber which was to be exported.

The Swede, Carl Peter Thunberg, was the first to document valuable observations on the bay and Robberg and the Governor of the Cape, Baron Joachim van Plettenberg, renamed the town Plettenberg Bay in 1779. In 1910 a Captain Sinclair set up the whaling station on Beacon Island to harvest the placid Southern Right whales but this ceased operation in 1916. The first hotel was erected by Hugh Owen Grant in 1940 and replaced in 1972 by the current well-known landmark on Beacon Island.

Today this modern town is comparable with Monaco, an exquisite emerald on shores of the azure-blue Indian Ocean; it basks between enchanting old villages. With over 300 days of sunshine a year and temperate climate, it celebrates with passion culture, spectacular nature offers, delicious cuisine, restoration of mind and body, high-adrenaline activities and land and water sports.

## *History's roads*

But let's continue our journey in the 1800's when the growing timber trade led to Thomas Bain building Prince Alfred Pass (1868) and the 90km forest road through the Tsitsikamma to Humansdorp. Three major passes had to be constructed: Groot Rivier, Blauwkrantz and Storms River. The Great Fire of the 1868 claimed to have made Thomas Bain's task of building the coastal road considerably easier. Bain started construction of the Groot River Pass in 1880, completing the work in 1883 with present road differing little from Bain's original.

## *Nature's Valley*

Moving along the road towards modern day Nature's Valley the first owner, Hendrik Barnardo, was employed at the convict station at Bloukrans established by Thomas Bain when building the road through the Tsitsikamma.

Barnardo claimed that the Groot Rivier farm had been granted to his grandfather by Lord Charles Somerset for whom he had acted as beater during hunts in the region. However, according to the Deeds records, a Barnardo had acquired it as an immigrant allotment. Barnardo held only the grazing rights to Nature's Valley until 1914 when the farm, roughly the extent of the present township, was granted to him. In 1918 Dr. Wilhelm Von Bonde persuaded Barnardo to allow him to build a shack on the lagoon near the mouth. This marked the beginning of development of Nature's valley. Today this quaint village is still slumbering in time's gone past and offers a tranquil retreat from modern day demands.





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## b) Wards

The Municipality is currently structured into the following 7 Wards:

Ward	Areas
1	Covie, Natures Valley, Kurland, Craggs and Keurbooms
2	Plettenberg Bay South and Plettenberg Bay North and Bossiesgif
3	Qolweni and a portion Pine Trees
4	New Horizon and a portion of Pine Trees
5	Phase 1 and Phase 2 Kwanokuthula
6	Phase 3 and 4 Kwanokuthula
7	Kranshoek, Harkerville, Green Valley, Wittedrift and uplands

**Table 5:** Municipal Wards

The following table indicates the urban, peri-urban and rural areas situated within the boundaries of the municipality:

Urban areas	Peri-urban areas	Rural areas
Plettenberg Bay	Keurbooms	Uplands
New Horizons	Kranshoek	Covie
Kwanokuthula	Nature's Valley	Harkerville
Bossiesgif / Qolweni	The Craggs / Kurland	Fisantehoeck
	Wittedrift / Green Valley	Redford Road

**Table 6:** Municipal Areas

The municipal area contains a variety of landscape types containing many areas of special beauty and historical significance that can be divided into the following landscape character types:

- 🌄 Mountains and mountain valleys
- 🌄 Foothills
- 🌄 Plateau
- 🌄 Incised river valleys
- 🌄 Sheltered lowland
- 🌄 Lowland valleys and wetlands
- 🌄 Estuaries
- 🌄 Beach shorelines and dunes
- 🌄 Rocky shores and headlands
- 🌄 Seascape
- 🌄 Indigenous forest
- 🌄 Plantation

## c) Key Economic Activities

Tourism is seen as the cornerstone of the Bitou economy. Construction and manufacturing should also be categorized as primary contributors to creation and economic growth. It is important to view these three sectors as







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potential drivers of the economy without disregarding the complex manner in which it interacts with all the other sectors not mentioned here, such as agriculture, transport and the emerging markets for eco-efficient technologies focused on water, energy and waste.

The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description - LED
<b>Tourism</b>	Bitou is a popular tourist destination. It has also become a sought-after residential location for retired persons and foreigners. This has certainly been the main contributing factor to the growth that it has experienced over the recent past. Ironically, however, this is also the reason for constraining growth. The current flow of tourists is an important source of income for the Bitou residents. Tourism development is geared towards benefiting an ever-increasing number of Bitou's population.
<b>Manufacturing</b>	In Bitou, this sector employs approximately 8% of all labour. Interviews with key companies in the manufacturing sector confirmed that there was great optimism about the prospects for future growth in the Bitou economy.
<b>Trade and Construction</b>	The trade and construction sectors of the economy are major contributors to employment and income generation in the area. As a percentage of total employment, construction and trade generate approximately 33% of total employment although this is down from 36,9% in 1996. Approximately 15% of this is generated by construction.
<b>Emerging Tourism Development Routes and Products</b>	This initiative will drive the SMME development initiatives of entrepreneurs who want to partake in the potential of the tourism sector. This should be viewed as a secondary contributor and is aimed at addressing the backlogs of employment and self-employment in the local townships.

**Table 7:** Key Economic Activities

## 1.5 SERVICE DELIVERY OVERVIEW

### 1.5.1 Basic Services Delivery Performance Highlights

The table below specifies the highlights for the year:

Highlights	Description
Kwanokuthula Bulk Water Rising Main (Phase 2) Project	<p>This Contract (Phase 2) provided for the further extension of a new 315 mm Ø rising main. The contract included the connection into the existing 315 mm Ø rising main north of the N2 National Road, crossing the N2 and connection to the existing Phase 1 pipeline south of the N2 National Road. The contract included the connection to the Phase 1 pipeline near the Kwanokuthula East Reservoirs; the connection to Reservoirs themselves as well as the installation of the 315 mm Ø rising main through the Kwanokuthula housing area to the Kwanokuthula West Reservoirs, to supply the newer phases of the area.</p> <p>In addition, the old, elevated steel tank/reservoir at the Eastern Reservoir complex which has reached its end of life was replaced.</p> <p>This project serves to upgrade the supply to meet the growth projections for the community, but also serves to make the supply operations more efficient (shorter pumping periods)</p>
Kranshoek Bulk Water Supply Project – Phase 1B	<p>This contract covers the construction of new water pump station, feed and delivery pipeline including tie-in to the existing Brakkloof reservoir, access road and other associated structures. In addition, the lift pump station at Kranshoek reservoir will be reinstated. The</p>





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Highlights	Description
	<p>rising main (pipeline) between Brakkloof and Kranshoek was completed in the previous year. This phase (1B) was completed this year. The project has brought relief to the challenges in terms of water supply to Kranshoek, and also provides the necessary capacity in the infrastructure for future developments</p> <p>This phase of the project was rather challenging as it required the largest potable water reservoir in the municipal supply system to be completely emptied for a period of two days, whilst still ensuring no interruption of supply to residents. This was achieved through the gallant efforts of the operations teams (water services and pump stations superintendents), who installed temporary pumps and ensured that downstream reservoirs were kept filled ahead of this major shutdown. The reservoir supplies areas from Kranshoek to the River club including Whalerock, Robberg and Longships and has a storage capacity of 6 million litres, and had to be emptied to connect the pump station's suction pipeline</p>
Upgrade of the Kurland Water Treatment Plant	In order to meet the current demands as well as growth projections and housing projects, the upgrade of the Waste Water Treatment plant is a priority for the directorate. Accordingly, the professional services (design) commenced in 2020. The project will continue in 2021/22, and includes solutions in regard to additional raw water supply options (additional boreholes)
Water Conservation and Water Demand Management (WC/WDM) Study and Updates to the Masterplans	A much needed study commenced in regard to the water conservation and water demand management for the municipal area in 2021, as a follow on of the updates to the Water and Sewer Masterplans, which were completed in this financial year. The WC/WDM study and the master planning updates are informed by the current operational realities and as such, provide a clear baseline/road map for planning and budgeting for the section
Consistently high performance of Water Treatment Plants	The water produced by the three Water Treatment Plants in Bitou Municipality consistently exceeds the South African National Standards (SANS 241) requirements, as recorded on the Department of Water and Sanitation's website
Commencement of the Kranshoek Sewerage Reticulation Project	The projects aim to upgrade a portion of the undersized sewage pipelines in the community, and thereby alleviate blockages. The project commenced in the reporting period and will continue into the 2021/22 financial year. Apart from the positive impact to the community and environment, this project will assist in reducing overtime costs for the Water Services Section
Consistently high performance of Waste Water Treatment Plants	<p>The treated effluent from Waste Water Treatment Plants in Bitou Municipality consistently exceed the permit values (requirements set out by the DWS).</p> <p>Further, in an article published by the Daily Maverick Newspaper, Bitou Municipality was singled out as the only municipality of the total of 144 in the country, which is operating wastewater treatment works which met acceptable standards for effluent quality in 2020 (article dated 26 April 2021). This is attributed to the</p>





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Highlights	Description
	high standards set out and adhered to by the purification management team
Mechanical and Electrical Upgrades to Sewerage Pump Stations	<p>Upgrades to the Piesang Valley Pump Stations commenced in this reporting period and will continue into 2021/22. The current scope focusses on capital replacement to the mechanical and electrical equipment, and future work will be to the buildings and continuation of security fencing.</p> <p>Further, the upgrades to the Kranshoek Sewer Pump Station No 2, were also completed during this financial year</p>
Ebenezer Sewer Outfall Project	The Ebenzer sewer outfall pipeline will transmit sewage from the new housing project to the Gansevallei Waste Water Treatment Plant (WWTP). This is an important component of the bulk services that is required to be in place for this housing project. This project commenced in early 2021 and was completed ahead of schedule, despite the project starting much later than planned, due to the excellent work of the Project Management Unit (PMU)
New 20MVA, 66/11kV Power Transformer at Kwanokthula Sub Station	The 20MVA transformer were commissioned as fully operational, allowing for additional capacity
Ebenezer Portion 20 – Bulk Electrification	Two new feeders were installed to supply electricity to Ebenezer development. Phase 2 will be the construction of a switching station that will enable internal electrical reticulation with the development
Big Small Scale Embedded Generation approvals	Both Checkers and Market Square has installed 660kW and 770kW respectively, and the municipality has approved their applications
Stable network at New Horizons Switching Station	The Municipality has been hard at work upgrading the electricity network at the New Horizons entrance, i.e., Saringa Rd, to ensure that the quality of supply is improved. The last phase will be concluded in 2021/22 financial year
Minaar Land Electrification Project	The Bossiesgif/Qolweni community received electricity connections to 164 TRA units, enabling the Qolweni housing project to continue as planned
Masterplan Updates	The Electricity Department obtained R800 000.00 from the Department of Local Government to update its masterplan. The project has been successful and will be presented at council for approval. This will allow the Department to effectively build its capacity to ensure economic growth within the town and to allow a more stable electricity supply
More Energy Efficiency and Demand Side Management Grant Funds	The Electricity Department secured an additional R 4 195 000.00 to be used in 2021/22, for replacing its current HPS streetlight technology with more energy efficient LED lights. This has been the second time the department received an allocation, which means less electricity is consumed on streetlights and as lights are replaced, less streetlight maintenance
Rehabilitation of the Landfill Site	Contractors being appointed from January 2021 – February 2022 to rehabilitate the Plettenberg Bay Landfill Site





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Highlights	Description
Purchase of Plant equipment and machinery	<ul style="list-style-type: none"> <li>○ 2x Compactor Trucks,</li> <li>○ 1x Tipper Truck,</li> <li>○ 2x TLB,</li> <li>○ 1x Chipper Machine and</li> <li>○ 1x sift truck</li> </ul>
Completion of the Gansevelei Waste Drop Off Facility	Green Waste and Recyclable Material

**Table 8:** Basic Services Delivery Highlights

## 1.5.2 Basic Services Delivery Challenges

The table below specifies the challenges for the year:

Description	Actions to address
Pipe breaks/bursts	The aged asbestos Cement (AC) reticulation pipes, some of which exceed 50 years in age present an ongoing challenge in respect of pipe breaks. A pipeline replacement programme study was completed in 2016, and the replacement projects will be a challenge for some time, as the budget required is significant. At the very minimum budgets in the order of R5-10m per year are required on an ongoing basis to realise some progress on this, but the municipality is tracking behind in this regard
Water Losses	The overall non-revenue water value has increased slightly in 2021. The main driver of this is the commercial losses component. In order address this, the necessary budget needs to be allocated. An example of how this could be achieved would be a change in technology to smart water metering systems. Interventions such as pressure reduction have been implemented, but are being re-assessed as well
Impact of COVID - 19 Pandemic	The COVID -19 Pandemic lockdown meant that the post season and pre-Easter maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team, as well as increased demands from an average of 9ML/d to 12 ML/d over the third quarter of the reporting period
Load shedding by Eskom	The extensive and higher-level load-shedding by Eskom throughout the year meant that an operating plan had to be put in place to ensure that facilities (pump stations and water and waste water treatment plants) remained in operation. This required back-up generating power to be installed at some key sites, however this resulted in additional challenges for an already limited staff compliment, and operating budget
Vandalism and security for key sites	Although good strides have been made in addressing the security of key sites, this remains a challenge and the municipality's commitment to address this is ongoing. When sites are vandalised, equipment failures occur
Ingress of Foreign Objects into the Sewage system	The number of sewage blockages reported and cleared monthly is high. Many foreign objects enter the sewage system and lead to manhole blockages and even cause pipe breaks and also block pumps







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Description	Actions to address
Impact of COVID - 19 Pandemic	The COVID -19 Pandemic lockdown meant that the post season and pre-Easter maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team
Ageing Infrastructure is failing and not sufficient funds are available to address this challenge	More funds to be allocated to ensure ageing assets are replaced, hence improving quality of supply to its residents
Insufficient Resources, i.e., fleet and human resources	Funding for additional vehicles to be prioritized and organizational review to be fast tracked
Illegal Connections in informal settlements remains a challenge as it over burdens the transformers currently operating above its current carrying capacity	Human Settlements Department to assist with putting measures in place to allow new informal dwellings to go through an IDP process, to better manage the funding of upgrading of existing infrastructure to ensure more capacity is made available and in that way, consumers will obtain <b>LEGAL</b> electricity connections
Influx of Solar PV Installations where consumers don't register through the SSEG process already developed by council	A policy has been developed detailing the requirements and processes that the department follows to ensure that all new SSEG applications receives the necessary attention and approval to ensure a safe electricity network. Those people who have not yet registered, will be afforded the opportunity to register their installation with no penalties
Breakdown of Trucks or equipment	Request for more budget from Council
Not having enough equipment	Request for more budget from Council
Shortage of staff	Request for more budget from Council

**Table 9:** Basic Service Delivery Challenges

## 1.5.3 Number of Households with Access to Basic Services (Billed)

Description	2019/20	2020/21
Electricity service connections	18 246	12 872
Water - available within 200 m from dwelling	11 863	12 291
Sanitation - Households with at least VIP service	12 409	12 369
Waste collection - kerbside collection once a week	16 500	13 385
<i>*from billing reports; note that if a house is billed for sewage; then water born sanitation is provided to that household, thus water is available in that household, hence the same figure is used for water and sanitation</i>		

**Table 10:** Households with Minimum Level of Basic Services

## 1.6 FINANCIAL HEALTH OVERVIEW

### 1.6.1 Financial Viability Highlights

The municipality had reported a surplus of R6 317 000 in the 2020/2021 financial in line with previous performance.

The table below specifies the highlights for the year:

Highlights	Description
Audit outcomes	The municipality retained Unqualified audit opinion





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Highlights	Description
Grants performance	100% Expenditure of grants as result no rollover will be done
Functionality of Bid Committees	Bid Committee has improved and consistent in line with the DMP

**Table 11:** Financial Viability Highlights

## 1.6.2 Financial Viability Challenges

The table below specifies the challenges for the year:

Challenges	Action to address
Decreased debt collection rate due to economic condition of the country (COVID -19)	Increase/Intensify current revenue collection measures
Aging Infrastructure	The budget allocation for MTREF 2021 sufficient to replace the deteriorating assets
Environmental Waste Management not adequately managed	Business plans has been drafted to source funding
The economic lockdown due to COVID - 19 also contributed to the decrease in the collection rate.	The opening of the economy will have a positive impact on stabilising the revenue stream of the municipality
The revenue section continues to be under resourced and the Loss Control section in Engineering do not operate as expected to protect revenue stream	Improve capacity in revenue and loss control section

**Table 12:** Financial Viability Challenges

## 1.6.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA). These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2019/20	2020/21
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2021 (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage as at 30 June 2021	22%	18.91%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors as at 30 June 2021	63%	9.97%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation,	Number of months it takes to cover fix operating expenditure with available cash	2	1.25





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Description	Basis of calculation	2019/20	2020/21
and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71			

**Table 13:** National KPI's for Financial Viability and Management

## 1.6.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	174 172	195 931	182,170
Taxes, Levies and tariffs	538 347	528 273	523,748
Other	75 488	64 418	63,956
Sub Total	788 007	788 622	769 874
Less Expenditure	755,626	753,603	770,382
Net surplus/(deficit)	32 381	35 019	-508

**Table 14:** Financial Overview

## 1.6.5 Total Capital Expenditure

Detail	2019/20	20/21
Original Budget	84 765 848	73 577 862.00
Adjustment Budget	79 046 972	84 763 115.00
Actual	51 981 619	79 202 738.08
<b>% Spent</b>	<b>65.76%</b>	<b>94%</b>

**Table 15:** Total Capital Expenditure

## 1.7 2019/20 IDP /BUDGET PROCESS

The table below provides details of the key deadlines for the 2021/22 IDP/Budget process, that was conducted within the 2020/21 financial year, as was approved by Council:

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID'P	BUDGET	PMS	MM <sup>ii</sup>	EM <sup>iii</sup>		
PREPARATION	Preparation of the IDP, Budget Time Schedule	July 2020	August 2020					x	Sections 21, 53, MFMA	Draft time schedule
	District Framework Alignment Meeting	April 2020	April 2020	x	x	x			Section 27, MSA	District Framework





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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID'P	BUDGET	PMS	MM <sup>ii</sup>	EM <sup>iii</sup>		
	Steering Committee Meeting to Review the previous year IDP process.								Best Practice	Minutes and attendance registers
	Review participation mechanisms and processes	April 2020	May 2020	x						Process report presented to the steering committee
	Receive comments from the MEC			x				x	Section 32 MFMA	MEC report presented to the Steering committee
	Review past performance	Sep 18	Sep 18	x		x			Section 34, 46 MSA	PMS presentation and discussion by steering committee
	Set-up budget committees									Resolution and acceptance letters
	Procurement of data set					x				Confirmation of receipt by the AG's office
	Public Participation	Sep 2020	October 2020							Attendance Registers
SITUATION ANALYSIS	Analysis of socio-economic data	Sep 18	Oct 18							Analysis Report
	Analysis of service provision									Service Gaps Report
	Analysis of municipal infrastructure services {Water, Roads, Electricity, Sewer, Waste Water treatment, Housing Demand, financial Services (revenue and expenditure), and Institutional Capacity etc.}	01 Sep 18	11 Oct 18							Departments to submit analysis reports to the IDP office for consolidation.







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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID <sup>P</sup>	BUDGET	PMS	MM <sup>II</sup>	EM <sup>III</sup>		
	Comparison study of existing Data Sets	Sep 18	Sep 18							Data Gap Report
STRATEGY	Procure strategic session facilitation services	Sep 18	Oct 18							Appointment certificate
	Strategic planning workshop	Nov 18	Dec 18							Revised strategic objectives, indicators and targets
	Strategic priorities and budget recommendations	Nov 18	Dec 18							Strategic outcomes and reports
	Get feedback on progress on current priority catalytic projects									
PROJECTS	Design project template	Oct 18	Oct 18							Template
	Distribute community priorities to departments	Nov 18	Nov 18							Template
	Appointment of departmental mSCOA champions	Nov 18	Dec 18	x	x					List with names
	Loading of priorities on the web portal	Dec 18	Dec 18	x						MSCA Report
	Identification of Priority Projects	Jan 19	Feb 19	x	x				Section 127 MFMA	Draft capex and opex budgets
	Loading of projects to mSCOA portal	Feb 19	Mar 19	x	x					mSCOA report
INTEGRATION	Attend to the JPI Strategic alignment engagements									JPI Report and Attendance Register
	Attend the second JPI and MGRO engagements									Attendance Register
	Receive summaries of Sector Plans from departments	Jan 19	Feb 19	x					Best Practice	Sector Plans Section in the IDP
	Add capex and OPEX MTREF budgets to the IDP	Jan 19	March 19	x	x				Best Practice	Budget Section in the IDP





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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM <sup>ii</sup>	EM <sup>iii</sup>		
	IDP Forum Meeting	16 Sept 2020	16 Sept 2020	x		x			Municipal Performance Regulations	Provincial, District and Non-governmental sector alignment, List of Priorities, First Quarter performance report
	Eden DM IDP Forum Meeting	12 Nov 2020	12 Nov 2020							Attendance Register
APPROVALS	Preliminary Meeting to discuss IDP and Budget Time Schedule	22 July 18	22 July 18	x	x		x			Resolution and Minutes
	Portfolio Committee to discuss IDP/Budget Time Schedule	Aug 2020	Aug 2020	x	x					Resolution and Minutes
	MAYCO to recommends IDP/Budget time schedule to Council	Aug 2020	Aug 2020	x	x			x		Resolution and Minutes
	Council Approves the IDP/ Budget Time Schedule	31 Aug 2020	31 Aug 2020	x	x			x	Section 34 MSA, Section 21, 22 & 24 MFMA	Council Resolution and Minutes
	Time Schedule is advertised	10 Sept 2020	10 Sept 2020	x	x				MFMA Guidance	New Paper advert
	Approval of the Adjustment Budget	Feb 2021	Feb 2021		x					Resolution and Minutes
	Council Approves Annual Report	Jan 2019	Jan 2019			x			Section 121 MFMA	Council Resolution
	Council adopts amendments to the revised IDP and Draft Budget	18 Mar 2021	18 Mar 2021	x	x				Section 34	Council Resolution
	Notice is placed in the local newspaper for 21 days	04 April 2019	04 April 2019	x	x				Municipal Performance Regulations, Section 4 (ii) performance regulations.	Newspaper Advert
	IDP and Budget Road Shows	01 April 2019	25 April 2019	x	x				Chapter 4 MSA	Minutes and attendance Registers





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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM <sup>ii</sup>	EM <sup>iii</sup>		
	IDP Forum Meeting	24 Feb 2021	24 Feb 2021	x					Section 23 MFMA, chapter 4, MSA	Third Quart MS Report, IDP Presentation, attendance and minutes of meeting
	Preparing responses to respond to written submissions	26 April 19	03 May 19	x	x				Section 23 MFMA	Response Letter
	LGMTEC Engagements	May 19	May 19	x	x		x		Section 23 MFMA	IDP and Budget assessment report
	Amending IDP and Budget to incorporate provincial assessments	May 19	May 19	x	x				Section 23 MFMA	Revised Documents
	Council Approves IDP and Budget	08 Jun 2021	08 Jun 2021							Resolution and Minutes
	Send copies of IDP and Budget to the MEC for Local Government	1 June 19	10 June 19	x	x		x	x	Section 32, MSA, Section 24 MFMA	Confirmation of receipt
	Publish annual budget and IDP	1 June 19	05 June 19	x	x				Section 22, MFMA	Advert and web key
	Approval of SDBIP	June 19	June 19							Resolution and Minutes
IMPLEMENTATION	Rollout of SDBIP (2018/2019)	July 19	July 19						Section 69	Performance Agreements
	Submission of SDBIP to the MEC for Local Government								Section 69 MFMA	Council Resolution
	Submit annual Performance Agreements to Mayor	June 19	14 July 19				x		Section 69, MFMA	Signed Performance Contracts
	Tabling of MID Term Report	Jan 19	Jan 19			x	x	x	Sections 36, 72 MFMA	Mid –year report, council resolution and council minutes
	Submission of annual report to AG	Jan 19	Jan 19			x	x		Section 72 MFMA	Confirmation Receipt
	Preparation of Oversight Report	Jan 19	Jan 19			x				Council Resolution
	Council adopts oversight report	Feb 19	Feb 19			x	x	x		Council Resolution

**Table 16:** 2020/21 IDP/Budget Process





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## CHAPTER 2: GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

#### 2.1 NATIONAL KEY PERFORMANCE INDICATORS -GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators (KPIs) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2019/20	2020/21
The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2021 {(Actual amount spent on capital projects /Total amount budgeted for capital projects) X100	65%	94%

**Table 17:** National KPIs - Good Governance and Public Participation Performance

#### 2.2 PERFORMANCE HIGHLIGHTS – GOOD GOVERNANCE HIGHLIGHTS AND PUBLIC PARTICIPATION

The table below specifies the highlights for the year:

Highlight	Description
Awareness Programmes	COVID19 Pandemic
Registration and Vaccination	COVID19 Pandemic
Awareness Programme	Water Leakages
Education Programme	Hand Wash Education Programme in Kwanokuthula Phase 1 and Phase 2 Kurland/Crags
Awareness Campaigns	Illegal Dumping in all wards
The President Campaign	Vuma Vaccination, Mobilised communities to the Town Clinic or Vuma Vaccination Programme
Q/A Customer Care Service Roadshow	Taking Services to the communities in all Wards
Ward Committees	Preparing establishment of ward committees

**Table 18:** Good Governance and Public Participation Performance Highlights





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## 2.3 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the challenges for the year:

Description	Actions to address
COVID19 Pandemic Challenges	Could not have Ward Report back meetings due to COVID-19 Pandemic

**Table 19:** Good Governance and Public Participation Challenges

## 2.4 GOVERNANCE STRUCTURE

### 2.4.1 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

#### a) Council

The Bitou Municipal Council comprised of 13 councillors, including 7 ward councillors and 6 proportional representation councillors. The Municipality has an Executive Mayoral Committee system and the Executive Mayoral Committee was made up of councillors drawn from the ruling parties.

For the period 1 July 2020 to 16 April 2021, the Executive Mayoral Committee was made up of councillors drawn from the ANC and AUF alliance, where-after the Executive Mayor, Councillor M P Lobese was removed as Executive Mayor on 16 April 2021, as per Council resolution Resolution 9.1. Councillor S E Gcabayi was subsequently appointed as Acting Executive Mayor.

Below are the table that categorise the councillors within their specific political parties and wards:

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
M P Lobese	The Executive Mayor as from 1 July 2020 to 16 April 2021. <u>Removed as Executive Mayor</u> per Resolution 9.1 dated 16 April 2021	AUF	PR	Male
S E Gcabayi	<u>Acting Executive Mayor &amp; Deputy Executive Mayor.</u> Appointed as Acting Executive Mayor on 16 April 2021 per Resolution 9.1 dated 16 April 2021	ANC	Ward 6	Male
E V Wildeman	Speaker	ANC	PR	Male
M M Mbali	Member of Mayoral Committee	ANC	Ward 5	Male
L M Seyisi	Member of Mayoral Committee	ANC	PR	Female
X Matyila	Ordinary Councillor	ANC	Ward 3	Male







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Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
V P M van Rhyner	Ordinary Councillor	ANC	PR	Female
J N Kamkam	Ordinary Councillor	DA	Ward 1	Female
A S M Windvogel	Ordinary Councillor	DA	Ward 4	Female
D J Swart	Ordinary Councillor	DA	Ward 2	Male
A R Olivier	Ordinary Councillor	DA	Ward 7	Female
N Ndayi	Ordinary Councillor	DA	PR	Female
W J Nel	Ordinary Councillor	DA	PR	Male

**Table 20:** Council

Below is a table which indicates the Council meeting attendance for the 2020/21 financial year:

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
July 2020	31 July 2020		31 July 2020	12	1
August 2020	5 August 2020		5 August 2020	12	1
	31 August 2020		31 August 2020	13	None
September 2020	30 September 2020			12	1
October 2020			16 October 2020	12	1
	30 October 2020		30 October 2020	13	None
November 2020	27 November 2020		27 November 2020	13	None
January 2021	29 January 2021		29 January 2021	13	None
February 2021			19 February 2021 (Special)	12	1
	26 February 2021		26 February 2021	12	1
March 2021	31 March 2021		31 March 2021	12	1
April 2021		16 April 2021		12	1
		29 April 2021 (Adjourned to 4 May 2021)		13	None





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Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
May 2021	4 May 2021			12	None
		24 May 2021 (Adjourned to 31 May 2021)		6	None
	31 May 2021 (Adjourned to 8 June 2021)			6	None
June 2021		8 June 2021	8 June 2021	13	None
	30 June 2021 (Adjourned to 8 July 2021 which was subsequently cancelled)			6	6

**Table 21:** Council Meetings

## b) Executive Mayoral Committee

The Executive Mayor of the Municipality, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The names of the members of the Mayoral Committee is listed in the table below for the periods as indicated:

### Executive Mayoral Committee

Name of member	Capacity
M P Lobese	Chairperson (The Executive Mayor as from 1 July 2020 to 16 April 2021 for the Year under review. <u>Removed as Executive Mayor (Chairperson)</u> per Resolution 9.1 dated 16 April 2021)
L M Seyisi	Member of Mayoral Committee
S E Gcabayi	Member of Mayoral Committee <u>Acting Executive Mayor (Chairperson)</u> Appointed as Acting Executive Mayor on 16 April 2021 per Resolution 9.1 dated 16 April 2021.
M M Mbali	Member of Mayoral Committee

**Table 22:** Executive Mayoral Committee

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2020/21 financial year:





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Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
22 July 2020	None	7
5 August 2020	None	3
25 August 2020	None	14
22 September 2020	15 September 2020	12
28 October 2020	None	13
24 November 2020	12 November 2020	26
26 January 2021	None	8
23 February 2021	11 February 2021	16
23 March 2021	17 March 2021	12
1 June 2021	None	
28 June 2021	None	
28 June 2021	None	

**Table 23:** Executive Mayoral Committee Meetings

The table below reflects the number of reports dealt with under delegated authority by the Portfolio Committees, Mayco and Council, and provides a breakdown of reports per Directorate:

Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
July	Portfolio	0	0	0	0	0	0	0
	Mayco	0	1	0	1	0	0	2
	Council	3	1	2	0	0	1	7
August	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	1	1	0	0	2
	Council	4	3	3	3	0	1	14
September	Portfolio	0	0	0	0	4	1	5
	Mayco	0	1	1	0	1	2	5
	Council	3	1	0	1	5	2	12
October	Portfolio	0	0	0	0	0	0	0





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Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
	Mayco	1	0	0	0	0	0	1
	Council	1	10	1	1	0	0	13
November	Portfolio	0	0	0	0	2	0	2
	Mayco	0	0	0	0	1	0	1
	Council	6	3	6	6	2	3	26
December	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	0	0	0	0	0	0	0
January	Portfolio	0	0	1	4	0	0	5
	Mayco	1	2	0	0	0	0	3
	Council	2	5	1	0	0	0	8
February	Portfolio	0	0	0	0	6	0	6
	Mayco	0	1	0	2	0	2	5
	Council	3	6	5	0	1	1	16
March	Portfolio	0	1	0	0	0	0	1
	Mayco	0	1	1	2	2	0	6
	Council	3	2	2	0	2	3	12
April	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	1	0	0	0	0	0	1
May	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	0	0	1	0	0	0	1
June	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	9	12	6	2	4	5	38
<b>TOTAL</b>		<b>37</b>	<b>50</b>	<b>31</b>	<b>23</b>	<b>30</b>	<b>21</b>	<b>192</b>

**Table 24:** Number of reports per Directorate dealt with under the delegated authority per committee

## c) Portfolio Committees

The following Section 80 Committees were established by Council per resolution C/3/86/05/18 on 14 May 2018:

- (i) Finance and Engineering
- (ii) Corporate Services and Community Services
- (iii) Strategic Services

The following Councillors were appointed to the various committees, in the capacities and representing the parties as indicated:





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## Finance and Engineering

Name	Capacity	Political Party
M Mbali	Chairperson	ANC
N Ndayi	Member	DA
J Kamkam	Member	DA
X Matyila	Member	ANC
V van Rhyner	Member	ANC

**Table 25:** Finance and Engineering Portfolio Committee members

## Corporate Services and Community Services

Name	Capacity	Political Party
S Gcabayi	Chairperson	ANC
D Swart	Member	DA
A Windvogel	Member	DA
V van Rhyner	Member	ANC
X Matyila	Member	ANC

**Table 26:** Corporate Services and Community Services Portfolio Committee members

## Strategic Services

Name	Capacity	Political Party
L Seyisi	Chairperson	ANC
W Nel	Member	DA
A Olivier	Member	DA
V van Rhyner	Member	ANC
X Matyila	Member	ANC

**Table 27:** Strategic Services Portfolio Committee

## 2.4.2 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of Official	Position	Period	Performance agreement signed
			(Yes/No)
LMR Ngoqo	Municipal Manager	01/03/2019 – and terminates one year after the next Local Government Elections as per Council	Yes







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Name of Official	Position	Period	Performance agreement signed
			(Yes/No)
		Resolution C/1/116/02/19 dated 18 February 2019	
V F Mkhefa	Director Financial Services (CFO)	01/05/2017 – 30/11/2020	Yes
M Dyushu	Director Financial Services (CFO)	01/03/2021 – 28/02/2026	Yes
T M Sompani	Director Community Services	01/08/2018 – 31/07/2023	Yes
M J Rhode	Director Engineering Services	01/06/2018 – 30/09/2020	Yes
M J Rhode	Acting Director Engineering Services	16/10/2021 – To date	N/A
D J Friedman	Director Economic Development and Planning	01/04/2015 – 31/10/2020	Yes
L Gericke	Director Economic Development and Planning	01/11/2020 – 31/10/2025	Yes
G J Groenewald	Director Corporate Services (Acting)	14/04/2018 – 31/01/2021	N/A
M P Mpahlwa	Director Corporate Services	01/02/2021 – 31/06/2026	Yes

**Table 28:** Administrative Governance Structure

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.5 INTERGOVERNMENTAL RELATIONS

#### 2.5.1 Intergovernmental Structures

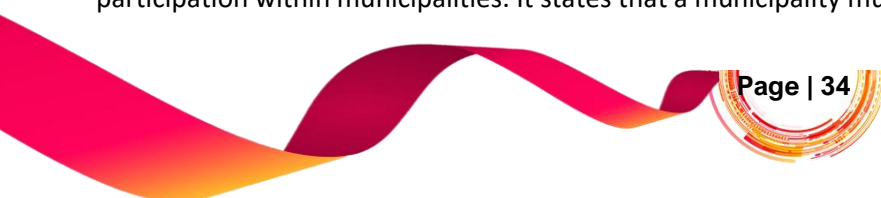
To adhere to the principles of the Constitution the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
SALGA	Councillors and Senior Officials	Service Delivery Matters
District and Provincial COMMTECH	Communications	Communications Strategies and Improving of Communications in Municipalities
DCF	Mayors and Municipal Manager	Service Delivery, Corporate Governance
District and Provincial Treasury Forums	Chief Financial Officer	Finance Matters
District COVID-19 Council	Municipal Managers	Strategies and initiatives to reduce the impact of COVID -19
District and Provincial IDP Forums	IDP Managers and Directors	Development of the IDP Plan

**Table 29:** Intergovernmental Structures

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that





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complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system; and
- monitoring and review of the performance, including the outcomes and impact of such performance; and preparation of the municipal budget.

## 2.6. Ward Committees

It was finally agreed that all 7 wards would have 10 ward committee members, and that a stipend of R500 per ward committee member will be paid.

### 2.6.1 Frequency of meetings of ward committees:

It was agreed that ward committees meet once every two months. Items for discussion will be ward based on matters raised by the various ward committee members. They will therefore no longer receive agendas for Mayoral Committee meetings for recommendation to the Mayoral Committee, but will still receive one agenda per ward, for information.

### 2.6.2 Funding of out-of-pocket expenses for ward committee members:

Council approved that each ward committee member should receive a monthly stipend of R500 to cover transport and telephone expenditure, conditional that they attend the standing ward committee meetings that are held quarterly. With seven wards, the cost for Bitou Local Municipality will amount to R500 x 62 members, which will total R31 000 per month, totalling R372 000 per year. The stipend fee will be funded via the Municipal Systems Improvement Grant and Equitable Share Special Funding. Provision has been made on the 2020/21 Annual Budget.

#### *Ward 1: Kurland, The Craggs, Covie, Natures Valley, Keurbooms and Wittedrift.*

Name of representative	Capacity representing	Dates of meetings held during the year
Thebinkosi Faku	Block 1	02 February 2021  06 April 2021  01 June 2021
John Koopman	Block 2	
Simon Jacobs	Block 3	
Rodney Juries	Block 4	
Betta Philander	Block 5	
Pieter Luttig	Keurbooms	
Penelope Bernado	Covie	
Francious Kruger	Natures Valley	
Lizette Van Huyssteen	The Craggs	

**Table 30:** Ward 1 Committee Meetings

#### *Ward 2: Central Town, Plettenberg Bay South and Plettenberg Bay North*

Name of representative	Capacity representing	Dates of meetings held during the year
Thobeka Memani	Bossiesgif block	





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Name of representative	Capacity representing	Dates of meetings held during the year
Christo Vlok	Ratepayers Association	03 February 2021 07 April 2021 02 June 2021
Oliver Rissik	Ratepayers Association	
David Wilms	Business Chamber	
Paul Falla	Environmental Association	
Bruce Richardon	Safety	
Alison Bryant	Keep Plett clean	
Anton Muller	Youth	
Christiaan Viljoen	PAA	

**Table 31:** Ward 2 Committee Meetings

## Ward 3: Bossiesgif, Qolweni

Name of representative	Capacity representing	Dates of meetings held during the year
Xolani Bangela	Block 1	09 February 2021 13 April 2021 08 June 2021
Nocicelo Silwana	Block 1	
Mlulameli Siphango	Block 2	
Ziyanda Rala	Block 2	
Hendreat Makinza	Block 3	
Natasha Nzuzo	Block 3	
Nomthandazo Mjuza	Block 4	
Mandla Gongxeka	Block 4	
Xolani Booth	Block 5	
Ayanda Dyanti	Block 5	

**Table 32:** Ward 3 Committee Meetings

## Ward 4: New Horizons split voting district Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
David Kampher	Block 2	16 February 2021 20 April 2021 15 June 2021
Marlin Louw	Block 2	
Maria Pienaar	Block 3	
Eben Lourens	Block 3	
John Hartnick	Block 4	
Renecia Leonard	Block 4	
Zoleka Tshona	Block 5	
Monkhe Misiwe	Block 5	
David Kampher	Block 2	





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Name of representative	Capacity representing	Dates of meetings held during the year
Marlin Louw	Block 2	
Maria Pienaar	Block 3	

**Table 33:** Ward 4 Committee Meetings

## Ward 5: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
Krabi Noxolo	Block 1	23 February 2021 28 April 2021 22 June 2021
Masixole Nyengane	Block 1	
Mkululeki Konco	Block 2	
Nomhle Maku	Block 2	
Ncumisa Tabata	Block 3	
Nkosinathi Mbengashe	Block 3	
Hamilton Dunga	Block 4	
Thobeka Nogambula	Block 4	
Lulama Matroos	Block 5	
Chumani Nyabaza	Block 5	

**Table 34:** Ward 5 Committee Meetings

## Ward 6: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
Nontombi Koliti	Block 1	02 March 2021 04 May 2021
Thamsanqa Magwebu	Block 1	
Bulewa Nkwali	Block 2	
Malibongwe Botha	Block 2	
Christina Mjanyelwa	Block 3	
Khayaletu Tshembese	Block 3	
Bulelwa Seti	Block 4	
Justice Lose	Block 4	
Nosintu Mlungu	Block 5	
Ursula Fillis	Block 5	

**Table 35:** Ward 6 Committee Meetings

## Ward 7: Kranshoek, Split voting districts Kwanokuthula and Harkerville

Name of representative	Capacity representing	Dates of meetings held during the year
Gerard Pepler	Wittedrift	16 March 2021
Sherel Pedro	Harkerville	





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Name of representative	Capacity representing	Dates of meetings held during the year
Francious De Villers	Harkerville	18May 2021
Letucia Erasmus	Block 1	
Laban Links	Block 2	
Val Kidd	Airport	
Jennifer Damonds	Block 3	
Charles Arrons	Block 4	
Johanna Smith	Block 5	

**Table 36:** Ward 7 Committee Meetings

## 2.6.3 Functionality of Ward Committee

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of ward committees and their functionality:

Ward Number	Committee established (Yes / No)	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
1	Yes	3	Yes	All wards were in discussion of establishing an awareness campaign of Covid19 Pandemic and initiating soup kitchens for unemployed people and food gardens to fight poverty during covid19 Pandemic.  Distribution of masks and food parcels, tanks of sanitisers were provided in all wards for the community to have access to get sanitisers
2	Yes	3	Yes	
3	Yes	3	Yes	
4	Yes	3	Yes	
5	Yes	3	Yes	
6	Yes	2	Yes	
7	Yes	2	Yes	

**Table 37:** Functioning of Ward Committees

## 2.6.4 Representative Forums

### a) Labour Forum

The table below specifies the members of the Labour Forum for the 2020/21 financial year:







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Name of representative	Capacity
Cllr SE Gcabyi	Deputy Executive Mayor (Chairperson)
Cllr A Windvogel	Ward Councillor
Cllr VPM Van Rhyner	PR Councillor
MJ Rhode	Director Engineering Services
TM Sompani	Director Community Services
GJ Groenewald	Acting Director Corporate Services
VB Mkhefa	Director Financial Services
DJ Friedman	Director Economic Development and Planning
A Nketsha	SAMWU
M Groenewald	SAMWU
L Mlanjani	SAMWU
H Kitsi	IMATU
T Samm	IMATU
W Terblanche	IMATU
D Christians	IMATU
L Freeks	IMATU
A Manuel	IMATU

Table 38: Labour Forum

## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.7 RISK MANAGEMENT

#### 2.7.1 Legislative Mandate

Section 62(1)(c)(i) of the Local Government Municipal Finance Management Act, Act 56 of 2003 requires that the Accounting Officer ensures that the Municipality has and maintain effective, efficient and transparent systems of risk management. National Treasury Regulation 3.2.1, in terms of risk management implementation, tasks the accounting officer to ensure that a risk assessment is conducted regularly to identify emerging risk of the institution. Also, to utilize a risk management strategy, inclusive of a fraud prevention plan, to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The extension of general responsibilities, in terms of the MFMA Section 78, to all senior managers and other officials of the municipalities implies that responsibility for risk management vests throughout all levels of management and is not limited to only the Accounting Officer and Internal Audit.





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## 2.7.2 Top Strategic Risk Themes for the Municipality

The table below indicates the top ten risks of the Municipality for 2020/21:

Ranking	Risk
1	GRDM project risk: establishment of a regional landfill site
2	Ineffective expenditure management
3	Limited response to emergency calls, severe storms and fire disasters ito MFMA & MSA and safety legislation
4	Fraud & corruption in relation to tenders and contracts
5	Strikes & riots due to failure to meet increased demands of human settlement housing
6	Inadequate budget to deliver on municipal objectives
7	Failure to ensure effective growth of the local economy impacted by and eroded by Covid-19 lockdown and slow recovery
8	Ineffective business continuity management
9	Failure to deliver basic service, projects and infrastructure
10	Inappropriate municipal infrastructure to meet expected community needs

**Table 39:** Top Ten Risks

## 2.7.3 Highlights: Risk Management

The table below indicates the highlights for the year.

Highlights	Description
Strategic risks, Operational risk registers and Action Plans on Barnowl	The risk information captured on Barnowl is easily accessible by all risk owners to review and update, reporting available in various formats as well as system automated reminders of all action plans, progress notes and documentary proof sent to all risk owners once weekly.
Risk Management Maturity level - ERM consistent as "developmental" while the RMC improved from "managed" to "optimising"	The results of assessment of the RMC and ERM of Bitou Municipality are sourced from the Western Cape Municipal Monitoring and Evaluation System (WCMES), as per the responses by the CRO to the WCG mGAP assessment questions

**Table 40:** Highlights: Risk Management





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## 2.7.4 Challenges: Risk Management

Challenges	Corrective Actions
ERM unit staffed with only the CRO, which impacts optimal performance and growth of the unit function as well as at risk of loss of institutional knowledge	MM instructed budget allocation and HR R&S process to appoint one Risk & Compliance Assistant
CRO's limited capacity to attend to development of the RM function throughout the Municipality. CRO appointed as Covid-19 Compliance Officer, who in addition assisted OHS with prescribed screenings, Covid-19 training and awareness, symptom and close contact screenings, workplace cleansing as well as employee concerns to ensure immediate mitigation of risk to the employer, employees and customers	CRO initiated intensive training sessions to all Covid-19 workplace champions and follow-up individualized discussions to enable well informed, trained champions to perform risk-averse screenings to determine quarantine cases, monitor employees and workplace compliance as well as having full access to CRO on a 24hr basis to make and communicate decisions and needs.  The assistance of available Risk Champions to update action plans' progress on Barnowl
AG audit finding for FY 2019-20 re fraud prevention and fraud risk monitoring with action plans	Fraud and Corruption Prevention Strategy/Policy workshop and update. Fraud risk register workshop and update. Establishment of a dedicated telephone number to record whistleblowing reports referred for MM review to determine further investigation
The Risk Management Unit was not capacitated or functioning effectively, and was periodically assisted by a member of the Internal Audit Unit	The funding of the Assistant Risk Officer post on the approved Organogram and the subsequent advertisement of the vacancy

**Table 41:** Challenges: Risk Management

## 2.7.5 Functions of the Risk Management Unit

Below table indicates the functions of the Risk Management Unit that were performed during the 2020/21

Functions	Date
ERM Framework documents reviewed by the RM Committee and recommended to Council for approval	June 2021
Risk Management Implementation Plan developed for the FY 2021-22, submitted to and approved by the Risk Management Committee (RMC) who recommended it to Council for approval	June 2021
Municipal Risk Profile facilitated and reviewed for the FY 2020-21 via RMC workshops and individual engagements with each section manager, all detail and ratings updated on Barnowl after careful consideration and discussion of real risks and viable action plans clarified for all directorates to assist with Combined Assurance via the Annual IA Plan	February – June 2021
Quarterly reports of risk management activities prepared and submitted to the Risk Management Committee	Quarterly at RMC Meetings
Fraud risk register monitoring and updating / Business Continuity Plan development and implementation / WCG mGAP assessments	Ongoing

**Table 42:** Risk Management Functions





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## 2.8 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), Section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

### 2.8.1 Developed Strategies

Name of strategy	Developed (Yes/No)	Date Adopted/Reviewed
Anti-fraud and Corruption Framework	Yes	31 March 2014
Establishment of the Disciplinary Board	Yes	27 May 2015
Risk Management Policy	Yes	June 2021
Risk Management Strategy	Yes	June 2021
Fraud and Corruption Prevention Policy and Strategy	Yes	June 2021

**Table 43:** Strategies

## 2.9 AUDIT COMMITTEE (AC)

Section 166(2) of the MFMA states that an AC is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- internal financial control;
- risk management;
- performance management; and
- effective governance.

The AC have the following main functions as prescribed in Section 166(2) (a-e) of the MFMA and the Local Government Municipal and Performance Management Regulation:

### 2.9.1 Functions of the AC

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the Council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the Municipality.





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- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

## 2.9.2 Members of the AC

Name of representative	Capacity	Meeting dates
Mrs. Ronel Shaw	Chairperson	<ul style="list-style-type: none"> <li>08 September 2020</li> <li>22 October 2020(special)</li> <li>25 November 2020</li> <li>29 March 2021</li> <li>21 June 2021</li> </ul>
Mr. Johan Roux	Ordinary Member	
Mr. Kolly Zono	Ordinary Member	
Mr. M Hennesey	Ordinary Member (appointed 1 January 2021)	

**Table 44:** Members of the AC

## 2.10 PERFORMANCE AND AUDIT COMMITTEE (PAC)

### 2.10.1 Functions of the PAC

In terms of Section 14(4) (a) of the Performance Management Regulations, the PAC has the responsibility to:

- review the quarterly reports produced and submitted by the internal audit process;
- review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- at least twice during each financial year submit a performance audit report to the council of the municipality.

### 2.10.2 Members of the Performance Audit Committee

Name of representative	Capacity	Meeting dates
Mrs. Ronel Shaw	Chairperson	<ul style="list-style-type: none"> <li>22 October 2020 – Special Audit Committee Meeting to review the 2019/20 Draft Annual Performance Report;</li> <li>Quarterly meetings to review the Quarterly Performance Reports by Internal Audit:</li> <li>08 September 2020;</li> <li>25 November 2020;</li> <li>29 March 2021;</li> <li>June 2021</li> <li>Two Reports Submitted to Council: <ul style="list-style-type: none"> <li>C/1/185/11/20</li> <li>C/1/216/05/21</li> </ul> </li> </ul>
Mr. Johan Roux	Ordinary Member	
Mr. Kolly Zono	Ordinary Member	

**Table 45:** Members of the Performance Audit Committee

## 2.11 INTERNAL AUDITING

Section 165 (2) (a) and (b)(iv) of the MFMA requires that:







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The Internal Audit Unit of a municipality must:

- (a) prepare a risk-based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - (i) internal audit;
  - (ii) internal controls;
  - (iii) accounting procedures and practices;
  - (iv) risk and risk management;
  - (iv) performance management;
  - (v) loss control; and
  - (vi) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (c) perform other duties as may be assigned to it by the accounting officer.

The Municipality has an In-house Internal Audit function consisting of six (6) permanent officials, one (1) vacancy (Assistant internal Auditor) and three (3) inters.

## 2.11.1 Highlights: Internal Audit

The table below indicates the highlights for the year.

Highlights	Description
Internal Audit Provides Assurance	In the Auditor General (S.A)'s Management Letter, it was confirmed that the Internal Audit Unit Provides Assurance (98. – 101. Of the Management Report for 2019/20) as required by legislation
The Auditor General (S.A) have used the work of Internal Audit as allowed by the Auditing Standards (153. – 154. Of the Management Report for 2019/20)	<p>The Auditor General (S.A) used the following Reports done by the Internal Audit:</p> <ul style="list-style-type: none"> <li>○ Review of councillor's upper limits back pay</li> <li>○ Compliance with the Division of Revenue Act for year ending 30 June 2020</li> <li>○ Housing administration</li> <li>○ Revenue management- Indigent process 2019/20</li> <li>○ Operation clean audit report</li> <li>○ Performance management system quarter one 19/20</li> <li>○ Performance management system quarter two 19/20</li> <li>○ Performance management system quarter three 19/20</li> <li>○ Performance management system quarter four 18/19</li> <li>○ Proclaimed roads 2019/20</li> <li>○ Risk management quarter three 19/20</li> <li>○ Risk management quarter four 18/19</li> <li>○ Implementation of the SCM policy for 2019/20 Quarter 1</li> <li>○ Implementation of the SCM policy for 2019/20 Quarter 2</li> <li>○ Implementation of the SCM for 2019/20 Quarter 3</li> <li>○ Annual stock count 2019/20</li> </ul>
The Municipality's Internal Audit Section provided direct assistance to the Auditor General (S.A) with the external audit for 2019-20. (155. Of the Management Report for 2019/20)	<p>The internal audit function was used for external audit purposes or for direct assistance as follows:</p> <ul style="list-style-type: none"> <li>○ Stocktake 30 June 2020: Verification of sample items to confirm existence and completeness of consumables, as well as</li> </ul>





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Highlights	Description
	<ul style="list-style-type: none"> <li>to observe the process implemented by the municipality during the count</li> <li>Physically verifying assets: Noting controls in place and testing for indications of impairment</li> <li>Verifying employees of the Municipality</li> </ul>
Prepared a Risk Based Internal Audit Plan for 2020/21 and successfully executed the Risk Based Internal Audit Plan as required by Top Layer 1 and 2 of the SDBIP	<ul style="list-style-type: none"> <li>The Risk Based Internal Audit Plan was approved by the Audit Committee on 29 June 2020 (As required by the Top Layer 1 of the SDBIP)</li> <li>Completed 80% of the Risk Based Internal Audit Plan by 30 June 2021 (As required by the Top Layer 2 of the SDBIP)</li> </ul>

**Table 46:** Highlights: Internal Audit

## 2.11.2 Challenges: Internal Audit

The table below indicates the challenges for the year.

Challenge	Corrective Actions
Lack of commitment by Management to timeously supply information and comments on findings raised by Internal Audit, and to implement the agreed upon action plans developed to address the Internal Audit findings	Management being held accountable by a fully functional Audit Committee who reports to Council bi-annually
The National Disaster Management Regulations prevented gatherings (including the Audit Committee Meetings as legislated)	The successful introduction of virtual meetings and digital business transformation

**Table 47:** Challenges: Internal Audit

## 2.11.3 Annual Audit Plan

The table below provides detail on audits completed:

Audit Engagement	Departmental System	Detail	Date completed
<b>Phase 1</b>			
Evaluation of the Annual Risk Assessment Results			
<b>Phase 2</b>			
Compiling Risk based Audit Plan			
<b>Phase 3</b>			
Execution of the Risk based Audit Plan			
Office of the Municipal Manager	2019/20 Performance Management – Quarter 4	Statutory obligation to provide reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise and to ensure that the performance management information	October 2020





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Audit Engagement	Departmental System	Detail	Date completed
		<p>reflects the true performance of the municipality.</p> <p>MSA, 2000, Sec 41(1);</p> <p>Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;</p> <p>Public Audit Act, Section 20(2)</p>	
Office of the Municipal Manager	2019/20 Risk Management – Quarter 4	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system and governance.</p> <p>MFMA 56, 2003, Section 62(1);</p> <p>MFMA 56, 2003, Section 165(2)(b)(iv);</p> <p>Western Cape Provincial Treasury PGWC Risk Management Framework</p>	August 2020
Financial Services	2019/20 SCM Review – Quarter 4	<p>Obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control and procedures relating to the deviations from the SCM Policy, Formal Written Price Quotations and Formal Tenders awarded for the quarter.</p> <p>SCM Policy;</p> <p>Standard Operating Procedures;</p> <p>MFMA 56, 2003, Section 165(2)(b)(ii)</p>	December 2020
Engineering Services	Fleet Management	<p>The objective of this internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control in relation to Fleet Management.</p> <p>Compliance to relevant legislation;</p> <p>Fleet Management Policy and Applicable Standard Operating Procedures;</p> <p>Fuel Management;</p> <p>Vehicle and Drivers Licence;</p>	February 2021





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Audit Engagement	Departmental System	Detail	Date completed
		Traffic violation /Fines Management; Vehicle Maintenance (Service & Repairs); Accident Management	
Financial Services	Expenditure Management - Payments & Petty Cash	<p>The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control relating to Municipal Expenditure and Expenditure Management.</p> <p>Compliance to the relevant policies, procedures, laws and regulations;</p> <p>Payment processes and sub – processes;</p> <p>Authorisation of payments;</p> <p>Delegation of payments;</p> <p>Segregation of duties;</p> <p>Creditors Reconciliations;</p> <p>Petty Cash processes and reconciliations;</p>	March 2021
Office of the Municipal Manager	2020/21 Performance Management – Quarter 1	<p>Statutory obligation to provide reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise and to ensure that the performance management information reflects the true performance of the municipality.</p> <p>MSA, 2000, Sec 41(1);</p> <p>Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;</p> <p>Public Audit Act, Section 20(2)</p>	December 2020





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Audit Engagement	Departmental System	Detail	Date completed
Office of the Municipal Manager	2020/21 Risk Management – Quarter 1	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system and governance.</p> <p>MFMA 56, 2003, Section 62(1);</p> <p>MFMA 56, 2003, Section 165(2)(b)(iv);</p> <p>Western Cape Provincial Treasury PGWC Risk Management Framework</p>	November 2020
Financial Services	2020/21 SCM Review – Quarter 1	<p>Obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control and procedures relating to the deviations from the SCM Policy, Formal Written Price Quotations and Formal Tenders awarded for the quarter.</p> <p>SCM Policy;</p> <p>Standard Operating Procedures;</p> <p>MFMA 56, 2003, Section 165(2)(b)(ii)</p>	November 2020
Financial Services	Revenue Management - Credit Control, Debt Collection, Meter Reading & Invoicing	<p>The objective of this internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control in relation to Revenue Management.</p> <p>The Audit scope as described in the internal audit coverage plan would include the following activities/ sub processes within this area:</p> <ul style="list-style-type: none"> <li>○ Meter Reading;</li> <li>○ Debt Collection;</li> <li>○ Credit Control;</li> <li>○ Compliance to relevant Legislation, Policies and Standard Operating Procedures</li> </ul>	July 2021
Office of the Municipal Manager	2020/21 Performance Management – Quarter 2	<p>Statutory obligation to provide reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise and to ensure that the performance management information</p>	March 2021





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Audit Engagement	Departmental System	Detail	Date completed
		<p>reflects the true performance of the municipality.</p> <p>MSA, 2000, Sec 41(1);</p> <p>Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;</p> <p>Public Audit Act, Section 20(2)</p>	
Office of the Municipal Manager	2020/21 Risk Management – Quarter 2	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system and governance.</p> <p>MFMA 56, 2003, Section 62(1);</p> <p>MFMA 56, 2003, Section 165(2)(b)(iv);</p> <p>Western Cape Provincial Treasury PGWC Risk Management Framework</p>	March 2021
Financial Services	2020/21 SCM Review – Quarter 2	<p>Obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control and procedures relating to the deviations from the SCM Policy, Formal Written Price Quotations and Formal Tenders awarded for the quarter.</p> <p>SCM Policy;</p> <p>Standard Operating Procedures;</p> <p>MFMA 56, 2003, Section 165(2)(b)(ii)</p>	February 2021
Corporate Services	Information Technology: Business Continuity and recovery	<p>Compliance to relevant Legislation, Policies and Standard Operating Procedures;</p> <p>Implementation of the ICT Disaster Recovery Plan;</p> <p>Adherence to the ICT Data Backup and Recovery Policy;</p> <p>Directorates continuity needs in order to create an effective Business Continuity Plan</p>	August 2021







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Audit Engagement	Departmental System	Detail	Date completed
Financial Services	Division of Revenue Act 2020/21	Provide reasonable assurance regarding the controls over grants allocated by National Treasury to Bitou Municipality through the Division of Revenue Act MFMA 56, 2003, Section 165(2)(b)(ii)	August 2021
Office of the Municipal Manager	OPCAR - Follow Up on the 2019/20 AG Report	Evaluate the recorded implementation of the corrective action plans by Management to address the findings raised by the Auditor General (SA)	July 2021
Engineering Services	Proclaimed Roads 2020/21	Provide reasonable assurance regarding the controls over grants allocated by National Treasury to Bitou Municipality through the Division of Revenue Bill and the expenditure in terms of the purpose and subject to conditions	June 2021
Office of the Municipal Manager	2020/21 Performance Management – Quarter 3	Statutory obligation to provide reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise and to ensure that the performance management information reflects the true performance of the municipality.  MSA, 2000, Sec 41(1);  Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;  Public Audit Act, Section 20(2)	June 2021
Office of the Municipal Manager	2020/21 Risk Management – Quarter 3	Provide independent assurance services on the controls implemented to mitigate risk, the risk management system and governance.  MFMA 56, 2003, Section 62(1);  MFMA 56, 2003, Section 165(2)(b)(iv);  Western Cape Provincial Treasury PGWC Risk Management Framework	May 2021





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Audit Engagement	Departmental System	Detail	Date completed
Financial Services	2020/21 SCM Review – Quarter 3	Obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control and procedures relating to the deviations from the SCM Policy, Formal Written Price Quotations and Formal Tenders awarded for the quarter.  SCM Policy;  Standard Operating Procedures;  MFMA 56, 2003, Section 165(2)(b)(ii)	July 2021
Financial Services	Annual Stock Count 30 June 2021	Provide reasonable assurance regarding the adequacy and effectiveness of the system of internal controls surrounding the stock count procedure as well as the accuracy by comparing the results of a physical count against inventory records to achieve key business objectives as it relates to Stores management/Supply chain management.	July 2021
Financial Services	AFS Technical Review 2020/21	Provide an independent review of 2020/2021 Annual Financial Statements.	August 2021
Ad-hoc Audits as approved by the Audit Committee (not part of the approved Plan)			
Direct Assistance to the AG(SA)	Physical Verification of Employees	Completed the audit tests and WP on behalf of the AG(SA)	23 November 2020
Direct Assistance to the AG(SA)	Verification of Fixed Assets	Completed the audit tests and WP on behalf of the AG(SA)	11 December 2020
Direct Assistance to the AG(SA)	Building Control Payments	Completed the audit tests and WP on behalf of the AG(SA)	10 December 2020
Direct Assistance to the AG(SA)	Stock Take on Behalf of AG (SA)	Completed the audit tests and WP on behalf of the AG(SA)	19 July 2020
Ad hoc Audit	Audit on the Fences Erected at the Beaches	Review all documentation related to the erection of the fences (Including SCM information), the physical measurement and count of materials used	15 March 2021

**Table 48:** Internal Audit Coverage Plan





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Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Prepare a risk-based audit plan for 2020/21 to be approved by the Audit Committee on/before 30 June 2020	29 June 2020
Advise the accounting officer and report to the Audit Committee in terms of section 165 (2) (b) of the MFMA (Including the execution of the Risk based Internal Audit Plan)	Refer to audit report dates issued and Quarterly Audit Committee dates for Reporting
Facilitate Audit Committee meetings and report to the Management and the Audit Committee at least Quarterly	Refer to meeting dates of Audit Committee (5 Meetings)

**Table 49:** Internal Audit Functions

## 2.12 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the policies that were developed and/or reviewed during the year:

Policies developed/ revised	Council resolution	Date adopted
Policies reviewed and implemented		
Asset Management Policy	C/2/181/06/20	11-Jun-20
Borrowing Policy and guidelines	C/2/181/06/20	11-Jun-20
Budget Implementation and Monitoring Policy	C/2/181/06/20	11-Jun-20
Cost Containment Policy	C/2/210/01/21	29 Jan 21
Indigent Support Policy	C/2/181/06/20	11-Jun-20
Infrastructure Procurement & Delivery Policy	C/2/181/06/20	11-Jun-20
Investment & Cash Management Policy	C/2/181/06/20	11-Jun-20
Liquidity, Funding and Reserves Policy	C/2/181/06/20	11-Jun-20
Maintenance Policy: Electrical Infrastructure (IN PRINCIPLE APPROVAL)	C/5/109/05/20	29-May-20
Overtime Policy	C/2/181/06/20	11-Jun-20
Petty Cash Policy	C/2/181/06/20	11-Jun-20
Property Management Policies <i>An .Immovable Property Encroachment Policy</i> <i>b. Property Rental Policy</i>	C/1/163/08/20	31-Aug-20





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Policies developed/ revised	Council resolution	Date adopted
Policies reviewed and implemented		
Property Management: Policy for the disposal of/and or the granting of an exclusive right to use municipal immovable property	C/1/165/08/20	31-Aug-20
Rules of Virtual Meetings and Sittings	C/3/153/05/20	21-May-20
Small Scale Embedded Generation Policy	C/5/108/05/20	29-May-20
Subsistence and Travel Allowance Policy	C/2/181/06/20	11-Jun-20
Supply Chain Management Policy for Goods & Services	C/2/181/06/20	11-Jun-20
Tariff Policy	C/2/181/06/20	11-Jun-20
Travelling Allowance Policy	C/2/181/06/20	11-Jun-20

**Table 50:** Policies

## 2.13 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Strategy	Yes
Functional complaint management systems	Yes

**Table 51:** Communication Activities





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## 2.13.1 Communication and Customer Care Unit

Communication Unit	Yes/No	Number of people in the Unit	Job titles
	Yes	4	Manager Communications and Customer Relations
			Senior Communications Officer
			Senior Customer Relations Officer
			Communications Officer

**Table 52:** Communication and Customer Care Unit

## 2.13.3 Additional Communication Channels Utilised

Channel	Yes/No
Facebook	Yes
Twitter	Yes
Telegram	Yes
SMS system	Yes
Instagram	Yes
Loud hailing	Yes
YouTube	Yes

**Table 53:** Additional Communication Channels Utilised

## 2.13.4 External Communication Forums

Forum	Yes / No	Frequency	Communication issues were discussed at the forum?
Provincial Commtech Forum Meeting	Yes	Quarterly	<ul style="list-style-type: none"> <li>Ward Based Complaints Management</li> <li>Cost Containment Policy: Advertising on Local Newspapers</li> <li>Crisis Communication: Protest Scenario</li> <li>Legal Perspective: Social Media Policy</li> <li>Training search engine optimization training</li> </ul>
District Commtech	Yes	Quarterly	<ul style="list-style-type: none"> <li>Presentation of the municipality's response to COVID -19</li> <li>Communications Policy</li> <li>budgets for Comms</li> <li>Intergovernmental relations</li> </ul>
GCIS sharing the government Communication Policy	Yes	Quarterly	<p>The importance of three documents were highlighted:</p> <ul style="list-style-type: none"> <li>Communication Policy (Principal of Action)</li> <li>National Communication Strategy Framework (Plan of Action)</li> <li>Government Communicators' (How to implement)</li> <li>Social Media Content and Planning – GRDM, Oudtshoorn and George share their approach</li> </ul>

**Table 54:** External Communication Forums

## 2.13.5 Communication Platforms Utilised

The table below depicts the current communications platforms utilised.



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Platforms	Utilisation of Platform (Yes/No)	Purpose of usage?	Target Audience	Frequency of use or updates?	Comments or details about this platform
External newsletter	Yes	Information and to provide feedback	Community	Quarterly	1 x External Newsletter was issued in the financial year
Radio	Yes	Information	Community	As the need arises	Effective when required, however limited due to budget constraints
Website	Yes	Information, to provide feedback and to interact	Community	Daily	Effective
Bulk SMS	Yes	Information	N/A	As the need arises	Effective
Local newspaper	Yes	Information, motivation and feedback	Community	Weekly	Effective
Press release	Yes	Information	Community	As the need arises	Effective
Posters	Yes	Information and motivation	Community, Staff	As the need arises	Effective
Loud Hailing	Yes	Information about event / meeting	Community	As the need arises	Costly in terms of overtime and availability of staff
Brochures	Yes	Information	Community, Staff	As the need arises	Effective
Pamphlets	Yes	Information	Community, Staff	As the need arises	Effective

**Table 55:** Communication Platforms Utilised

## 2.14 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality’s communication strategy.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes







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Description of information and/or document	Yes/No and/or Date Published
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2020/21	Yes
Adjusted Budget 2020/21	Yes
Asset Management Policy	Yes
Customer Care, Credit Control & Debt Collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	Yes - 2015
Grants-In-Aid Policy	Yes
Borrowing Policy	Yes
SDBIP 2020/21	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2020/21	Yes
IDP Process Plan for 2020/21	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 &amp; 75(1)(e) &amp; (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	Yes
Section 37 of the MFMA (Unsolicited Bids/Contracts)	Yes
Public-Private Partnership agreement	No





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Description of information and/or document	Yes/No and/or Date Published
Service delivery agreements	No
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the Municipal Finance Management Act)</b>	
Annual Report of 2019/20	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
<b>Local Economic Development (Section 26(c) of the MSA)</b>	
Local Economic Development Strategy	No
<b>Performance Management (Section 75(1)(d) of the MFMA)</b>	
Performance agreements for employees appointed as per S57 of MSA	Yes
<b>Assurance Functions (Sections 62(1), 165 &amp; 166 of the MFMA)</b>	
Internal Audit Charter	No
Audit Committee Charter	No
Risk Management Policy	Yes

**Table 56:** Website Checklist

## 2.15 SCM

The Bitou Municipality Council has adopted the SCM Policy Incorporating Preferential Procurement (SCM Policy) which are reviewed annually. The policy is implemented by a functional SCM Unit (SCMU) under the direct supervision of the Chief Financial Officer.

The Municipal Manager has also implemented a delegation system for procurement-related actions, which includes the establishment of bid committees and the appointment of members. The delegations also allow for appropriate segregation of duties and councilors are not involved in any of the procurement and tender processes.

The Municipality have also centralized the procurement process and new module to the FMS was introduced in the current financial year. The keeping of supporting documents remains a challenge and the expectation is that the system will assist in resolving the challenges.

The contract management remains a challenge as the user departments continues not to have an SLA in place and renewing the contracts in time which this result into irregular expenditure. The municipality incurred irregular expenditure of R29 million in the current year adding to R14 million in the previous year.

The capacity challenges in the department remain an issue due to fourteen (14) employees were approved on the organisational structure however four (04) positions remain vacant. The four (04) vacant positions are critical to the section which includes senior positions, the manager in the division and SCM Practitioner: Demand Management these have been vacant for the most part of the financial year. The training still remains a challenge as most of SCM





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officials in the department are not trained or have qualifications in the supply chain management however plans for the SCM officials to attend training has been provisioned for in the 2021/22 financial year.

## 2.15.1 Highlights: SCM

The table below specifies the highlights for the year:

Highlights	Description
Demand Management Plan	SCM introduced and adopted the Demand Management Plan and has managed to achieve 100% in delivery of tenders listed
Human Resources	An appointment of Senior Manager: Expenditure and SCM was appointed in April 2021.
SCM centralization and accustoming user departments on SCM	The user departments are slowly grasping the centralisation of SCM and that SCM are the procurement champions within the organisation even though there are some internal stakeholders that still need reprimanding.

**Table 57:** Highlights: Supply Chain Management

## 2.15.2 Challenges: SCM

The table below specifies the challenges for the year:

Description	Actions to address
Human Resources	The SCM Manager felt ill and that has left a void on a senior level position. Both Senior: SCM Practitioners have been acting in the SCM: Manager. There are four (04) vacant positions are critical to the section which includes senior positions, the manager in the division and SCM Practitioner: Demand Management these have been vacant for the most part of the financial year.
Training	The training still remains a challenge as most of SCM officials in the department are not trained or have qualifications in the supply chain management however plans for the SCM officials to attend training has been provisioned for in the 2021/22 financial year.
COVID-19	SCM had to redirect and adopt to challenges provided by the COVID-19 lockdown. All bid committees were held via Skype sessions

**Table 58:** Challenges: Supply Chain Management

## 2.15.3 Competitive Bids in Excess of R200 000

### a) Bid Committee Meetings

The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to complete the attendance register and declare to undertake the following:

- That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
- To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and





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- To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.

The bid committees have been conducted regularly through the year with attendance closely monitored in compliance with Council's SCM Policy. The following table details the number of bid committee meetings held for the 2020/21 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
47	52	36

**Table 59:** Bid Committee Meetings

A Bid Specification Committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved should at least be represented, and may, when appropriate, include external specialist advisors.

The attendance percentage of members of the Bid Specification Committee are as follows:

Committee	Percentage of meetings attended	Percentage attendance for quorum
Bid Specification Committee	96%	50 + 1

**Table 60:** Attendance of Bid Specification Committee

A Bid Evaluation Committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the municipality.

The attendance percentage of members of the Bid Evaluation Committee are as follows:

Committee	Percentage of meetings attended	Percentage attendance for quorum
Bid Evaluation Committee	100%	50 + 1

**Table 61:** Attendance of Members of Bid Evaluation Committee

The attendance percentage of members of the Bid Adjudication Committee are as follows:

Committee	Percentage of meetings attended	Percentage attendance for quorum
Bid Adjudication Committee	100%	50 + 1

**Table 62:** Attendance of Members of Bid Adjudication Committee

## 2.15.4 B-BBEE Compliance Performance Information

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G(1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment:





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## a). Management Control

Category	Number	Race Classification	Gender	Disability
Senior Management	5	4 African 1 White (Position of Director Engineering Services vacant)	4 Male 1 Female	1

**Table 63:** Management Control

## b). Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	179	African - 125 Coloured - 54	BM- 79 BF- 46 CM- 25 CF- 29	0	R 764 541.91
Non-black-employees	39	White	F- 14 M- 25	0	R 460 000
Black people on internships, apprenticeship, learnership	43	Africans- 35 Coloured - 8	FB- 24 MA- 11 CF- 5 CM- 3	0	R 1 912 212
Unemployed black people on any programme under the learning programme matrix	17	Coloured - 6 African - 11	CF- 3 CM- 3 AF- 3 AM- 5	0	R 1 092 000
Black people absorbed at end of internships, apprenticeship, learnership	3	Coloured – 1 African - 2	AF -2 CM - 1	0	R 285 000

**Table 64:** Skills Development

## c) Enterprise and Supplier Development

Note: Enterprise and supplier development statistics is not available for the year under review. The figures must be verified by an accredited verification agent. The Municipality intend to appoint a verification agent through procurement processes on a three-year term to ensure compliance in future.





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

#### 3.1.1 Legislative Requirements

The Constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources
- accountable public administration
- to be transparent by providing information
- to be responsive to the needs of the community
- to facilitate a culture of public service and accountability amongst staff

The Municipal Systems Act (MSA), (Act 32 of 2000) requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

#### 3.1.2 Organisation Performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP, performance on the National Key Performance Indicators prescribed in terms of Section 43 of the MSA and an overall summary of performance on municipal services.







### 3.1.3 The Performance System Followed for 2020/21

#### a) The IDP and the budget

The reviewed IDP and the budget for 2020/21 was approved by Council on 29 May 2020. The IDP and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

#### b) The SDBIP

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The Top Layer SDBIP was approved by the Executive Mayor on 17 July 2020.

The following were considered in the development of the amended Top Layer SDBIP:

- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2019/20 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the adjustments budget
- Oversight Committee Report on the Annual Report of 2018/19
- The risks identified by the Risk Management Unit during the municipal risk assessment

#### c) Actual performance

The Municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set
- A performance comment
- Actions to improve the performance against the target set, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

### 3.1.4 Performance Management

Performance management is prescribed by the MSA and the Municipal Planning and Performance Management Regulations, (796 of August 2001), Section 7(1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The Municipality adopted a performance management framework that was approved by Council in 2009.





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## a) Organisational performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved by the Executive Mayor on 17 July 2020
- The web-based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets every month for the previous month's performance.
- A mid-year budget and performance (Section 72) report was compiled within the legislative timeframes, tabled to Council and approved and submitted to Provincial Treasury.
- Roll-out of performance agreements for other levels of management will be cascaded down in stages over the next financial years.
- Internal Audit conducted an audit on the Top Layer SDBIP for all quarters and reported to the Performance Audit Committee on a quarterly basis.
- The Audit Committee also acts as the Performance Audit Committee and is fully functional.

## b) Individual performance management

### Senior Management

The MSA prescribes that the municipality must enter into performance-based agreements with all S57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (Regulation 805, August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2020/21 financial year was signed on the following dates:

○ Director Economic Development and Planning:		04 May 2021
○ Director Finance	:	04 May 2021
○ Director Engineering Services:	:	30 August 2020
○ Municipal Manager	:	30 June 2020
○ Director Community Services	:	03 August 2020
○ Director Corporate Services	:	25 May 2021

The mid-year evaluations were scheduled to take place in April 2020, however due to the Coronavirus 2019 (COVID-19) pandemic this could not take place.

The formal evaluations for the 2019/20 financial year had also to be postponed as a result of the COVID 19 pandemic and will therefore take place with the formal evaluation in respect of 2020/2021.

## 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2019/20

### 3.2.1 Strategic SDBIP (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents (IDP, budget and performance agreements).





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In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following figure explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured	N/A	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 2.: SDBIP Measurement Categories





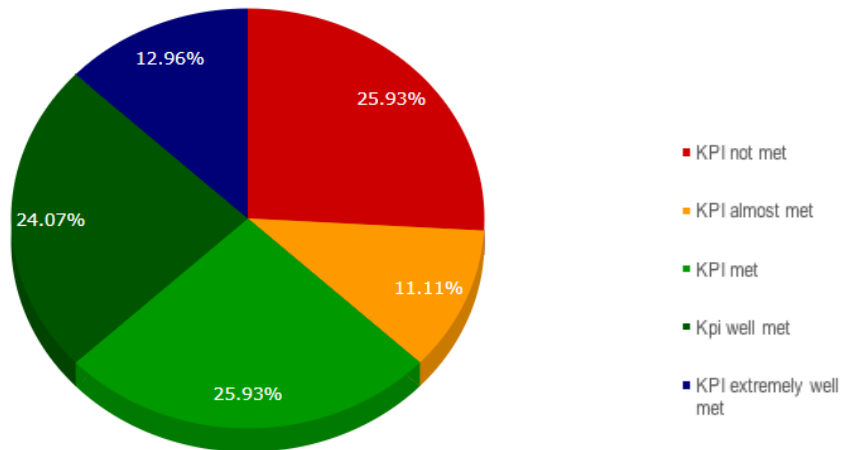
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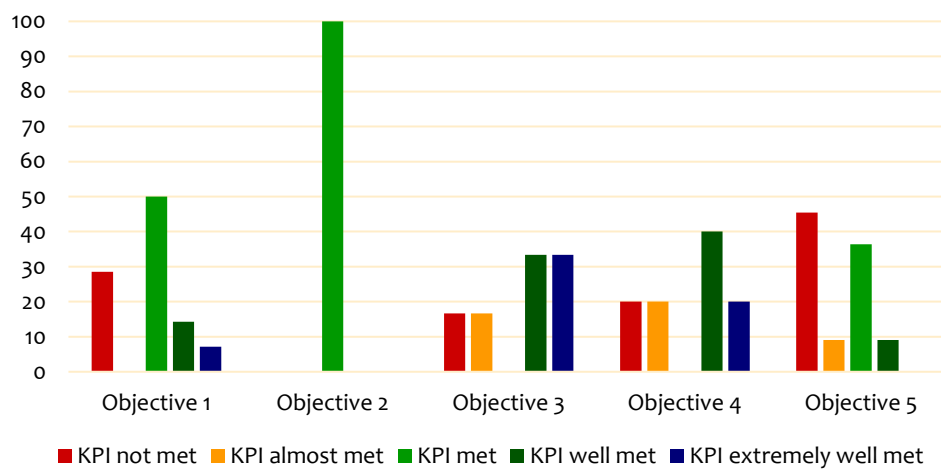
## 3.2.2 Overall performance

The graph below displays the overall performance per Strategic Objective for 2020/21:

Overall Performance



Performance per objective



Graph 2.: Overall Strategic Objective

Performance per 2020/21





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Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Total
	Build a capable, corruption-free administration that is able to deliver on developmental mandate	Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy	Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities	Provision of basic services	
KPI Not Met	4	0	1	5	4	14
KPI Almost Met	0	0	1	1	4	6
KPI Met	7	3	0	4	0	14
KPI Well Met	2	0	2	1	8	13
KPI Extremely Well Met	1	0	2	0	4	7
<b>Total</b>	<b>14</b>	<b>3</b>	<b>6</b>	<b>11</b>	<b>20</b>	<b>54</b>

Figure 3.: Overall Performance Per Strategic Objective for 2020/21





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## 3.2.3 Actual strategic performance and corrective measures that will be implemented

### i) Build a capable, corruption-free administration that is able to deliver on developmental mandate

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2021/22 financial year to the Audit Committee by 30 June 2021	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1	0	0	0	1	1	1	G
TL2	Complete 80% of audits as scheduled in the RBAP applicable for 2020/21 by 30 June 2021 (Actual audits completed divided by the audits scheduled for the year)x100	% of audits completed	All	89.47%	10%	40%	60%	80%	80%	80%	G
TL3	Hold quarterly meetings of the Audit Committee	Number of meetings held	All	5	1	1	1	1	4	5	G2
TL4	Complete the annual risk assessment for 2020/21 and submit to the Audit Committee by 31 March 2021	Risk assessment submitted to the Audit Committee	All	0	0	0	1	0	1	1	G
TL5	Review the Performance Management Framework and submit to Council for approval by 31 March 2021	Performance Management Framework reviewed and submitted to Council	All	0	0	0	1	0	1	0	R
Corrective Action		Due to personnel shortage this could not be completed. This will be addressed during the 2021/22 financial year									
TL6	Achieve risk maturity (control level) by 30 June 2021	Risk maturity (control level) achieved	All	0	0	0	0	1	1	1	G
TL7	Submit the reviewed final IDP for 2021/22 to Council by 31 May 2021	Reviewed IDP submitted to Council	All	1	0	0	0	1	1	1	G
TL8	Submit the Community Survey to Council by 30 June 2021	Community Survey submitted to Council	All	0	0	0	0	1	1	0	R
Corrective Action		Due to the COVID-19 pandemic this exercise could not be done. The Municipality will try to address this matter during the 2021/22 financial year									
TL36	Percentage of people from employment equity target groups	% of people employed	All	66%	0%	0%	0%	70%	70%	75.47%	G





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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2021 {(Number of people from employment equity target groups										
TL37	Spent 0.10% of operational budget on training by 30 June 2021 {(Actual total training expenditure divided by total operational budget) x100}	% of budget spent	All	0.12%	0.10%	0.10%	0.10%	0.10%	0.10%	0.17%	B
TL38	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2021	Customer Survey conducted	All	0	0	0	0	1	1	1	G
TL39	Review 20 Human Resources policies, with the SALGA Policy Framework Scope as basis and submit to Council by 30 June 2021	Number of HR policies submitted to Council	All	0	5	5	5	5	20	0	R
Corrective Action		The Municipality drafted 22 policies and submitted it to Council, however adoption by Council is still required. The matter will be address this matter during the 2020/21 financial year									
TL40	Review the "System of operational delegations" and submit to Council for approval by 31 December 2020	"System of operational delegations" submitted to Council	All	0	0	1	0	0	1	1	G
Corrective Action		The Municipality will try to address this matter during the 2020/21 financial year									
TL41	Spend 90% of the approved capital budget for IT by 30 June 2020	% budget spent	All	77%	0%	0%	0%	90%	90%	66%	R
Corrective Action		Due to procurement matters the budget could not be spent as the 20 DR-site aircon tender had to be cancelled. A request for the funding to be rolled over to the 2021/22 financial year was submitted in order to address this during the coming financial year									

**Table 65:** Top Layer SDBIP – Build a capable, corruption-free administration that is able to deliver on development mandate





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## ii) Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL55	Establish a Property Disposal Committee by 30 June 2021	Establish a Property Disposal Committee	All	New KPI for 2020/21. No comparative audited results available	0	0	0	1	1	1	G
TL56	Review the Tourism Signage Policy by 30 June 2021	Review Tourism Signage Policy	All	New KPI for 2020/21. No comparative audited results available	1	0	0	0	1	1	G
TL57	Submit the reviewed Zoning By-Law to Council by 30 June 2021	Zoning By-Law submitted to Council	All	New KPI for 2020/21. No comparative audited results available	0	0	0	1	1	1	G

**Table 66:** Top Layer SDBIP – Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to Economic development of local economy

## iii) Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL9	Spend 90% of the municipal capital budget on capital projects by 30 June 2021 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% budget spent	All	65%	10%	40%	60%	90%	90%	94%	G2
TL10	Provide subsidies for free basic services to indigent households as at 30 June 2021	Number of indigent households receiving subsidies for free basic services as per Financial System	All	2 357	4 300	4 300	4 300	4 300	4 300	3 930	O
<b>Corrective Action</b>		The Municipality will intensify registration process for indigent consumers during the 2021/22 financial year									



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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL14	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2021 (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage	All	22%	0%	0%	0%	45%	45%	18.91%	B
TL15	Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors	All	63%	0%	0%	0%	11.80%	11.80%	9.97%	B
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	All	2	0	0	0	2	2	1.25	R
<b>Corrective Action</b>		More stricter credit control measure to be implemented during the 2021/22 financial year									
TL17	Achieve a debtor payment percentage of 85% by 30 June 2021 (Gross Debtors Closing Balance + Billed	% debtor payment achieved	All	81%	85%	85%	85%	85%	85%	92%	G2





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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100										

**Table 67:** Top Layer SDBIP – Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

iv) Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL34	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2021	Spatial Development Framework (SDF) submitted to Council	All	0	0	0	0	1	1	0	R
<b>Corrective Action</b>		The project will be completed during the 2021/22 financial year									
TL45	Complete the project to upgrade of the Kurland Sport Facility by 30 June 2021	Project completed	1	0	0	0	0	1	1	1	G
TL46	Complete the project to upgrade of the New Horizons sport facility by 30 June 2021	Project completed	4	0	0	0	0	1	1	1	G
TL47	Complete the project to upgrade of the New Horizons Community Hall by 30 June 2021	Project completed	4	0	0	0	0	0	1	0	R
<b>Corrective Action</b>		Budgeted funding re-allocated during the 2020/2021 financial year									
TL48	Spend 90% of the approved capital budget for the construction of the Harkerville Community Hall by 30 June 2021	% budget spent	7	0	10%	40%	60%	95%	95%	98%	G2
TL49	Complete the upgrade of the sports facility (building of new cloakrooms) at Bossiesgif by 30 June 2021	Completed cloakrooms at Bossiesgif	2	New KPI for 2020/21. No comparative audited results available	0	0	0	1	1	0	R





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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
Corrective Action		Council resolved not to proceed with the new cloakrooms at Bossiesgif and that the budgeted funds be relocated to the Kranshoek gravel road project									
TL50	Complete 169 Top Structures at Qolweni/ Bossiesgif (phase 3A) by 30 June 2021	Number of Top Structures completed	2	New KPI for 2020/21. No comparative audited results available	0	0	0	169	169	0	R
Corrective Action		The project was terminated on 12 April 2021									
TL51	Complete 164 Temporary Relocating Areas (TRA's) at Qolweni	Number of TRA's completed	2	New KPI for 2020/21. No comparative audited results available	0	0	0	164	164	164	G
TL52	Complete 441 Top Structures at the housing project in Kwanokuthula by 30 June 2021	Number of Top Structures completed at Kwanokuthula	5	New KPI for 2020/21. No comparative audited results available	0	0	0	441	441	424	O
Corrective Action		Consultants had drafted a layout plan and the project will be commenced with during the 2021/2022 financial year									
TL53	Complete the Temporary Relocating Ablution facility at Qolweni by 30 June 2021	Number of Temporary Relocating Ablution facilities completed	2	New KPI for 2020/21. No comparative audited results available	0	0	0	1	1	1	G
TL54	Complete the planning of 1500 erven at Kurland by 30 June 2021	Number of erven planned at Kurland	1	New KPI for 2020/21. No comparative audited results available	0	0	0	1 500	1 500	0	R
Corrective Action		Consultants had drafted a lay out plan and the project will be commenced with during the 2021/2022 financial year									

**Table 68:** Top Layer SDBIP – Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

## v) Provision of basic services





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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL11	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2021	Number of properties that receive piped water	All	11 863	0	11 495	0	11 495	11 495	12 291	G 2
TL12	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2021	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)	All	14 917	0	14 285	0	14 285	14 285	12 872	O
Corrective Action		Decrease in number of consumers to be investigated during the 2021/22 financial year									
TL13	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2021	Number of residential properties which are billed for sewerage	All	12 409	0	12 111	0	12 111	12 111	12 356	G 2
TL18	Limit bulk water handling losses to less than 5% as at 30 June 2021 {(System input- billed consumption (incl free basic water)/ system input) x100},	% Bulk water handling losses.	All	28%	0%	0%	0%	5%	5%	4.79%	B
TL19	Limit unaccounted for electricity to less than 12% as at 30 June 2021 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	6.42%	0	0	0	12%	12%	11.58%	B







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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL21	Spend 90% of the approved capital budget for Fleet services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	54%	0%	10%	40%	90%	90%	100%	G 2
TL22	Spend 90% of the approved capital budget for Waste Water services by 30 June 2021 {( Total actual capital expenditure/ Total capital amount budgeted) x 100}	% budget spent	All	67%	10%	40%	60%	90%	90%	93%	G 2
<b>Corrective Action</b>		Capital expenditure to be expedited									
TL23	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%	0%	10%	40%	90%	90%	85%	O
<b>Corrective Action</b>		Measures will in future be implemented to ensure that successful dealers will be in a position to deliver, as stipulated in the tender (contract) agreement									
TL24	Spend 90% of the approved capital budget for Water services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	71%	0%	10%	40%	90%	90%	96%	G 2
TL25	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2021 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	46%	0%	10%	40%	90%	90%	113%	G 2
TL26	Spend 100% of MIG Funding allocation by 30 June 2021 {(Total actual MIG	% budget spent	All	71.30%	10%	40%	70%	100%	100%	99%	O





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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	expenditure /Total MIG amount budgeted)x100}										
Corrective Action		The target of 100% could not be achieved, as the total amounts tendered for the various approved projects, were lower than the allocation									
TL27	Conduct 240 potential electricity theft investigations annually	Report from Electrical and Mechanical department	All	New KPI for 2020/21. No comparative audited results available	0	0	0	240	240	742	B
TL28	Spend 90% of the approved budget for the upgrade of the Kranshoek sewer reticulation by 30 June 2021	% budget spent	All	89%	10%	40%	70%	90%	90%	59%	R
Corrective Action		Contract management and supervision measures to be improved to achieve target									
TL29	Spend 90% of the approved budget for the Qolweni new electrification by 30 June 2021	% budget spent	All	New KPI for 2020/21 No comparative audited results available	0%	40%	0%	90%	90%	60%	R
Corrective Action		Decrease in expenditure as a result of delays with the housing project, capital expenditure to be expedited in future through more effective contract management and better public participation									
TL30	Spend 90% of the approved budget for the Kwanokuthula upgrade tank by 30 June 2021	% budget spent	All	New KPI for 2020/21 No comparative audited results available	0%	10%	40%	90%	90%	98%	G 2
TL31	Create 97 job opportunities in terms of the EPWP by 30 June 2021	Number of job opportunities created	All	274	0	0	0	97	97	337	B
TL35	Spend 90% of the budget allocated for Mobile Camera Security for wards 2 and 7 by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% budget spent	2	New KPI for 2020/21 No comparative audited results available	0%	0%	0%	90%	90%	92%	G 2
TL42	Submit funding application for the	Funding application completed and	2	0	0	0	0	1	1	0	R





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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2020/21					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
	development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2021	submitted to the Department of Human Settlements								
<b>Corrective Action</b>		Consultants were appointed and reports being awaited. Funding application not possible without the aforementioned. Consultants to be monitored more effectively in future								
TL43	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2021	Number of residential properties which are billed for refuse removal	All	14 489	0	14 700	0	14 700	14 700	13 385
<b>Corrective Action</b>		Decrease in number of consumers / services to be investigated during 2021/22 financial year								
TL44	Complete the establishment of the new regional cemetery portion 33 of the Farm Hill View 437 by 30 June 2021	Portion 33 Hill View Cemetery establishment completed	All	New KPI for 2020/21 No comparative audited results available	0	0	0	1	1	0
<b>Corrective Action</b>		Appointed consultants had not completed reports. Reports being awaited. Consultants to be monitored more effectively in future								

**Table 69:** Top Layer SDBIP – Universal access to decent quality of services

## 3.2.4 Service Providers Strategic Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the Municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored to ensure that the requirements of the contract are complied with.





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## 3.2.5 Municipal Functions

### a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes – Electricity only
Firefighting services	Yes
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No





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Municipal Function	Municipal Function Yes / No
Fencing and fences	No
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes
Airport	Yes

**Table 70:** Functional Areas

## COMPONENT A: BASIC SERVICES RENDERED

### 3.3 Water Provision

#### 3.3.1 Introduction to Water Provision

Water is a fundamental and indispensable natural resource. It is fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to portable water supply systems and domestic waste water and sewerage disposal systems as a local government function. Basic water is defined as 200 litres of portable water per day supplied within 200 meters of a household.

The Municipality provides water and sanitation services at significantly higher levels than the basic Reconstruction and Development Programme (RDP) requirements. Almost all urban residents have access to uncontrolled water supply in houses or yards and full borne water sewerage. Maintenance of latrine pits is carried out by owners and not by the Municipality. The Municipality continuously strives to improve on the existing levels of service. The





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number of residential consumers of water is expected to increase in line with the growth in population. There are no significant wet industries in the municipal area that receive water services from the Municipality.

The Municipality obtains water for human consumption from surface, groundwater, borehole sources and the desalination plant. Water quality tests results are available electronically and the required reporting to the Department of Water and Sanitation (DWS) takes place on a monthly basis. In rural areas (farms) the Municipality does not supply water services. The communities use rainwater and groundwater sources.

Bulk water systems remain a high priority and all efforts are in place to meet the growth and in planning for future infrastructure requirements.

In this respect, the surface water augmentation scheme is in place and components of this scheme are implemented as funding become available through the Municipal Infrastructure Grant (MIG) programme and own sources. To this end 17km of new 500mm raw water supply main has been completed and in operation.

The planning for a future off channel dam at the Wadriest Site (where water from the Keurbooms River is stored) has been placed on hold in order to fully assess the full use of the supply from boreholes that have been drilled, as well as to determine whether other existing sources may be augmented further.

The only raw water source for the Kurland Water Treatment Works (WTW) was the Wit River and abstraction from the Wit River alone has proved insufficient to satisfy the projected peak month demand of 929 kℓ/d in 2032 (as per the Water Services Development Plan 2014/15). Two boreholes were drilled with a total yield of 8ℓ/s. These boreholes have augmented the existing water supply of the WTW to approximately 1291 kℓ/day. However, in late 2020, the average monthly demand exceeded supply during September and October. This was due to the boreholes not being operational due iron deposits on the pumping equipment which resulted in failures. The augmentation of the raw water supply for Kurland is a priority for the Water Services section and the planned housing developments rely on the upgrades to the both the treatment plants as well as the water supply.

The only bulk water resource to Nature's Valley is the abstraction point and pump station in the Groot River. The capacity of the pump station and the WTW is sufficient for the future water demand. The original rising main and supply pipelines had deteriorated in such a way that the water supply was not reliable and sustainable anymore. The 150 mm AC rising main was replaced with a 160mm HDPE rising main. The 75mm gravity main to the campsite was replaced with a 110 mm UPVC pipeline and the 110 mm gravity pipeline from the reservoir to the township was replaced with a 200mm UPVC pipeline. The main area of concern is the existing deteriorated 0,6 Mℓ reservoir which must be replaced with a new 1,5 Mℓ reservoir when budget is availed.

The vulnerability of the abstraction point in the river to salt water contamination remains a challenge, and in 2021, the municipality implemented a geo-hydrological study for the siting of a borehole in order to have better resilience in the raw water supply.

### 3.3.2 Highlights: Water Provision

The table below specifies the highlights for the year:

Highlights	Description
Kwanokuthula Bulk Water Rising Main (Phase 2) Project	○ This Contract (Phase 2) provided for the further extension of a new 315 mm Ø rising main. The contract included the connection into the existing 315 mm Ø rising main north of the







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Highlights	Description
	<p>N2 National Road, crossing the N2 and connection to the existing Phase 1 pipeline south of the N2 National Road. The contract included the connection to the Phase 1 pipeline near the Kwanokuthula East Reservoirs; the connection to Reservoirs themselves as well as the installation of the 315 mm Ø rising main through the Kwanokuthula housing area to the Kwanokuthula West Reservoirs, to supply the newer phases of the area</p> <ul style="list-style-type: none"> <li>○ In addition, the old elevated steel tank/reservoir at the Eastern Reservoir complex which has reached its end of life was replaced</li> <li>○ This project serves to upgrade the supply to meet the growth projections for the community, but also serves to make the supply operations more efficient (shorter pumping periods)</li> </ul>
Kranshoek Bulk Water Supply Project – Phase 1B	<ul style="list-style-type: none"> <li>○ This contract covers the construction of new water pump station, feed and delivery pipeline including tie-in to the existing Brakkloof reservoir, access road and other associated structures. In addition, the lift pump station at Kranshoek reservoir will be reinstated. The rising main (pipeline) between Brakkloof and Kranshoek was completed in the previous year. This phase (1B) was completed this year. The project has brought relief to the challenges in terms of water supply to Kranshoek, and also provides the necessary capacity in the infrastructure for future developments</li> <li>○ This phase of the project was rather challenging as it required the largest potable water reservoir in the municipal supply system to be completely emptied for a period of two days, whilst still ensuring no interruption of supply to residents. This was achieved through the gallant efforts of the operations teams (water services and pump stations superintendents), who installed temporary pumps and ensured that downstream reservoirs were kept filled ahead of this major shutdown. The reservoir supplies areas from Kranshoek to the River club including Whalerock, Robberg and Longships and has a storage capacity of 6 million litres, and had to be emptied to connect the pump station's suction pipeline</li> </ul>
Upgrade of the Kurland Water Treatment Plant	<p>In order to meet the current demands as well as growth projections and housing projects, the upgrade of the Waste Water Treatment plant is a priority for the directorate. Accordingly, the professional services (design) commenced in 2020. The project will continue in 2021/2022 and includes solutions in regard to additional raw water supply options (additional boreholes).</p>
Water Conservation and Water Demand Management (WC/WDM) Study and updates to the Masterplans	<p>A much-needed study commenced in regard to the water conservation and water demand management for the municipal area in 2021, as a follow on of the updates to the Water and Sewer Masterplans, which were completed in this financial year. The WC/WDM study and the master planning updates are informed by the current operational realities and as such, provide a clear baseline/road map for planning and budgeting for the section</p>





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Highlights	Description
Consistently high performance of water treatment plants	The water produced by the three Water Treatment Plants in Bitou Municipality consistently exceeds the South African National Standards (SANS 241) requirements, as recorded on the Department of Water and Sanitation's website

**Table 71:** Water Provisions Highlights

### 3.3.3 Challenges: Water Provision

The table below specifies the challenges for the year:

Description	Actions to address
Pipe breaks/bursts	The aged asbestos Cement (AC) reticulation pipes, some of which exceed 50 years in age present an ongoing challenge in respect of pipe breaks. A pipeline replacement programme study was completed in 2016, and the replacement projects will be a challenge for some time, as the budget required is significant. At the very minimum budgets in the order of R5-10m per year are required on an ongoing basis to realise some progress on this, but the municipality is tracking behind in this regard
Water losses	The overall non-revenue water value has increased slightly in 2021. The main driver of this is the commercial losses component. In order to address this, the necessary budget needs to be allocated. An example of how this could be achieved would be a change in technology to smart water metering systems. Interventions such as pressure reduction have been implemented but are being re-assessed as well
Impact of COVID-19 Pandemic	The COVID-19 Pandemic lockdown meant that the post season and pre-Easter maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team, as well as increased demands from an average of 9ML/d to 12 ML/d over the third quarter of the reporting period

**Table 72:** Water Provision Challenges

### 3.3.4 Water Provision Service Delivery Levels

Below is a table that specifies the total use of water by sector:

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2019/20	0	0	18 865	2 401 415
2020/21	0	0	16 290	2 533 644*
*The estimate is based on billing reports from the Revenue Services Section and includes schools as the amount is negligible relative the domestic consumption				

**Table 73:** Total Use of Water by Sector





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The following table specifies the different water service delivery levels per households for the financial years 2019/20 and 2020/21:

Description	2019/20	2020/21
	Actual	Actual
<b>Household</b>		
<b><u>Water: (above minimum level)</u></b>		
Piped water inside dwelling	20 528	20 534
Piped water inside yard (but not in dwelling)	**30	**30
Using public tap (within 200m from dwelling)	637	637
Other water supply (within 200m)	0	0
<b>Minimum Service Level and Above Sub-total</b>	<b>21 195</b>	<b>21 201</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b><u>Water: (below minimum level)</u></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households (formal and informal)</b>	<b>21 195</b>	<b>21 201</b>
<i>Include informal settlements</i>		
<i>**2207 household have connections to their houses – these are unauthorised connections made from communal tap stands.</i>		

**Table 74:** Water Provision Service Delivery Levels

<b>Access to Water</b>			
Financial year	Number of households with access to water points*	Number of households with access to piped water	Number of households receiving 6 Kℓ free#
<b>2018/19</b>	**582	20 528	1 891
<b>2019/20</b>	**2 844	***20 528	2 357
<b>2020/21</b>	**2 844	***20 534	3 931
Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute; # 6 000 litres of potable water supplied per formal connection per month			
<i>** Community Services conducted full enumeration of informal settlements in the latter part of 2019/20, this is the most correct/updated figure</i>			



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Access to Water			
Financial year	Number of households with access to water points*	Number of households with access to piped water	Number of households receiving 6 Kℓ free#
***20 528 Households have access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the highest number recorded in the Billing Reports between 2018/19 and 2019/20, as the Water Services Section does not remove a connection to a house once it is connected; a disconnection actually constitutes a flow restriction and not a removal of piping etc			

Table 75: Access to Water

## 3.3.5 Employees: Water Provision

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	4	3	1	25.00
4 - 6	14	51	42	9	18.00
7 - 9	3	19	12	7	37.00
10 - 12	3	10	7	3	30.00
13 - 15	2	1	1	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>33</b>	<b>86</b>	<b>68</b>	<b>18</b>	<b>21.00</b>

Table 76: Employees: Water Provision

## 3.3.6 Capital: Water Provision

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kranshoek upgrade of bulk water	0.00	4 505 380.00	4 501 023.23	4 356.77
Kranshoek upgrade bulk water	1 500 000.00	1 500 000.00	1 838 102.37	(338 102.37)
Kurland upgrade WTW	0.00	0.00	0.00	0.00
Kwano new water pipeline	4 371 486.00	4 441 551.00	4 864 218.34	(422 667.34)
Pump station equipment	600 000.00	1 000 000.00	740 925.13	259 074.87





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Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Erf 4397 (Shell): New water	500 000.00	0.00	0.00	0.00
Ebenezer: New water	1 500 000.00	2 400 000.00	2 399 999.99	0.01
Kurland: New water	350 000.00	200 000.00	200 000.00	0.00
Kwanokathulo upgrade tank	2 100 000.00	2 100 000.00	2 013 212.38	86 787.62
Kurland upgrade WTW	1000 000.00	800 000.00	717 276.13	82 723.87
Uplands new high lift pump	520 000.00	520 000.00	514 926.58	5 073.42
Plettenberg Water Works: New highlight pump	800 000.00	1 000 000.00	0.00	100 000.00
<b>Total</b>	<b>13 241 486.00</b>	<b>18 466 931.00</b>	<b>17 789 684.15</b>	<b>677 246.85</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 77:** Capital Expenditure 2020/21: Water Provision

## 3.4 Waste Water (Sanitation) Reticulation

### 3.4.1 Introduction to Water and Waste Water (Sanitation) Reticulation

Bitou Municipality has been able to provide the deemed necessary services to its residents. These services have increased on a yearly basis due to population growth, housing projects and new developments. The Municipality's sanitation strategy is based on the vision of national government, which is, "Improved health, dignity and quality of life for all South Africans, through improvements in sanitation and hygiene" and Bitou Municipality's vision of **"To Be the Best Together"** summarizes it all.

It is in the Municipality's interest to improve the livelihoods of all its communities to have basic sanitation facilities, which are highly hygienic and healthy. The focal areas for the Municipality in eradicating the sanitation backlogs includes application for funding in order to achieve sanitation backlog targets, use of local capacity in implementing projects and building of water borne toilet systems. The geographic conditions of each area that need to be serviced, population density and its challenges to the water demand that is on the increase and the current situation due to climate change and drought repercussions has to be taken into consideration.

The undulating topography, combined with low-lying areas along the coast, present numerous obstacles to the sewerage drainage system. A number of transfer and lift pump stations are necessary, with an extensive bulk sewerage transfer system to convey sewerage to the Waste Water Treatment Works (WWTW).

Although Bitou Municipality Water Services has some highly competent and extensively experienced staff, the Municipality also struggles to source adequately trained and experienced technical staff to operate and maintain plant and machinery. Budgetary provision for recruitment of qualified staff and their ongoing training is provided but limited. The large low-income and indigent population stresses available capital and operational funding, and the Municipality depends on grants from higher levels of government to supply services to this portion of the community.





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## 3.4.2 Highlights: Waste Water (Sanitation) Reticulation

The table below specifies the highlights for the year:

Highlights	Description
Commencement of the Kranshoek Sewerage Reticulation Project	The project aims to upgrade a portion of the undersized sewage pipelines in the community, and thereby alleviate blockages. The project commenced in the reporting period and will continue into the 2021/22 financial year. Apart from the positive impact to the community and environment, this project will also assist in reducing overtime costs for the Water Services Section
Consistently high performance of Waste Water Treatment Plants (WWTP)	<ul style="list-style-type: none"> <li>The treated effluent from Waste Water Treatment Plants in Bitou Municipality consistently exceed the permit values (requirements set out by the DWS)</li> </ul> <p>Further, in an article published by the Daily Maverick Newspaper, Bitou Municipality was singled out as the only municipality of the total of 144 in the country, which is operating wastewater treatment works which met acceptable standards for effluent quality in 2020 (article dated 26 April 2021). This is attributed to the high standards set out and adhered to by the purification management team, Ronald Tarentaal and Ettiene deWaal</p>
Mechanical and electrical upgrades to sewerage pump stations	<ul style="list-style-type: none"> <li>The much-needed upgrades to the Piesang Valley Pump Stations commenced in this reporting period and will continue into 2021/22. The current scope focusses on capital replacement to the mechanical and electrical equipment, and future work will be to the buildings and continuation of security fencing</li> <li>The upgrades to the Kranshoek Sewer Pump Station No 2, were also completed during this financial year</li> </ul>
Ebenezer Sewer Outfall Project	The Ebenezer sewer outfall pipeline will transmit sewage from the new housing project to the Gansevallei Waste Water Treatment Plant (WWTP). This is an important component of the bulk services that is required to be in place for this housing project. This project commenced in early 2021 and was completed ahead of schedule, despite the project starting much later than planned, due to the excellent work of the Project Management Unit (PMU)

**Table 78:** Waste Water (Sanitation) Reticulation Highlights

## 3.4.3 Challenges: Waste Water (Sanitation) Reticulation

The table below specifies the challenges for the year:

Description	Action to address
Load shedding by Eskom	The extensive and higher level load-shedding by Eskom throughout the year meant that an operating plan had to be put in place to ensure that facilities (pump stations and water and waste water treatment plants) remained in operation. This required back-up generating power to be installed at some key sites, however this resulted in additional challenges for an already limited staff compliment, and operating budget





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Description	Action to address
Vandalism and security for key sites	Although good strides have been made in addressing the security of key sites, this remains a challenge and the municipality's commitment to address this is ongoing. When sites are vandalised, equipment failures occur
Ingress of foreign objects into the Sewage system	The number of sewage blockages reported and cleared on a monthly basis is high. Many foreign objects enter the sewage system and lead to manhole blockages and even cause pipe breaks and also block pumps
Impact of COVID-19 pandemic	The COVID-19 Pandemic lockdown meant that the post season and pre-easter maintenance activities were placed on hold. This has had an adverse effect on the operations of the water services team

**Table 79:** Waste Water (Sanitation) Reticulation Challenges

## 3.4.4 Waste Water (Sanitation) Reticulation Service delivery levels

Below is a table that specifies the different sanitation service delivery levels per household for the financial years 2019/20 and 2020/21:

Description	2019/20	2020/21
	Actual	Actual
<b>Household</b>		
<b>Sanitation/sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	**20 528	***20 532
Flush toilet (with septic tank)	2 174	2 174
Chemical toilet	28	28
Pit toilet (ventilated)	35	35
Other toilet provisions (above minimum service level)	0	0
Minimum Service Level and Above Sub-total	**22 765	22 769
Minimum Service Level and Above Percentage	100	100
<b>Sanitation/sewerage: (below minimum level)</b>		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	22 765	22 769





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Description	2019/20	2020/21
	Actual	Actual
<b>Household</b>		
<p><i>**20 528 Households have access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the highest number recorded in the Billing Reports between 2018/19 and 2019/20, as the Water Services Section does not remove a connection to a house once it is connected; a disconnection actually constitutes a flow restriction and not a removal of piping etc.</i></p>		

**Table 80:** Waste Water (Sanitation) Service Delivery Levels

## 3.4.5 Employees: Waste Water (Sanitation) Reticulation

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	4	3	1	25.00
4 - 6	13	51	42	9	17.65
7 - 9	9	19	12	7	36.84
10 - 12	2	10	7	3	30.00
13 - 15	1	1	1	0	0.00
16 - 18	0	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>36</b>	<b>86</b>	<b>68</b>	<b>18</b>	<b>20.93</b>

**Table 81:** Employees Waste Water (Sanitation) Reticulation

## 3.4.6 Capital: Waste Water (Sanitation) Reticulation

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kranshoek: Upgrade sewer reticulation	0	0	0	0
Kranshoek: Reconstruction PS2	300 00.00	300 000.00	0	300 000.00
Tools and equipment	100 000.00	205 000.00	111 177.51	93 822.49
Tools and equipment	0	0	(111 177.51)	111 177.51



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Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Pump station equipment	1 200 000.00	1 165 000.00	827 278.44	337 721.56
Replace LDV: Water	375 000.00	375 000.00	344 325.12	3 0674.88
Replace LDV: Water	0	0	(344 325.12)	344 325.12
New digger loader: water	0	0	0	0
New jetting machine: water	0	0	0	0
Kranshoek upgrade PS3	800 000.00	800 000.00	961 308.10	(161 308.10)
Ebenhaezer new bulk sewer ser	3 557 827.00	3 343 914.00	3 343 914.00	0
Informal settlement	1 300 000.00	0	0	0
Kranshoek: Upgrade sewer reticulation	2 000 000.00	2 600 000.00	1 532 352.64	1 067 647.36
Kurland: New sewer	500 000.00	500 000.00	499 565.22	0
Ebenhezer: New sewer	1 000 000.00	2 000 000.00	1 606 162.17	0
Erf 4367 (SHELL): New sewer	500 000.00	0	0	0
Kurland: Upgrade WWTW	4 000 000.00	2 000 000.00	1 777 071.40	0
Piesang Valley Pump Station	3 000 000.00	3 000 000.00	4 035 868.70	0
New digger loader: water	0	0	0	0
New jetting truck	0	0	0	0
Step screen - Gansevallei	0	140 000.00	25 290.67	0
New jetting truck	0	140 000.00	25 290.67	0
New jetting truck	0	1 097 550.00	1 097 550.00	0
New digger loader: Water	0	1 069 660.00	1 069 660.00	0
<b>TOTAL</b>	<b>18 632 827.00</b>	<b>18 596 124.00</b>	<b>16 776 021.34</b>	<b>2 124 060.82</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 82:** Capital Expenditure 2020/21: Waste Water (Sanitation) Provision

## 3.5 Electricity

### 3.5.1 Introduction to Electricity

Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.





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The objective is to make electricity available to all households identified within a year after the requirement has been identified. The top three service delivery priorities are to complete planning on time, including additional capacity into the municipal grid to ensure that funding is in place for all bulk infrastructure and electricity connections, and to perform in terms of the standards set during the construction stages.

The electricity division has endeavoured to improve its performance by working closer with the Human Settlement Departments, to integrate all functions within the relevant parties involved in the projects, and to have approved master plans in place for the roll-out of the projects. Since Eskom is supplying at various intake points, this sometimes requires that the electricity division together with Eskom must work together to ensure that the projects are implemented within the project timeframes to ensure adequate capacity remains available within the town. This implies also then that there must be good working relations with Eskom.

The Master Plan includes the identification of projects, programme and cash flow over a minimum period of five years. The Department of Minerals Resources and Energy (DMRE), (previously DoE), has successfully funded the entire upgrading of the Kwanokuthula Substation over a period of 4 years through the Integrated National Electrification Programme (INEP) ensuring additional capacity for future developments. Currently the same INEP programme is funding the Bulk Electrification to the new Ebenezer Development which is currently being implemented. Keeping good relations with DMRE and ensuring all grant funds are spent, will result in more financial support from DMRE.

Electrification priorities are determined in line with the Municipality's IDP and Human Settlements/Housing Programmes, with the exception of Kranshoek and Kurland, where Eskom is responsible for electrification and the Municipality is responsible for all other townships within the municipal area. Qolweni TRA's has been successfully electrified during this financial year and designs are already in place for the top structures. The aim is to request additional funds from INEP to ensure that a portion is allocated towards electrifying the top structures as planned by the Human Settlements/Housing Programmes.

## 3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
New 20MVA, 66/11kV Power Transformer at Kwanokuthula Sub Station	The 20MVA transformer has been commissioned as fully operational, allowing for additional capacity
Ebenezer Portion 20 – Bulk Electrification	Two new feeders has been installed to supply electricity to Ebenezer development. Phase 2 will be the construction of a switching station that will enable internal electrical reticulation with the development
Big Small Scale Embedded Generation approvals	Both Checkers and Market Square has installed 660kW and 770kW respectively, and the municipality has approved their applications
Stable network at New Horizons Switching Station	The municipality has been hard at work upgrading the electricity network at the New Horizons entrance, i.e. Saringa Rd, to ensure that the quality of supply is improved. The last phase will be concluded in 2021/22 financial year





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Highlights	Description
Minaar Land Electrification Project	The Bossiesgif/Qolweni Community received electricity connections to 164 TRA units, enabling the Qolweni housing project to continue as planned
Masterplan Updates	The Electricity Department obtained R800 000.00 from the Department of Local Government to update its masterplan. The project has been successful and will be presented at council for approval. This will allow the Department to effectively build its capacity to ensure economic growth within the town and to allow a more stable electricity supply
More Energy Efficiency and Demand Side Management Grant funds received	The Electricity department secured an additional R 4 195 000.00 to be used in 2021/22, for replacing its current HPS streetlight technology with more energy efficient LED lights. This has been the second time the department received an allocation, which means less electricity is consumed on streetlights and as lights are replaced, less streetlight maintenance

**Table 83:** Electricity Highlights

## 3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Ageing Infrastructure is failing, and sufficient funds are not available to address these challenges	Investigate the possibilities for more funds to be allocated to ensure ageing assets are replaced, hence improving quality of supply to its residents
Insufficient resources, i.e. fleet and human resources	Funding for additional vehicles to be prioritized and organizational review to be fast tracked
Illegal connections in informal settlements remains a challenge as it over burdens the transformers currently operating above its current carrying capacity	Human Settlements department to assist with putting measures in place to allow new informal dwellings to go through an IDP and Budget process, to better manage the funding of upgrading of existing infrastructure to ensure more capacity is made available and in that way, consumers will obtain <b>LEGAL</b> electricity connections
Influx of Solar PV Installations where consumers don't register through the SSEG process already developed by council	A policy has been developed detailing the requirements and processes that the department follows to ensure that all new SSEG applications receives the necessary attention and approval to ensure a safe electricity network. Those people who have not yet registered, will be afforded the opportunity to register their installation with no penalties

**Table 84:** Electricity Challenges

## 3.5.4 Electricity Service Delivery Levels

The table below indicates the electricity notified maximum demand:

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Plettenberg Bay	15 500kVA	(7.68%)	13 099kVA





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Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Wittedrift	400kVA	(8.86%)	296.91kVA
Keurboomstrand	1 700kVA	(10.21%)	1 984.82kVA
Natures Valley	1 000kVA	15.10%	764.45kVA
Brakloof	13 500kVA	8.39%	11 715.7kVA
Kwanokuthula has been terminated and merged with Brakloof			

**Table 85:** Electricity Notified Maximum Demand

The table below indicates the different service delivery level standards for electricity within the Municipality:

Description	*2019/20	2020/21
	Actual	Actual
<b>Household</b>		
<b><u>Energy:</u> (above minimum level)</b>		
Minimum Service Level and Above Sub-total	18 105	18 105
Minimum Service Level and Above Percentage	100	100
<b><u>Energy:</u> (below minimum level)</b>		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households</b>	<b>18 205</b>	<b>18 205</b>
<i>*The actuals of the 2019/20 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2019/20 financial year and does not take into account prior period corrections</i>		

**Table 86:** Electricity Service Delivery Levels

## 3.5.5 Employees Electricity

The table below specifies the service delivery levels for the year:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	8	4	4	50.00







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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	12	18	13	5	27.78
7 - 9	2	6	3	3	50.00
10 - 12	11	15	12	3	20.00
13 - 15	4	4	4	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>34</b>	<b>52</b>	<b>27</b>	<b>15</b>	<b>28.85</b>

**Table 87:** Employees: Electricity

## 3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Plettenberg Bay new generators	500 000.00	418 723.00	433 024.74	(14 301.74)
Kranshoek: New streetlights PH2	0	72 420.00	31 554.31	40 865.69
Magistrate court metering unit	1 051 140.00	1 051 140.00	1 051 140.00	0
Qolweni: New electrification	0	0	0	0
Kurland: New electrification	4 000 000.00	0	0	0
Tools and equipment	0	58 066.00	42 860.74	15 205.26
Tools and equipment	0	0	(42 860.74)	42 860.74
LDV: Electricity	0	1 101 934.00	0	1 101 934.00
Ebenhezer bulk infrastructure portion 20	3 794 783.00	3 478 261.00	3 451 020.92	2 7240.08
Ebenhezer bulk infrastructure portion 20	0	565 900.00	451 641.94	114 258.06
Minaar Land: Electrification	627 000.00	709 000.00	677 473.72	31 526.28





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Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
11kv Links Kwanokathulo and Brakkloof station	555 500.00	555 500.00	555 212.40	287.60
New Horizons: upgrade MV cable (LIB)	216 000.00	216 000.00	291 869.56	(75 869.56)
Kwanokthulo: Upgrade bulk electricity PH4B	553 043.00	0	0	0
Qolweni: New electrification	800 000.00	800 000.00	492 327.87	0
New Hirzons: Replace faulty cable	720 000.00	720 000.00	720 000.00	0
New Horizons: 11kv Switching STN	240 000.00	240 000.00	240 000.00	0
Security key sites - CRR	0	845.00	844.87	0
Security key sites - CRR	0	0	(844.87)	0
Bowtie HV metering unit	500 000.00	360 000.00	360 000.00	0
Security key sites - CRR	0	0	0	0
High mast light: Qolweni/ Kwanokathulo	0	480 000.00	416 402.60	0
Streetlights: Piesang Valley RD circle	0	500 000.00	0	0
<b>Total</b>	<b>13 557 466.00</b>	<b>11 327 789.00</b>	<b>9 171 668.06</b>	<b>1 284 006.41</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 88:** Capital Expenditure 2020/21: Electricity Services

## 3.6 Waste Management (Refuse Collections, Waste Disposal, Street Cleaning and Recycling)

### 3.6.1 Introduction to Waste Management

The collection of household refuse or the lack thereof is one of the most powerful visual benchmarks on which the Municipality's service can be assessed. Bitou Municipality uses a split bag system for separation at source. Households put a black bag at curb side on the day of domestic refuse collection and a yellow bag of recyclable material the day after normal collections.

The standard service level for formal residences is a once a week curb side waste collection service. Most residential properties have been provided with 240 litre/140 litre wheelie bins which is a measure of containerizing of waste and a prevention of blown litter.





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Street sweeping is an important cleaning service to ensure public road safety. It also prevents the town's storm water system from becoming blocked or clogged with waste. Sweeping is done with the use of manual labour which is usually combined with litter picking.

Areas such as New Horizons, Kwanokuthula, Green Valley, Wittedrift, Kranshoek and Kurland Village are being serviced by community-based contractors.

The Municipality had only one landfill site, namely the Plettenberg Bay Landfill Site. This Landfill Site closed on the 15 December 2018 for rehabilitation. The Bitou Municipality's Transfer station is the main Waste Disposal Facility (WDF) and the Bitou Municipality have built a Drop-off Waste Facility at the Gansevallei next to the Waste Treatment Plant that is operational since 2020.

The status of the Plettenberg Bay Landfill Site is summarised below:

Plettenberg Bay Landfill Site Status	
Position of site	The site is located south of the urban centre of Plettenberg Bay (Site closed and decommissioned for rehabilitation)
Permit	16/2/7/K600/D3/Z1/P375
Year issued	2000
Classification of site: GSB+	GSB+
Type of operation (end – tip, trench, cell)	Cell
Estimated size of site	Approximately 12.5 ha
Estimated remaining life of site	Exceeded its lifespan and preliminary closure design is completed. Needs to be send to the Department of Environmental Affairs for approval.  Draft tender document completed and monitoring borehole installed
Separation of fresh and contaminated water	Yes
Groundwater monitoring	Yes
Volumes per day, week or month	Plettenberg Bay Landfill Site closed on the 15 December 2018 for rehabilitation
Is cover material available?	Yes – making use of incoming topsoil from building excavations
Is the drainage sufficient?	New cut-off drainage has been constructed +/- 250m as part of the rehabilitation of the site
Is there access control?	Yes – Security guards employed during the day and night, as well as gate control officers deployed
Is the site fenced?	Yes
Does the site have a sufficient buffer zone?	Site closed
Type of equipment utilised on site	Site closed





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Plettenberg Bay Landfill Site Status	
Operating hours	Site closed
Site facilities, i.e. ablutions, guard house	Ablution and guard house facilities
Estimated cost for closure	+/- R28 000 000

**Table 89:** Plettenberg Bay Landfill Site Status

Due to the closure of the municipal waste site on the 15 December 2018 for rehabilitation and the disposal of domestic waste, the domestic waste stream generated within the municipal area is now being transported by road to Petro SA Landfill Site in Mossel Bay. Petro SA does not permit the disposal of certain waste streams, i.e. green waste and builders' rubble.

## 3.6.2 Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
Rehabilitation of the Landfill Site	Contractors being appointed from January 2021 – February 2022 to rehabilitate the Plettenberg Bay Landfill Site
Purchase of Plant, equipment and machinery	<ul style="list-style-type: none"> <li>○ 2x Compactor Trucks;</li> <li>○ 1x Tipper Truck;</li> <li>○ 2x TLB;</li> <li>○ 1x Chipper Machine; and</li> <li>○ 1x sift truck</li> </ul>
Completion of the Gansevlei Waste Drop Off Facility	The Plant was built for green waste and recyclable material

**Table 90:** Waste Management Highlights

## 3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Breakdown of Trucks or equipment	Request for more budget from Council
Equipment shortage	Request for more budget from Council
Shortage of staff	Request for more budget from Council

**Table 91:** Waste Management Challenges

## 3.6.4 Waste Management Services Delivery Levels

The table below indicates the different refuse removal service delivery level standards within the Municipality:

Description	2019/20	2020/21
	Actual	Actual
Household		
Refuse Removal: (Minimum level)		





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Description	2019/20	2020/21
	Actual	Actual
<b>Household</b>		
Removed at least once a week	17 728	18 430
Minimum Service Level and Above sub-total	24 000	24 000
Minimum Service Level and Above percentage	140	140
<b><u>Refuse Removal:</u> (Below minimum level)</b>		
Removed less frequently than once a week	2	2
Using communal refuse dump	1	1
Using own refuse dump	1	1
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level sub-total	4	4
Below Minimum Service Level percentage	95%	95%
Total number of households	11 656	12 988

**Table 92:** Waste Management Service Delivery Levels

## 3.6.5 Employees: Waste Management Services

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	42	53	36	17	32.08
4 - 6	3	6	3	3	50.00
7 - 9	11	13	10	3	23.08
10 - 12	3	4	3	1	0.00
13 - 15	0	0	0	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>60</b>	<b>77</b>	<b>53</b>	<b>24</b>	<b>31.17</b>

**Table 93:** Employees: Waste Management Services





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## 3.6.6 Capital: Waste Management Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New tipper truck 10 cube	0	1 433 522.00	1 433 522.00	0
New trucks- skips	0	1 001 693.00	1 001 693.00	0
New TLB – waste x 2	0	3 123 094.00	3 123 094.00	0
New refuse truck	0	2 139 320.00	2 139 320.00	0
New chipping machine	0	1 009 850.00	1 009 850.00	0
Furniture	20 000.00	20 000.00	16 593.83	3 406.17
<b>Total</b>	<b>20 000.00</b>	<b>8 727 479.00</b>	<b>8 724 072.83</b>	<b>3 406.17</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 94:** Capital Expenditure 2020/21: Waste Management Services

## 3.7 Housing

### 3.7.1 Introduction to Housing

The multi-year development plan illustrates the projected housing projects for at least the next 10 years. The current housing provincial approved beneficiary waiting list is **8 396**. An additional estimate of 150 people are not registered on the waiting list database.

The table below indicates the priority housing sites:

Site	Units
<b>Subsidy: Priority 1</b>	
Kwanokuthula Phase 4	441
<b>Subsidy Priority 2</b>	
Qolweni Temporary Relocation Area (TRA)	164
<b>Subsidy Priority 3</b>	
Qolweni Phase 3A	169
Kurland TRA and Civil services	224
Ebenezer	204

**Table 95:** Prioritised Housing Sites





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## 3.7.2 Highlights: Housing

The table below specify the highlight for the year:

Highlights	Description
150 Keys handed over to new homeowners	Keys were handed over to beneficiaries of the 441 project
Completion of the construction of 32 emergency housing units	The 32 units form part of the 69 Emergency Housing Project
Installation of 204 services in Ebenezer	40% of the 204 sites in the Ebenezer were serviced

**Table 96:** Housing Highlights

## 3.7.3 Challenges: Housing

The table below specify the challenge for the year:

Description	Actions to address
Beneficiaries do not demolish their shacks when allocated formal housing units which places an extra burden on the Municipality to clear the area	The municipality will demolish the shacks immediately after formal house is allocated to a beneficiary
Employment/economic opportunities has led to influx of people to Plettenberg bay which places a major strain on available housing through-out the area	Affordable rental accommodation to be provided
Beneficiaries not occupying their housing units – selling or renting houses to third parties	Stricter occupation to be enforced as per occupation agreement in the deed of sale

**Table 97:** Housing Challenges

## 3.7.4 Housing Service Delivery Levels and Statistics

The table below indicates the different housing service delivery levels and statistic standards within the urban edge area of the Municipality:

Number of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements (%)
2019/20	27 371	21 530	78.65
2020/21	35 000	28 000	80

**Table 98:** Households with Access to Basic Housing

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 8 396 housing beneficiaries registered on the provincial housing waiting list compared to the 8 200 in 2019/20.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2019/20	8 200	3.67





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2020/21	8 396	1.96
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**Table 99:** Housing Waiting List

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
*2018/19	84 127	70 151	83.30	71	Land purchased R 59 622 396
2019/20	47 061	2 500	5.3	0	164
2020/21	35 866	9 740	55	352	The service of the 204 sites in Ebenhauzer is on-going process

**Table 100:** Houses Built

## 3.7.5 Employees: Housing

The following table indicates the staff composition for this division:

Employees: Housing					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50.00
4 - 6	1	1	1	0	0.00
7 - 9	14	8	8	0	0.00
10 - 12	2	1	1	0	0.00
13 - 15	1	1	1	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>20</b>	<b>14</b>	<b>13</b>	<b>1</b>	<b>71.40</b>

**Table 101:** Employees: Housing

## 3.7.6 Capital Expenditure – Housing

No capital budget was allocated for the 2020/21 financial year.





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## 3.8 Free Basic Services and Indigent Support

### 3.8.1 Introduction

A debtor is considered indigent if the gross household income is equal to or less than R3 500 per month. All indigent households are receiving 6Kℓ water and 50KwH electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications semi-annually in order to qualify for the benefits.

### 3.8.2 Service Delivery Levels

The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2019/20	19 638	7 430	37.83	2 357	12.00	2 357	12.00	2 357	12.00
2020/21	19 721	7 685	38.97	3 931	19.93	3 931	19.93	3 931	19.93

**Table 102:** Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2019/20	2 357	50	1 356	5 009	50	2 881.00	2 714	50	1 561
2020/21	3 931	50	2 402	3 754	50	2 294.00	2 674	50	1 634

**Table 103:** Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2019/20	2 357	6	1 418	0	0	0
2020/21	3 931	6	2 264	0	0	0

**Table 104:** Free Basic Water Services to Indigent Households



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Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2019/20	2 357	438.83	12 412	0	0	0
2020/21	3 931	524.87	24 760	0	0	0

**Table 105:** Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2019/20	2 357	1	7 135	0	0	0
2020/21	3 931	1	12 493	0	0	0

**Table 106:** Free Basic Refuse Removal Services to Indigent Households per Type of Service

Financial Performance 2020/21: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2019/20	2020/21			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000			R'000	
Water	0	0	0	0	0
Waste Water (Sanitation)	11 227	9 785	9 155	9 217	62 208
Electricity	3 429	3 610	3 783	3 818	35 291
Waste Management (Solid Waste)	6 282	5 796	44 639	42 250	2 214

**Table 107:** Financial Performance 2020/21: Cost to Municipality of Free Basic Services Delivered

## COMPONENT B: ROAD TRANSPORT PROVISIONS

### 3.9 Roads

#### 3.9.1 Introduction: Roads

The objective of maintenance of a municipal road network is the provision of a safe, comfortable to use roads and where maintenance is performed, before defects become hazardous. This is the “apparent” service delivery that the road user (driver or passenger) can physically see and, perhaps more importantly (from their perspective), feel.

This is economic service delivery. A further important factor to consider is that of excess vehicle operating cost (EVOC). A poorly maintained road (i.e. potholed and/or excessively patched) is in the region of 75% more expensive



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to drive on than a well-maintained road. The failure to undertake timeous and correct road maintenance imposes an effective financial “double whammy” on the road user. For effective road maintenance, a management plan renders effective and efficient “pro-active” preventative maintenance possible.

The roads are evaluated and managed with the pavement management systems which presents a network level proposal for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section. It is essentially a network level tool. The completion of the network conditions was assessed 1999, 2004, 2008, 2011, 2015, 2018 and 2021 with the Rural Road Assets Management System.

Visual assessment forms the basis of evaluation of the condition (surface, structural and functional) of the road network and the need for specific actions.

Different road sections require different types of maintenance varying from routine and normal to heavy rehabilitation. Possible project types range from routine maintenance (e.g. patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. thick overlays and reconstruction).

With the limited funds available it is important that these funds be spent at the right place at the right time to ensure optimum use of funds. The use of a Pavement Management Systems is accepted as essential for determining the maintenance and upgrading needs/programs for pavements in a network of roads.

The repair and maintenance of road crossings and pipe burst have a major effect on the maintenance program and are estimated at more than R2 million per year.

The rating system includes more than 15 distress types within the following subgroups:

Visual/Surface (VCI) – the condition of the surfacing relates to its quality as a suitable riding surface for traffic and as an impermeable layer, preventing ingress of water into the pavement structure. “In general, the overall VCI for Bitou LM is at 59.8 (fair) and the general pavement surface condition is mostly dry and brittle.”

Structural – the condition of the structure relates to its ability to withstand traffic loads

Functional (FCI) – the functional condition is a measure of the level of service currently provided by the pavement, as perceived by the road user. “In general, the overall FCI for BLM is at 71.6 (good) with the riding quality, skid resistance and unkerbed/unpaved shoulders being the most dominant defects.”

The total length of the paved network is 155.9km (142.2km tar, 13.1km block paving and 0.6km concrete pavements) with an estimated replacement value of R764 023 million. The average condition of the network can be rated as fair, with 5% of the surfacing and 12% of the structure in the poor to very poor category.

## **Rehabilitation Priorities**

An amount of R38.2 million has been estimated to rehabilitate 22.99km of the road network covering an approximate area of 126 950.33sqm within the municipal area. **An amount of R7.637 million for rehabilitation** for the next five years is required, plus consultant’s fee 17% for rehabilitation to be spent annually on the road network to eradicate the existing backlog with the key objective of rehabilitation to restore the road to an acceptable structural capacity and level of service.





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Where rehabilitation remedial measure has been recommended and selected out of any one of the three, in light rehabilitation, medium rehabilitation and heavy rehabilitation depending upon prevailing conditions affecting the road segment in question.

## *Resurfacing/Reseal Priorities*

An amount of R55 million has been estimated to resurface 42.2km of the road network covering an approximate area of 239 754.56sqm within the municipal area. **An amount of R11.460 million for resurfacing** for the next five years is required to restore the condition of the network to an excellent level of service.

The following are detrimental to roads networks and results in additional maintenance:

- road crossings poorly reinstated;
- over irrigation of sidewalks which run-off on the road surface;
- discharging of stormwater;
- pool backwash;
- underground water seepage; and
- alterations to the sidewalks, which hamper stormwater discharge.

## *Gravel Roads*

The Gravel Road Management System (GRMS) report presents a network level proposal for maintaining the roads. Visual assessments form the basis of the evaluation of the condition of the road network and the need for specific actions. Different road sections may require different types of maintenance varying from normal and special, to scheduled maintenance. Project types can include - blading, reshaping, reworking, re-graveling or even upgrading of the road to a higher standard.

## *Visual Gravel Index*

- A condition index has several useful applications, including the following:
- As a relatively simple way to communicate the health of the system or individual roads to management, planners and politicians;
- As a parameter to compare the general condition of different road networks;
- To indicate the rate of deterioration of individual pavement segments;
- As a factor in a priority rating method; and
- As a fast technique for estimating average costs to maintain or rehabilitate a candidate project.

The rating system includes more than 15 distress types within the following subgroups:

- Surface/structural – the condition of the surfacing relates to its quality as a suitable riding surface for traffic and as an impermeable layer, preventing ingress of water into the pavement structure and further looks into its ability to withstand traffic loads.
- Gravel properties – the properties of the gravel material provide insight as to the durability and mechanistic behaviour of the wearing course.







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- Functional – the functional condition is a measure of the level of service currently provided by the pavement, as perceived by the road user.

In general, the overall VGI for Bitou is at 19.0 (very poor) and the general road surface condition largely affected by dustiness and fixed stoniness.

## *The Impact of Unpaved Roads on the Broader Community*

Some of the costs attributable to unpaved roads are more difficult to define, as they are not borne by the road authorities. They are however, real costs to the economy and, as such should be considered by a road authority.

Some of these costs are:

- Road User Costs
- Environmental Costs
- Social Costs

According to studies carried out by the World Bank and taking all the components of road user costs into account it could cost up to two and a half times more to travel on gravel than on paved roads. Furthermore, studies have shown that the fuel consumption of a motor car increases by up to 20% and a truck by 27% on a poor condition gravel road when compared with a paved road.

## *Preventative Maintenance Application Strategies*

The following schedule of activities is suggested for the gravel roads:

- Grader blading to occur twice per annum
- Shaping the profile to occur once per annum
- Re-gravelling to occur every 5-years for streets with ADT > 50 and 9 years for streets with ADT ≤ 50, however spot re-gravelling may take place at the discretion of the municipality
- Road side maintenance teams also have to be brought into the picture to maintain the road reserve area 3 m adjacent from the road shoulder, this may occur on a quarterly basis

The total unpaved network is 40.958km of which 36.958km are gravel roads and the rest can be defined as track roads. The average condition of the unpaved network can be rated as good to fair with only 16% of the roads in the poor to very poor category. The total replacement value of the entire municipal area's gravel road network is in the region of R26.8 million.

An amount of R4.241 million has been estimated for regular blading and shaping by a motor grader, as well as periodic re-gravelling to replace lost material in order to keep them in good condition.

## *Upgrading network*

The upgrade needs are viewed from a functional point of view, but consideration is also given for the upgrade of the dirt roads to gravel standard. An amount of R7.2 million has been estimated for the upgrade of gravel roads.

## **3.9.2 Highlights: Roads**

The table below specifies the highlights for the year:





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Highlights	Description
Resurfacing of Marine Drive Road	24% of Marine Drive has been resurfaced

**Table 108:** Roads Highlights

## 3.9.3 Challenges: Roads

The table below specify the challenges for the year:

Description	Actions to address
Fibre cabling	Currently in the progress to ensure the accommodation of fibre cabling can be done

**Table 109:** Roads Challenges

## 3.9.4 Roads Service Delivery Levels and Statistics

The table below reflects the different service delivery level standards for roads within the municipal area:

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2019/20	40.00	0	0.00	40.00
2020/21	14	0	0	14

**Table 110:** Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2019/20	142.70	0	9.10	1.66	142.70
2020/21	142.70	0	0	0.9	142.70

**Table 111:** Tarred Road Infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the Municipality:

Financial year	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
2019/20	0	0	2 000	0	4 294	8 450
2020/21	0	0	2 000	0	1 800	11 000

**Table 112:** Cost of Construction/Maintenance of Roads

## 3.9.5 Employees: Roads

The following table indicates the staff composition for this division:





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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	20	11	9	45.00
4 - 6	5	16	5	11	68.75
7 - 9	3	5	2	3	0.00
10 - 12	1	2	2	0	0.00
13 - 15	1	2	2	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>19</b>	<b>46</b>	<b>23</b>	<b>23</b>	<b>50.00</b>

**Table 113:** Employees: Roads

## 3.9.6 Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kwanokathulo new walkways	500 000.00	500 000.00	500 000.00	0
Kranshoek upgrade gravel roads (MIG)	5 733 733.00	5 733 733.00	6 960 019.45	(1 226 286.45)
Kranshoek upgrade gravel roads	981 701.00	981 701.00	3 838 979.13	(2 857 278.13)
Kwanokathulo: Upgrading of roads	3 700 000.00	3 700 000.00	1 629 177.34	2 070 822.66
Kurland: New roads	500 000.00	300 000.00	300 000.00	0
Speedhumps	200 000.00	200 000.00	200 000.00	0
Ebenhezer: New roads	1 500 000.00	2 750 000.00	2 750 000.00	0
Replace trucks: Roads	0	930 732.00	930 732.00	0
<b>Total</b>	<b>13 115 434.00</b>	<b>15 096 166.00</b>	<b>17 108 907.92</b>	<b>(2 012 741.92)</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 114:** Capital Expenditure 2020/21: Roads and Stormwater





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## 3.10 Stormwater

### 3.10.1 Stormwater

The major stormwater system of the Municipality's service area consists of all-natural waterways, including springs, streams, rivers, wetlands and dams. It includes detention and retention dams and other devices constructed to control stormwater. Roadways and their associated drainage structures are part of the major storm water system if they result in a significant deflection of stormwater from its natural overland flow path.

The minor stormwater system consists of any measures provided to accommodate stormwater run-off within sites and road reserves and convey the run-off to the major stormwater system. These measures include gutters, conduits, beams, channels, road verges, small watercourses and infiltration constructions.

Stormwater run-off should not be concentrated to an extent that would result in any damage to the environment during storms with a probability frequency of more than 1 in 10 years and would result in only minor, repairable damage in storms with a probability frequency more than 1 in 50 years. All elements of the built and natural environment must be able to withstand a 1 in 100-year storm event without significant consequential loss and risk to property and life. Note that a "storm frequency" equates to a "probability of occurrence" of a storm event that should be used to assess the annual budget or insurance provision for remedial works, should the event occur.

In all catchments, the watercourses and built stormwater infrastructure must be maintained in a clean state, free of any rubbish, debris and matter likely to pose any pollution threat to the lower reaches of the watercourses.

The built info collection of all the areas in throughout the Municipality is in progress. This will determine the requirements of needed stormwater upgrade caused by funding constraints. The strategy was to develop a Stormwater Master Plan that is in progress to be completed (Kurland, Natures Valley, Keurboomstrand, Plettenberg Bay). The funding in the previous financial year 2018/19 was used due to cut in the funding for other years. Investigation and planning of the Kwanokuthulakuthula stormwater system was done.

Master drainage planning should be contemplated on a catchment-wide basis, irrespective of urban and other man-made boundaries. The full environmental impact of the stormwater on that catchment must be investigated and is the responsibility of the controlling regional or local authority. The hydrological processes in the specific area need to be investigated and statistical data obtained. Hydraulic routing of the stormwater must be considered. In analysing storm water drainage, consideration may be given to the use of open spaces like parks, sports fields and transport circulation routes. It is assumed that, with development, there is an increase in both the overall quantity and the peak flow rate of the run-off.

The stormwater management philosophy encourages the following:

- Maintain adequate ground cover at all places and at all times to negate the erosive forces of wind, water and all forms of traffic
- Prevent concentration of stormwater flow at any point where the ground is susceptible to erosion
- Reduce stormwater flows as much as possible with the effective use of attenuating devices
- Ensure that development does not increase the rate of stormwater flow above that which the natural ground can safely accommodate at any point in the sub-catchments
- Ensure that all stormwater control works are constructed in a safe and aesthetic manner in keeping with the overall development theme for the area





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- Prevent pollution of waterways and water features by suspended solids and dissolved solids in stormwater discharges
- Contain soil erosion, whether induced by wind or water forces, by constructing protective works to trap sediment at appropriate locations. This applies particularly during construction
- Avoid situations where natural or artificial slopes may become saturated and unstable, both during and after the construction process

The estimated cost to address the stormwater demands are addressed in the Stormwater Master Plan for the various areas:

Area	Cost
Kwanokuthula	R 38 531 563.00 (October 2016)
Green Valley and Wittedrift Stormwater	R 22 198 081.58 (April 2016)
Kranshoek	R 20 184 425.45 (July 2015)
New Horizons	R 20 906 002.00 (September 2017)
Poortjies	R 3 360 000.00 (April 2017)

**Table 115:** Stormwater Master Plan Cost

The main purpose of the stormwater management function in the Municipality is to mitigate the damage to and increase the lifespan of the road infrastructure.

Much of the work carried out by the department relates to the following activities:

- Unblocking of stormwater drainage system
- Replacement of missing manhole covers
- Maintaining the entire infrastructure (stormwater)
- Cleaning and rehabilitation of the stormwater system and culverts
- Replacing broken pipes, catch pit inlets, manhole slabs and covers
- Installing new stormwater systems, construction of open channels and sub-soil drains

## 3.10.2 Challenges: Stormwater

The table below specify the challenge for the year:

Description	Actions to address
Illegal dumping of refuse in storm water outlets/inlets, open channels and manholes	Stormwater system should not be accessible by community
Damages to infrastructure e.g. broken manhole lids, kerb inlets damaged by vehicles etc.	Manhole lids should be replaced by more stronger and durable lids

**Table 116:** Stormwater Challenges

## 3.10.3 Stormwater Drainage Service Delivery Levels

The table below shows the total kilometres of stormwater maintained and upgraded, as well as the kilometres of new stormwater pipes installed:





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Stormwater Infrastructure				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2019/20	82.00	0.00	0	82.00
2020/21	82.00	0.00	0	82.00

**Table 117:** Stormwater Infrastructure

The table below indicates the amount of money spend on stormwater projects:

Financial year	Cost of Construction/Maintenance of Stormwater Systems		
	New R'000	Upgraded R'000	Maintained R'000
2019/20	0	0	1 500
2020/21	0	0	805

**Table 118:** Cost of Construction/Maintenance of Stormwater Systems

## 3.10.4 Employees: Stormwater

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		20	11	9	45.00
4 - 6		16	5	11	68.75
7 - 9		5	2	3	60.00
10 - 12		2	2	0	0.00
13 - 15		2	2	0	0.00
16 - 18		1	1	0	0.00
19 - 20		0	0	0	0.00
<b>Total</b>		<b>46</b>	<b>23</b>	<b>23</b>	<b>50.00</b>

**Table 119:** Employees: Stormwater







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## COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

### 3.11 Planning

#### 3.11.1 Introduction to Planning

The Land Use Management and Environmental Management Section experienced a successful year although the advent of COVID-19 impacted on the operations of the Section. There was a period during which officials worked from home which by large worked well, with the normal service delivery being maintained. Applications were submitted electronically although there were administrative challenges due to the post office and other sector departments not being operational. Challenges were overcome by making use of electronic / remote communication (e-mails, skype calls etc). What was learnt due to the COVID-19 Lockdown experience is that it is not always necessary to physically meet and many engagements can take place remotely leading to a decrease in travel time and costs.

The Spatial Development Framework went through certain amendments and will follow a further round of public participation in the next financial year. This will ensure compliance with the Spatial Planning and Land Use Management Act (SPLUMA, Act 16 of 2013) in terms of process and content, and to bring the long-term strategic planning vision and objectives of the Municipality in line with that of the current generation Municipal Integrated Development Plan (IDP).

Likewise, the Bitou Zoning By-law underwent a dramatic change and will also follow a further round of public participation, also in the next year. This will result in the integration of three "Zoning Schemes" into one, which will simplify interpretation and implementation.

#### ENVIRONMENTAL MANAGEMENT

An Environmental Monitoring programme was initiated under the Expanded Public Works Programme in 2020, which saw the appointment of seven participants to assist in environmental matters within the municipal area. The Environmental Monitors have assisted in the following projects:

- Beach Clean-Ups
- Nurdle Spill Clean-up
- Recycling awareness raising campaigns in all communities
- Clean-up and rehabilitation of illegal dumpsites
- Tree planting

Baboon monitoring and associated community waste management

Placement of dune and bird-breeding signs in collaboration with Nature's Valley Trust and Birdlife Plettenberg Bay.

The Environmental Monitoring programme is set to continue in 2021/22 with the new EPWP intake and be expanded to include participants from the Covie community





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## 3.11.2 Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
Implementation of digital processing	Electronic submission of applications and general communication via e-mail / skype were proven to be successful
Hands-on environmental monitoring	Having an Environmental Management Officer allowed effective monitoring of environmental issues
Continued assistance to sister departments by GIS	Assistance in asset Management, revenue enhancement, disaster management etc

**Table 120:** Planning Highlights

## 3.11.3 Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
Staff capacity remains a challenge	The current organogram is not aligned to the workload and responsibilities thereby hindering efficient service delivery. New structuring is being investigated
COVID-19	The impact of COVID-19 on businesses is felt throughout the Bitou area and has an obvious impact of the Bitou economy in total

**Table 121:** Planning Challenges

## 3.11.4 Planning Service Delivery Levels

The table below reflects the different service delivery level standards for planning within the municipal area:

Applications for Land Use Development		
Detail	Built Environment	
	2019/20	2020/21
Planning application received	126	63
Determination made in year of receipt	36	11
Determination made in following year	20	10
Applications withdrawn	6	3
Applications closed	42	22
Applications outstanding at year end	66	4

**Table 122:** Applications for Land Use Development

Type of service	2019/20	2020/21
Building plan applications processed	374	302





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Type of service	2019/20	2020/21
Total surface (m <sup>2</sup> )	78 520.95	47 066 36
Approximate value (Rand)	465 187 051	313 178 810
Residential extensions	245	210
Land use applications processed	126	41
Rural applications	51	29

**Table 123:** Additional Performance Town Planning and Building Control

## 3.11.5 Employees: Planning

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	1	1	1	0	0.00
7 - 9	0	0	0	0	0.00
10 - 12	2	2	2	0	0.00
13 - 15	4	5	4	1	20.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>11.11</b>

**Table 124:** Employees: Planning

## 3.12 Local Economic Development (including Tourism and Market Places)

### 3.12.1 Introduction to Local Economic Development (LED)

The LED and Tourism Unit is tasked with the obligation of growing the Bitou economy by enabling small, medium and micro-sized enterprises (SMME), creating an environment wherein business can optimally operate and to ensure that sustained increases in growth is obtained. Tourism is key to the success of the Bitou economy and is seen as a primary source for revenue enhancement and creating job opportunities. Other critical key success areas are agriculture, the marine economy, eco-education and environment /adventure driven sports.

### 3.12.2 Highlights: LED

The table below specifies the highlights for the year:





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Highlights	Description
Bitou Nedbank Incubator	SMME development programme to the value of R1m per year aimed at incubating and developing local SMME's in partnership with Nedbank and SEDA
Kurland Mushroom Project	The Kurland Mushroom Project was approved by the Department of Minerals and Energy for implementation Kurland brick is sponsoring the property and renovations as well as mentoring and coaching of beneficiaries in this project. The municipality contributes in this partnership by sponsoring the stipend for the Learnership. The objective is to produce mushrooms from recycled waste for the local market.
Harkerville Agri-project	DEADP is partnering with the COOP to develop a sustainable model for an agri-processing plant
Umyezo Agri- project	Sustained water supply and irrigation system completed
ABSA Catalytic Programme	Successfully completed the ABSA Catalytic programme to employ 12 matriculants in their first year after school.

**Table 125:** Highlights: LED

## 3.12.3 Challenges: LED

The following challenge with regard to the implementation of the LED Strategy is:

Description	Actions to address
The COVID-19 Pandemic has a stalling effect on economic activity	Continuously support local businesses and create local opportunities for increased economic activities

**Table 126:** Challenges LED

## 3.12.4 Employees: LED

The following table indicates the staff composition for this division:

Job Level (T-grade)	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0.00
4 – 6	2	2	2	0	0.00
7 – 9	1	1	1	0	0.00
10 - 12	4	4	3	1	25.00
13 - 15	0	0	0	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00





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Job Level (T-grade)	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	8	8	7	1	12.50

**Table 127:** Employees: LED

## 3.13 Tourism

### 3.13.1 Introduction to Tourism

Tourism is outsourced to an existing tourism organisation namely the Plett Voluntary Tourism Association (PTVA) which acts as an executive and coordination organ for the promotion of sustainable tourism and tourism development in the municipal area by means of a strategic partnership with the Municipality. The responsibilities are based on a service level agreement (SLA) which includes 3 important areas such as marketing, administration and development. They receive an annual grant from the Municipality, but also receive membership fees from members who belong to the organisation. The PTVA utilises a variety of marketing tools to promote the area as a tourist destination, e.g. its website, brochures, print media, line advertising, social media, exhibitions, educational, as well as consumer and trade shows.

### 3.13.2 Highlights: Tourism

The table below specifies the highlights for the year:

Highlights	Description
Executed a successful seasonal plan that included mitigation contingencies for the COVID-19 pandemic	2020 Tourism Seasonal Plan
Implementation of first phase of the development of Qolweni Cultural Village	Funding secured through RSEP (Regional Socio-Economic Programme) to implement phase 1 of the Qolweni Cultural Village

**Table 128:** Tourism Highlight

### 3.13.3 Challenges: Tourism

The table below specifies the challenges for the year:

Description	Actions to address
COVID-19 pandemic has a stalling effect on the economic activities	Continuously support local businesses and creating local opportunities for increased economic activities

**Table 129:** Challenges Tourism





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## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.14 Libraries

#### 3.14.1 Introduction to Libraries

The public library provides free services and resources with a variety of materials to meet the needs of individuals and groups in its community with informational, educational, cultural, technological and personal development, as well as recreation as its objectives. As such, libraries are important in the development and empowerment of communities and should be available to everyone as set out in the *IFLA/UNESCO Public Library Manifesto, 1994*.

Norms and standards are essential to ensure the provision and consistent development of public library services to give effect to the draft *South African Public Library and Information Services Bill* of 2013 and the *Library and Information Services Transformation Charter* of 2014.

#### 3.14.2 Highlights: Libraries

The table below specifies the highlights for the year:

Highlights	Description
Digital Library Outreach Project	Because of Covid19, Bitou Libraries could not do the outreach programs because of lockdown restrictions. We came up with the "Digital Outreach Project" – which allowed us to target all our groups (Children, teens, adults and old people) and provide outreach programs to them Digitally by publishing it on social media sites, Bitou website and YouTube channel
Keep safe Initiative (Sanitizer outreach project)	Visit the surrounding communities in the Bitou Area and provide them with Sanitizers and Hygiene products in an attempt to combat the spread of Covid19. During these visits we provided 25L sanitizers to (Old age homes, Creches or schools)
Permanent appointment of Bitou Library staff	<ul style="list-style-type: none"> <li>○ All Bitou Library personnel are finally "Permanently employed". This has been an on-going struggle for years and finally a favourable outcome was reached</li> <li>○ All Long service – All staff are eligible for this benefit depending on the amount of years in-service for the organisation</li> </ul>
Building of veranda for Kurland and New Horizon	The Capital Project for Kranshoek was completed. The Veranda has been completed, and sliding doors have been installed
Installation of automated door – New Horizon Library	New Horizon Library had a "Swing Door" that was posing as a OHS risk, due to the extreme weight and being made of Glass. A replacement Automated Sliding door has been installed
Setup and delivery of concrete benches – All Libraries	All Libraries have Concrete benches along the perimeter to assist Patrons using the Wi-Fi
Successful enrolment of 8 x Library personnel in an accredited UKS training course	8 x Library Staff members have been enrolled in the accredited course for "Library Assistants: through UKS training academy

**Table 130:** Libraries Highlights







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## 3.14.3 Challenges: Libraries

The table below specifies the challenges for the year:

Description	Action to address
Capital Projects – Green Valley Roof replacement and Paving Project	The Green Valley Roof replacement project has already been initiated. It is at the BSC level
Kurland Library Veranda – Finishing off	To be completed 2021/22
IP Cameras – 3 Libraries	There is currently a tender with Pixifield for IP cameras. We will utilize this Tender to procure the devices for the 3 x remaining libraries
Public Wi-Fi – Inside Bitou Libraries	Methods for providing Wireless Internet inside the Library are being investigated rather than only focusing on outside users

**Table 131:** Libraries Challenges

## 3.14.4 Service Statistics for Libraries

The table below specifies the service delivery levels for the year:

Type of service	2019/20	2020/21
Number of libraries	6 Library Services	6 Library Services
Library members	22 457	16 274
Books circulated	120 000	44 462
Exhibitions held	216	131
Internet access points	6 Libraries	6 Libraries
Children's programmes	216	126
Visits by school groups	1 501	220
Book group meetings for adults	16	14
Primary and secondary book education sessions	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, private schools, South Cape College, ECD, UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, private schools, South Cape College, ECD, UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups

**Table 132:** Service Statistics for Libraries

## 3.14.5 Libraries Outreach programmes:

The table below specifies the outreach programmes conducted by library services:

Type of programme	Description	Library
Teenager reading clubs	None – Due to COVID-19 Lockdown Regulations	



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Type of programme	Description	Library
Computer literacy programmes	Cape Access – Accredited ICDL training course	
Recycling projects	None – Due to COVID-19 Lockdown Regulations	
Weekly aerobics classes	None – Due to COVID-19 Lockdown Regulations	
Story hour	Digital story hours	None – Due to COVID-19 Lockdown Regulations
Weekly arts classes	None – Due to COVID-19 Lockdown Regulations	
Student support	This is ongoing. Libraries work in close collaboration with schools so that we can easily assist our patrons as we know what projects/ assignments they are working on	

**Table 133:** Outreach Programmes Libraries

## 3.14.6 Employees: Libraries

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0.00
4 - 6	19	19	19	0	0.00
7 - 9	2	6	3	3	50.00
10 - 12	5	5	5	0	0.00
13 - 15	1	2	2	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>28</b>	<b>33</b>	<b>30</b>	<b>3</b>	<b>100.00</b>

**Table 134:** Employees: Libraries

## 3.14.6 Capital: Libraries

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Furniture	9 000.00	12 732.00	12 040.00	692.00
Computer equipment and accessories	83 000.00	47 269.00	47 230.69	38.31
Upgrade of municipal libraries	0	19 999.00	19 999.00	





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Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
<b>Total</b>	<b>92 000.00</b>	<b>80 000.00</b>	<b>79 269.69</b>	<b>730.31</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 135:** Capital Expenditure 2020/21: Libraries

## 3.15 Cemeteries

### 3.15.1 Introduction to: Cemeteries

The service provides burial space for the residents of the Bitou area.

### 3.15.2 Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
Extension of Kwanokuthula Cemetery completed	The cemetery is ready for new burials once the old cemetery reached it full capacity. This has increased the burial space for the Bitou Municipality

**Table 136:** Cemeteries Highlights

### 3.15.3 Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Staff shortages	Additional staff to be employed as at present there is only 1 x general worker and 1 x supervisor
Inadequate funding for maintenance	Budget for cemetery maintenance should be increased in order to create a more sustainable service
Vandalism at cemeteries	Communities residing around cemeteries should get involved in protecting assets via the ward councillor

**Table 137:** Cemeteries Challenges

### 3.15.4 Service Statistics for Cemeteries

The table below specifies the service delivery level for the year:

Type of service	2019/20	2020/21
<b>Pauper burials</b>	40	42

**Table 138:** Service Statistics for Cemeteries

### 3.15.6 Employees: Cemeteries

The following table indicates the staff composition for this division:



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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		9	1	8	88.89
4 - 6		13	11	2	15.38
7 - 9		5	3	2	40.00
10 - 12		1	1	0	0.00
13 - 15		0	0	0	0.00
16 - 18		0	0	0	0.00
19 - 20		0	0	0	0.00
<b>Total</b>		<b>28</b>	<b>16</b>	<b>12</b>	<b>42.86</b>

**Table 139:** Employees: Cemeteries

## COMPONENT E: SECURITY AND SAFETY

### 3.17 Law Enforcement

#### 3.17.1 Introduction to Law Enforcement

The Law Enforcement Section is responsible for law enforcement, and monitoring and management of the security service providers, the protection of municipal property, crime prevention duties, and the protection of our beaches, as well as monitoring of the security surveillance cameras. Municipal law enforcement is mandated by Government Gazette 23868 of 26 September 2002, to address shortfalls and hardships experienced by municipalities in South Africa relating to by-law empowerment, Business Act 1991 (Act 71 of 1991), Occupational Health and Safety and land use planning

#### 3.17.2 Highlights: Law Enforcement

The table below specifies the highlights for the year:

Highlights	Description
Liquor By-Laws	Twelve (12) liquor licenses and extension liquor trading hours handled and premises visited in conjunction with Plettenberg bay South African Police Services (SAPS) and Kwanokuthula SAPS
Stray Animals	Law Enforcement attended to 91 stray animals in total. Stray animals are a problem in all the wards, most of the time it is on the N2 near Rasta in Qolweni, Kwanokuthula, Entrance, Kranshoek road, Sasol Harkerville and Craggs
Riots/ Protest	Law Enforcement were faced with riots from 14 – 18 June 2021 Qolweni. The N2 between N2 Shell Traffic Circle and N2 Pika Turnoff was closed and traffic was directed through Airport Road. The Law Enforcement unit had to maintain order until the Public Order





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Highlights	Description
	Police arrived on the scene and it normally takes them 2 hours to arrive from Oudtshoorn
Liquor By-Laws	Six (6) liquor licenses and extension liquor trading hours handled and premises visited in conjunction with Plettenberg bay SAPS and Kwanokathulo SAPS
Joint Crime Prevention operations with SAPS and Garden Route and Department of Health	<ul style="list-style-type: none"> <li>The section conducts monthly crime prevention operations with SAPS and this have proven to be a huge success as the members of the community appreciates that. COVID – 19 Awareness Campaigns were done twice every month in all 7 Wards at local Spaza Shops</li> <li>In collaboration with Department of Health SAPS, Bitou Waste Department and Law Enforcement a Joint Operation was conducted in Kwanokuthula for the sale of expired food at the Spaza Shops</li> </ul>
100% staff complement during the Covid 19 Regulation	During this period Law enforcement staff were assisting SAPS, Department of Health and Disaster Management to enforcing the COVID-19 Regulations
Establishment of Crime prevention and River By Law Unit	A unit for crime prevention and enforcing of River By-Laws was established
Appointment of one Operational Inspector and one River By-Law and Aerodrome Officer	<ul style="list-style-type: none"> <li>Inspector A. Coetzee was appointed as Operational Shift Inspector 01 December 2020</li> <li>Officer N. Maart was appointed as River bylaw and Aerodrome Officer 01 June 2021</li> </ul>

**Table 140:** Law Enforcement Highlights

### 3.17.3 Challenges: Law Enforcement

The table below specifies the challenges for the year:

Description	Actions to address
Dog Trailer	A dog trailer is required to continue with dogs operations in all areas. Further availability for budget is being investigated
Shortage of Personnel: The Unit only have 10 permanent employees. This creates a big challenge for the unit in successfully performing all duties	All the posts on the organisational structure were not budgeted for an subsequently additional budget allocation is required to fill the vacant positions
Animal loading rails	The Municipality has an animal trailer and the animal loading rails are currently being investigated
Impounding Facilities	The Municipality have no impounding Facility and the Municipality has to rely on SPCA for assistance
Capital Item	We don't have any capital budget allocation for instance vehicles, trailers and office equipment like computers, furniture's etc. Further budget allocations are being discussed and investigated

**Table 141:** Law Enforcement Challenges





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## 3.17.4 Service statistics for Law Enforcement

The table below specifies the service delivery levels for the year:

Details	2019/20	2020/21
Animals impounded	91	42
Complaints attended to by traffic officers	305	367
Special functions – Escorts	10	0
Awareness initiatives on public safety	0	18
Notice of compliance	55	62
Section 341 fines	801	1 205
Section 56	10	18
Toxic operation	0	0
Arrests	150 Contravening COVID-19 Regulations	44 crime related cases
Joint crime prevention operation	(12) once a month	6
Illegal Immigrants with Department of Home Affairs	0	0
Vagrants/Bush dwellers operations and car guards	±96 during the lockdown period	102

**Table 142:** Law Enforcement Data

## 3.17.5 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	0.00
4-6	4	4	4	0	0.00
7-9	7	15	6	9	60.00
10-12	2	2	2	0	0.00
13-15	1	1	1	0	0.00
16-18	0	0	0	0	0.00
19-20	0	0	0	0	0.00
<b>Total</b>	<b>14</b>	<b>22</b>	<b>13</b>	<b>9</b>	<b>40.91</b>

**Table 143:** Employees: Law Enforcement







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## 3.18 Traffic Services

### 3.18.1 Introduction to Traffic Services

The Traffic Department strive to provide a safe and secure environment for all road users within the municipal area.

The department relies on support and approval from Council to ensure when motivations and requests are submitted, they would be supported. The services offered have improved from year-to-year with focus on the four E's namely:

- Engineering
- Education
- Enforcement
- Evaluation

The department now boasts a school programme for education. Our technical and road marking team have two vehicles in which progress was made to have tenders for supply and delivery of road markings, as well as signs, poles and other technical equipment.

The one-stop centre is progressing well, and the department is enthusiastic about the completion of the yard and driving license testing centre, so we can serve the public.

A concern for the department remains safety of officers as the number of attacks on officers around the country is on the increase. We aim to have a two-up policy that no officer patrol or work alone and that cameras for vehicles or personal cameras on vests be worn to ensure that when any incidents occur there is recourse to take and follow up.

### 3.18.2 Highlights: Traffic Services

The table below specifies the highlights for the year:

Highlights	Description
Fatalities	During the festive period the department responded to only 1 motor vehicle accident with a loss of life. Even though I mention it as a highlight it is still one life to many that was lost.
Festive period	The festive period was relatively quiet and apart from the one life lost due to motor vehicle accident the festive concluded without any problems

**Table 144:** Traffic Services Highlights

### 3.18.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

Description	Actions to address
Fleet	Budget must be made available for the purchase of an additional traffic vehicle and to replace old vehicles
Shortage of A grade Examiners	Officers with relevant Driving licenses A and EC to be send for K53 examiner training





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Description	Actions to address
Office space at DLTC	The current office space is very small, budget to be made available for the building of the Public Safety One Stop Centre

**Table 145:** Traffic Services Challenge

## 3.18.4 Additional Performance Service statistics for Traffic Services

The table below specifies the service delivery levels for the year:

Details	2019/20	2020/21
Motor vehicle licenses processed	22 507	28 839
R- value for Motor Vehicle Licenses	10 335 301.60	13 193 748.55
Driving License transactions processed	6 850	7 230
R- value for Driving License transactions processed	644 211	644 885
Fines issued for traffic offenses	3 721	62 752
R-value of fines collected	1 404 530	2 896 640
Roadblocks held	10	10
Complaints attended to by traffic officers	90	99
Awareness initiatives on public safety	6	Due to lockdown schools could not be visited
Number of road traffic accidents during the year	95	127
Number of officers in the field on an average day	13 (2x Officers stationed at DLTC)	11 (2x Officers stationed at DLTC)
Number of officers on duty on an average day	15	15

**Table 146:** Additional Performance Service Statistics for Traffic Services

## 3.18.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	12	8	8	0	0.00
7 - 9	1	2	2	0	0.00
10 - 12	14	16	13	3	18.75
13 - 15	2	2	2	0	0.00



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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>29</b>	<b>28</b>	<b>25</b>	<b>3</b>	<b>10.70</b>

**Table 147:** Employees: Traffic Services

## 3.19 Fire Services and Disaster Management

### 3.19.1 Introduction to Fire Services and Disaster Management

The Bitou Fire Department has set forward an operational need to increase service delivery and offer a service in fire and rescue as legislated in the Fire Brigade Services Act 99 of 1987, as well as improving services as required to minimums in South African National Standards in Community Protection SANS 10090: 2003.

The Bitou Fire and Rescue Service of Plettenberg Bay is dedicated to providing a service to the entire community, which are all walks of life, all races, all genders, all ages and all religions. In our efforts to improve quality of life and peace of mind, we render a service that is equitable. The service has its challenges, and members are remaining hopeful that Council will commit to needs, standards, support funding, and development that is required to close the gap of service currently and where it should be as aligned to the amendments of the Acts.

Disaster Management unit has also been established in the Public Safety Section seeing the function separate to fire and rescue services. The new leg of Disaster Management is lead by Mr Nolan Stuurman with the support functions of public safety control room and the CCTV surveillance room.

### 3.19.2 Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
Provincial funding for the procurement of tanker	Fire Services received conditional grant in capacity building for fire services. A 6000liter tanker with pump and fitted CAFS unit was completed
Placement process for learner fire fighters qualifying completed	Learners completed their Fire Fighter 2 qualifications and HazMat Operations were aligned to fire fighter level
Disaster Management established	Mr Nolan Stuurman in placement process aligned to Disaster Co-Ordinator
Control room and CCTV aligned under Disaster Management Unit	Mr Stuurman leads Disaster Management with Control Room operations and CCTV surveillance

**Table 148:** Highlights: Fire Services and Disaster Management





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## 3.19.3 Challenges: Fire Services and Disaster Management

The table below specifies the challenges for the year:

Description	Actions to address
Fire Services remain challenged with staff levels	Staff levels not to standard and additional funding is required to implement SANS10090 standards
Challenges with specialised vehicles and equipment	Funding for specialised vehicles and equipment include, HazMat response, Aerial/high rise firefighting as well as incident command for large scale incidents is being investigated
Replacement of old redundant vehicles	3 x Vehicles require replacement as they are not considered first response vehicles and if funding is not secured consideration should be made to fund refurbishment to allow 2 to 5 years for budget replacements
Disaster Management requires staff and technological upgrades	Continuum officers are required, as well as vehicle for assessments and surveys regarding risks. The command centre known as the JOC needs upgrade for screens, PC, projector, weather station and software for incident management. Funding applications are being investigated

**Table 149:** Challenges: Fire Services and Disaster Management

## 3.19.4 Service Statistics for Fire Services and Disaster Management

The table below specifies the service delivery levels for the year:

Details	2019/20		2020/21	
Operational call-outs	454		386	
Reservists and volunteers trained	0		0	
Awareness initiatives on fire safety	206		164	
Total fires attended in the year	359		286	
Total of other incidents attended in the year	95		100	
Average turnout time - urban areas	Urban 2 min	7.2 min Avg	Urban 2.8 min	6.6min Avg
Average turnout time - rural areas	Rural 13 min		Rural 14.6 min	
Fire fighters in post at year end	1 Chief Fire Officer  3 Seniors  8 Fire Fighters  12 Learners (7 of 12 qualified)  5 Control Room		1 Chief Fire Officer  1 x Disaster Co-Ordinator  1 x Disaster Officer  3 Seniors  17 Fire Fighters  2 Learners  5 Control Room  4 CCTV operators	





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**Table 150:** Fire Services and Disaster Management Data

## 3.19.5 Employees: Fire Services and Disaster Management

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	3	4	3	1	25.00
7 - 9	17	24	17	7	29.17
10 - 12	4	8	6	2	25.00
13 - 15	1	1	1	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>25</b>	<b>37</b>	<b>27</b>	<b>10</b>	<b>27.00</b>

**Table 151:** Employees: Fire Services and Disaster Management

## 3.19.6 Capital: Fire Services and Disaster Management

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Fire: Vehicles	600 000.00	600 000.00	594 785.79	5 214.21
Fire: Vehicles	841 000.00	734 000.00	734 000.00	0
<b>Total</b>	<b>1 441 000.00</b>	<b>1 334 000.00</b>	<b>1 328 785.79</b>	<b>5 214.21</b>

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)*

**Table 152:** Capital Expenditure 2020/21: Fire Services and Disaster Management

## 3.20 Coronavirus pandemic 2019 (COVID-19)

### 3.20.1 Introduction to COVID-19

On 15 March 2020 President Cyril Ramaphosa declared South Africa Covid-19 epidemic a national state of disaster under the Disaster Management Act of 2002. This was done primarily, as the President stated it to enable the government to “have an integrated and coordinated disaster management mechanism that will focus on preventing and reducing the outbreak of this virus.” The declaration enabled the government to issue a slew of regulations, directions, and guidelines to contain and mitigate the impact of the pandemic.





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During a state of disaster, the Disaster Management Act allows the government to issue regulations to restrict, *inter alia*, movement of persons and goods “to, from or within the disaster-stricken or threatened area, ... the suspension or limiting of the sale, dispensing or transportation of alcoholic beverages in the disaster-stricken or threatened area.... [or] any other steps that may be necessary to prevent an escalation of the disaster, or to alleviate, contain and minimise the effects of the disaster...” (section 27(2).)

Similarly, the Disaster Management Regulations of 2004 (DMR) (as amended) state that:

“any Minister may issue and vary directions, as required, within his or her mandate, to address, prevent and combat the spread of COVID-19, from time to time, as may be required, including...steps that may be necessary to prevent an escalation of the national state of disaster, or to alleviate, contain and minimise the effects of the national state of disaster.” (section 10(8).)

These regulations and the pandemic itself has had a major impact on the basic service delivery and operations of local government, who had to adjust with immediate effect not only identified risks, projects, man power but also budgets.

## 3.20.2 COVID-19 Committee

On 19 March 2020 the Bitou Municipality established the Bitou -19 Coordinating Committee. The committee comprises of members from all spheres of government, as well other important community based stakeholders. The Committee has the following members;

- Bitou Municipality
- Department of Health
- Garden Route District Disaster Management
- Department of Health
- Department of Education
- Department of Social Services
- SASSA
- Plettenberg Bay Tourism
- South African Police Services (SAPS)
- Plettenberg Bay Business Chamber
- Plettenberg Bay Private Medical Practitioners

The Bitou COVID-19 Coordinating Committee has the following functions:

- Coordinating and overseeing all COVID-19 Interventions
- Coordinating all Awareness and Compliance Campaigns and activities;
- Creating Communication platforms to inform the public of all COVID-19 related information;
- Integration of COVID-19 support initiatives and interventions

The table below indicates the members that serve on the COVID-19 Coordinating Committee and the dates of the meetings held:

Name of representative	Representative forum	Meeting dates
Lee Ann Joubert	Garden Route District Municipality- Disaster Management	Every Thursday on a weekly basis





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Name of representative	Representative forum	Meeting dates
Andries Brink	Western Cape Department of Health –Head Knysna and Plett Medical Centres	
Mike Scholtz	Plett Business Chambers	
Patty Butterworth	Plettenberg Bay Tourims Board	
Dave Swart	Bitou Council	
Vukile Oliphant	Western Cape Department Provincial Traffic Department	
Kenneth Mazaleni	Department of Social Development (Western Cape)	
Douglas Baartman	Bitou Municipality – Integrated Waste Management	
Colonel Solomons	Plettenberg Bay SAPS	
Colonel Cogs	Plettenberg Bay SAPS	
Peter Berning	Plettenberg Bay Private Medical Practitioners	
Suzette De Villiers	Western Cape Department of Education	
Andile Sakati	Bitou Public Safety	
Nolen Stuurman	Bitou Disaster Management	
Carol Van Staden	Bitou Risk Department	

**Table 153:** COVID-19 Committee Members and Meeting Dates

## 3.20.4 COVID-19 Statistical Information

The table below indicates the documented statistical information for COVID-19 within the Bitou area from 01 July 2020 – 30 June 2021.

Month	Infections	Deaths	Recoveries
July 2020	386	7	231
August 2020	426	15	288
September 2020	577	21	531
October 2020	626	23	590
November 2020	951	27	650
December 2020	2303	72	2001
January 2021	2442	88	2151
February 2021	2571	91	2465
March 2021	2585	91	2478
April 2021	2767	97	2646





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Month	Infections	Deaths	Recoveries
May 2021	2821	97	2776
June 2021	2978	101	2812

**Table 154:** COVID-19 Statistical Information

## 3.20.5 Challenges: COVID-19

The table below gives a brief description of the COVID-19 challenge during the 2020/21 financial year:

Challenge	Corrective action
Congested informal settlements	Decanting of some settlements
Communal ablution facilities	Increase number of communal ablution facilities in some informal settlements
Access to hand sanitizers	Sanitizer tanks placed in all wards for free filling of containers by the public
Poverty and lack of food during lockdown	Food parcel and soup kitchens to serve the needy were established

**Table 155:** Challenges: COVID-19

## 3.20.6 Action Plan to address COVID-19 associated Risks

The table below provide the actions implemented/that will be implemented to address the COVID-19 associated risks:

Risk	Action implementation
Face to face contact could spread COVID-19	Introduce technology to ensure more virtual contact for meetings and etc
Super spreader events	Cancel and postpone all super spreader event on municipal calendar during lockdown
Community not aware of COVID-19	Continues awareness campaigns
Joblessness	Increase the number of EPWP workers to employ more people

**Table 156:** COVID-19 Risk Action Plan

## 3.20.7 COVID-19 Communication / Awareness

The table below indicates the different communication/awareness statistical information the Municipality implemented:

Communication/ Awareness campaign	Platform/ channel utilised	Date
Daily Statistics for the town	Social Media Platforms	Daily
Awareness and compliance	Social Media/ Loud hailing and phamplets	Daily / Weekly
Statement from Executive Mayor	Website/ Social Media	Weekly





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**Table 157:** COVID-19 Communication/Awareness

## COMPONENT F: SPORT AND RECREATION

### 3.21 Sport and Recreation

Bitou enjoys a strong heritage in soccer, rugby, netball and cricket. The sport codes that are in the early stage of development within the greater Bitou community are athletics, cycling, boxing and golf.

#### 3.21.1 Highlights: Sport and Recreation

The table below specifies the highlights for the year:

Highlights	Description
Practical completion of the upgrades done at Kurland and New Horizons sportsgrounds	Completed in December 2020
Construction of cloakroom in Qolweni sports ground	The construction is currently in progress
Installation of outdoor gym equipment and playing equipment at Kwano Stadium	Installation was completed in 2020

**Table 158:** Sport and Recreation Highlights

#### 3.21.2 Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Staff Shortages	More staff should be employed
2 x Machine operators and one general worker	14x Sport facilities must be maintained with only 3 people
Vandalism at Kurland netball court, Qolweni Netball court	Community should take ownership of the facilities and culprits should be held liable if caught
Damaging of irrigation system at New Horizons rugby field	Contractor were called back to repair
Change rooms @ Kurland sport field blew off during the storms in July 2020	Contractor were called back to repair as this was part of the guarantee period

**Table 159:** Sport and Recreation Challenges

#### 3.21.3 Service Statistics for Sport and Recreation

The table below specifies the service delivery levels for the year:

Type of service	2019/20	2020/21
Number of sport grounds/fields	6	7
Number of events hosted on fields	38 (As a result of the COVID-19 pandemic)	1
Number of parks with play park equipment	8	8
Number of wards with community parks	6	6



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Type of service	2019/20	2020/21
Number of wards with sport fields	7	7

**Table 160:** Additional Performance Information for Sport and Recreation

## 3.21.4 Employees: Sport and Recreation

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	26	9	1	8	88.88
4 - 6	31	13	11	2	15.38
7 - 9	8	5	3	2	40.00
10 - 12	2	1	1	0	0.00
13 - 15	3	0	0	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>70</b>	<b>28</b>	<b>16</b>	<b>12</b>	<b>42.85</b>

**Table 161:** Employees: Sport and Recreation

## 3.21.5 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Tools and equipment	26 000.00	26 000.00	30 710.44	(4 710.44)
Harkerville Community Hall	500 000.00	225 000.00	220 156.00	4 844.00
Cleaning machine	15 000.00	15 000.00	0	0
Equipment	35 000.00	35 000.00	19 113.61	15 886.39
New Horizons: Sport facilities	790 747.00	790 747.00	657 474.28	1 33 272.72
Kurland: Sports facilities	1 080 111.00	1 080 111.00	847 100.11	233 010.89
Tools and equipment	65 000.00	65 000.00	47 000.00	18 000.00
Bossiesgif: Upgrade sports facilities	1 912 183.00	1 912 183.00	470 955.79	1 441 227.21





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Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Upgrade of parks	2 957 499.00	869 566.00	2 873 707.80	(2 004 141.80)
Qolweni culture village	1 739 130.00	1 739 130.00	161 646.00	1 577 484.00
<b>Total</b>	<b>576 000.00</b>	<b>301 000.00</b>	<b>269 980.05</b>	<b>16 019.95</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 162:** Capital Expenditure 2020/21: Sport and Recreation

## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.22 Financial Services

The Financial Services Department plays a critical role in the municipal planning process and support to various departments in the Municipality. The department is led by the Chief Financial Officer and it has four departments. The department has 78 staff members and 3 interns.

#### 3.22.1 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Audit outcomes	The municipality retained an unqualified audit opinion with findings for the 2019/20 financial year
Grants performance	100% Expenditure of grants and as a result hereof no "rollovers" were necessary
Compilation of Annual Financial Statements	Annual Financial Statements in respect of 2019/2020 compiled "in house"

**Table 163:** Financial Services Highlights

#### 3.22.2 Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Decreased debt collection rate due to economic condition of the country (COVID-19)	Increase / Intensify current revenue collection measures
Ageing Infrastructure	The budget allocation for MTREF 2021 is insufficient to replace the deteriorating assets
Environmental Waste Management expenditure increasing	Business plans have been developed to rectify the situation
The economic lockdown due to COVID-19 also contributed to the decrease in the collection rate	The opening of the economy will have a positive impact on stabilising the revenue stream of the Municipality





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Description	Actions to address
The revenue section continues to be under resourced and the Loss Control sections in Engineering do not operate as expected to protect revenue streams	Improved capacity in revenue and loss control sections

**Table 164:** Financial Services Challenges

## 3.22.3 Financial Services

Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2019/20			2020/21			2021/22		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected (%)
Property Rates	123 795	117 590	95	147 523	132 673	89.93	160 303	152 287	95
Electricity	148 584	146 759	99	168 519	145 422	86.29	193 106	183 451	95
Water	81 244	55 424	68	101 687	55 812	54.89	105 856	100 563	95
Sanitation	75 339	50 379	67	101 690	53 656	52.76	101 859	96 766	95
Refuse	43 875	29 392	67	60 438	31 331	51.84	62 916	59 770	95

**Table 165:** Debt Recovery

## 3.22.4 Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	2	0	0.00
4 - 6	27	31	28	3	96.80
7 - 9	9	10	8	2	20.00
10 - 12	17	21	18	3	14.29





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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	1	1	1	0	0.00
16 - 18	6	6	6	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>61</b>	<b>71</b>	<b>63</b>	<b>8</b>	<b>78.80</b>

**Table 166:** Employees: Financial Services

## 3.22.5 Capital: Financial Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Office furniture and amp; equipment	0	43 000.00	39 854.87	3 145.13
Furniture and equipment	0	3 000.00	0.00	3 000.00
Furniture and equipment	0	5 000.00	4 712.70	287.30
<b>Total</b>	<b>0</b>	<b>51 000.00</b>	<b>44 567.57</b>	<b>6 432.43</b>

**Table 167:** Capital Expenditure 2020/21: Financial services

## 3.23 Corporate Services

The Directorate Corporate Services is a pivotal part of the Bitou Municipality. Support services is being provided to the different directorates and offices within the Municipality in accordance to relevant legislation, collective agreements and internal policies to enable the Municipality to deliver quality services to our communities.

### 3.23.1 Employees: Executive and Council

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		0	0	0	0.00
4 - 6		5	1	4	80.00
7 - 9		10	8	2	20.00





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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12		6	4	2	33.33
13 - 15		3	2	1	33.33
16 - 18		1	1	0	0.00
19 - 20		0	0	0	0.00
<b>Total</b>		<b>25</b>	<b>16</b>	<b>9</b>	<b>36.00</b>

**Table 168:** Employees: Corporate Services

## 2.23.2 Capital: Mayor and Council

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Office furniture and equipment	130 000.00	130 000.00	114 527.51	15 472.49
<b>Total</b>	<b>130 000.00</b>	<b>130 000.00</b>	<b>114 527.51</b>	<b>15 472.49</b>

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)*

**Table 169:** Capital Expenditure 2020/21: Mayor and Council

## 3.24 Human Resources Management (HR)

The HRM function is a staff function aimed at providing the organization with labour and giving it specialized human resources services to help it achieve its goals.

The Human Resources Management Services branch provides the following functions:

- **HR Administration and Skills Development:** To provide effective and efficient human resources administration, organisational development, job profile procedures, coordinate training, skills development and employment equity
- **Labour Relations:** To render labour relations services and manage labour relations function to ensure compliance with relevant legislation, collective agreements and council policy
- **Health & Safety & Employee Wellness:** To render occupational health and safety and employee wellness services

### 3.24.1 Highlights: HR

The table below specify the highlight for the year:





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Highlights	Description
Appointment of Section 56 Senior Manager	The majority of the Section 56 Senior Manager positions were filled
Budgeted vacancies	A total of 46 vacancies were filled from a total of 56 vacant positions, during the course of a very difficult year
COVID-19 Regulations	Ensured that all protocols were implemented and adhered too in order to ensure a safe and healthy work environment for all municipal staff

**Table 170:** HR Highlights

## 3.24.2 Challenges: HR

The table below specifies the challenges for the year:

Description	Actions to address
Review of HR Policies	Policies were last approved by Council in 2013. A consultative process was subsequently undertaken to review and workshop ±23 HR Policies to management and unions. The draft policies were referred to Council for adoption. This process however have not been finalised
Review Organisational Macro and Micro Structure	Work studies and job evaluations were conducted for all positions and a consultative process was done with management and the unions. The final Draft Macro and Micro Structure was presented to Council for approval

**Table 171:** HR Challenges

## 3.24.3 Employees: HR

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	2	0	0	0	0.00
7 - 9	2	6	5	1	16.66
10 - 12	6	7	6	1	14.28
13 - 15	2	2	2	0	0.00
16 - 18	0	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>12</b>	<b>16</b>	<b>14</b>	<b>2</b>	<b>12.50</b>

**Table 172:** Employees: HR Services





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## 3.24.4 Capital: HR

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Machinery and equipment	12 000.00	12 000.00	910.00	11 090.00
<b>Total</b>	<b>12 000.00</b>	<b>12 000.00</b>	<b>910.00</b>	<b>11 090.00</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 173:** Capital Expenditure 2020/21: HR

## 3.25 Information and Communication Technology (ICT) Services

### 3.25.1 Introduction to ICT Services

To provide an advisory, strategic, developmental and management service to the Municipality in order to maintain, support and design the information systems, communication network and technology resources for the Municipality. Thus ensuring the compliance, availability, continuity and security of the Municipality's information and services. Align Council's IDP and vision with ICT Strategy through business analytics, strategic budgeting and developmental and programming, implementation of strategies related to the ICT systems of the organization.

### 3.25.2 Highlights: ICT Services

The table below specifies the highlights for the year:

Highlights	Description
Revamp Council chamber	<ul style="list-style-type: none"> <li>COVID-19 relief funds were sought and duly provided, it was motivated to modernise the municipality's ability to communicate across various platforms while embracing public participation allowing stakeholder engagement to flourish</li> <li>A mainstream solution was sought which brought together the above elements which encompass the ability to both re-use the existing conferencing microphone system, while also being able to utilise the new technology of the directional microphones with noise cancellation to improve the less formal traditional meeting experience</li> </ul>
Clean audit opinion	ICT has continued to show great strides within the audit space, the onset of the adoption of Information Technology Infrastructure Library (ITIL) and Control Objectives for Information and Related Technologies (Cobit) will no doubt assist in the progression and sustainability of the ICT governance that has resulted in 2 consecutive clean audits
Operation continuity during COVID-19 lockdown	<ul style="list-style-type: none"> <li>COVID-19's unprecedented impact has led to rapid advancement in the collaboration space through the wholesale adoption of digital interactions and transformation</li> <li>With commitment and dedication, the staff of ICT went above and beyond to ensure that essential staff were provided with tools of the trade to operate during lockdown level 5 and</li> </ul>





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Highlights	Description
	continue to innovate in this space to assist with continuity of operations

**Table 174:** ICT Services Highlights

## 3.25.3 Challenges: ICT Services

The table below specifies the challenges for the year:

Description	Actions to address
Change management	COVID-19 has driven the widespread adoption of digital tools to promote productivity, the Municipality is still challenged with the adoption of digital transformation and to have the greater culture adopt and support the transformation goals set out in the 3 <sup>rd</sup> and 4 <sup>th</sup> industrial revolution
User department planning	Planning with specific reference to budget-related projects are and have been a constant challenge, although we are making strides to better communicate with departments and register their needs timeously for budget submission, we have not yet made sufficient changes to effectively combat reactive demands with the financial year
Procurement agility	ICT participated in near 26 tenders related to ICT services in 2020/21, success was limited within a challenging COVID-19 environment, with the before mentioned being contributing factors. Furthermore, it proved very challenging to provide what would be considered basic services within an already challenging environment. Many of the operating procedures are not adaptive enough to support a digital converging workplace

**Table 175:** ICT Services Challenges

## 3.25.4 Employees: ICT Services

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	1	1	1	0	0.00
7 - 9	2	2	1	1	50.00
10 - 12	3	6	3	3	50.00
13 - 15	1	2	1	1	50.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00





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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Total</b>	<b>8</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>41.67</b>

**Table 176:** Employees: ICT Services

## 3.25.5 Capital: ICT Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New users	380 000.00	373 051.00	362 908.67	10 142.33
Mobile camera security for each 7and amp, 2wards	594 946.00	594 946.00	545 606.01	49 339.99
Computer operational spares and amp; loans	100 000.00	100 000.00	92 746.00	7 254.00
Laptop replacement	200 000.00	198 433.00	198 432.75	0.25
DR site air-condition	690 000.00	690 000.00	0	690 000.00
Mobile radios	32 125.00	32 080.00	32 080.00	0
Mobile device	341 500.00	353 465.00	0	353 465.00
Fibre connectivity between sites	184 408.00	184 408.00	170 916.26	13 491.74
Tools and equipment	8 000.00	4 654.00	2 474.00	2 180.00
Furniture and equipment	0	12 000.00	10 920.00	2 180.00
Furniture and equipment	0	13 000.00	10 920.00	2 080.00
UPS upgrades	20 000.00	20 000.00	19 851.38	0
Digital radio phase3	390 000.00	389 942.00	389 942.00	0
Covid-19 Computer equipment	0	280 000.00	265 450.15	0
EPWP computers	0	100 000.00	98 148.00	0
FMG – Inters computer equipment	0	60 000.00	57 325.00	0
<b>Total</b>	<b>2 940 979.00</b>	<b>3 393 979.00</b>	<b>2 246 800.22</b>	<b>1 127 953.31</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 177:** Capital Expenditure 2020/21: ICT Services







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## 3.26 Legal Services

To provide within the confines of the Constitution and other enabling legislation a dynamic legal environment that renders excellent legal services and ensures excellent executive decision-making and support to Council, thereby protecting Bitou Municipality's interests.

### 3.26.1 Highlights: Legal Services

The table below specify the highlight for the year:

Highlights	Description
Successful functioning and completion of duties amidst staff shortage	The Legal Officer vacancy to be filled
Successful defended various High Court cases	Refer to the Law Report that entails the specific details of these cases

**Table 178:** Legal Services Highlights

### 3.26.2 Challenges: Legal Services

The table below specifies the challenges for the year:

Description	Actions to address
Continuous litigations by various external institutions	Enter into dialogue to resolve differences and to avoid costly litigation
Continuous legal expenditure	Enter into dialogue to resolve differences to avoid costly litigation
Lack of qualified legal personnel in the office of the Legal Services Department	The Legal Officer vacancy to be filled

**Table 179:** Legal Services Challenges

### 3.26.3 Employees: Legal Services

The following table indicates the staff composition for this division:

Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	0	0	0	0	0.00
7 - 9	0	1	0	1	100.00
10 - 12	0	0	0	0	0.00
13 - 15	0	1	0	1	100.00
16 - 18	1	1	1	0	0.00





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Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>66</b>

**Table 180:** Employees: Legal Services

## 3.27 Procurement Services

### 3.27.1 Supply Chain Management (SCM) Policy

The Bitou Municipality Supply Chain Management Policy was adopted in adherence to the SCM Regulations and is in line with the model policy issued by National Treasury (NT).

The SCM Policy, as well as the Infrastructure Procurement and Delivery Management Policy, were reviewed during the 2017/18, 2018/19 and 2019/20 financial years respectively. The Preferential Procurement Policy (PPP) have also been amended in terms of the Preferential Procurement Regulations of 2017. The PPP is the main driver of procurement in the organization in terms of Council's strategic goal to increase localized procurement to emerging enterprises.

The amended Bitou Municipality SCM Policy for 2020/21 was approved on 31 May 2020. The SCM Policy focus on the procurement of goods and services. Council also approved a policy on the procurement of construction-related services, the Infrastructure Procurement and Delivery Management Policy, on 31 May 2019.

The Provincial Treasury regularly reviews the supply chain management policies of municipalities within the province in order to ensure compliance with all relevant amendments to legislation.

#### Delegation of SCM Powers and Duties

Council has delegated the SCM powers and duties to the Municipal Manager in order to ensure that the Municipal Manager adheres to Section 115 of the MFMA to:

- discharge the responsibilities conferred by the SCM Policy
- maximise the administrative and operational efficiency in the implementation of the policy
- enforce reasonable cost-effective measures to prevent fraud, corruption, favouritism and unfair and irregular practices

The Municipal Manager may in terms of Section 79 of the MFMA, sub-delegate certain of these powers and duties in writing.

Sub-delegations have been conferred in writing to the members of bid committees and financial delegations were issued to all heads of departments for the procurement of goods and services for a value up to R200 000, subject to compliance with the requirements of the SCM Policy as recommended by the SCM Manager.

The further sub-delegation has been limited to officials ranked not lower than a TASK-Level 11.





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## 3.27.2 SCM Unit

In terms of Section 7 of the SCM Policy the Municipality must establish a Supply Chain Management Unit (SCMU) to implement its SCM Policy.

The SCM Unit must operate under the direct supervision of the Chief Financial Officer (CFO) and may be delegated to an official reporting to the CFO, in terms of Section 82 of the MFMA, viz, the Manager: SCM.

SCM officials are continuously developed through regular training opportunities, with specialized SCM training by the Provincial Treasury, Local Content Procurement and SCM Forum Meetings. The focus on training and development of officials will be improved and supplemented by the retention of skilled SCM officials and succession planning.

## 3.27.3 Demand Management

In terms of Section 10(1) of the SCM Regulations, the Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Municipality to support its operational commitments and its strategic goals outlined in the IDP, are delivered at the right time, place and price.

The demand management system must –

- include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- provide for the compilation of the required specifications to ensure that its needs are met; and
- undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized

Include the following demand management considerations –

- understanding of future and current needs
- requirements are linked to the budget
- specifications are determined
- needs form part of the strategic plan and Integrated Development Plan of the Municipality
- analysis of past and current expenditure
- optimum methods to satisfy needs
- frequency of requirements is specified
- calculation of economic order quantity
- conducting of industry and market analysis

These processes have been implemented with relative success over the 2017/18 financial year and resulted in a documented plan. However, the plan still lacks due to inadequate monitoring and reporting.

## 3.27.4 Acquisition Management

The Municipality's system of acquisition management must ensure:

- (i) That goods and services are procured in accordance with authorized processes only





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- (ii) That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA
- (iii) That the threshold values for different procurement processes are complied with
- (iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation
- (v) That any Treasury guidelines on acquisition management are properly taken into account

Goods and service are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000). We are continuously improving the documents in order to improve access and ease of use.

### 3.27.5 Accredited Prospective Providers

In terms of Section 14 (1) the Accounting Officer must keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations.

The Municipality Accredited Suppliers Database on the SAMRAS DB4 Financial Management System is in line with the National Treasury Central Suppliers Database (CSD). The integration of both CSD and SAMRAS Flexgen is in progress however there have been performance delays experienced by the service provider and the full implementation is expected before end of the 2020/21 financial year.

The Municipality must at least once a year through newspapers circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers. The municipality could not comply with the advertisement as required as per aforementioned clause and section (14)(1)(c) of the SCM Policy however SCM has ensured that CSD was approached as per National Treasury Circular 81 on Web based Central Supplier Database whenever procurement process has been carried-out. That National Treasury Circular 81 requires that municipalities can only do business with suppliers registered on CSD.

The list was updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers are allowed to apply at any time and the list is updated daily.

### 3.27.6 Formal Quotations valued less than R10 000

The SCM Unit has progressively ensured that the procurement of formal quotations is centralized and procurement on formal quotations is in accordance with section 16 and 17 of the SCM Policy. Even though, user departments have incurred irregular expenditure within the financial year. SCM has ensured that SCM Policy is safeguarded to ensure reduction of irregular expenditure during the 2019/20 financial year. SCM has shared National Treasury circular 68 on Unauthorized, Irregular, Fruitless and Wasteful Expenditure to ensure that user-departments takes note thereof and consequence management entailed when one incurs irregular expenditure.





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## 3.27.7 Formal Written Price Quotations for R10 000 up to R200 000

The procurement of formal written price quotations have been streamlined by obviating the need for Bid Specification and Evaluation Committees before an Director could make an award. This change was made in order to improve the turnaround time for procurement.

## 3.27.8 Competitive Bidding for Contracts valued more than R200 000

The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to complete the attendance register and declare to undertake the following:

- That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
- To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and
- To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.

The bid committees have been conducted regularly through the year with attendance closely monitored in compliance with Council's SCM Policy:

No	Committee	Number of Meetings 2018/19	Attendance for Quorum
1	Specifications	49	47
2	Evaluation	52	95.9%
3	Adjudication	36	100%

**Table 181:** Compliance with Council's SCM Policy

The bid committees processed 57 tenders for awards valued in excess of R345 807 873.56:

No	Tenders Processed	2020/21	2019/20	2018/19	2017/18	2016/17
1	Tenders awarded	57	42	41	52	67
2	Contracts awarded	120	37	37	93	122
3	Value of tenders awarded	R 345 807 873.56	R87 895 013.22	R132 138 517.20	R240 660 000.00	R210 390 000.00
4	Number of appeals received	0	0	0	9	1
5	Number of successful appeals	0	0	0	3	0

**Table 182:** Tenders Processed

The ten highest bids awarded by the bid adjudication committee were as follows:





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Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2020/45/ENG	Construction of Civil Engineering for Ebenezer	SC Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 36 331 826.95
SCM/2020/54/COMM	Construction of 134 Top Structures in Qolweni Phase 3A, Plettenberg Bay	Ukhana Projects cc	R 31 715 559.42
SCM/2020/53/COMM	Construction of the Decommissioning Works for the Plettenberg Bay Landfill Site	SC Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 24 809 033.31
SCM/2020/68/ENG	Upgrading of Gravel roads in Kranshoek: Phase 3	SC Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 14 094 626.37
SCM/2021/14/ENG	Electrification of Various Areas over a 3 Year Period ending 30 June 2023	VE Reticulation (Pty) Ltd	R 23 062 990.33
SCM/2021/43/ENG	Mechanical And Electrical Engineering Works For Various Pump Stations for a Period Ending 30 June 2024 on the Panel of Contractors	SNR Electrical cc	R 11 500 000.00
SCM/2021/43/ENG	Mechanical And Electrical Engineering Works For Various Pump Stations for a Period Ending 30 June 2024 on the Panel of Contractors	Castle Care CC	R 11 500 000.00
SCM/2021/64/FIN	Management of the Short-Term Insurance	Silver Lake Trading 305 (Pty) Ltd t/a Opulentia Financial Services	R 9 717 365.79
SCM/2021/06/ENG	Operational & Maintenance of Desalination Plant	Quality Filtration Systems (Pty) Ltd	R 5 531 619.56
SCM/2020/80/ENG	Professional Engineering Services For A Multi-Year Period Ending June 2023 - TRANSPORT ; WATER SERVICES ; ELECTRICAL ; SOLID WASTE	SMEC South Africa (Pty) Ltd	R 3 450 000.00
SCM/2020/80/ENG	Professional Engineering Services For A Multi-Year Period Ending June 2023 - TRANSPORT	Nextec Industrial Technologies (Pty) Ltd	R 3 450 000.00

**Table 183:** Ten Highest Bids Awarded

The awards in excess of R10 million, was made by the Accounting Officer upon recommendation of the Bid Adjudication Committee. Bids awarded by the Municipal Manager are as follows:

Tender Number	Tender Description	Awarded To	Estimated T0tal Amount (Vat Included) R
SCM/2020/45/ENG	Construction of Civil Engineering for Ebenezer	SC Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 36 331 826.95







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Tender Number	Tender Description	Awarded To	Estimated T0tal Amount (Vat Included) R
SCM/2020/54/COMM	Construction of 134 Top Structures in Qolweni Phase 3A, Plettenberg Bay	Ukhana Projects cc	R 31 715 559.42
SCM/2020/53/COMM	Construction of the Decommissioning Works for the Plettenberg Bay Landfill Site	SC Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 24 809 033.31
SCM/2020/68/ENG	Upgrading of Gravel roads in Kranshoek: Phase 3	SC Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 14 094 626.37
SCM/2021/14/ENG	Electrification of Various Areas over a 3 Year Period ending 30 June 2023	VE Reticulation (Pty) Ltd	R 23 062 990.33
SCM/2021/43/ENG	Mechanical And Electrical Engineering Works For Various Pump Stations for a Period Ending 30 June 2024 on the Panel of Contractors	SNR Electrical cc	R 11 500 000.00
SCM/2021/43/ENG	Mechanical And Electrical Engineering Works For Various Pump Stations for a Period Ending 30 June 2024 on the Panel of Contractors	Castle Care CC	R 11 500 000.00

**Table 184:** Tenders Awarded in Excess of R10 million

We also report in terms of all contracts awarded as follows:

- Broad-Based Black Economic Empowerment (B-BBEE) compliant enterprises
- Enterprises within the Bitou municipal area
- B-BBEE Enterprises within the Bitou municipal area

The schedule compares the results with the comparative previous financial year as follows:

No	Description	2019/20	2020/21
1.	Tenders awarded	42 (add RFQ's- 45)	57
2.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	37	55
3.	Estimated value of tenders awarded	R87 895 013.22	R345 807 873.56
4.	Number of appeals received	0	0
5.	Number of appeals in progress	0	0
6.	Number of successful appeals	0	0
7.	Number of contracts awarded to B-BBEE Enterprises	72	94
8.	Value of contracts awarded to B-BBEE Enterprises	R31 558 530.08	R322 026 479.49
9.	% of contracts awarded to B-BBEE Enterprises	35.90%	93.12%
10.	Number of contracts awarded to enterprises based in the Bitou Municipality Area	29	10





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No	Description	2019/20	2020/21
11.	Value of contracts awarded to enterprises based in the Bitou Municipality Area	R8 992 743.89	R39 331 692.35
12.	% of contracts awarded to enterprises based in the Bitou Municipality Area vs All Contracts	10.23%	11.37%
13.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	29	10
14.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	R8 992 743.89	R39 331 692.35
15.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	10.23%	11.37%
16.	Sub-Contracts to Local SMME's	R3 908 155.23	R160 259 117.33
17.	% of sub-contracts awarded to SMME Enterprises based in the Bitou Municipality Area vs all contracts	4.45%	46.34%

**Table 185:** Comparing Schedule

### 3.27.9 Deviations from the SCM Policy

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes. Deviations to the value of **R4 049 944.64** were considered and approved and compares as follows to the previous financial years:

Description	2020/21	2019/20	2018/19	2017/18	2016/17
Value of Deviations	R 4 049 944.64	R1 265 297.79	R1 854 192.94	R4 206 953.45	R8 655 101.00
Number of Deviations	22	25	27	34	109

**Table 186:** Value of Deviations

The decrease in the number of deviations is an indication of the improved diligence exercised in managing procurement in the Municipality unfortunately, the direct correlation between the reduction of deviations and the higher number of transactions classified as irregular expenditure, remains as only properly motivated deviations, are approved.

Deviations from the SCM Policy were approved in the following categories as per Section 36 of the SCM Policy for the 2020/21 financial year:

Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2019/20		2020/21		2019/20		2020/21	
	Number	%	Number	%	Value	%	Value	%
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with	4	16	4	4.55	R941 730.01	74.43	R 736 353.57	18.18





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Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2019/20		2020/21		2019/20		2020/21	
	Number	%	Number	%	Value	%	Value	%
materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address								
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	5	64	1	77.27	R282 716.54	22.34	R 3 129 502.68	77.27
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0	0	0	0	0
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	16	20	17	18.18	R40 851.24	3.23	R 184 088.39	4.55
<b>Total</b>	<b>25</b>	<b>100.00</b>	<b>22</b>	<b>100</b>	<b>R1 265 297.79</b>	<b>100.00</b>	<b>R4 049 944.64</b>	<b>100</b>

**Table 187:** Categories Deviations

## 3.28 Capital Expenditure

### 3.28.1 Capital: Communication

The following table indicates the capital expenditure for this division:

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Computer equipment	21 000.00	51 000.00	50 211.75	788.25
<b>Total</b>	<b>21 000.00</b>	<b>51 000.00</b>	<b>50 211.75</b>	<b>788.25</b>

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)*

**Table 188:** Capital Expenditure: Communication

### 3.28.2 Capital: Aerodrome

The following table indicates the capital expenditure for this division:



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Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Galvanised lamp post	0	18 000.00	18 380.70	(380.70)
<b>Total</b>	<b>0</b>	<b>18 000.00</b>	<b>18 380.70</b>	<b>(380.70)</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 189:** Capital Expenditure: Communication

## 3.28.3 Capital: Facility Management and Maintenance

Capital Projects/	2020/21			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Installation of office air conditioners	0	500 000.00	0	0
<b>Total</b>	<b>0</b>	<b>500 000.00</b>	<b>0</b>	<b>0</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>				

**Table 190:** Capital Expenditure 2020/21: Facilities Management and Maintenance

## COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2021/22

The main development and service delivery priorities for 2021/22 forms part of the Municipality's Top Layer SDBIP for 2021/22 and are indicated in the tables below:

### 3.28. Build a capable, corruption-free administration that is able to deliver on development mandate

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2022/23 financial year to the Audit Committee by 30 June 2022	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1
TL2	Complete 80% of audits as scheduled in the RBAP applicable for 2021/22 by 30 June 2022 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed	All	80.00%
TL3	Complete the annual risk assessment for 2021/22 and submit to the Audit Committee by 31 March 2022	Risk assessment submitted to the Audit Committee	All	1
TL4	Review the Performance Management Framework and submit to Council for approval by 31 March 2022	Performance Management Framework reviewed and submitted to Council	All	1
TL5	Downscale individual performance management to the Senior Managers and Managers (line managers) in	Number of individual performance agreements signed	All	31





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Ref	KPI	Unit of Measurement	Wards	Annual Target
	charge of specific sub-divisions and reporting to the Directors by 30 September 2021			
TL6	Achieve risk maturity (control level) by 30 June 2022	Risk maturity (control level) achieved	All	1
TL7	Compile and submit the draft 5th generation IDP for the 2022/27 financial year to Council by 31 March 2022	Draft IDP compiled and submitted to Council	All	1
TL19	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2022 {(Number of people from employment equity target groups	% of people employed	All	70%
TL20	Spent 0.10% of operational budget on training by 30 June 2022 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.10%
TL21	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2022	Customer survey conducted	All	1
TL22	Review 20 human resources policies, with the SALGA Policy Framework Scope as basis and submit to Council by 30 June 2022	Number of human resource policies submitted to Council	All	20
TL23	Review the "System of Operational Delegations" and submit to Council by 31 March 2022	System of operational delegations submitted to Council	All	1
TL24	Replace the Disaster Recovery Storage (DR) by 30 June 2022	Number of Disaster Recovery Storage replaced	All	1

**Table 191:** Building a capable, corruption-free administration that is able to deliver on developmental mandate

## 3.29 Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2022 (Short Term Borrowing + Long Term Borrowing) / (Total Operating Revenue - Operating Conditional Grant) x 100	% of debt coverage	All	25.00%
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2022 ((Total outstanding service debtors/ revenue received for services)x100)	% of outstanding service debtors	All	11.80%





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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2022 $\{((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure excl}\}$	Number of months it takes to cover fix operating expenditure with available cash	All	2
TL16	Achieve a debtor payment percentage of 90% by 30 June 2022 $(\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} - \text{Bad Debts Written Off}) / \text{Billed Revenue} \times 100$	% debtor payment achieved	All	90.00%
TL17	Limit unaccounted for water to less than 25% by 30 June 2022 $\{(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100\}$	% bulk water handling losses	All	25.00%
TL18	Limit unaccounted for electricity to less than 12% as at 30 June 2022 $\{(\text{Number of units purchased} - \text{Number of units Sold (incl free basic electricity)}) / \text{Number of units purchased} \times 100\}$	% unaccounted electricity	All	12.00%

**Table 192:** Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

## 3.31 Provision of basic services

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL8	Provide subsidies for free basic services to indigent households as at 30 June 2022	Number of indigent households receiving subsidies for free basic services as per Financial System	All	4 300
TL9	Number of residential properties with piped water which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2022	Number of residential properties billed for piped water	All	11 863
TL10	Number of residential properties with electricity which are connected to the municipal electrical infrastructure network (credit and prepaid electrical metering and excluding Eskom areas) and billed for the service as at 30 June 2022	Number of residential properties billed credit meter and prepaid meters connected to the network	All	14 917
TL11	Number of residential properties with sanitation services to which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2022	Number of residential properties which are billed for sewerage	All	12 409
TL12	Number of residential properties for which refuse is removed once per week and billed for the service as at 30 June 2022	Number of residential properties which are billed for refuse removal	All	14 700







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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL25	Spend 90% of the approved capital budget for Fleet services by 30 June 2022 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90.00%
TL26	Spend 90% of the approved capital budget for Waste Water services by 30 June 2022 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90.00%
TL27	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2022 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90.00%
TL28	Spend 90% of the approved capital budget for Water services by 30 June 2022 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90.00%
TL29	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2022 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90.00%
TL30	Spend 100% of MIG Funding allocation by 30 June 2022 $\{(Total\ actual\ MIG\ expenditure / Total\ MIG\ amount\ budgeted) \times 100\}$	% budget spent	All	100.00%
TL31	Conduct 480 potential electricity theft investigations annually	Number of inspections conducted	All	480
TL32	Spend 90% of the budget allocated for the upgrade of the WWTW Kurland by 30 June 2022	% budget spent	All	90.00%
TL34	Spend 90% of the budget allocated for upgrade of the fencing and surrounding areas of the Transfer Station by 30 June 2022	% budget spent	All	90.00%
TL47	Create 549 job opportunities in terms of the EPWP by 30 June 2022	Number of job opportunities created	All	549
TL49	Submit the reviewed Local Economic Development (LED) Chapter to Council by 31 March 2022	LED Implementation Plan submitted to Council	All	1

**Table 193:** Provision of basic services

## 3.32 Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL33	Complete the planning and design for the Hakerville Community Hall by 30 June 2022	Number of plans and design approved by 30 June 2022	7	1





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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL35	Spend 90% of the budget allocated for the completion of the project to upgrade the roof and painting of New Horizons Community Hall by 30 December 2021	% budget spent	4	90.00%
TL36	Compile a beneficiary list for the middle income group that qualifies per criteria for the housing project Erf 256 and submit to the Municipal Manager by 30 June 2022	Beneficiary list compiled and submitted to the Municipal Manager	2	1
TL37	Compile a beneficiary list for the middle income group that qualifies per criteria for the housing project Erf 1725 and submit to the Municipal Manager by 30 June 2022	Beneficiary list compiled and submitted to the Municipal Manager	3	1
TL38	Compile a beneficiary list for the middle income group that qualifies per criteria for the housing project Erf 2096 and submit to the Municipal Manager by 30 June 2022	Beneficiary list compiled and submitted to the Municipal Manager	4	1
TL39	Completion of the Qolweni / Bossiesgif 169 housing project Phase 3A by 30 March 2022	Project completed	5	1
TL40	Complete the relocation of the 224 non-qualifiers and 164 qualifiers to Minaar Land by 30 June 2022	Number of beneficiaries relocated	6	388
TL41	Complete the construction of 150 TRA units within the in-fills of Kurland by 30 September 2021	Number of TRA units constructed	1	150
TL42	Complete the relocation of the 150 beneficiaries from Zawazawa informal settlement to in-fills of Kuruland by 30 December 2021	Number of beneficiaries relocated	2	150
TL43	Complete the construction of 142 TRA units within one hectare of Erf 562 by 30 September 2021	Number of TRA units constructed	3	142
TL44	Complete the relocation of the 142 beneficiaries from back yard dwellers semi formal settlement to Erf 562 by 30 December 2021	Number of beneficiaries relocated	4	142
TL45	Compile a report on the establishment of the impound facility and submit the report to Council by 30 June 2022	Impound facility report submitted to Council	All	1
TL46	Compile an Investigation Report for the Commonage Establishment and submit to Council by 30 September 2021	Commonage establishment report submitted to Council	All	1
TL48	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 March 2022	Spatial Development Framework (SDF) submitted to Council	All	1
TL50	Develop a House and Spaza Shop Policy and submit to Council by 30 September 2021	House and Spaza Shop Policy submitted to Council	All	1
TL51	Review the system of delegation to SPLUMA and submit to Council 31 October 2021	System of delegation to SPLUMA submitted to Council	All	1





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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL52	Review the criteria of the structure, Terms of Reference and appointment of members of the Municipal Planning Tribunal and submit to Council 31 October 2021	Criteria submitted to Council	All	1
TL53	Submit the Zoning By-Law to Council by 30 June 2022	Zoning By-Law submitted to Council	All	1
TL54	Review the Planning By-law and submit to council by 31 December 2021	Planning By-law submitted to Council	All	1

**Table 194:** *Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities*





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## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PROGRAMME

### 4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	
	2019/20	2020/21
Spent 0.1% of operational budget on training by 30 June 2021 {(Actual total training expenditure divided by total operational budget) x100}	0.12%	0.17%

**Table 195:** National KPIs– Municipal Transformation and Organisational Development

### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **561** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of HR management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

#### 4.2.2 Employment Equity vs. Population

Description	African	Coloured	Indian	White	Other	Total
Population numbers	22 239	15 344	249	8 307	3 023	49 162
% Population	45%	31%	1%	17%	6%	100%
Number for positions filled	313	218	3	27	0	561
% for Positions filled	56%	39%	1%	5%	0%	100%

**Table 196:** EE Population 2020/21

#### 4.2.3 Specific Occupational Levels - Race

The table below categorises the number of employees by race within the occupational levels:





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Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	3	0	0	1	1	0	0	0	5
Senior management	1	1	0	2	0	0	0	0	4
Professionally qualified and experienced specialists and mid- management	13	9	1	5	3	4	0	4	39
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	36	40	2	9	48	20	0	0	155
Semi-skilled and discretionary decision making	86	69	0	3	52	41	0	3	254
Unskilled and defined decision making	42	23	0	0	28	11	0	0	104
<b>Total permanent</b>	<b>181</b>	<b>142</b>	<b>3</b>	<b>20</b>	<b>132</b>	<b>76</b>	<b>0</b>	<b>7</b>	<b>561</b>
Non- permanent employees	18	3	0	0	7	3	0	0	31
<b>Total</b>	<b>199</b>	<b>145</b>	<b>3</b>	<b>20</b>	<b>139</b>	<b>79</b>	<b>0</b>	<b>7</b>	<b>592</b>

**Table 197:** Occupational Levels

## 4.2.4 Departments - Race

The following table categorises the number of employees by race within the different departments:

Department	2019/20	2020/21							
	Total	Male				Female			
		A	C	I	W	A	C	I	W
Municipal Manager	31	9	3	0	1	11	1	0	2
Corporate Services	50	10	6	0	2	12	17	0	0
Financial Services	59	12	13	0	2	22	15	0	1
Community Services	250	89	62	1	7	66	37	0	2
Municipal Services and Infrastructure Development	140	61	53	2	4	16	4	0	0
Planning & Strategic Services	26	0	5	0	4	5	2	0	2
<b>Total permanent</b>	<b>556</b>	<b>181</b>	<b>142</b>	<b>3</b>	<b>20</b>	<b>137</b>	<b>76</b>	<b>0</b>	<b>7</b>
Non- permanent	20	18	3	0	0	7	3	0	0
<b>Grand total</b>	<b>576</b>	<b>199</b>	<b>145</b>	<b>3</b>	<b>20</b>	<b>139</b>	<b>79</b>	<b>0</b>	<b>7</b>

**Table 198:** Department - Race





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## 4.2.5 Vacancy Rate

The Municipality had **609** budgeted positions approved for the 2020/21 financial year. **53** Budgeted posts were vacant at the end of 2019/20, resulting in a vacancy rate of **8.70%**. A total number of **592** positions are filled of which **561** are permanent and **31** positions temporarily.

Below is a table that indicates the vacancies within the Municipality:

Per Post Level				
Post level	2019/20		2020/21	
	Filled	Vacant	Filled	Vacant
MM & MSA section 57 & 56	4	2	5	1
Middle management (T14-T19)	40	7	43	4
Admin Officers (T4-T13)	353	43	409	44
General Workers (T3)	159	8	104	4
<b>Total</b>	<b>556</b>	<b>61</b>	<b>561</b>	<b>53</b>
Per Functional Level				
Functional area	Filled	Vacant		
Municipal Manager	33	0	27	3
Corporate Services	48	5	47	3
Financial Services	61	9	65	5
Community Services	253	21	264	21
Municipal Services and Infrastructure Development	138	23	140	18
Planning & Strategic Services	23	3	18	3
<b>Total</b>	<b>556</b>	<b>208</b>	<b>561</b>	<b>53</b>

**Table 199:** Vacancy Rate Per Post and Functional Level

## 4.2.6 Turnover Rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the Municipality. The staff turnover rate shows an decrease from **2.87%** in 2019/20 compared to the **4.46%** in 2020/21.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2019/20	555	29	16	2.87%







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Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2020/21	561	38	25	4.46%

**Table 200:** Staff Turnover Rate

## 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate for the 2019/20 financial year shows that **51 employees (9.17%)** of **556** employees were injured against **42 (7.49%)** employees of **551** employees in the 2020/21 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2019/20	2020/21
Municipal Manager	0	0
Corporate Services	2	1
Financial Services	3	2
Community Services	31	26
Municipal Services and Infrastructure Development	15	13
Planning & Strategic Services	0	0
<b>Total</b>	<b>51</b>	<b>42</b>

**Table 201:** Injuries

### 4.3.2 Sick Leave

The number of days sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2020/21 financial year shows an increase when compared to the 2019/20 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2019/20	2020/21
Municipal Manager	53	117
Corporate Services	168	211





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Department	2019/20	2020/21
Financial Services	124	264.5
Community Services	929	84.87
Municipal Services and Infrastructure Development	704	1 004
Planning & Strategic Services	79	1 396
<b>Total</b>	<b>2 057</b>	<b>3 077.37</b>

**Table 202:** Sick Leave

## 4.3.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of Policy	Date approved/ revised
Recruitment & Selection Policy	27 June 2013 (Revised & Approved)
Employment Equity	27 March 2013 (Revised & Approved)
Dress Code Policy	27 June 2013 (Revised & Approved)
Employee Study Aid Policy	27 June 2013 (Approved)
Scarce Skills Policy	27 June 2013 (Approved)
Leave Policy	27 June 2013 (Revised & Approved)
Substance Abuse: Alcohol & Drug Policy & Procedure	27 June 2013 (Revised & Approved)
Placement Policy	27 June 2013 (Approved)
Cellular Policy	27 June 2013 (Revised & Approved)
Overtime Policy	26 September 2013 (Revised & Approved)
Sexual Harassment	26 March 2009 (Revised & Approved)
Uniform Protective Clothing Policy	27 March 2013 (Revised & Approved)
HIV/AIDS	26 March 2009
Policies still to be developed	
Name of policy	Name of policy
Organisational Management Policy	Fire and Rescue Training Academy Policy
Individual Performance Management Policy	EAP Policy
Removal Expenses Policy	Education Training and Development Policy





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Approved policies	
Name of Policy	Date approved/ revised
Recruitment and Selection Policy	Induction Policy
Internal and Functional Transfer Policy	Mentor and Coaching Policy
Non-Pensionable Accommodation Allowance Policy	Employee Study Aid and Leave Policy
Termination of Service Policy	Substance Abuse
Leave of Absence Policy	Incapacity Policy
HR Records System Policy	OHS Policy
Gifts Policy	HIV Aids Policy
Office Ethics Policy	Smoking Policy
Acting Arrangements Policy	Bereavement Policy
Private Work Policy	EE Policy Framework
External Communication Policy	Gender Policy
Confidentiality Policy	Sexual Harassment Policy
Legal Aid Policy	Disability Policy

**Table 203:** HR Policies and Plans

## 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

### 4.4.1 Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2019/20)	Number of Employees that received training (2019/20)	Number of employees identified for training at start of the year (2020/21)	Number of Employees that received training (2020/21)
Top Management	Female	0	0	0	0
	Male	1	1	2	2
Senior management	Female	0	0	0	0
	Male	0	0	0	0
Professionally qualified and experienced	Female	15	8	23	9
	Male	15	10	17	12





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Management level	Gender	Number of employees identified for training at start of the year (2019/20)	Number of Employees that received training (2019/20)	Number of employees identified for training at start of the year (2020/21)	Number of Employees that received training (2020/21)
specialists and mid-management					
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Female	47	27	52	42
	Male	60	46	67	53
Semi-skilled and discretionary decision making	Female	30	15	42	38
	Male	44	38	31	23
Unskilled and defined decision making	Female	18	7	30	12
	Male	16	8	25	15
<b>Sub total</b>	<b>Female</b>	<b>110</b>	<b>57</b>	<b>147</b>	<b>101</b>
	<b>Male</b>	<b>141</b>	<b>103</b>	<b>142</b>	<b>105</b>
<b>Total</b>		<b>251</b>	<b>160</b>	<b>289</b>	<b>206</b>

**Table 204:** Skills Matrix

## 4.4.2 Skills Development – Training Provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
Top Management	Female	0	0	0	0	0	0	0.00
	Male	2	2	0	0	2	2	100
Senior management	Female	0	0	0	0	0	0	0.00
	Male	0	0	0	0	0	0	0.00
Professionally qualified and experienced specialists and mid- management	Female	3	3	6	20	9	23	39.13
	Male	4	4	8	13	12	17	70.59
Skilled technical and academically qualified workers, junior management, supervisors,	Female	18	18	24	34	42	52	80.77
	Male	13	13	40	54	53	67	79.11



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Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
foremen and superintendents								
Semi-skilled and discretionary decision making	Female	16	16	22	26	38	42	90.48
	Male	19	19	4	12	23	31	74.20
Unskilled and defined decision making	Female	4	8	8	22	12	30	40.00
	Male	4	7	11	18	15	25	60.00
Sub total	Female	41	45	60	102	101	147	68.71
	Male	42	45	63	97	105	142	73.95
Total		25	83	90	123	199	206	96.61

**Table 205:** Skills Development

## 4.4.3 Skills Development - Budget Allocation

The table below indicates that a total amount of R1 300 000.00 million were allocated to the workplace skills plan and that 97.81% of the total amount was spent in the 2020/21 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2018/19	208 170	1 727	1 153	66.75
2019/20	664 726	2 324	1 179	50.75
2020/21	273 599 986	1 300 000	1 271 469.02	97.81

**Table 206:** Budget Allocated and Spent for Skills Development

## 4.4.4 MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management.

In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a



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person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

On 03 February 2017, National Treasury published Notice no. 91 of 03 February 2017 in Government Gazette No. 40593: LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003 – **Exemption from regulation 15 and 18 of municipal on minimum competency levels, 2007**, exempting municipalities from Regulation 15 and 18 of the Regulations on Minimum Competency Levels, subject to certain conditions.

According to the notice, a municipality may now continue to employ an existing official as well as appoint new officials who do not meet the minimum competency level as required for the position in terms of the regulations. Hereinafter, referred to as “the exemption”.

However, in terms of the notice, the exemption is subject to the following conditions:

In the case of an existing official, he/she must attain the minimum competency level in the unit standards for each competency area within 18 months from the date of publication of the notice. This condition must be included in the official’s performance agreement, where a performance agreement is required and where no such an agreement is required, the municipality must conclude an agreement with the official which gives effect to the condition.

In the case of a new appointee, the official must attain the minimum competency level in the unit standards for each competency area within 18 months from the date of appointment. This condition must be included in the employee’s contract of employment which must also state that, if the required minimum competency levels are not attained within the stipulated 18 months, the employment contract will terminate automatically within one month after the applicable period. If a performance agreement is required for the new appointee, then the condition must be included as a performance target in the official’s performance agreement.

The notice further states that the municipality must assist existing officials as well as new appointees to attain the required minimum competency level in the unit standards for each competency area, within the stipulated period.

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers (Sec. 56)	3	3	3	3
Any other financial officials	12	12	0	12
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	0	0	0	0







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Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Supply chain management senior managers	2	1	0	1
<b>Total</b>	<b>19</b>	<b>18</b>	<b>5</b>	<b>16</b>

**Table 207:** Budget Allocated and Spent for Skills Development

## 4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### 4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the operational budget that was spent on salaries and allowance for the past two financial years and that the Municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		%
2019/20	245 576	665 424	36.91
2020/21	265 976	817 920	32.5

**Table 208:** Total Personnel Expenditure

Below is a summary of councillor and staff benefits for the year under review:

Financial year	2019/20	2020/21		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers Plus Other)				
Salary	4 171	5 110	5 110	4 186
Pension Contributions	402	767	767	387
Medical Aid Contributions	99	117	117	86
Motor vehicle allowance	707	675	675	691
Cell phone allowance	570	655	655	577





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Financial year	2019/20	2020/21		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Housing allowance	51	0	0	323
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>6 000</b>	<b>7 323</b>	<b>7 323</b>	<b>6 250</b>
<b>% increase/(decrease)</b>	<b>(5.7)</b>	<b>22.05</b>	<b>0</b>	<b>(14.65)</b>
<b>Senior Managers of the Municipality</b>				
Basic Salaries and Wages	9 130	6 892	5 685	3 659
Motor vehicle allowance	951	936	802	805
Cell phone allowance	332	328	266	215
Performance Bonus	764	255	234	248
Contributions to UIF, Medical and Pension Fund	116	385	257	102
Other benefits or allowances (Acting)	1 490	753	743	104
<b>Sub Total</b>	<b>12 783</b>	<b>9 549</b>	<b>7 986</b>	<b>5 133</b>
<b>% increase/(decrease)</b>	<b>49.6</b>	<b>(25.30)</b>	<b>(16.39)</b>	<b>(35.73)</b>
<b>Other Municipal Staff</b>				
Basic Salaries and Wages	127 877	155 868	156 041	151 588
Contributions to UIF, Medical and Pension	38 284	42 918	43 146	41 129
Motor vehicle allowance	8 425	7 462	7 527	8 905
Housing allowance	1 462	1 878	1 885	1 186
Overtime	17 817	13 000	14 433	20 167
Other benefits or allowances	37 546	38 309	42 581	37 868
<b>Sub Total</b>	<b>232 794</b>	<b>259 435</b>	<b>265 613</b>	<b>260 843</b>
<b>% increase/(decrease)</b>	<b>43</b>	<b>11.44</b>	<b>2.38</b>	<b>(1.80)</b>
<b>Total Municipality</b>	<b>251 576</b>	<b>276 308</b>	<b>280 923</b>	<b>272 226</b>
<b>% increase/(decrease)</b>	<b>41.8</b>	<b>9.83</b>	<b>1.64</b>	<b>(3.10)</b>

**Table 209:** Analysis of Personnel Expenditure





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## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2020/21 financial year:

Financial Summary						
R'000						
Description	2019/20	2020/21			2020/21 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	137 416	148 975	148 675	149 321	0.23	0.43
Service charges	361 944	389 372	379 599	374 427	(3.99)	(1.38)
Investment revenue	10 308	9 667	8 167	6 601	(46.46)	(23.73)
Transfers recognised - operational	122 695	143 571	162 384	149 138	3.73	(8.88)
Other own revenue	36 397	65 821	56 251	61 375	(7.24)	8.35
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>668 760</b>	<b>757 406</b>	<b>755 076</b>	<b>740 861</b>	<b>(2.23)</b>	<b>(1.92)</b>
Employee costs	227 660	268 985	273 600	267 666	(0.49)	(2.22)
Remuneration of councillors	6 303	7 323	7 323	6 250	(17.17)	(17.17)
Depreciation & asset impairment	31 925	36 691	34 576	34 738	(5.62)	0.47
Finance charges	14 825	13 510	13 345	13 284	(1.70)	(0.46)
Materials and bulk purchases	136 804	157 816	154 079	160 591	1.73	4.06
Transfers and grants	5 848	6 700	5 792	5 571	(20.27)	(3.97)
Other expenditure (Remaining)	227 286	264 601	264 889	280 022	5.51	5.40
<b>Total Expenditure</b>	<b>650 650</b>	<b>755 626</b>	<b>753 603</b>	<b>768 123</b>	<b>1.63</b>	<b>1.89</b>
<b>Surplus/(Deficit)</b>	<b>18 111</b>	<b>1 780</b>	<b>1 473</b>	<b>(27 262)</b>	<b>106.53</b>	<b>105.40</b>
Transfers recognised - capital	26 187	32 381	35 019	33 032	1.97	(6.02)



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Financial Summary						
R'000						
Description	2019/20	2020/21			2020/21 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Surplus/(Deficit) after capital transfers & contributions	44 298	34 161	36 492	5 770	(492.00)	(532.40)
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	26 187	32 381	35 019	33 032	1.97	(6.02)
Public contributions and donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	0	0	0	0	0	0
<b>Total sources of capital funds</b>	<b>26 187</b>	<b>32 381</b>	<b>35 019</b>	<b>33 032</b>	<b>1.97</b>	<b>(6.02)</b>
Financial position						
Total current assets	221 408	177 668	177 668	163 223	(8.85)	(8.85)
Total non-current assets	1 131 214	1 273 434	1 285 310	1 173 746	(8.49)	(9.50)
Total current liabilities	168 826	(167 334)	167 334	153 627	208.92	(8.92)
Total non-current liabilities	173 216	(153 371)	153 371	166 992	191.84	8.16
Community wealth/Equity	1 010 580	1 771 807	1 142 273	1 016 350	(74.33)	(12.39)
Cash flows						
Net cash from (used) operating	106 762	43 776	47 680	32 855	(33.24)	(45.12)
Net cash from (used) investing	(51 330)	(73 578)	(73 625)	(79 683)	7.66	7.60
Net cash from (used) financing	(19 805)	(22 621)	(34 426)	(11 648)	(94.21)	(195.56)
<b>Cash/cash equivalents at the year end</b>	<b>35 627</b>	<b>(52 423)</b>	<b>(60 371)</b>	<b>(58 476)</b>	<b>10.35</b>	<b>(3.24)</b>
Cash backing/ surplus reconciliation						
Cash and investments available	125 717	125 717	125 717	67 241	(86.97)	(86.97)
Application of cash and investments	0	0	0	0	0	0
<b>Balance -surplus (shortfall)</b>	<b>125 717</b>	<b>125 717</b>	<b>125 717</b>	<b>67 241</b>	<b>(86.97)</b>	<b>(86.97)</b>
Asset management						





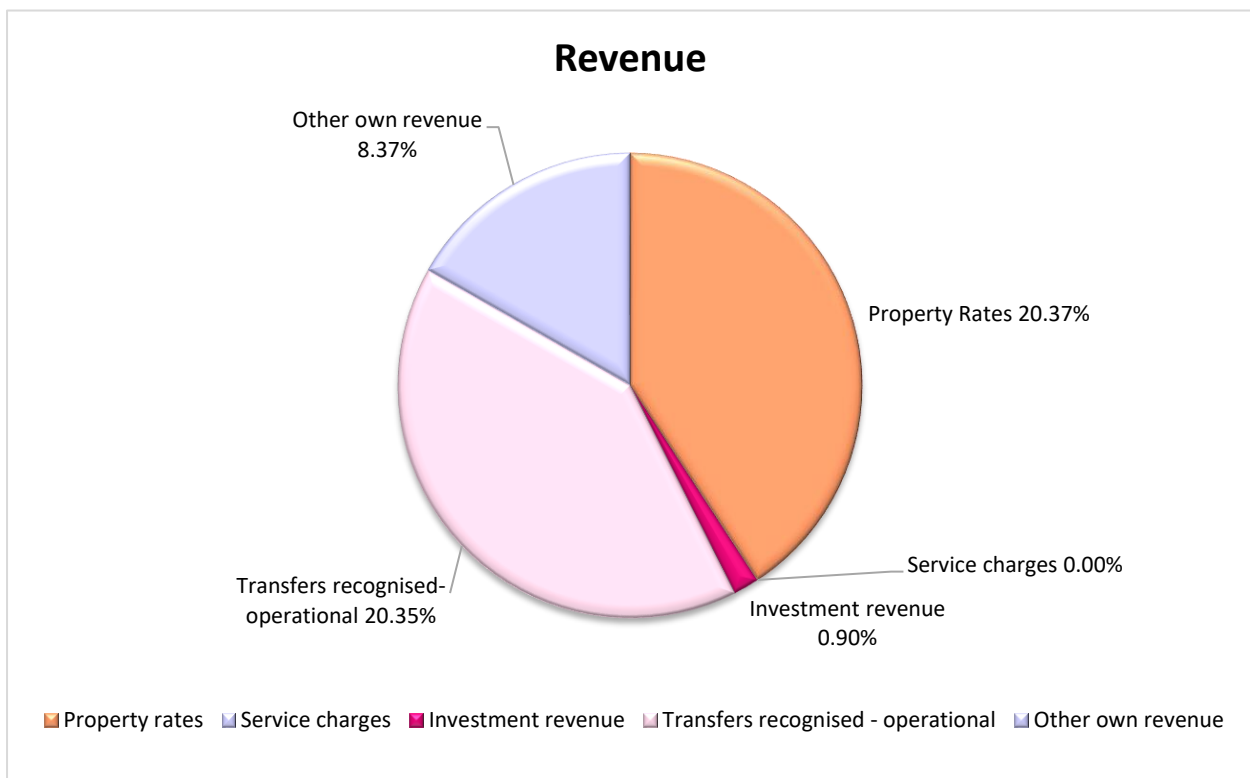
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Financial Summary						
R'000						
Description	2019/20	2020/21			2020/21 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Asset register summary (WDV)	1 100 595	1 209 327	1 221 202	1 142 374	(5.86)	(6.90)
Depreciation and asset impairment	31 925	36 691	34 576	34 738	(5.62)	0.47
Renewal of Existing Assets	0	1 220	1 080	1 080	(12.96)	0.00
Repairs and Maintenance	44 601	49 887	39 250	36 138	(38.05)	(8.61)
Free services						
Cost of Free Basic Services provided	No comparative result available	19 192	19 365	21 312	9.95	9.13
Revenue cost of free basic services provided	No comparative result available	3 887	3 887	3 848	(1.02)	(1.02)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

**Table 210:** Financial Performance 2020/21

The following graph indicates the various types of revenue items in the municipal budget for 2020/21



Graph 3.: Revenue

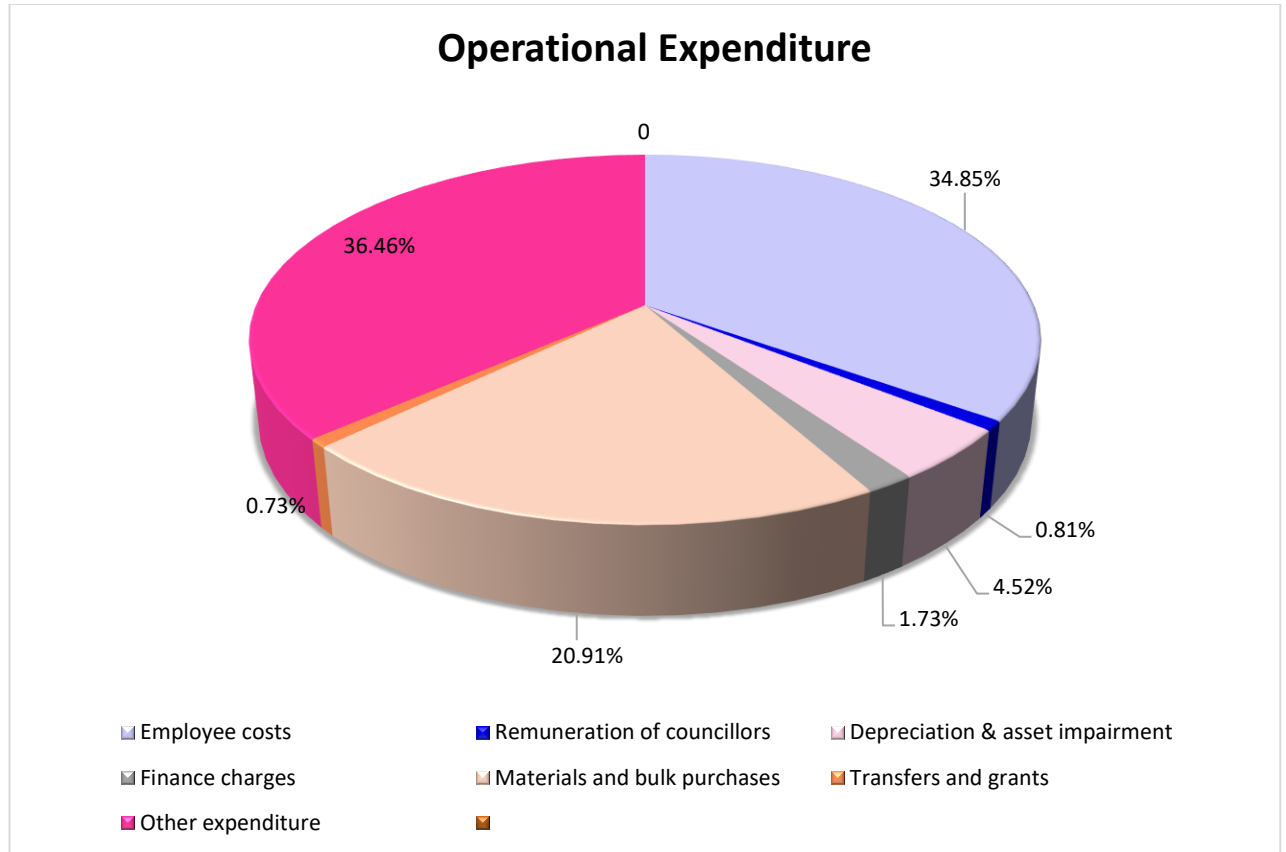




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The following graph indicates the various types of operational expenditure items in the municipality budget for 2020/21



Graph 4.: Operating Expenditure







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The table below shows a summary of performance against budgets:

Financial Year	Operating Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2019/20	703 128	694 948	(8 181)	(1)	264 889	650 650	(385 761)	(146)
2020/21	790 095	773 893	(16 202)	(2)	753 603	768 123	(14 519)	(2)

**Table 211:** Performance Against Budgets

## 5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 – Council General	7	2 804	2 829	2 812	0.28	(0.61)
Vote 2 – Municipal Manager	94 836	44 889	45 339	45 086	0.44	(0.56)
Vote 3 – Strategic Support Services	2 956	10 586	8 560	9 293	(13.91)	7.89
Vote 4 – Financial Services	155 260	174 085	189 338	190 538	8363	0.63
Vote 5 – Community Services	78 914	138 418	133 278	116 168	(19.15)	(14.73)
Vote 6 Technical Services	362 571	416 809	408 805	405 201	(2.86)	(0.89)
<b>Total Revenue by Vote</b>	<b>694 545</b>	<b>787 590</b>	<b>788 149</b>	<b>769 098</b>	<b>(2.40)</b>	<b>(2.48)</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						

**Table 212:** Revenue by Vote

## 5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2020/21 financial year:

Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	137 416	148 975	148 675	149 321	0.23	0.43
Property rates – penalties and collection charges	1 703	1 923	1 923	1 858	0.00	0.00
Service Charges – electricity revenue	162 483	178 111	162 862	168 628	(5.62)	3.42
Service Charges – water revenue	82 154	87 044	88 364	80 711	(7.85)	(9.48)
Service Charges – sanitation revenue	73 742	77 658	79 310	78 675	1.29	(0.81)



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Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Service Charges – refuse revenue	43 566	46 558	49 062	46 413	(0.31)	(5.71)
Services charges - other	0	0	0	0	0.00	0.00
Rentals of facilities and equipment	1 224	1 253	1 408	1 149	(9.09)	(22.52)
Interest earned - external investments	10 308	9 667	8 167	6 601	(46.46)	(23.73)
Interest earned - outstanding debtors and other fines	13 628	16 627	16 337	12 721	(30.71)	(29.43)
Fines	8 778	37 274	28 504	30 462	(22.36)	6.43
Licences and permits	700	967	1 005	719	(34.44)	(39.68)
Agency services	1 785	2 184	2 184	2 345	0.00	0.00
Transfers recognised - operational	122 521	143 571	162 384	149 138	3.73	(8.88)
Other revenue	8 754	6 897	6 863	11 851	41.80	42.08
Gains on disposal of PPE	0	867	200	270	0.00	0.00
<b>Total Revenue</b>	<b>668 760</b>	<b>759 578</b>	<b>757 248</b>	<b>740 861</b>	<b>(2.53)</b>	<b>(2.21)</b>

**Table 213:** Revenue by Source

## 5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2020/21 financial year:

Financial Performance of Operational Services						
R'000						
Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
<b>Governance and administration</b>	(5 670)	(63 701)	(69 428)	(67 390)	5.47	(3.02)
Executive and council	57 898	13 624	9 185	10 025	(35.90)	8.38
Budget and treasury office	(11 996)	(13 769)	(10 604)	(10 750)	(28.08)	1.36
Corporate services	(51 573)	(63 556)	(68 009)	(66 664)	4.66	(2.02)
<b>Community and Public Safety</b>	(123 020)	(42 137)	(67 409)	(79 706)	47.14	15.43



# ANNUAL REPORT



Financial Performance of Operational Services						
R'000						
Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Community and social services	(16 193)	(15 170)	(14 465)	(15 407)	1.54	6.12
Sport and recreation	(23 217)	(16 762)	(16 344)	(13 365)	(25.41)	(22.29)
Public safety	(79 581)	(4 739)	(17 816)	(26 260)	81.96	32.16
Housing	(4 029)	(5 466)	(18 785)	(24 673)	77.84	23.87
Health	0	0	0	0	0.00	0.00
<b>Economic and environmental services</b>	<b>(81 174)</b>	<b>(64 394)</b>	<b>(59 528)</b>	<b>(57 225)</b>	<b>(12.53)</b>	<b>(4.03)</b>
Planning and development	(43 708)	(24 019)	(23 269)	(22 434)	(7.07)	(3.73)
Road transport	(37 466)	(40 375)	(36 259)	(34 791)	(16.05)	(4.22)
Environmental protection	0	0	0	0	0.00	0.00
<b>Trading services</b>	<b>81 039</b>	<b>159 327</b>	<b>161 989</b>	<b>108 724</b>	<b>(46.54)</b>	<b>(48.99)</b>
Electricity	10 620	14 255	11 724	17 724	19.57	33.85
Water	45 863	63 570	62 879	2 952	(2053.14)	(2029.73)
Waste water management	21 468	63 556	68 707	88 794	28.42	22.62
Waste management	3 089	17 946	18 679	(746)	2504.62	2602.82
<b>Other</b>	<b>27 998</b>	<b>73 727</b>	<b>97 032</b>	<b>122 939</b>	<b>40.03</b>	<b>21.07</b>
<b>Total Expenditure</b>	<b>(100 827 476.55)</b>	<b>62 821 4460</b>	<b>62 655 940</b>	<b>27 342 337</b>	<b>(129.76)</b>	<b>(129.15)</b>

Table 214: Operational Services Performance

## 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

### 5.2.1 Water Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>101 648</b>	<b>122 236</b>	<b>128 956</b>	<b>120 160</b>	<b>(1.73)</b>
<b>Expenditure</b>					
Employees	14 815	19 321	19 496	16 222	(19.11)



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Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Repairs and Maintenance	800	3 092	1 345	1 963	(57.56)
Other	40 169	36 252	45 235	99 023	63.39
<b>Total Operational Expenditure</b>	<b>55 784</b>	<b>58 666</b>	<b>66 077</b>	<b>117 207</b>	<b>49.95</b>
<b>Net Operational (Service) Expenditure</b>	<b>45 863</b>	<b>63 570</b>	<b>62 879</b>	<b>2 952</b>	<b>(2053.14)</b>

**Table 215:** Financial Performance: Water services

## 5.2.2 Waste Water (Sanitation)

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>78 865</b>	<b>100 995</b>	<b>102 661</b>	<b>101 472</b>	<b>0.47</b>
<b>Expenditure</b>					
Employees	6 966	10 643	10 345	10 611	(0.30)
Repairs and Maintenance	1 469	4 010	1 552	2 334	(71.80)
Other	48 962	22 787	22 057	(268)	8617.26
<b>Total Operational Expenditure</b>	<b>57 397</b>	<b>37 440</b>	<b>33 954</b>	<b>12 678</b>	<b>(195.32)</b>
<b>Net Operational (Service) Expenditure</b>	<b>21 468</b>	<b>63 556</b>	<b>68 707</b>	<b>88 794</b>	<b>28.42</b>

**Table 216:** Financial Performance: Waste Water (Sanitation) services

## 5.2.3 Electricity

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>176 864</b>	<b>202 222</b>	<b>185 833</b>	<b>191 581</b>	<b>(5.55)</b>
<b>Expenditure</b>					
Employees	17 964	18 778	18 385	19 210	2.25
Repairs and Maintenance	8 210	5 199	4 951	4 418	(17.67)
Other	140 070	163 990	150 772	150 229	(9.16)
<b>Total Operational Expenditure</b>	<b>166 245</b>	<b>187 967</b>	<b>174 108</b>	<b>173 857</b>	<b>(8.12)</b>
<b>Net Operational (Service) Expenditure</b>	<b>10 620</b>	<b>14 255</b>	<b>11 724</b>	<b>17 724</b>	<b>19.57</b>



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**Table 217:** Financial Performance: Electricity

## 5.2.4 Waste Management

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	46 446	61 893	64 248	61 231	(1.08)
<b>Expenditure</b>					
Employees	19 777	19 584	19 434	21 858	10.40
Repairs and Maintenance	(10 470)	702	2 597	2 148	67.31
Other	34 051	23 661	23 538	37 972	37.69
Total Operational Expenditure	43 357	43 947	45 569	61 978	29.09
Net Operational (Service) Expenditure	3 089	17 946	18 679	(746)	2504.62

**Table 218:** Financial Performance: Waste Management

## 5.2.5 Housing

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	6 838	22 437	22 680	12 703	(76.62)
<b>Expenditure</b>					
Employees	6 056	5 098	5 098	6 919	26.33
Repairs and Maintenance	175	233	182	11	(204.28)
Other	4 637	22 573	36 186	30 446	25.35
Total Operational Expenditure	10 868	27 903	41 465	37 376	25.35
Net Operational (Service) Expenditure	(4 029)	(5 466)	(18 785)	(24 673)	77.84

**Table 219:** Financial Performance: Housing

## 5.2.6 Roads and Stormwater

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	2 499	892	892	870	(2.50)
<b>Expenditure</b>					





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Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Employees	6 223	9 077	9 375	7 434	(22.09)
Repairs and Maintenance	18 399	19 616	15 934	14 951	(31.20)
Other	15 343	12 575	11 841	13 276	5.28
<b>Total Operational Expenditure</b>	<b>39 965</b>	<b>41 267</b>	<b>37 151</b>	<b>35 661</b>	<b>(15.72)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(37 466)</b>	<b>(40 375)</b>	<b>(36 259)</b>	<b>(34 791)</b>	<b>(16.05)</b>

**Table 220:** Financial Performance: Roads and Stormwater

## 5.2.8 Planning and Development

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>3 481</b>	<b>10 854</b>	<b>8 828</b>	<b>10 341</b>	<b>(4.96)</b>
<b>Expenditure</b>					
Employees	33 633	22 998	23 271	21 758	(5.70)
Repairs and Maintenance	338	2 437	381	299	(714.59)
Other	13 217	9 438	8 446	10 717	11.94
<b>Total Operational Expenditure</b>	<b>47 188</b>	<b>34 873</b>	<b>32 098</b>	<b>32 775</b>	<b>(6.40)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(43 708)</b>	<b>(24 019)</b>	<b>(23 269)</b>	<b>(22 434)</b>	<b>(7.07)</b>

**Table 221:** Financial Performance: Planning and Development

## 5.2.11 Aerodrome

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>1 435</b>	<b>1 424</b>	<b>1 195</b>	<b>686</b>	<b>(107.57)</b>
<b>Expenditure</b>					
Employees	1 290	2 343	2 323	1 592	(47.17)
Repairs and Maintenance	230	316	330	182	(81.69)
Other	839	2 923	1 296	879	(47.39)
<b>Total Operational Expenditure</b>	<b>2 359</b>	<b>5 582</b>	<b>3 949</b>	<b>2 653</b>	<b>(110.44)</b>





# ANNUAL REPORT



Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Net Operational (Service) Expenditure	(924)	(4 158)	(2 754)	(1 967)	(111.44)

**Table 222:** Financial Performance: Cemeteries

## 5.2.12 Sport, Parks and Recreation

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	94	137	163	81	(68.47)
<b>Expenditure</b>					
Employees	17 441	13 942	13 792	10 749	(29.70)
Repairs and Maintenance	1 911	507	499	445	(13.88)
Other	3 959	2 449	2 216	2 252	(8.74)
Total Operational Expenditure	23 312	16 898	16 507	13 447	(25.67)
Net Operational (Service) Expenditure	(23 217)	(16 762)	(16 344)	(13 365)	(25.41)

**Table 223:** Financial Performance: Sport, Parks and Recreation

## 5.2.13 Public Safety

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	7 824	40 959	31 998	29 525	(38.72)
<b>Expenditure</b>					
Employees	32 308	35 529	36 161	30 408	337.04
Repairs and Maintenance	433	1 427	1 085	1 075	(32.80)
Other	54 663	8 741	12 569	24 303	64.03
Total Operational Expenditure	87 405	45 697	49 814	55 786	18.08
Net Operational (Service) Expenditure	(79 581)	(4 739)	(17 816)	(26 260)	81.96
* The actuals of the 2019/20 financial year are currently unaudited figures					

**Table 224:** Financial Performance: Tourism



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## 5.2.14 Budget and Treasury

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>1 829</b>	<b>1 550</b>	<b>1 550</b>	<b>1 550</b>	<b>0.00</b>
<b>Expenditure</b>					
Employees	5 731	6 577	6 800	6 678	1.52
Repairs and Maintenance	0	8	8	0	0.00
Other	8 093	8 734	5 345	5 622	(55.33)
<b>Total Operational Expenditure</b>	<b>13 824</b>	<b>15 319</b>	<b>12 154</b>	<b>12 300</b>	<b>(24.54)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(11 996)</b>	<b>(13 769)</b>	<b>(10 604)</b>	<b>(10 750)</b>	<b>(28.08)</b>

**Table 225:** Financial Performance: Financial Services

## 5.2.15 Community and Social

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>12 353</b>	<b>11 494</b>	<b>12 302</b>	<b>11 094</b>	<b>(3.61)</b>
<b>Expenditure</b>					
Employees	16 968	19 925	19 793	19 767	(0.80)
Repairs and Maintenance	1 784	1 470	1 719	1 444	(1.78)
Other	9 794	5 270	5 255	5 290	0.39
<b>Total Operational Expenditure</b>	<b>28 546</b>	<b>26 665</b>	<b>26 767</b>	<b>26 502</b>	<b>(0.62)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(16 193)</b>	<b>(15 170)</b>	<b>(14 465)</b>	<b>(15 407)</b>	<b>1.54</b>

**Table 226:** Financial Performance: Human Resources

## 5.2.16 Executive Council

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>94 844</b>	<b>47 693</b>	<b>48 168</b>	<b>47 898</b>	<b>0.43</b>
<b>Expenditure</b>					



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Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Employees	25 376	18 170	18 577	18 337	(1.31)
Repairs and Maintenance	7	42	27	6	(585.13)
Other	11 563	15 857	20 381	19 530	18.81
<b>Total Operational Expenditure</b>	<b>36 946</b>	<b>34 069</b>	<b>38 984</b>	<b>37 873</b>	<b>10.04</b>
<b>Net Operational (Service) Expenditure</b>	<b>57 898</b>	<b>13 624</b>	<b>9 185</b>	<b>10 025</b>	<b>(35.90)</b>

**Table 227:** Financial Performance: Executive Council

## 5.2.17 Corporate Services

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>404</b>	<b>417</b>	<b>473</b>	<b>775</b>	<b>46.27</b>
<b>Expenditure</b>					
Employees	20 724	25 711	29 096	29 195	11.93
Repairs and Maintenance	8 718	7 363	5 700	4 146	(77.60)
Other	22 534	30 899	33 685	34 098	9.38
<b>Total Operational Expenditure</b>	<b>51 976</b>	<b>63 973</b>	<b>68 482</b>	<b>67 439</b>	<b>5.14</b>
<b>Net Operational (Service) Expenditure</b>	<b>(51 573)</b>	<b>(63 556)</b>	<b>(68 009)</b>	<b>(66 664)</b>	<b>4.66</b>

**Table 228:** Financial Performance: Executive Council

## 5.2.7 Other

Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>2 775</b>	<b>172 591</b>	<b>188 460</b>	<b>189 829</b>	<b>9.08</b>
<b>Expenditure</b>					
Employees	7 133	30 612	26 910	30 546	(0.22)
Repairs and Maintenance	1 827	1 044	1 057	1 187	10.94
Other	(34 183)	67 208	63 461	35 157	(80.51)
<b>Total Operational Expenditure</b>	<b>(25 223)</b>	<b>98 864</b>	<b>91 429</b>	<b>66 890</b>	<b>(47.80)</b>



# ANNUAL REPORT



Description	2019/20	2020/21			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Net Operational (Service) Expenditure	27 998	73 727	97 032	122 939	40.03

**Table 229:** Financial Performance: Other

## 5.3 GRANTS

### 5.3.1 Grant Performance

The performance in the spending of these grants is summarised as follows:

Grant Performance						
R'000						
Description	2019/20	2020/21			2020/21 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Capital Transfers and Grants						
<b>National Government:</b>	<b>105 028</b>	<b>113 069</b>	<b>129 391</b>	<b>129 390</b>	<b>12.61</b>	<b>0.00</b>
Equitable Share	93 565	104 346	121 668	121 668	14.24	0.00
Extended Public Works Program	2 579	2 173	2 173	2 173	(0.02)	(0.02)
Integrated National Electrification Program	6 828	5 000	4 000	4 000	(25.00)	0.00
National Disaster Management Grant	506	0	0	0	0.00	0.00
Finance Management Grant	1 550	1 550	1 550	1 550	0.00	0.00
<b>Provincial Government:</b>	<b>30 301</b>	<b>39 150</b>	<b>38 806</b>	<b>19 194</b>	<b>(103.97)</b>	<b>(102.18)</b>
Housing	13 386	22 400	22 400	4 287	(422.54)	(422.54)
Proclaimed Roads	2 489	870	870	870	0.00	0.00
Community Development Workers Operating Grant	0	19	19	19	0.00	0.00
Library Grant	11 116	11 112	12 116	11 018	(0.85)	(9.97)
Financial Management Support Grant	330	0	0	0	0.00	0.00
Management Support Grant	380	401	401	0	0.00	0.00
RSEP Projects	2 600	4 348	3 000	3 000	(44.93)	0.00
<b>Other grant providers:</b>	<b>387</b>	<b>0</b>	<b>27</b>	<b>401</b>	<b>100.00</b>	<b>93.19</b>
SETA	387	0	27	401	100.00	93.19
<b>Total Operating Transfers and Grants</b>	<b>135 716</b>	<b>152 219</b>	<b>168 224</b>	<b>148 985</b>	<b>(2.17)</b>	<b>(12.91)</b>

**Table 230:** Grant Performance for 2020/21



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## 5.3.2 Conditional Grants

Conditional Grants						
R'000						
Details	2019/20	2020/21			2020/21 % Variance	
	Audited Actual	Budget	Adjusted Budget	Actual	Budget	Adjusted Budget
Equitable share	93 565	104 346	121 668	121 668	14.24	0.00
Municipal Systems Improvement	0	0	0	0	0.00	0.00
RBIG	0	0	0	0	0.00	0.00
Expanded Public Works Programme	2 579	2 173	2 173	2 173	(0.02)	(0.02)
Disaster Fund:	506	0	0	0	0.00	0.00
Municipal Infrastructure Grant	20 173	20 063	25 463	19 817	(1.24)	(28.49)
Finance Management Grant	1 550	1 550	1 550	1 550	0.00	0.00
Housing	13 386	22 400	22 400	4 287	(422.54)	(422.54)
Library Grant	11 111	11 112	12 116	11 018	(0.85)	(9.97)
Financial Management Support	330	0	0	0	0.00	0.00
Management Support Grant	380	401	401	0	0.00	0.00
RSEP Projects	2 600	4 348	3 000	3 000	(44.93)	0.00
SETA	387 0	0	27	401	100.00	93.19
<b>Total</b>	<b>146 567</b>	<b>166 393</b>	<b>188 798</b>	<b>163 913</b>	<b>(1.51)</b>	<b>(15.18)</b>

**Table 231:** Conditional Grant

## 5.3.3 Level of Reliance on Grants and Subsidies

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	%
2019/20	148 708	668 760	0.22
2020/21	170 797	740 861	0.23

**Table 232:** Reliance on grants

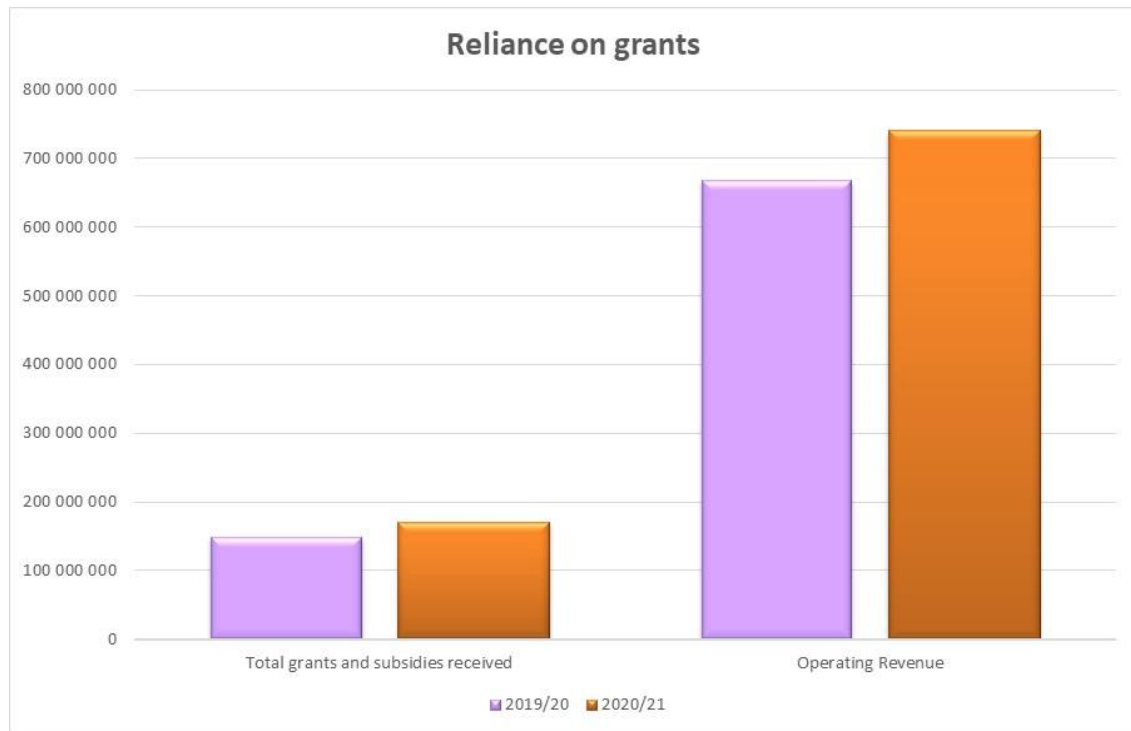




# ANNUAL REPORT



The following graph indicates the municipality's reliance on grants for the last two financial years:



Graph 5.: *Reliance on Grants*

## 5.4 ASSET MANAGEMENT

The objectives of the asset management within the Bitou Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the Municipality's assets through:

- Proper recording of assets from authorisation to acquisition and to subsequent disposal
- Providing for safeguarding procedures
- Setting proper guidelines as to authorised utilisation
- Prescribing for proper maintenance

The key elements of the Asset Management Policy represent:

- Statutory and regulatory framework / responsibilities and accountabilities
- Financial management / internal controls / management of control items
- Management and operation of assets / classification & components
- Accounting for assets / financial disclosure

The asset management section consists of three staff members and forms part of the Expenditure & Asset Management Division within the finance directorate.

The costing module on the SAMRAS Management Information System is utilized to cost all new asset components up to completion there-of. This approach was deployed over the past year with great success.

Regular asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding asset register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place. The asset register is currently hosted on software specifically developed for this purpose







# ANNUAL REPORT



## 5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	Farm 440 Portion 105 (Asset ID 22967)	
Description	Airport	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2020	2019/20 R million	2020/21 R million
	22 542	22 542
Future Purpose of Asset	Tourism and economic development	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

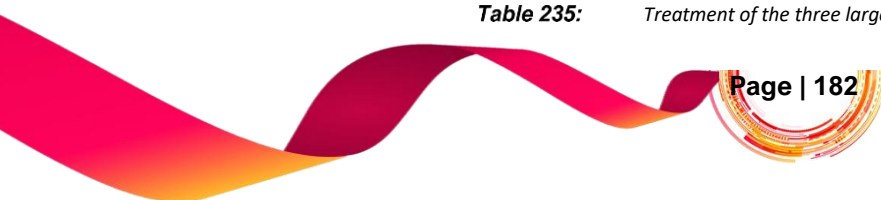
**Table 233:** Treatment of the three largest assets: Asset 1

Asset 2		
Name	Farm 456 Portion 1 (Asset ID 22968)	
Description	Grootfontein (Golf Course)	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2020	2019/20 R million	2020/21 R million
	17 163	17 163
Future Purpose of Asset	Leased for Recreational purposes	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

**Table 234:** Treatment of the three largest assets: Asset 2

Asset 2		
Name	Erf 4117, Beacon Island (Plettenberg Bay) (Asset ID 22950)	
Description	Desalination Plant	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2019/20 R million	2020/21 R million
	15 790	15 790
Future Purpose of Asset	Site on which Desalination Plant is constructed / Water Supply during peak seasons	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

**Table 235:** Treatment of the three largest assets: Asset





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## 5.4.2 Repairs and Maintenance

Description	2019/20	2020/21			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and maintenance expenditure	44 601	49 887	39 250	36 138	(7.93)

**Table 236:** Repairs & Maintenance Expenditure

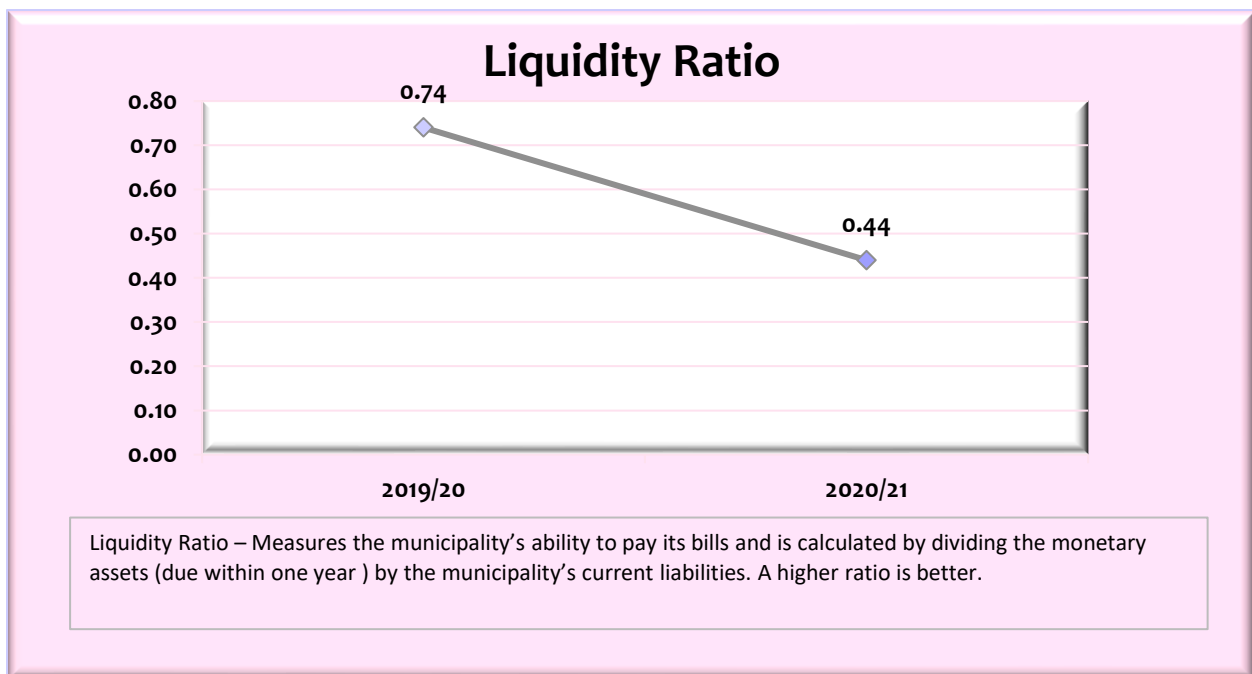
## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2019/20	2020/21
		Actual	Actual
Current Ratio	Current assets/current liabilities	1.31	1.06
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.67	1.78
Liquidity Ratio	Monetary Assets/Current Liabilities	0.74	0.44

**Table 237:** Liquidity Financial Ratio

The following graph indicates the liquidity financial ratio for 2020/21:





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## 5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2019/20	2020/21
		Actual	Actual
Cost Coverage	(Available cash + Investments-Unspent Grants)/monthly fixed operational expenditure	2.30	1.14
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.11	0.08
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1.73	2.20

**Table 238:** Financial Viability National KPAs

## 5.5.3 Borrowing Management

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.03	0.05

**Table 239:** Borrowing Management

## 5.5.4 Employee Costs

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.36	0.36

**Table 240:** Employee Costs

## 5.5.5 Repairs and Maintenance

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audit outcome
Repairs and Maintenance	R&M/(Total Revenue excluding capital revenue)	0.05	0.05

**Table 241:** Repairs and Maintenance





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## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2019/20	2020/21			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2021/22	2022/23	2023/24
R'000							
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>43 233</b>	<b>56 572</b>	<b>56 363</b>	<b>56 831</b>	<b>56 363</b>	<b>59 453</b>	<b>45 446</b>
<b>Infrastructure: Road transport - Total</b>	<b>2 726</b>	<b>13 615</b>	<b>14 165</b>	<b>16 178</b>	<b>14 165</b>	<b>92 78</b>	<b>5 546</b>
Roads, Pavements & Bridges	2 167	13 615	14 165	16 178	14 165	9 278	5 546
<b>Infrastructure: Electricity - Total</b>	<b>559</b>	<b>13 557</b>	<b>10 187</b>	<b>9 622</b>	<b>10 187</b>	<b>7 130</b>	<b>6 840</b>
Generation		13 557	10 187	9 622	10 187	7 130	6 840
Transmission & Reticulation	14 856	0	0	0	0	0	0
<b>Infrastructure: Water - Total</b>	<b>17 274</b>	<b>12 441</b>	<b>17 467</b>	<b>17 275</b>	<b>17 467</b>	<b>14 524</b>	<b>13 511</b>
Water Purification	17 274	12 441	17 467	17 275	17 467	14 524	13 511
<b>Infrastructure: Sanitation - Total</b>	<b>8 377</b>	<b>16 958</b>	<b>14 544</b>	<b>13 756</b>	<b>14 544</b>	<b>28 521</b>	<b>9 775</b>
Sewerage purification	8 377	16 958	14 544	13 756	14 544	28 521	9 775
<b>Infrastructure: Other - Total</b>	<b>1 864</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Waste Management	1 607	0	0	0	0	0	0
Other	257	0	0	0	0	0	0
<b>Community - Total</b>	<b>2 320</b>	<b>8 980</b>	<b>6 637</b>	<b>5 063</b>	<b>6 637</b>	<b>2 900</b>	<b>0</b>
Community halls	0	500	225	33	225	0	0
Libraries	0	0	20	20	20	0	0
Recreational facilities	0	8 480	6 392	5 011	6 392	2 900	0
Other	2 320	0	0	0	0	0	0
<b>Other assets</b>	<b>4 564</b>	<b>8 026</b>	<b>21 763</b>	<b>17 308</b>	<b>21 763</b>	<b>17 669</b>	<b>7 620</b>
General vehicles	723	1 816	13 607	12 469	13 607	8 400	4 200
Plant & equipment	515	3 040	4 393	2 826	4 393	3 970	2 950
Computers - hardware/equipment	735	2 191	2 760	1 814	2 760	1 939	450



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Description	2019/20	2020/21			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2021/22	2022/23	2023/24
Furniture and other office equipment	565	979	1 004	199	1 004	180	20
Other	2 027	0	0	0	0	3 180	0
<b>Total Capital Expenditure on new assets</b>	<b>51 982</b>	<b>73 578</b>	<b>84 763</b>	<b>79 203</b>	<b>84 763</b>	<b>80 022</b>	<b>43 291</b>

**Table 242:** Analysis of Capital and Operating Expenditure

## 5.7 SOURCE OF FINANCE

The table below indicates the capital expenditure by funding source for the 2020/21 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2019/20	2020/21				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
External loans	0	0	11 805	11 805	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	22 575	27 432	28 781	28 991	4.92	0.77
Own funding	29 406	46 146	44 177	38 406	(4.27)	(12.50)
Total	51 982	73 578	84 763	79 203	15.20	(7.56)
Percentage of finance						
External loans	0%	0%	14%	15%		
Public contributions and donations	0%	0%	0%	0%		
Grants and subsidies	43%	37%	34%	37%		
Own funding	57%	63%	52%	48%		
Capital expenditure						
Water and sanitation	25 863	31 874	37 063	34 582	16.28	(7.78)
Electricity	16 453	13 557	11 347	9 665	(16.31)	(12.41)
Housing	0	0	0	0	0.00	0.00
Roads and Stormwater	1 805	13 615	15 096	17 109	10.88	14.78



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Capital Expenditure: Funding Sources						
R'000						
Details	2019/20	2020/21				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Other	7 861	14 531	21 257	17 847	46.29	(23.47)
<b>Total</b>	<b>51 982</b>	<b>73 578</b>	<b>84 763</b>	<b>79 203</b>	<b>15.20</b>	<b>(7.56)</b>
Percentage of expenditure						
Water and sanitation	50%	43%	44%	44%		
Electricity	32%	18%	13%	12%		
Housing	0%	0%	0%	0%		
Roads and stormwater	3%	19%	18%	22%		
Other	15%	20%	25%	23%		

**Table 243:** Capital expenditure by Asset Program

## 5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2020/21.

Name of Project*	2020/21			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Kranshoek Upgrade Gravel Roads (MIG)	5 734	5 734	6 960	21.39	21.39
Kranshoek Upgrade Bulk Water	0	4 505	4 501	0.00	(0.10)
Kwano New Water Pipeline	4 371	4 442	4 864	11.27	9.52
Ebenezer Bul Infrastructure Portion 20	3 795	3 478	3 466	(8.66)	(0.35)
Kwano: Upgrading of Roads	3 700	3 700	1 629	(55.97)	(55.97)
Projects with the highest capital expenditure in 2020/21					

**Table 244:** Capital Expenditure on the 5 Largest Projects

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.







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## 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2019/20	2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	419 940	0	0	458 304
Government - operating	162 607	0	0	170 797
Government - capital	0	0	0	0
Interest	25 640	0	0	21 179
<b>Payments</b>				
Suppliers and employees	480 560	0	0	593 134
Finance charges	14 825	0	0	13 399
Transfers and Grants	5 848	0	0	5 571
<b>Net cash from/(used) operating activities</b>	<b>106 954</b>	<b>(615 568)</b>	<b>(1 228 658)</b>	<b>38 176</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	1 400	0	0	270
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (Increase) other non-current receivables	4	0	0	2
Decrease (increase) in non-current investments	(752)	0	0	(752)
<b>Payments</b>				
Capital assets	(51 982)	0	0	(65 627)
<b>Net cash from/(used) investing activities</b>	<b>(51 330)</b>	<b>(71 484)</b>	<b>(84 703)</b>	<b>(66 107)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Borrowing long term/ refinancing	192	0	0	12 273
<b>Payments</b>				
Repayment of borrowing	(19 996)	0	0	(24 321)
<b>Net cash from/(used) financing activities</b>	<b>(19 996)</b>	<b>0</b>	<b>0</b>	<b>(24 321)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>35 627</b>			<b>(52 252)</b>



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Cash Flow Outcomes				
R'000				
Description	2019/20	2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash/cash equivalents at the year begin:	90 089			125 717
Cash/cash equivalents at the year-end:	125 717	(561 335)	(1 313 361)	73 465

**Table 245:** *Cashflow*

## 5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
2019/20	48 154	119 854	153 612	1 437	35 739	358 797
2020/21	48 554	105 381	129 933	1 089	57 873	342 830
Difference	(48 106)	(119 748)	(153 482)	(1 436)	(35 681)	(38 454)
% growth year on year	(100)	(100)	(100)	0	(100)	(100)

**Table 246:** *Gross Outstanding Debtors per Service*

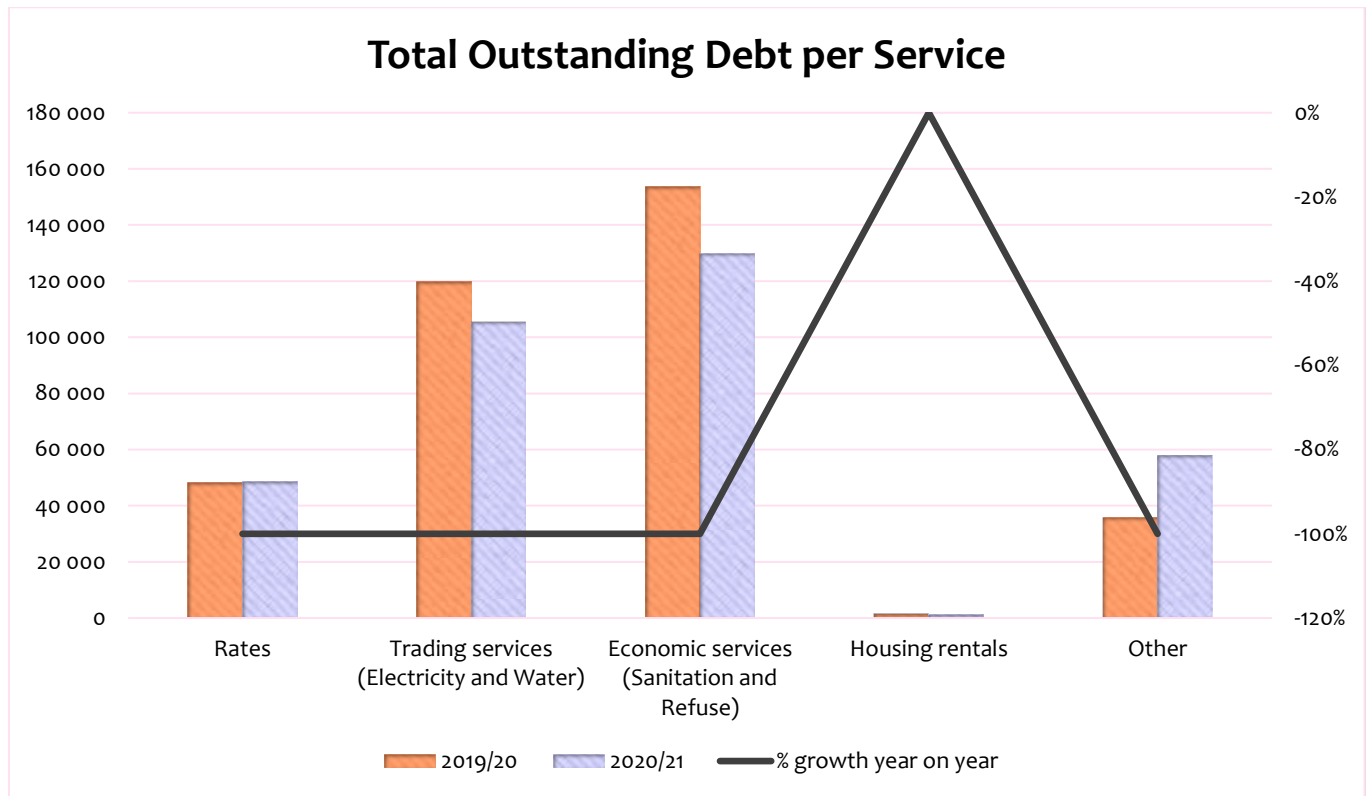




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The following graph indicates the total outstanding debt per type of service for 2020/21:



Graph 6.: Outstanding Debtors per Service

## 5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
2019/20	43 846	13 869	11 798	282 296	351 809
2020/21	14 647	43 388	19 423	292 195	349 653
Difference	(43 831)	(13 826)	(11 778)	(282 004)	(351 460)
% growth year on year	(100)	(100)	(100)	(100)	(100)

Table 247: Service Debtor Age Analysis

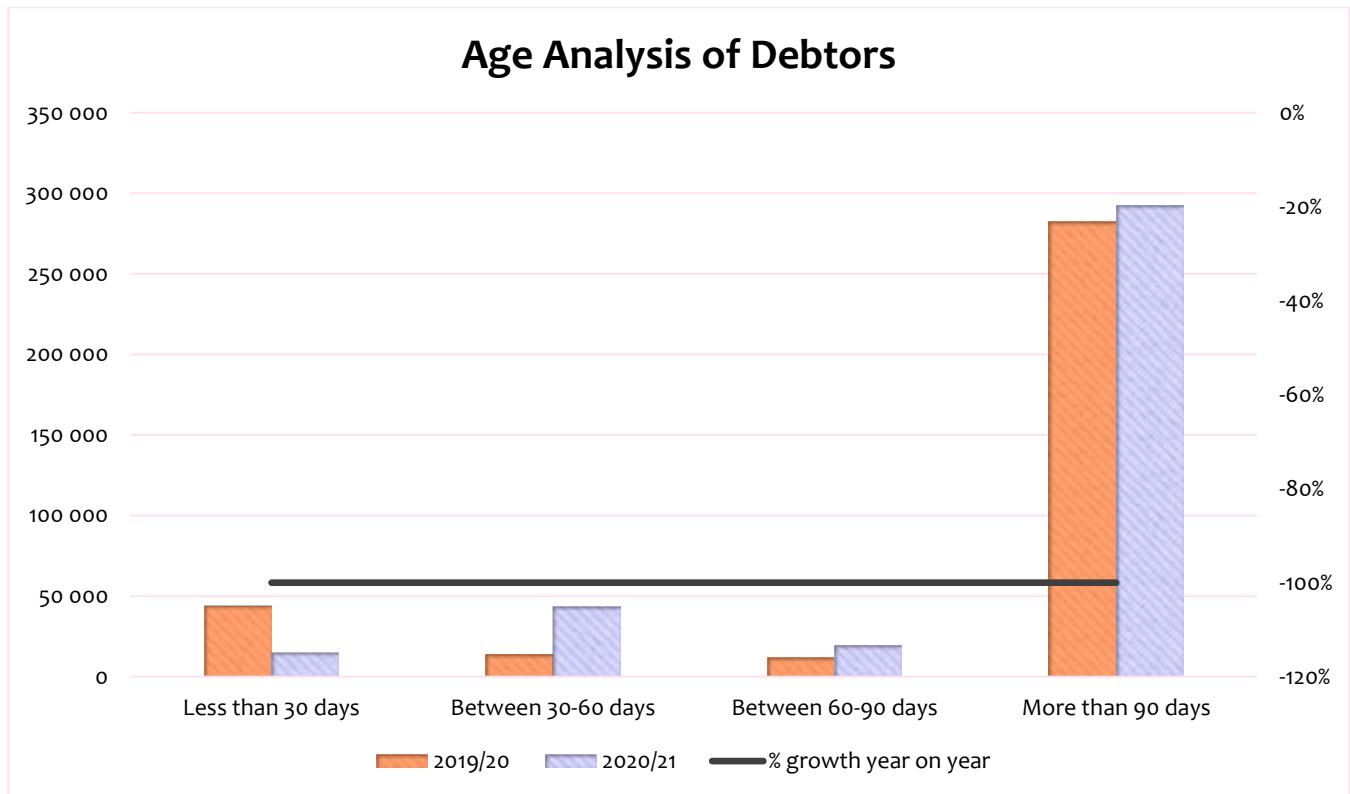




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The following graph indicates the age analysis of debtors and the increase/decrease from 2019/20 to 2020/21:



Graph 7.: Total Debtors Age Analysis

## 5.12 MUNICIPAL COST CONTAINMENT MEASURES

### 5.12.1 MUNICIPAL COST CONTAINMENT REGULATIONS (MCCR)

National Treasury first published the draft MCCR for public comment on 16 February 2018, with the closing date being 31 March 2018. Comments were received, from the Department of Cooperative Governance and Traditional Affairs, SALGA, municipalities and other stakeholders. After extensive consultation and consideration of all comments received, the MCCR were finalised and promulgated on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

### 5.12.2 MUNICIPAL COST CONTAINMENT POLICY

The MCCR do not apply retrospectively, therefore will not impact on contracts concluded before 1 July 2019. If municipalities and municipal entities decided to extend current contracts, such contracts should have been aligned with the principles outlined in the MCCR and SCM regulations.

Regulation 4(1) of the MCCR requires municipalities and municipal entities to either develop or review their cost containment policies. The MCCR require municipalities to adopt the cost containment policies as part of their budget related policies prior to 30 September 2019. The Bitou Municipality adopted cost containment policies on **29 January 2021**.

### 5.12.3 COST CONTAINMENT MEASURE AND ANNUAL COST SAVING

The effective implementation of the MCCR is the responsibility of the municipal council and the municipal accounting officer. In terms of the cost containment framework provided in the MCCR, which is consistent with the provisions of the MFMA and other government pronouncements, the following cost savings for the financial year are disclosed:





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Measures	Original Budget 2020/21	Adjusted Budget 2020/21	Total Expenditure	Savings
	R'000	R'000	R'000	R'000
Use of consultants	104 568 528.00	106 179 092.00	93 745 498.95	48 468 279.48
Vehicles used for political office- bearers	330 000.00	315 000.00	665 415.70	424 846.22
Travel and subsistence	882 210.00	258 430.00	172 351.31	247 317.42
Domestic accommodation	452 428.00	111 538.00	66 085.85	1 674 772.31
Sponsorship, events and catering	1 610 706.00	1 765 219.00	1 656 956.76	329 568.17
Communication	3 104 498.00	2 779 664.00	2 822 712.84	552 604.98
Other related expenditure items	644 677 646.00	642 194 370.00	736 156 298.11	220 003 723.90
<b>Total</b>	<b>755 626 016.00</b>	<b>753 603 313.00</b>	<b>835 285 319.52</b>	<b>271 701 112.48</b>

**Table 248:** Cost containment

## 5.13 BORROWING AND INVESTMENTS

### 5.13.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2019/20	2020/21
Long-Term Loans (annuity/reducing balance)	121 797	100 544
Financial Leases	0	9 138
<b>Total</b>	<b>121 797</b>	<b>109 682</b>

**Table 249:** Actual Borrowings

### 5.12.2 Municipal Investments

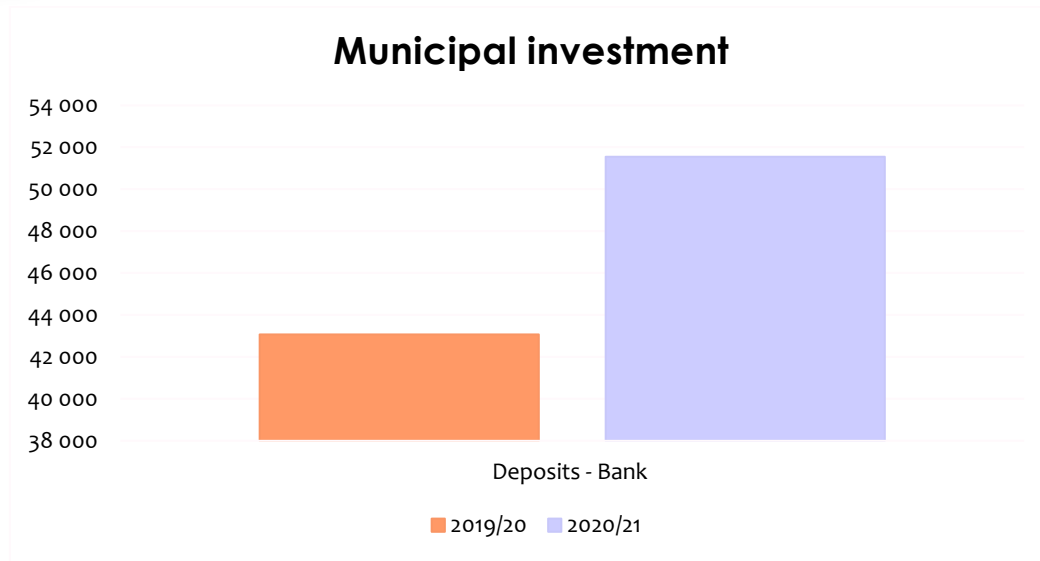
Actual Investments		
R'000		
Investment type	2019/20	2020/21
	Actual	
Deposits - Bank	43 073	51 554
<b>Total</b>	<b>43 073</b>	<b>51 554</b>
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>		

**Table 250:** Municipal Investments





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Graph 8.: Municipal investment

## 1.12.3 Grants made by the Municipality

All Organisation or Person in receipt of Grants provided by the municipality	Nature of project	Value 2020/21
		R'000
BRIGHTER NATION FOUNDATION	GRANT-IN-AID	95
VUSUMZI SOUP KITCHEN	GRANT-IN-AID	100
WEAPON OF EMPOWERING WOMEN	GRANT-IN-AID	80
BITOU WOMEN OF CHANGE	GRANT-IN-AID	30
FALEO TOWNSHIP EXPERIENCE	GRANT-IN-AID	60
BRIGHTER NATION FOUNDATION	GRANT-IN-AID	200
VUSUMZI SOUP KITCHEN	GRANT-IN-AID	200
ALL NATIONS SATISFACTORY CENTRE	GRANT-IN-AID	220
PHAWULWETHU COMMUNITY EMPOWERMENT	GRANT-IN-AID	80
SANOP DAY CARE CHILD WELFARE SA	GRANT-IN-AID	30
SIYAZAMA BAFAZI PROJECT	GRANT-IN-AID	30
BRIGHTER NATION FOUNDATION	GRANT-IN-AID	50
KWANOKUTHULA COMMUNITY POLICING FORUM	GRANT-IN-AID	80
BRIGHTER NATION FOUNDATION	GRANT-IN-AID	20
AKUM COMMUNITY BASED SERVICES	GRANT-IN-AID	30
ALL NATIONS SATISFACTORY CENTRE	GRANT-IN-AID	50
VAN SCHAIK BOOKSTORE	MAYORAL BURSARY FOLOWING STUDENTS 60,61,62,10,9,4	30







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All Organisation or Person in receipt of Grants provided by the municipality	Nature of project	Value 2020/21
		R'000
ABAFASI COMMUNITY PROJECT	GRANT-IN-AID	30
SISONKE SOUP KITCHEN	GRANT-IN-AID	30
	JOURNALISING O YEAR END PAYMENT BAC TO2020/2021 FY	15
VUSUMZI SOUP KITCHEN	GRANT-IN-AID	350
BRIGHTER NATION FOUNDATION	GRANT-IN-AID	300
SANOP DAY CARE CHILD WELFARE SA	GRANT-IN-AID	40
ALL NATIONS SATISFACTORY CENTRE	MAYORAL GRAND AID 2020/21 MARCH 2021	300
FALEO TOWNSHIP EXPERIENCE	GRANT IN AID	100
PHAWULWETHU COMMUNITY EMPOWERMENT	MAYORAL GRAND AID 2020/21 MARCH 2021	50
WEAPON OF EMPOWERING WOMEN	GRANT-IN-AID	50
BITOU WOMEN OF CHANGE	GRANT-IN-AID	180
SISONKE SOUP KITCHEN	GRANT-IN-AID	30
GRANT AID SCHOOL "READ " CAMPAIGN	BITOU WOMEN OF CHANGE	95
NELSON MANDELA METROPOLITAN UNIVERSITY	EXECUTIVE MAYORAL BUSARY 2021 SINGATA 215162390	10
NELSON MANDELA METROPOLITAN UNIVERSITY	EXECUTIVE MAYORAL BUSARY 2021 NIKITHA REED	15
CAPE PENINSULA UNIVERSITY OF TECHNOLOGY	EXECUTIVE MAYORAL BUSARY 2021 B QABAKA 217300197	10
BOSTON CITY CAMPUS & BUSSINESS SCHOOL	EXECUTIVE MAYORAL BUSARY 2021 S MPAMBANI 56001763	10
UNIVERSITY OF STELLENBOSCH	EXECUTIVE MAYORAL BURSARIES 2021 SASHA COLEMAN	15
SOUTH CAPE TRAVEL (PTY) LTD T/A HARVEY WORLD TRAVEL GEORGE	RETURN FLIGHT TICKETS FOR IBANATHI KANZI ON THE 16	4
PLETT TOURISM ASSOCIATION	DESTINATION MARKETING & BRANDING OF PLETTENBERG BA	2 400
<b>TOTAL</b>		<b>5 419</b>

**Table 251:** Grants made by the Municipality





# ANNUAL REPORT



## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

### COMPONENT A: AUDIT OUTCOMES 2019/20

#### 6.1 FINANCIAL PERFORMANCE: 2019/20

Auditor-General Report on Financial Performance 2019/20	
Audit report status	Unqualified
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<b>Financial Statements</b>	
<b>Material losses/impairments</b>	
As disclosed in the statements of comparison of budget and actual amounts, the municipality materially underspent their operating budget by R14 million	This is mainly as a result of COVID-19 however the Municipality will implement stricture processes and measures in order to ensure optimal expenditure is being done
<b>Material losses/impairments</b>	
As disclosed in note 11 to the financial statements, the municipality provided for impairment of consumer debtors of R287,2 million (2018-19: R255,8 million)	Municipality to implement credit control procedures to ensure debt is collectable
As disclosed in note 11 to the financial statements, the municipality suffered an estimated loss of R28 million from the non-issuing of fines due to it not appointing a service provider	This was due to contractual dispute which has sins been rectified
As disclosed in not 49 to the financial statements, the municipality incurred material losses of R76,6 million (2018-19: R70,7 million) as a result of the writing-off of bad debts as irrecoverable	Debt collection will be prioritized in an effort to increase debt collection
<b>Restatement and reclassification of corresponding figures</b>	
As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020	Municipality to ensure in the AFS Preparation Plan that there is ample time to properly review AFS, before submission
<b>Significant uncertainties</b>	
With reference to note 69 to the financial statements, the municipality is the defendant in various ongoing litigation and claims. The outcome of these cannot presently be determined and no provision for any liability that may result, has been made in the financial statements	Municipality to ensure provision is made for liabilities in regards to lawsuits with third parties

**Table 252:** AG Report 2019/20

#### 6.2 SERVICE DELIVERY PERFORMANCE: 2019/20

The Auditor-General in its audit report identified material misstatements on the annual performance report concerning the usefulness and reliability of the information. Management subsequently corrected these misstatements. The Auditor-General did not raise any material findings on the usefulness and reliability of the reported performance information





# ANNUAL REPORT



## COMPONENT B: AUDIT OUTCOMES 2020/21

Note: This section will be completed after the Auditor-General have completed the 2020/21 financial year audit.

### 6.1 FINANCIAL PERFORMANCE: 2020/21

Auditor-General Report on Financial Performance 2020/21	
Audit report status	Unqualified
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material losses/impairments	
As disclosed in notes 11 to the financial statements, the municipality has provided for impairment of consumer debtors of R293 440 550 (2020: R287 199 112)	Municipality to implement credit control procedures to ensure debt is collectable
As disclosed in note 48 to the financial statements, the municipality wrote off bad debts of R108 578 324 (2019-20: R76 663 233)	
As disclosed in note 49.01 to the financial statements, material electricity losses of 22 235 377 (2019-2020: 16 349 446) units was incurred, which represents 21% (2019-2020: 15%) of total electricity purchased	
As disclosed in note 49.02 to the financial statements, material water losses of 1 420 944 (2019-2020: 1 167 724) units was incurred, which represents 36% (2019-2020: 31%) of total water purchased	
Restatement and reclassification of corresponding figures	
As disclosed in note 56 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021	Municipality to ensure in the AFS Preparation Plan that there is ample time to properly review AFS, before submission.

Table 253: AG Report 2020/21

### 6.2 SERVICE DELIVERY PERFORMANCE: 2020/21

The Auditor-General in its audit report did not find any material findings on the annual performance report concerning the usefulness and reliability of the information. The Auditor-General, furthermore, did not include any matters in the audit report that have an impact on the audit findings on predetermined objectives reported.



# PERFORMANCE REPORT

## List of Abbreviations

<b>AG</b>	Auditor-General	<b>PT</b>	Provincial Treasury
<b>CAPEX</b>	Capital Expenditure	<b>SALGA</b>	South African Local Government Organisation
<b>CBP</b>	Community Based Planning	<b>SAMDI</b>	South African Management Development Institute
<b>CFO</b>	Chief Financial Officer	<b>SCM</b>	Supply Chain Management
<b>DPLG</b>	Department of Provincial and Local Government	<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>DWAF</b>	Department of Water Affairs and Forestry	<b>SDF</b>	Spatial Development Framework
<b>DoRA</b>	Division of Revenue Act	<b>SSEG</b>	Small Scale Embedded Generation
<b>DOE</b>	Department of Energy	<b>TRA</b>	Temporary Relocation Area
<b>DOHS</b>	Department of Human Settlements		
<b>EE</b>	Employment Equity		
<b>EEDSM</b>	Energy Efficiency and Demand Side Management		
<b>EPWP</b>	Extended Public Works Programme		
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice		
<b>GRAP</b>	Generally Recognised Accounting Practice		
<b>HR</b>	Human Resources		
<b>IDP</b>	Integrated Development Plan		
<b>IFRS</b>	International Financial Reporting Standards		
<b>IMFO</b>	Institute for Municipal Finance Officers		
<b>KPA</b>	Key Performance Area		
<b>KPI</b>	Key Performance Indicator		
<b>LED</b>	Local Economic Development		
<b>LED</b>	Light-Emitting Diode		
<b>MAYCOM</b>	Executive Mayoral Committee		
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)		
<b>MIG</b>	Municipal Infrastructure Grant		
<b>MM</b>	Municipal Manager		
<b>MMC</b>	Member of Mayoral Committee		
<b>MSA</b>	Municipal Systems Act No. 32 of 2000		
<b>MTECH</b>	Medium Term Expenditure Committee		
<b>NGO</b>	Non-governmental organisation		
<b>NT</b>	National Treasury		
<b>OPEX</b>	Operating expenditure		
<b>PMS</b>	Performance Management System		

# PERFORMANCE REPORT

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**Bitou Local Municipality  
Audited Annual Financial Statements  
for the year ended 30 June 2020**



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## General Information

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### Country of Origin and Legal Form

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### Nature of business and principal activities

Bitou Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996) This in effect means that the municipality provide services like water, electricity, sewerage and sanitation to the community. Bitou Municipality also serves as an agent to Provincial Government in providing Housing to the community.

### Jurisdiction

Plettenberg Bay  
Nature's Valley  
Wittedrift  
Keurbooms  
Kranshoek  
Harkerville  
Kwanokuthula

### Mayoral committee

Executive Mayor  
Deputy Executive Mayor  
Speaker  
Mayoral Committee Members

Councillor M.P. Lobese  
Councillor S.E. Gcabayi  
Councillor E.V Wildeman  
Councillor M. M. Mbali  
Councillor L. M. Seyisi

### Ordinary Councillors

Councillor J Kam Kam  
Councillor A.R. Olivier  
Councillor W.J. Nel  
Councillor V.P Van Rhyner  
Councillor N.S. Ndayi  
Councillor AS Windvogel  
Councillor D Swarts  
Councillor X Matyila

### Chief Finance Officer (CFO)

Mr VB Mkhafa

### Accounting Officer

Adv LMR Ngoqo

### Registered office

4 Sewell Street  
Plettenberg Bay  
6600

### Business address

4 Sewell Street  
Plettenberg Bay  
6600

### Postal address

Private Bag X1002  
Plettenberg Bay  
6600

### Bankers

Nedbank, Plettenberg Bay

### Auditors

The Auditor General South Africa

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## General Information

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### Attorneys

Mosdall, Pama & Cox  
Nandi Bulabula  
Hutchinson  
Regan Brown Incorporated  
Kemp & Associates Incorporated  
MS Shaik  
Lulama Prince & Associates

### Relevant Legislation

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Housing Act (Act no 107 of 1997)  
Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

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The reports and statements set out below comprise the audited annual financial statements presented to the provincial legislature:

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

## Bitou Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2020

### Members of the Bitou Local Municipality

Ward	Ward Description	Councillor
1	Wittedrift / Kurland / Natures Valley / Keurbooms / Cowie / Uplands	Councillor J Kam Kam
2	Plettenberg Bay South & North	Councillor D Swarts
3	Qolweni / Bossiesgif / Pinetrees / Portion of New Horizons	Councillor X Matyila
4	Portion of New Horizons / Portion of Kwanokuthula	Councillor AS Windvogel
5	Kwanokuthula	Councillor M M Mbali
6	Kwanokuthula	Councillor S E Gcabayi
7	Kranshoek / Harkerville / portion of Kwanokuthula	Councillor A R Olivier
Proportional		Councillor P.M Lobese Councillor E.V Wildeman Councillor LM Seyisi Councillor W.J Nel Councillor V.P Van Rhyner Councillor N.S Ndayi

## Approval of Financial Statements

The accounting officer is responsible for the preparation of these annual unaudited annual financial statements for the year ending 30 June 2020, which are set out on pages 229 to 353, in terms of Section 126 (1) of the Municipal Finance Management Act (Act 56 of 2003), and which the accounting officer have signed on behalf of the municipality.

The annual unaudited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP)

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and that the system of internal control provides reasonable assurance that the financial records can be relied on.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and is satisfied that the municipality can continue in operational existence as a going concern for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
Adv LMR Ngqo  
Municipal Manager

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Statement of Financial Position as at 30 June 2020

	Note(s)	2020 R	2019 Restated* R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	3	22 226 046	22 226 585
Property, plant and equipment	4	1 100 595 267	1 082 453 408
Intangible assets	5	(8)	(8)
Heritage assets	6	35 193	35 193
Investment	7	8 355 004	7 602 754
Long-term Receivables	8	2 090	3 916
		<b>1 131 213 592</b>	<b>1 112 321 848</b>
<b>Current Assets</b>			
Inventories	9	15 436 927	15 702 745
Operating lease asset	10	440 391	326 972
Receivables from exchange transactions	11	41 559 244	42 188 911
Receivables from non-exchange transactions	11	23 050 995	24 096 683
VAT receivable	12	5 136 369	1 913 644
Current portion of Long-term Receivables	8	1 825	3 939
Unpaid Grants	13&39	10 221 196	16 678 640
Cash and cash equivalents	14	125 716 712	90 089 299
		<b>221 563 659</b>	<b>191 000 833</b>
<b>Total Assets</b>		<b>1 352 777 251</b>	<b>1 303 322 681</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Current Portion of Long-Term Borrowings	15	100 511 797	121 823 094
Employee benefit obligation	16	66 755 999	70 431 823
Provisions	17	5 948 467	23 495 225
		<b>173 216 263</b>	<b>215 750 142</b>
<b>Current Liabilities</b>			
Current Portion of Long-Term Borrowings	15	21 285 200	19 970 279
Operating lease liability	10	328 245	344 346
Trade and other Payables from exchange transactions	18	77 435 536	51 052 502
Payables from non-exchange	19	237 127	-
Consumer deposits	21	8 545 735	8 354 079
Employee benefit obligation	16&22	32 611 653	27 491 535
Unspent Conditional grants and receipts	39&13	9 344 045	1 903 075
Provisions	17	19 368 004	12 175 561
Unspent Public Contributions and Donations	23	38 469	211 730
		<b>169 194 014</b>	<b>121 503 107</b>
<b>Total Liabilities</b>		<b>342 410 277</b>	<b>337 253 249</b>
<b>Net Assets</b>		<b>1 010 366 974</b>	<b>966 069 432</b>
<b>Reserves</b>			
Capital Replacement Reserve	24	93 000 001	81 000 000
Accumulated surplus		917 366 973	885 069 432
<b>Total Net Assets</b>		<b>1 010 366 974</b>	<b>966 069 432</b>

\* See Note 58

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Statement of Financial Performance

	Note(s)	2020	2019
	Note(s)	R	Restated* R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods		125 893	2 461 049
Service charges	27	361 944 386	355 914 083
Rendering of services	28	3 352 807	3 446 605
Construction contracts		-	31 449 368
Rental of facilities and equipment	29	1 223 532	824 943
Agency services	31	1 784 517	1 779 694
Licences and permits	32	699 849	730 795
Gains on disposal of assets	33	-	476 070
Operational Revenue	34	1 965 166	3 257 330
Interest received - Cash and Investments	35	10 308 474	11 591 757
Interest charged on trade and other receivables	36	13 627 708	10 872 559
Inventories reversal to Net Realisable Value		3 136 534	1 884 834
<b>Total revenue from exchange transactions</b>		<b>398 168 866</b>	<b>424 689 087</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property Rates	37	137 415 927	129 516 474
Interest charged on Non-Exchange Transactions	38	1 703 418	2 652 221
<b>Transfer revenue</b>			
Government grants & subsidies	39	148 708 280	199 846 260
Contributed Assets	40	-	26 235 243
Public contributions and donations	41	173 260	228 270
Fines, Penalties and Forfeits	42	8 777 759	44 665 098
<b>Total revenue from non-exchange transactions</b>		<b>296 778 644</b>	<b>403 143 566</b>
<b>Total revenue</b>		<b>694 947 510</b>	<b>827 832 653</b>
<b>Expenditure</b>			
Employee related costs	43	(227 659 764)	(171 269 644)
Remuneration of councillors	44	(6 303 194)	(6 150 376)
Depreciation and amortisation	45	(31 924 531)	(31 264 535)
Impairment	46	(22 689 997)	(119 019 288)
Finance costs	47	(14 824 812)	(18 417 388)
Operating leases	48	(2 821 830)	(3 991 749)
Bad Debts Written Off	49	(76 663 235)	(70 705 763)
Bulk purchases	50	(127 552 295)	(117 655 105)
Contracted services	51	(92 705 975)	(103 412 484)
Transfers and Subsidies	52	(5 847 556)	(6 644 730)
Loss on disposal of assets	53	(515 775)	(47 469 782)
Water Losses	54	(3 112 320)	(2 179 425)
Inventory Consumed	55	(9 251 484)	(9 309 046)
Operational Cost	56	(28 777 197)	(60 332 893)
Land Earmarked for Housing		-	(32 514 092)
<b>Total expenditure</b>		<b>(650 649 965)</b>	<b>(800 336 300)</b>
<b>Surplus for the year</b>		<b>44 297 545</b>	<b>27 496 353</b>

\* See Note 58

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Statement of Changes in Net Assets

	Note(s)	Capital replacement reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported		48 854 892	897 325 687	946 180 579
Adjustments				
Correction of errors	58	-	(7 607 500)	(7 607 500)
<b>Balance at 01 July 2018 as restated*</b>		<b>48 854 892</b>	<b>889 718 187</b>	<b>938 573 079</b>
Changes in net assets				
Surplus for the year		-	27 496 353	27 496 353
Transfer from		(41 616 036)	(73 761 144)	(115 377 180)
Transfer to		73 761 144	41 616 036	115 377 180
Total changes		32 145 108	(4 648 755)	27 496 353
Correction of errors	58	-	-	-
<b>Restated* Balance at 01 July 2019</b>		<b>81 000 000</b>	<b>885 069 429</b>	<b>966 069 429</b>
Changes in net assets				
Surplus for the year		-	44 297 545	44 297 545
Transfer from		(29 406 196)	(41 406 197)	(70 812 393)
Transfer to		41 406 197	29 406 196	70 812 393
Total changes		12 000 001	32 297 544	44 297 545
<b>Balance at 30 June 2020</b>		<b>93 000 001</b>	<b>917 366 973</b>	<b>1 010 366 974</b>
Note(s)		24		

\* See Note 58



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Cash Flow Statement

	Note(s)	2020	2019
	Note(s)	R	Restated* R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Ratepayers and other		430 271 546	415 075 888
Government Grants		148 708 280	206 876 968
Interest income		25 639 600	25 116 538
		604 619 426	647 069 394
<b>Payments</b>			
Suppliers and Employees		(477 184 998)	(560 861 118)
Transfers and Grants		(5 847 556)	(6 644 730)
Finance costs		(14 824 812)	(18 417 388)
		(497 857 366)	(585 923 236)
<b>Net cash flows from operating activities</b>	59	<b>106 762 060</b>	<b>61 146 158</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(51 981 618)	(94 469 129)
Proceeds from sale of property, plant and equipment	4	1 400 001	2 428 000
Net Movement in Non-Current Investments		(752 250)	(750 195)
Net Movement in Non-Current Receivables		3 940	4 307
<b>Net cash flows from investing activities</b>		<b>(51 329 927)</b>	<b>(92 787 017)</b>
<b>Cash flows from financing activities</b>			
Repayment of current portion of long-term borrowings		(19 996 376)	(19 440 725)
Net Movement in Consumer Deposits		191 656	357 691
<b>Net cash flows from financing activities</b>		<b>(19 804 720)</b>	<b>(19 083 034)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>35 627 413</b>	<b>(50 723 893)</b>
Cash and cash equivalents at the beginning of the year		90 089 299	140 813 192
<b>Cash and cash equivalents at the end of the year</b>	14	<b>125 716 712</b>	<b>90 089 299</b>

\* See Note 58

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
	R	R	R	R	R	

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Sale of goods	3 016 755	(2 542 814)	<b>473 941</b>	125 893	<b>(348 048)</b>	A1
Service charges	394 936 146	(27 132 561)	<b>367 803 585</b>	361 944 386	<b>(5 859 199)</b>	A2
Rendering of services	3 980 444	(1 420 013)	<b>2 560 431</b>	3 352 807	<b>792 376</b>	A3
Rental of facilities and equipment	1 653 810	(398 000)	<b>1 255 810</b>	1 223 532	<b>(32 278)</b>	A4
Agency services	1 994 768	(500 002)	<b>1 494 766</b>	1 784 517	<b>289 751</b>	A5
Licences and permits	683 440	203 190	<b>886 630</b>	699 849	<b>(186 781)</b>	A6
Operational Revenue	2 069 658	(310 140)	<b>1 759 518</b>	1 965 166	<b>205 648</b>	A7
Gain on disposal of assets	825 792	-	<b>825 792</b>	-	<b>(825 792)</b>	A8
Interest received - Cash and Investments	8 089 042	753 439	<b>8 842 481</b>	10 308 474	<b>1 465 993</b>	A9
Interest charged on trade and other receivables	11 158 734	2 520 125	<b>13 678 859</b>	13 627 708	<b>(51 151)</b>	A10
Inventory Net-Realisable Value	-	-	-	3 136 534	<b>3 136 534</b>	A11
<b>Total revenue from exchange transactions</b>	<b>428 408 589</b>	<b>(28 826 776)</b>	<b>399 581 813</b>	<b>398 168 866</b>	<b>(1 412 947)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	145 672 034	(3 952 039)	<b>141 719 995</b>	137 415 927	<b>(4 304 068)</b>	B1
Interest, Dividends and Rent on Land	-	1 576 883	<b>1 576 883</b>	1 703 418	<b>126 535</b>	B2

##### Transfer revenue

Government grants & subsidies	154 371 000	4 250 928	<b>158 621 928</b>	148 708 280	<b>(9 913 648)</b>	C1
Fines, Penalties and Forfeits	61 512 845	(59 885 181)	<b>1 627 664</b>	8 777 759	<b>7 150 095</b>	C2
Public contributions and donations	-	-	-	173 260	<b>173 260</b>	C3

<b>Total revenue from non-exchange transactions</b>	<b>361 555 879</b>	<b>(58 009 409)</b>	<b>303 546 470</b>	<b>296 778 644</b>	<b>(6 767 826)</b>	
<b>Total revenue</b>	<b>789 964 468</b>	<b>(86 836 185)</b>	<b>703 128 283</b>	<b>694 947 510</b>	<b>(8 180 773)</b>	

#### Expenditure

Employee related costs	(236 220 606)	(4 390 471)	<b>(240 611 077)</b>	(227 659 764)	<b>12 951 313</b>	D1
Remuneration of councillors	(6 970 599)	607 246	<b>(6 363 353)</b>	(6 303 194)	<b>60 159</b>	D2
Depreciation and amortisation	(32 892 875)	(2 474 135)	<b>(35 367 010)</b>	(31 924 531)	<b>3 442 479</b>	D3
Impairment	(88 505 216)	27 743 327	<b>(60 761 889)</b>	(22 689 997)	<b>38 071 892</b>	D4
Bad Debts Written Off	(18 933 795)	-	<b>(18 933 795)</b>	(76 663 235)	<b>(57 729 440)</b>	D5
Finance costs	(14 797 976)	(331 863)	<b>(15 129 839)</b>	(14 824 812)	<b>305 027</b>	D6
Operating leases	(2 470 838)	(609 711)	<b>(3 080 549)</b>	(2 821 830)	<b>258 719</b>	D7
Bulk purchases	(134 085 648)	10 710 000	<b>(123 375 648)</b>	(127 552 295)	<b>(4 176 647)</b>	D8
Contracted Services	(112 595 239)	15 850 888	<b>(96 744 351)</b>	(92 705 975)	<b>4 038 376</b>	D9
Transfers and Subsidies	(6 750 000)	635 000	<b>(6 115 000)</b>	(5 847 556)	<b>267 444</b>	D10
Inventory Consumed	(7 371 566)	(3 054 028)	<b>(10 425 594)</b>	(9 251 484)	<b>1 174 110</b>	D11
Inventories Losses/ Write downs	-	-	-	(3 112 320)	<b>(3 112 320)</b>	D12

## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
Operational Cost	(54 522 766)	6 705 040	<b>(47 817 726)</b>	(28 777 197)	<b>19 040 529</b>	D13
Loss on disposal of assets	-	-	-	(515 775)	<b>(515 775)</b>	D14
<b>Total expenditure</b>	<b>(716 117 124)</b>	<b>51 391 293</b>	<b>(664 725 831)</b>	<b>(650 649 965)</b>	<b>14 075 866</b>	
<b>Surplus before taxation</b>	<b>73 847 344</b>	<b>(35 444 892)</b>	<b>38 402 452</b>	<b>44 297 545</b>	<b>5 895 093</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>73 847 344</b>	<b>(35 444 892)</b>	<b>38 402 452</b>	<b>44 297 545</b>	<b>5 895 093</b>	

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
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### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	15 702 745	15 702 745	<b>31 405 490</b>	15 436 927	<b>(15 968 56)</b>	E1
Operating lease asset	326 972	(326 972)	-	440 391	<b>440 391</b>	E2
Receivables from exchange transactions	370 353 726	(123 460 771)	<b>246 892 955</b>	41 559 244	<b>(205 333 711)</b>	E3
Receivables from non-exchange transactions	157 630 533	(52 523 267)	<b>105 107 266</b>	23 050 995	<b>(82 056 271)</b>	E4
Current portion of Long-term Receivables	-	-	-	1 825	<b>1 825</b>	E5
VAT receivable	-	-	-	5 136 369	<b>5 136 369</b>	E6
Unpaid Grants	77 584 316	(77 584 316)	-	10 221 196	<b>10 221 196</b>	E7
Cash and cash equivalents	-	132 046 612	<b>132 046 612</b>	125 716 712	<b>(6 329 900)</b>	E8
	<b>621 598 292</b>	<b>(106 145 969)</b>	<b>515 452 323</b>	<b>221 563 659</b>	<b>(293 888 664)</b>	

##### Non-Current Assets

Investment property	23 052 377	22 226 586	<b>45 278 963</b>	22 226 046	<b>(23 052 917)</b>	F1
Property, plant and equipment	1 139 770 068	31 835 135	<b>1 171 605 203</b>	1 100 595 267	<b>(71 009 936)</b>	F2
Intangible assets	(8 271 171)	1 317 856	<b>(6 953 315)</b>	(8)	<b>6 953 307</b>	F3
Heritage assets	35 193	35 193	<b>70 386</b>	35 193	<b>(35 193)</b>	F4
Investment	7 602 754	7 602 754	<b>15 205 508</b>	8 355 004	<b>(6 850 504)</b>	F5
Long-term Receivables	7 855	(38 432)	<b>(30 577)</b>	2 090	<b>32 667</b>	F6

	<b>1 162 197 076</b>	<b>62 979 092</b>	<b>1 225 176 168</b>	<b>1 131 213 592</b>	<b>(93 962 576)</b>	
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<b>Total Assets</b>	<b>1 783 795 368</b>	<b>(43 166 877)</b>	<b>1 740 628 491</b>	<b>1 352 777 251</b>	<b>(387 851 240)</b>	
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#### Liabilities

##### Current Liabilities

Operating lease liability	880 340	(880 340)	-	328 245	<b>328 245</b>	G1
Trade and other Payables from exchange transactions	51 540 820	(1 339 152)	<b>50 201 668</b>	77 435 534	<b>27 233 866</b>	G2
Taxes and transfers payable (non-exchange)	(51 797 171)	51 797 171	-	237 127	<b>237 127</b>	G3
VAT payable	-	91 965 363	<b>91 965 363</b>	-	<b>(91 965 363)</b>	G4
Consumer deposits	8 354 079	-	<b>8 354 079</b>	8 545 735	<b>191 656</b>	G5
Employee benefit obligation	24 918 347	8 602 785	<b>33 521 132</b>	32 611 653	<b>(909 479)</b>	G6
Unspent Conditional grants and receipts	881 612	(129 369 899)	<b>(128 488 287)</b>	9 344 045	<b>137 832 332</b>	G7
Provisions	623 470	-	<b>623 470</b>	19 368 004	<b>18 744 534</b>	G8
Unspent Public Contributions and Donations	211 730	(211 730)	-	38 469	<b>38 469</b>	G9
Bank overdraft	432 113 236	18 924 086	<b>451 037 322</b>	-	<b>(451 037 322)</b>	G10
Current Portion of Long-Term Borrowings	-	-	-	21 285 200	<b>21 285 200</b>	G14
	<b>467 726 463</b>	<b>39 488 284</b>	<b>507 214 747</b>	<b>169 194 012</b>	<b>(338 020 735)</b>	

##### Non-Current Liabilities

Current Portion of Long-Term Borrowings	153 889 877	(1 140 182)	<b>152 749 695</b>	100 511 797	<b>(52 237 898)</b>	H1
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## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
Employee benefit obligation	81 577 950	(8 572 938)	<b>73 005 012</b>	66 755 999	<b>(6 249 013)</b>	H2
Provisions	35 047 316	-	<b>35 047 316</b>	5 948 467	<b>(29 098 849)</b>	H3
Finance lease obligation	-	905 301	<b>905 301</b>	-	<b>(905 301)</b>	H8
	<b>270 515 143</b>	<b>(8 807 819)</b>	<b>261 707 324</b>	<b>173 216 263</b>	<b>(88 491 061)</b>	
<b>Total Liabilities</b>	<b>738 241 606</b>	<b>30 680 465</b>	<b>768 922 071</b>	<b>342 410 275</b>	<b>(426 511 796)</b>	
<b>Net Assets</b>	<b>1 045 553 762</b>	<b>(73 847 342)</b>	<b>971 706 420</b>	<b>1 010 366 976</b>	<b>38 660 556</b>	
<b>Net Assets</b>						
Capital replacement reserve	81 000 000	-	<b>81 000 000</b>	93 000 001	<b>12 000 001</b>	I1
Accumulated surplus	964 553 762	(73 847 342)	<b>890 706 420</b>	917 366 975	<b>26 660 555</b>	I2
<b>Total Net Assets</b>	<b>1 045 553 762</b>	<b>(73 847 342)</b>	<b>971 706 420</b>	<b>1 010 366 976</b>	<b>38 660 556</b>	

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
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### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Ratepayers and other	434 282 680	61 907 000	<b>496 189 680</b>	430 271 546	<b>(65 918 134)</b>	J1
Government Grants	70 373 940	82 750 057	<b>153 123 997</b>	148 708 280	<b>(4 415 717)</b>	J2
Interest income	10 493 546	(1 968 149)	<b>8 525 397</b>	25 639 600	<b>17 114 203</b>	J3
	<b>515 150 166</b>	<b>142 688 908</b>	<b>657 839 074</b>	<b>604 619 426</b>	<b>(53 219 648)</b>	

##### Payments

Suppliers and Employees	(554 237 262)	1 841 000	<b>(552 396 262)</b>	(477 184 998)	<b>75 211 264</b>	J4
Transfers and Grants	(6 750 000)	1 235 000	<b>(5 515 000)</b>	(5 847 556)	<b>(332 556)</b>	J5
Finance costs	(14 797 976)	(332 000)	<b>(15 129 976)</b>	(14 824 812)	<b>305 164</b>	J6
	<b>(575 785 238)</b>	<b>2 744 000</b>	<b>(573 041 238)</b>	<b>(497 857 366)</b>	<b>75 183 872</b>	

<b>Net cash flows from operating activities</b>	<b>(60 635 072)</b>	<b>145 432 908</b>	<b>84 797 836</b>	<b>106 762 060</b>	<b>21 964 224</b>	
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(84 765 848)	11 640 000	<b>(73 125 848)</b>	(51 981 618)	<b>21 144 230</b>	K1
Proceeds from sale of property, plant and equipment	-	-	-	1 400 001	<b>1 400 001</b>	K2
Net Movement in Non-Current Investments	-	-	-	(752 250)	<b>(752 250)</b>	K7
<b>Net cash flows from investing activities</b>	<b>(84 765 848)</b>	<b>11 640 000</b>	<b>(73 125 848)</b>	<b>(51 333 867)</b>	<b>21 791 981</b>	

#### Cash flows from financing activities

Proceeds from current portion of long-term borrowings	(11 640 000)	11 640 000	-	-	-	L1
Repayment of current portion of long-term borrowings	-	(19 440 725)	<b>(19 440 725)</b>	(19 996 376)	<b>(555 651)</b>	L2
Net Movement in Consumer Deposits	-	(314 000)	<b>(314 000)</b>	191 656	<b>505 656</b>	L3

<b>Net cash flows from financing activities</b>	<b>(11 640 000)</b>	<b>(8 114 725)</b>	<b>(19 754 725)</b>	<b>(19 804 720)</b>	<b>(49 995)</b>	
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Net increase/(decrease) in cash and cash equivalents	(157 040 920)	148 958 183	<b>(8 082 737)</b>	35 623 473	<b>43 706 210</b>	
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Cash and cash equivalents at the beginning of the year	-	90 089 299	<b>90 089 299</b>	90 089 299	-	
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<b>Cash and cash equivalents at the end of the year</b>	<b>(157 040 920)</b>	<b>239 047 482</b>	<b>82 006 562</b>	<b>125 712 772</b>	<b>43 706 210</b>	
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# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

	Note(s)	2020	2019
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### 1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied, except where an exemption has been granted, are disclosed below.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

#### 1.1 Presentation currency

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

#### 1.2 Going concern assumption

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

#### 1.3 Comparative Information

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.4 Amended Disclosure Policy

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### 1.5 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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### 1.6 Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e 2019/07/01 to 2020/06/30.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

### 1.7 Internal reserves

#### Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

### 1.8 Leases

#### Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 1.9 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 13 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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### 1.10 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor

- Unspent conditional grants are recognised as a liability when the grant is received
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

### 1.11 Provisions

Provisions are recognised when:

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

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

### 1.12 Employee benefits

#### Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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### 1.12 Employee benefits (continued)

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

#### Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

### 1.13 Borrowing costs

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

In accordance with GRAP 5, the municipality has opted to apply the Benchmark Treatment when accounting for Borrowing Costs. Under the benchmark treatment, borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowings are applied.

### 1.14 Property, plant and equipment

#### Initial Recognition

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives (in years):

Item	Depreciation method	Expected useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	8-100
Infrastructure	Straight-line	
• Electricity reticulation		8-101
• Refuse Sites		5-100
• Roads, Pavements, Bridges & Storm Water		6-100
• Sewerage Purification		9-100
• Water Reservoirs & reticulation		8-100
Community	Straight-line	
• Cemeteries		10-100
• Community Halls		5-100
• Libraries		5-100
• Sports grounds		5-100
• Parks		5-100

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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

Other Assets	Straight-line	
• Office Equipment		3-30
• Other Land & Buildings		10.15
• Other Motor Vehicles		4-30
• Plant and Equipment		5-30
• Security Measures		5-30
• Specialised Vehicles		8-30
Leased Assets	Straight-line	3-6

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17) and Intangible Assets (GRAP 31). If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- b) The use of the asset has changed, because of the following:
  - The entity has changed the manner in which the asset is used.
  - The entity has changed the utilisation rate of the asset
  - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
  - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - Legal or similar limits placed on the use of the asset have changed.
  - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

# Bitou Local Municipality

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## Accounting Policies

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

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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 impairment is recognised in the Statement of Financial Performance.

#### De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed 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.

#### Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

### 1.15 Intangible assets

#### Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### Amortisation and Impairment

# Bitou Local Municipality

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## Accounting Policies

### 1.15 Intangible assets (continued)

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Expected useful life
Computer software, other	Straight-line	5-10

### De-recognition

Intangible assets are derecognised when the asset is disposed 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 intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

### 1.16 Investment property

#### Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

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

#### Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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### 1.16 Investment property (continued)

#### Cost model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- h) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- i) The use of the asset has changed, because of the following:
  - The entity has changed the manner in which the asset is used.
  - The entity has changed the utilisation rate of the asset.
  - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
  - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - Legal or similar limits placed on the use of the asset have changed.
  - The asset was idle or retired from use during the reporting period.
- j) The asset is approaching the end of its previously expected life.
- k) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- l) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- m) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- n) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

Item	Expected Useful life
Property - buildings	30-120 years

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## Accounting Policies

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### 1.16 Investment property (continued)

#### De-recognition

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

#### Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

### 1.17 Heritage assets

#### Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### Subsequent measurement - Cost Model

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

#### Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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 impairment is recognised in the Statement of Financial Performance.

#### Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

#### Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

# Bitou Local Municipality

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## Accounting Policies

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### 1.18 Recognition and De-recognition of Land – IGRAP18

The municipality applies this interpretation to the initial recognition and de-recognition of land in its financial statements. This interpretation also considers joint control of land by more than one entity.

When the municipality concludes that it controls the land after applying the principles in this Interpretation, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined.

An entity also applies the applicable Standards of GRAP to the de-recognition of land when it concludes that it does not control the land after applying the principles in this Interpretation.

### 1.19 Impairment of cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

o) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

p) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

## Accounting Policies

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### 1.20 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

q) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

r) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

## Accounting Policies

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### 1.20 Impairment of non-cash-generating assets (continued)

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

### 1.21 Inventories

#### Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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### 1.21 Inventories (continued)

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

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

Fuel held for sale is measured annually at the reporting date by way of a dip reading.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.22 Financial instruments

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

#### Initial recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### Subsequent measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### 1.22.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial 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. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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### 1.22 Financial instruments (continued)

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### 1.22.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### 1.22.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### 1.22.4. Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

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

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### Derecognition of Financial Instruments

#### 1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.



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### 1.22 Financial instruments (continued)

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### 2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### 3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

### 1.23 Statutory receivables

#### Identification

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### Derecognition

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### 1.23 Statutory receivables (continued)

The municipality derecognises a statutory receivable, or a part thereof, when:

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

### 1.24 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability. When 3 years has expired, then all unclaimed deposits made into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Unclaimed deposits are recognised as revenue after 3 years, the Municipality still keeps record of these unclaimed deposits in the event that a party should submit a claim, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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### 1.25 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month may be created. 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

# Bitou Local Municipality

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### 1.25 Revenue from exchange transactions (continued)

The prevailing rate for a similar instrument of an issuer with a similar credit rating:

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### 1.26 Transfer of function (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- s) identifying the acquirer (Municipality);
- t) determining the acquisition date;
- u) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- v) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

### 1.27 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

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### 1.27 Construction contracts and receivables (continued)

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.28 Accounting by principals and agents

#### Identification

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

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

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

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

# Bitou Local Municipality

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## Accounting Policies

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### 1.28 Accounting by principals and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.29 Related parties

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 - "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

w) The following are regarded as related parties of the Municipality: A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

x) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.

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### 1.29 Related parties (continued)

- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- a) are married or live together in a relationship similar to a marriage; or
- b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- a) all members of the governing body of the Municipality;
- b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

### 1.30 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



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## Accounting Policies

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### 1.31 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.32 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.33 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgment is required when recognising and measuring contingent liabilities.

### 1.34 Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### Post-retirement medical obligations and, Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 16 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### Impairment of receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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## Accounting Policies

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

#### Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time, as well as a review of historic sales/disposal data.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### De-recognition of Land (IGRAP18)

In order to measure/calculate the portion of land to be classified as inventory or expensed, the total housing development size (excl portions that will vest with the municipality) is expressed as a percentage of the total land size. This percentage or factor is then used to calculate the land value to be expensed or re-classified as inventory, depending on the respective de-recognition criteria.

#### Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

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## Accounting Policies

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

#### Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### Provisions and Contingent Liabilities

Management judgment is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### Revenue Recognition

Accounting Policy 1.24 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgment, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- The current CPI rate will be used to calculate the effect of the passage of time to determine the retrospective effect of the change in estimate.

#### Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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

#### Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

### 1.35 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.

### 1.36 Capital Commitments

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

### 1.37 Events after reporting date

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

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

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

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

### 1.38 Service concession arrangements: Entity as grantor

#### Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator; or
- is provided by the grantor which:
  - is an existing asset of the grantor; or
  - is an upgrade to an existing asset of the grantor.

#### Recognition of asset and liability

## Accounting Policies

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### 1.38 Service concession arrangements: Entity as grantor (continued)

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

#### Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

#### Financial liability model

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

#### Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

#### Dividing the arrangement

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

#### Other liabilities, contingent liabilities and contingent assets

## Accounting Policies

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### 1.38 Service concession arrangements: Entity as grantor (continued)

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

#### Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

#### Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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### 2. New standards and interpretations

#### 2.1 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 2020 or later periods:

##### GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the standard is not yet set by the Minister of Finance.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

##### Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.



## Notes to the Audited Annual Financial Statements

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### 2. New standards and interpretations (continued)

#### **Guideline: Guideline on Accounting for Landfill Sites**

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 01 April 2020.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

#### **GRAP 1 (amended): Presentation of Financial Statements**

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

#### **Materiality and aggregation**

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

#### **Statement of financial position and statement of financial performance**

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

#### **Notes structure**

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

#### **Disclosure of accounting policies**

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

A municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2020.

The impact of the amendment is set out in note Changes in Accounting Policy.

#### **GRAP 35: Consolidated Financial Statements**

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

## Notes to the Audited Annual Financial Statements

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### 2. New standards and interpretations (continued)

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

#### **GRAP 38: Disclosure of Interests in Other Entities**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgments and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

#### **GRAP 36: Investments in Associates and Joint Ventures**

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

#### **GRAP 37: Joint Arrangements**

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

## Notes to the Audited Annual Financial Statements

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### 2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

#### **GRAP 110 (as amended 2016): Living and Non-living Resources**

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2020.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

#### **GRAP 34: Separate Financial Statements**

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

#### **IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue**

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgment based on past experience and current facts and circumstances.

**Notes to the Audited Annual Financial Statements****2. New standards and interpretations (continued)**

The effective date of the amendment is for years beginning on or after 01 April 2020.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

**GRAP 18 (as amended 2016): Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2020/2020 audited annual financial statements.

The impact of this standard is currently being assessed.

**3. Investment property**

	2020 R			2019 R		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	27 733 089	(5 507 043)	22 226 046	27 733 089	(5 506 504)	22 226 585

**Reconciliation of investment property - 2020**

	Opening balance	Depreciation	Total
Investment property	22 226 585	(539)	22 226 046

**Reconciliation of investment property - 2019**

	Opening balance	Impairments	Depreciation	Total
Investment property	26 619 617	(4 392 494)	(538)	22 226 585

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020	2019
	R	R

### 3. Investment property (continued)

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

#### Amounts recognised in surplus or deficit

Rental revenue from Investment property	289 809	289 809
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# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

### 4. Property, plant and equipment

	2020 R			2019 R		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	307 781 181	(25 071 085)	282 710 096	309 181 181	(25 071 085)	284 110 096
Machinery and Equipment	10 641 332	(6 499 879)	4 141 453	10 183 489	(5 399 912)	4 783 577
Furniture and Office Equipment	9 109 009	(6 162 227)	2 946 782	8 579 590	(5 496 575)	3 083 015
Transport Assets	42 595 335	(17 727 264)	24 868 071	42 813 172	(15 181 077)	27 632 095
Computer equipment	12 899 744	(7 722 834)	5 176 910	12 379 966	(6 522 592)	5 857 374
Infrastructure	917 283 644	(228 602 619)	688 681 025	873 017 140	(206 944 407)	666 072 733
Community	77 097 223	(20 574 641)	56 522 582	75 332 285	(18 594 290)	56 737 995
Other property, plant and equipment	65 699 319	(30 150 971)	35 548 348	63 672 644	(29 496 121)	34 176 523
<b>Total</b>	<b>1 443 106 787</b>	<b>(342 511 520)</b>	<b>1 100 595 267</b>	<b>1 395 159 467</b>	<b>(312 706 059)</b>	<b>1 082 453 408</b>

### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	284 110 096	-	(1 400 000)	-	282 710 096
Machinery and Equipment	4 783 577	514 632	(6 986)	(1 149 770)	4 141 453
Furniture and Office Equipment	3 083 015	564 941	(9 165)	(692 009)	2 946 782
Transport Assets	27 632 095	722 516	(76 391)	(3 410 149)	24 868 071
Computer equipment	5 857 374	735 477	(65 247)	(1 350 694)	5 176 910
Infrastructure	666 072 733	45 117 861	(239 108)	(22 270 461)	688 681 025
Community	56 737 995	2 299 521	(118 879)	(2 396 055)	56 522 582
Other property, plant and equipment	34 176 523	2 026 675	-	(654 850)	35 548 348
	<b>1 082 453 408</b>	<b>51 981 623</b>	<b>(1 915 776)</b>	<b>(31 923 988)</b>	<b>1 100 595 267</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

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

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	304 898 085	40 636 169	-	(43 412 554)	-	-	-	(18 011 604)	284 110 096
Machinery and Equipment	3 923 995	2 116 719	5 175	(87 855)	(3 325)	(1)	(1 171 131)	-	4 783 577
Furniture and Office Equipment	3 545 428	347 520	-	(40 523)	-	(2 505)	(766 905)	-	3 083 015
Transport Assets	23 027 756	9 331 000	-	(1 388 711)	-	-	(3 337 950)	-	27 632 095
Computer equipment	7 011 565	719 156	-	(232 311)	-	(5 133)	(1 635 903)	-	5 857 374
Infrastructure	636 225 976	55 468 238	-	(3 953 765)	-	7 639	(21 675 355)	-	666 072 733
Community	51 070 640	8 093 685	-	(305 994)	-	-	(2 120 336)	-	56 737 995
Other property, plant and equipment	30 742 902	3 986 712	-	-	3 325	-	(556 416)	-	34 176 523
	<b>1 060 446 347</b>	<b>120 699 199</b>	<b>5 175</b>	<b>(49 421 713)</b>	<b>-</b>	<b>-</b>	<b>(31 263 996)</b>	<b>(18 011 604)</b>	<b>1 082 453 408</b>

#### Capital Commitments

	2020	2019
Capital commitments applicable	14 988 325	22 675 946

See Note 71



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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### 4. Property, plant and equipment (continued)

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

##### Cumulative expenditure recognised in the carrying value of property, plant and equipment

Electrical Infrastructure	3 308 556	1 783 077
Sanitation Infrastructure	278 380	3 003 454
Network and Communication	81 604	-
Water Supply Infrastructure	-	11 685 088
Community Assets	-	935 665
	<b>3 668 540</b>	<b>17 407 284</b>

##### Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Infrastructure Assets	64 885 198	35 077 432
Community Assets	2 119 459	4 004 827
Other Assets	1 031 182	1 094 502
	<b>68 035 839</b>	<b>40 176 761</b>

##### Reasons for delay:

- Budgeting/Funding Constraints
- Delays with EIA Approvals
- Delays with SCM Processes
- COVID-19 Lockdown

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

Electricity Reticulation	-	1 162 526
Roads, Pavements, Bridges & Storm water	-	51 750
	-	<b>1 214 276</b>

##### Reasons for delay:

- Litigation matter relating to the Small Boat Harbour
- Awaiting Electrical Master Plan

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>4. Property, plant and equipment (continued)</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance</b>		
Employee related costs	2 918 309	5 064 265
Contracted services	39 197 264	22 248 612
Materials	2 286 136	5 765 169
Other expenses	155 752	222 839
	<b>44 557 461</b>	<b>33 300 885</b>

### Change in estimates in terms of GRAP 3

#### Depreciation after adjustments:

Community Assets	3 786	-
Computer Equipment	157 309	-
Electrical Infrastructure	628	-
Furniture and Office Equipment	85 251	-
Machinery and Equipment	80 718	-
Network and Communication	170	-
Other Assets	8 448	-
Roads Infrastructure	65 564	-
Sanitation Infrastructure	60 552	-
Transport Assets	340 200	-
Water Supply Infrastructure	57 492	-
	<b>860 118</b>	<b>-</b>

### Change in estimates in terms of GRAP 3

#### Depreciation before adjustments:

Community Assets	5 677	-
Computer Equipment	378 855	-
Electrical Infrastructure	942	-
Furniture and Office Equipment	170 626	-
Machinery and Equipment	163 677	-
Network and Communication	206	-
Other Assets	23 225	-
Roads Infrastructure	98 351	-
Sanitation Infrastructure	90 834	-
Transport Assets	533 530	-
Water Supply Infrastructure	86 240	-
	<b>1 552 163</b>	<b>-</b>

The useful life's of the assets were adjusted for further periods, due to these assets reaching their expected useful life's. The changes remains the same for the next two years

## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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#### 4. Property, plant and equipment (continued)

##### Land De-Recognized - IGRAP 18

Land De-recognised - IGRAP 18	-	26 167 012
-------------------------------	---	------------

Following control assessments performed on land, it was established that substantive control linked to various parcels of land relating to the respective Housing Programmes, vests with the Department of Human Settlements. These portions of land were de-recognised, in accordance with IGRAP18.

##### Land Recognised - IGRAP18

Land Recognised - IGRAP 18	-	25 897 243
----------------------------	---	------------

Following control assessments performed on land, it was established that substantive control linked to various parcels of land, vests with the municipality. These included Public Places, registered at the deeds office in the names of private entities, but vests with the municipality in accordance with Spatial Planning and Land Use Management Act 16 of 23.

## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Notes to the Audited Annual Financial Statements

#### 5. Intangible assets

	2020 R			2019 R		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	(8)	-	(8)	(8)	-	(8)

#### Reconciliation of intangible assets - 2020

	Opening balance	Total
Computer software, other	(8)	(8)

## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Notes to the Audited Annual Financial Statements

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#### 5. Intangible assets (continued)

##### Reconciliation of intangible assets - 2019

	Opening balance	Total
Computer software, other	(8)	(8)

##### Description

Microsoft Office and Windows Software

**Remaining  
Amortization  
Period**  
5 - 10 Years

No intangible asset has an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

### 6. Heritage assets

	2020 R			2019 R		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	16 512	-	16 512	16 512	-	16 512
Other	18 681	-	18 681	18 681	-	18 681
<b>Total</b>	<b>35 193</b>	<b>-</b>	<b>35 193</b>	<b>35 193</b>	<b>-</b>	<b>35 193</b>

#### Reconciliation of heritage assets 2020

	Opening balance	Total
Historical buildings	16 512	16 512
Other	18 681	18 681
	<b>35 193</b>	<b>35 193</b>

#### Reconciliation of heritage assets 2019

	Opening balance	Total
Historical buildings	16 512	16 512
Other	18 681	18 681
	<b>35 193</b>	<b>35 193</b>

#### Age and/or condition of heritage assets

Heritage Assets consist of historical land and the Mayoral chain.

The assets were measured at cost.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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### 6. Heritage assets (continued)

#### Restrictions on heritage assets

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

#### Pledged as security

There are no Heritage assets pledged as security for liabilities.

#### Contractual commitments for the acquisition, maintenance and restoration of heritage assets

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

#### Heritage assets used for more than one purpose

There are no Heritage Assets that are used by the municipality for more than one purpose.

### 7. Investment

#### Total Non-Current Investments

Fixed Deposits	8 355 004	7 602 754
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A non-current investment to establish a Sinking Fund, amounted to R5,243,673.32 was re-invested with Nedbank Ltd to serve as a contractual collateral on loan accounts WC 13665 and WC 100225 from Development Bank of Southern Africa.

Interest accrued on the investment is capitalized annually.

### 8. Long-term Receivables

Housing Selling Schemes - At amortised cost	3 915	7 855
Less: Current portion transferred to Receivables from Non-Exchange Transactions	(1 825)	(3 939)
	<b>2 090</b>	<b>3 916</b>

Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.

The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.

The terms granted applicable to these loans are not more favourable that would be expected in market terms



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>9. Inventories</b>		
Consumable stores at Cost	13 072 644	13 745 373
Water for distribution	129 053	104 829
Unsold Properties Held for Resale / Housing Inventory	2 235 230	1 852 543
	<b>15 436 927</b>	<b>15 702 745</b>

Consumable stores materials increase / (write down) due to losses as identified during the annual stores counts.	-	(17 886)
--	---	----------

Consumable stores materials increase / (write down) due to obsolete stock identified.	-	(182 858)
---	---	-----------

Consumable stores Value Increase / (Write-down) due to Net Realisable Value as at 30 June	-	2 098
---	---	-------

Inventories recognised as an expense during the year	4 730 265	8 586 364
--	-----------	-----------

### Inventory pledged as security

No inventory assets were pledged as security for liabilities.

### Water for distribution

Opening balance		104 829	160 943
Water losses	Note 50	24 224	(56 114)
<b>Closing balance</b>		<b>129 053</b>	<b>104 829</b>

### 10. Operating lease (accrual)

Current assets	440 391	326 972
Current liabilities	(328 245)	(344 346)
	<b>112 146</b>	<b>(17 374)</b>

A further breakdown/ explanation can be found under note 71 sub-heading Operating lease

### 11. Debtors disclosure

#### Gross balances

Consumer debtors - Electricity	29 652 114	27 827 453
Consumer debtors - Water	87 899 605	62 079 704
Consumer debtors - Sewerage	93 097 997	68 137 513
Consumer debtors - Refuse	55 138 920	40 656 149
Consumer debtors - Housing Rentals	1 428 831	1 022 768
Consumer debtors - Sundries (Exchange)	6 481 073	8 039 692
Consumer debtors - Rates	48 098 158	41 893 900
Fines	29 386 790	72 529 280
Consumer debtors - Sundries (Non-Exchange)	625 864	(74 132)
	<b>351 809 352</b>	<b>322 112 327</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>11. Debtors disclosure (continued)</b>		
<b>Less: Allowance for impairment</b>		
Consumer debtors - Electricity	(10 460 645)	(8 446 475)
Consumer debtors - Water	(79 137 859)	(53 349 255)
Consumer debtors - Sewerage	(86 066 323)	(62 231 056)
Consumer debtors - Refuse	(51 258 384)	(37 124 010)
Consumer debtors - Housing Rentals	(1 113 970)	(895 124)
Consumer debtors - Sundries (Exchange)	(4 102 115)	(3 528 448)
Consumer debtors - Rates	(32 867 258)	(25 703 757)
Fines	(22 192 559)	(64 548 608)
	<b>(287 199 113)</b>	<b>(255 826 733)</b>
<b>Net balance</b>		
Consumer debtors - Electricity	19 191 469	19 380 978
Consumer debtors - Water	8 761 746	8 730 449
Consumer debtors - Sewerage	7 031 674	5 906 457
Consumer debtors - Refuse	3 880 536	3 532 139
Consumer debtors - Housing Rentals	314 861	127 644
Consumer debtors - Sundries (Exchange)	2 378 958	4 511 244
Consumer debtors - Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
Consumer debtors - Sundries (Non-Exchange)	625 864	(74 132)
	<b>64 610 239</b>	<b>66 285 594</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>		
Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
	<b>22 425 131</b>	<b>24 170 815</b>
<b>Financial asset receivables included in consumer debtors above</b>	<b>42 185 108</b>	<b>42 114 779</b>
<b>Total debtors</b>	<b>64 610 239</b>	<b>66 285 594</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	19 191 469	19 380 978
Water	8 761 746	8 730 449
Sewerage	7 031 674	5 906 457
Refuse	3 880 536	3 532 139
Housing Rentals	314 861	127 644
Sundries (Exchange)	2 378 958	4 511 244
	<b>41 559 244</b>	<b>42 188 911</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
Sundries (Non-Exchange)	625 864	(74 132)
	<b>23 050 995</b>	<b>24 096 683</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>11. Debtors disclosure (continued)</b>		
<b>Net balance</b>	<b>64 610 239</b>	<b>66 285 594</b>
Ageing of Receivables from Exchange and Non-Exchange Transactions:		
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.		
<b>Electricity</b>		
Current (0 -30 days)	12 128 878	15 119 773
31 - 60 days	2 280 514	1 165 634
61 - 90 days	1 607 210	958 335
+90 days	13 635 512	10 583 711
	<b>29 652 114</b>	<b>27 827 453</b>
<b>Water</b>		
Current (0 -30 days)	7 422 336	11 439 195
31 - 60 days	3 145 455	3 267 631
61 - 90 days	2 865 203	3 147 094
+90 days	74 466 611	44 225 784
	<b>87 899 605</b>	<b>62 079 704</b>
<b>Sewerage</b>		
Current (0 -30 days)	7 038 134	9 695 789
31 - 60 days	3 318 546	3 053 592
61 - 90 days	3 157 200	2 897 759
+90 days	79 584 117	52 490 373
	<b>93 097 997</b>	<b>68 137 513</b>
<b>Refuse</b>		
Current (0 -30 days)	4 078 668	5 690 416
31 - 60 days	1 951 881	1 785 764
61 - 90 days	1 848 372	1 694 132
+90 days	47 259 999	31 485 837
	<b>55 138 920</b>	<b>40 656 149</b>
<b>Housing Rentals</b>		
Current (0 -30 days)	171 722	79 087
31 - 60 days	29 109	22 566
61 - 90 days	29 127	22 455
+90 days	1 198 873	898 660
	<b>1 428 831</b>	<b>1 022 768</b>
<b>Sundries (Exchange)</b>		
Current (0 -30 days)	1 171 188	2 415 769
31 - 60 days	21 255	34 395
61 - 90 days	20 904	29 540
+90 days	5 267 726	5 559 988
	<b>6 481 073</b>	<b>8 039 692</b>

## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>11. Debtors disclosure (continued)</b>		
<b>Rates</b>		
Current (0 -30 days)	7 952 582	9 778 802
31 - 60 days	2 519 878	1 539 363
61 - 90 days	1 937 637	1 389 831
+90 days	35 688 061	29 185 904
	<b>48 098 158</b>	<b>41 893 900</b>
<b>Fines</b>		
Current (0 -30 days)	3 422 500	3 239 100
31 - 60 days	602 700	3 060 100
61 - 90 days	324 800	2 617 100
+90 days	25 036 790	63 612 980
	<b>29 386 790</b>	<b>72 529 280</b>
<b>Sundries (Non-Exchange)</b>		
Current (0 -30 days)	54 085	(188 004)
61 - 90 days	7 275	-
+90 days	564 504	113 872
	<b>625 864</b>	<b>(74 132)</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>11. Debtors disclosure (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Residential</b>		
Current (0 -30 days)	41 585 909	48 339 788
31 - 60 days	12 095 888	12 814 054
61 - 90 days	10 375 289	11 872 740
+90 days	270 175 581	222 241 134
	334 232 667	295 267 716
Less: Allowance for impairment	(278 274 639)	(244 860 823)
	<b>55 958 028</b>	<b>50 406 893</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	2 834 100	8 416 264
31 - 60 days	1 546 005	951 780
61 - 90 days	1 241 237	733 391
+90 days	10 668 962	12 529 418
	16 290 304	22 630 853
Less: Allowance for impairment	(7 988 473)	(9 488 316)
	<b>8 301 831</b>	<b>13 142 537</b>
<b>National and provincial government</b>		
Current (0 -30 days)	(573 877)	408 033
31 - 60 days	227 444	163 211
61 - 90 days	181 202	150 114
+90 days	1 451 611	3 492 400
	1 286 380	4 213 758
Less: Allowance for impairment	(936 000)	(1 477 594)
	<b>350 380</b>	<b>2 736 164</b>
<b>Total</b>		
Current (0 -30 days)	43 846 132	57 164 085
31 - 60 days	13 869 337	13 929 045
61 - 90 days	11 797 728	12 756 245
+90 days	282 296 154	238 262 952
	351 809 351	322 112 327
Less: Allowance for impairment	(287 199 112)	(255 826 733)
	<b>64 610 239</b>	<b>66 285 594</b>

### Material Losses

The contract of the service provider responsible for traffic fines came to end on 30 June 2019. A new service provider was only appointed, with effect 01 February 2020. For the interim period, no traffic fines were issued

Furthermore, due to the lockdown restrictions of COVID-19 (27 March 2020 until 01 June 2020), another two months were experienced, where no traffic fines were issued. No estimate was done for this period because individuals were not allowed to drive during the lockdown period and traffic services were not classified as essential services during the lockdown, therefore no revenue from fines was expected

The estimated loss resulting from the non-issuing of fines for the period of seven months is estimated at R 28 061 043

### Trade and other receivables pledged as security

No Receivables are pledged as security for financial liabilities

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>11. Debtors disclosure (continued)</b>		
<b><u>Fair value of trade and other receivables</u></b>		
Due to the short term nature of receivables the carrying amount disclosed in note 11 of the financial statements is an approximation of its fair value.		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	255 826 733	149 272 346
Provision for Impairment	31 372 380	106 554 387
	<b>287 199 113</b>	<b>255 826 733</b>

The total amount of this provision consists of:

Electricity	10 460 645	8 446 475
Water	79 137 859	53 349 255
Refuse	51 258 384	37 124 010
Sewerage	86 066 323	62 231 056
Housing Rentals	1 113 970	895 124
Sundries (Exchange)	4 102 115	3 528 448
Rates	32 867 258	25 703 757
Fines	22 192 559	64 548 608
	<b>287 199 113</b>	<b>255 826 733</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. The provision for impairment is based on current and past collection rates applicable to fines.

## 12. VAT receivable

VAT	5 136 369	1 913 644
<b>Net VAT Receivable</b>		
VAT Payable (Output)	(144 054 440)	(99 075 730)
VAT Receivable (Input)	149 190 809	100 989 374
	<b>5 136 369</b>	<b>1 913 644</b>

VAT is payable on the receipts basis. VAT is paid over to SARS after payment received from debtors.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>13. Unspent Conditional grants and receipts</b>		
Detailed explanation contained in disclosure Note 39		
<b>Conditional grants and receipts comprises of:</b>		
<b>Conditional grants and receipts</b>		
Provincial Housing	(10 065 796)	(16 622 921)
Municipal Infrastructure (MIG)	5 422 959	38 065
Regional Social Economic Projects	2 350 504	-
Integrated National Electrification Program (INEP)	-	86 872
LG SETA	706 759	319 866
Financial Management Support - mSCOA	-	(51 469)
Financial Management Capacity Building	75 142	75 142
Community Development Workers (CDW)	37 967	(33)
Local Government Graduate Internship	266 175	202 024
Municipal Replacement Funding (MRF)	306 461	983 399
Proclaimed Roads Maintenance	-	(4 219)
Neighbourhood Development	-	1
Energy Efficiency and Demand Side Management	22 671	-
Municipal Disaster: Provincial	7	197 708
	<b>(877 151)</b>	<b>(14 775 565)</b>

See note 39 and Appendix D for reconciliation of grants from National/Provincial Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	18 180	18 180
Bank balances	82 625 527	26 763 811
Short-term deposits	43 073 005	63 307 308
	<b>125 716 712</b>	<b>90 089 299</b>

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

### Reconciliation of Available Cash and Investment Resources

The Following are Cash and Investment Resources held that are held by the Municipality but may not be used for other than the intended purposes as stated below:

Cash and cash equivalents	125 716 712	90 089 299
Long Term Deposits / Investments	8 355 004	7 602 754
	<b>134 071 716</b>	<b>97 692 053</b>
<b>Less:</b>		
Unspent Transfers and Subsidies	(9 344 045)	(1 903 075)
Unspent public contributions and donations	(38 469)	(211 730)
Secured Investments - DBSA NedBank	(5 244 000)	(5 244 000)
Consumer deposits	(8 545 735)	(8 354 079)
Capital Replacement Reserve	(93 000 001)	(81 000 000)
<b>Resources Available for Working Capital Requirements</b>	<b>17 899 466</b>	<b>979 169</b>



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R			2019 R		
<b>14. Cash and cash equivalents (continued)</b>						
<b>The municipality had the following bank accounts</b>						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
Nedbank- Account Number 1089911513 (Primary Bank Account)	79 155 702	26 183 315	58 494 923	-	-	-
Nedbank- Account Number 1089913079 (Traffic Account)	123 501	84 072	72 571	-	-	-
Nedbank- Account Number 1089913974 (Direct Deposits)	3 174 272	345 858	1 190 080	-	-	-
Cash Book	-	-	-	82 625 526	26 763 810	59 483 835
<b>Total</b>	<b>82 453 475</b>	<b>26 613 245</b>	<b>59 757 574</b>	<b>82 625 526</b>	<b>26 763 810</b>	<b>59 483 835</b>

## 15. Long-Term Borrowings

### At amortised cost

DBSA - 11200/102	-	185 000
DBSA - 13665/101	196 842	590 526
DBSA - 100225/1	2 060 000	2 884 000
DBSA - 103437/1	18 978 199	20 151 602
DBSA - 103437/2	1 231 119	1 463 178
STANDARD BANK - 282023631	-	456 037
STANDARD BANK - 282024913(Old Acc Number)/ 000537504(New Acc number)	10 935 248	12 478 912
STANDARD BANK - 282044426	2 566 169	4 869 857
STANDARD BANK - 282029087(Old Acc Number)/ 000536658(New Acc number)	3 357 493	5 320 026
STANDARD BANK - 251981282(Old Acc Number)/ 000536894(New Acc number)	3 255 878	5 155 589
STANDARD BANK - 282022589(Old Acc Number)/ 000537648(New Acc number)	5 107 851	6 476 340
STANDARD BANK - 082602247(Old Acc Number)/ 000536665(New Acc number)	6 440 569	7 643 950
NEDBANK - 7831 033912 / 000 001	6 438 843	7 324 889
NEDBANK - 2017/2018	26 959 874	29 026 027
ABSA - 2015/2016	14 366 933	15 996 972
ABSA - 2016/2017	19 901 979	21 770 468
	<b>121 796 997</b>	<b>141 793 373</b>

<b>Total other financial liabilities</b>	<b>121 796 997</b>	<b>141 793 373</b>
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### Development Bank Loans

- Various structured loans have been taken up with DBSA, with an original value totaling R75.289m. All the loans are paid 6 monthly on a "Fixed capital plus interest" basis which varies between 15-20 year periods with maturity dates ranging from 31/12/2019 - 30/06/2029 respectively. Interest rates applicable on all loans vary from 9.14% to 11.24% . Apart from the below mentioned loan all other loans are unsecured.
- A non current investment to establish a Sinking Fund, amounted to R 5, 244m has been invested with Nedbank to serve as a contractual collateral on loans (loan WC 13665 and WC 100225) from Development Bank of Southern Africa.

### Standard Bank Loans

- Seven loans originally amounting to a total of R94,38m had been taken up from Standard bank. These loans will be paid back 6 monthly on a "fixed capital plus interest" basis over a period which varies between 5 and 10 years, with maturity dates from 30/06/2018 to 30/06/2025 respectively. Interest rates applicable to these loans varying between 10.00% and 11.45% respectively. The loans are unsecured.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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### 15. Long-Term Borrowings (continued)

#### NedBank Loans

- Two loans originally amounting R40.88m have been taken up from NEDBANK. The one loan will be paid monthly and the other bi-annually, on equal installments, based on fixed interest rates of 11.81% and 10.54% respectively over 10 year periods. The loans mature on 30/06/2025 and 30/06/2028. The loans are unsecured.

#### ABSA Loans

- Two loans originally amounting to R44.99m have been taken up from ABSA. The loans will be paid 6-monthly on equal installments based on a fixed interest rate over a ten year period with maturity date of 30/06/2026 and 30/06/2027 respectively. Interest rates applicable to these loans vary between 10.04% and 10.36% respectively. The loans are unsecured.

The fair value of Long-Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

#### Non-current liabilities

At amortised cost	100 511 797	121 823 094
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#### Current liabilities

At amortised cost	21 285 200	19 970 279
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The obligations under annuity loans are scheduled below:

#### Amounts Payable under annuity loans:

Within One year	33 831 938	34 679 497
Within Two to Five years	96 982 780	110 291 077
After Five years	39 991 657	60 199 813
Less: Future Finance obligations	(49 009 378)	(63 377 015)

<b>Present Value of annuity loans obligations</b>	<b>121 796 997</b>	<b>141 793 372</b>
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#### Utilisation of Long-term Liabilities Reconciliation

Long-term Liabilities raised	121 796 997	141 793 373
Used to finance property, plant and equipment	(121 796 997)	(139 649 924)
	-	<b>2 143 449</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>16. Employee benefit obligations</b>		
Post-Retirement Benefits	56 408 999	60 560 398
Long Service Awards	10 347 000	9 871 425
	<b>66 755 999</b>	<b>70 431 823</b>
<b>Post-Retirement Benefits</b>		
Balance 1 July	60 560 398	94 770 719
Contributions for the year	10 642 517	17 667 446
Expenditure for the year	(1 438 282)	(1 419 507)
Actuarial Loss/(Gain)	(13 070 178)	(50 395 991)
Transfer of Current portion	(285 456)	(62 269)
<b>Balance at 30 June</b>	<b>56 408 999</b>	<b>60 560 398</b>
<b>Long Service Awards</b>		
Balance 1 July	9 871 425	5 166 567
Contributions for the year	2 055 957	1 175 085
Expenditure for the year	(1 041 598)	(1 370 928)
Actuarial Loss/(Gain)	(660 429)	4 574 957
Transfer of Current portion	121 645	325 744
<b>Balance at 30 June</b>	<b>10 347 000</b>	<b>9 871 425</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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### 16. Employee benefit obligations (continued)

#### Post-Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	505	490
In-service (employee)- non-members	41	29
Continuation members (e.g. Retirees, widows, orphans)	39	34
<b>Total Members</b>	<b>585</b>	<b>553</b>

The liability in respect of past service has been estimated to be as follows:

	R	R
In-service (employee) members	39 666 000	44 237 818
In-service (employee)- non-members	365 000	391 250
Continuation members (e.g. Retirees, widows, orphans)	18 156 000	17 423 874
<b>Total Liability - unfunded</b>	<b>58 187 000</b>	<b>62 052 942</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2018	2017	2016	2015
In-service (employee) members	77 084 170	72 511 038	68 218 893	64 887 127
In-service (employee)- non-members	2 579 704	3 009 265	2 450 618	-
Continuation members (e.g. Retirees, widows, orphans)	16 537 120	18 250 143	17 094 650	16 180 839
<b>Total Liability</b>	<b>96 200 994</b>	<b>93 770 446</b>	<b>87 764 161</b>	<b>81 067 966</b>

Experience adjustments were calculated as follows:

	2020 (R'000)	2019 (R'000)	2018 (R'000)	2017 (R'000)
Liabilities (Gains)/Loss	1 200	(6 771)	(6 577)	4 979

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonita's
- LAHealth
- Samwu
- Keyhealth
- Hosmed

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>16. Employee benefit obligations (continued)</b>		
<b>Key assumptions used</b>		
i) Rate of interest		
Discount rate	10,74 %	9,60 %
Health Care Cost Inflation Rate	6,75 %	7,02 %
Expected rate of return on assets	3,74 %	2,41 %
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries t		
The SA 85-90 table was used by the actuaries for current employees		
iii) Normal Retirement Age		
It has been assumed that in-service members will retire at an average age of 62 years, which then implicitly allows for expected rates of early and ill-health retirement. In 2018 it was 57 years.		
<b>The amount recognised in the Statement of Financial Position is as follows</b>		
Present value of fund obligations	58 187 000	62 052 942
<b>Net liability-unfunded</b>	<b>58 187 000</b>	<b>62 052 942</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	62 052 942	96 200 994
Current Service Cost (Included in Employee Cost in the Statement of Financial Performance)	4 755 435	8 327 298
Interest Cost (Included in Employee Cost in the Statement of Financial Performance)	5 887 082	9 340 148
Benefits Paid	(1 438 281)	(1 419 507)
Actuarial Gain/(losses) (included in Employee Cost in the statement of Financial Performance)	(13 070 178)	(50 395 991)
<b>Present Value of fund obligation at the end of the year</b>	<b>58 187 000</b>	<b>62 052 942</b>
Less: Transfer of current portion	(1 778 000)	(1 492 544)
<b>Balance 30 June</b>	<b>56 409 000</b>	<b>60 560 398</b>

The total liability has decreased by 6% (or R 3.866 million) since the last valuation. The main reasons for the actual movement in the liability are:

- an increase in the average age which means members are closer to retirement (less discounting) and less likely before retirement
- an increase in the average past service
- an increase in the average post-employment subsidy
- an increase in the net discount rate
- a decrease in the average age

Sensitivity Analysis on the Accrued Liability in (R millions) on 30 June 2020

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>16. Employee benefit obligations (continued)</b>		
<b>Assumptions</b>	<b>In-service members liability (R'000)</b>	<b>Continuation members liability (R'000)</b>
Central Assumptions	39 666	18 156
		<b>Total liability (R'000)</b>
		58 187

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
Health care inflation	1,0 %	48 240	19 809	68 049	17,00 %
Health care inflation	(1,0)%	33 519	16 718	50 237	(14,00)%
Discount Rate	1,0 %	33 782	16 778	50 560	(13,00)%
Discount Rate	(1,0)%	47 991	19 761	67 752	16,00 %
Post-retirement mortality	+ 1 Year	39 033	17 537	56 570	(3,00)%
Post-retirement mortality	- 1 Year	41 016	18 780	59 796	3,00 %
Average retirement age	- 1 Year	43 824	18 156	61 980	7,00 %
Membership after retirement	(10,0)%	34 959	18 156	53 115	(9,00)%

Current service:

Assumption	Change	Current Service Cost (R'000)	Interest Cost (R'000)	Total liability (R'000)	% change
Health care inflation	1,0 %	5 965	7 025	12 990	22,00 %
Health care inflation	(1,0)%	3 831	4 987	8 818	(17,00)%
Discount Rate	1,0 %	3 892	5 535	9 427	(11,00)%
Discount Rate	(1,0)%	5 891	6 277	12 168	14,00 %
Post-retirement mortality	- 1 Year	4 889	6 071	10 960	3,00 %
Average retirement age	- 1 Year	5 170	6 260	11 430	7,00 %
Withdrawal Rate	(10,0)%	4 164	5 349	9 513	(11,00)%

### Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

#### The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

546 519

The Current-service Cost for the ensuing year is estimated to be R1 226 000 whereas the Interest Cost for the next year is estimated to be R839 000..

### Key assumptions used

Discount rate	7,74 %	8,27 %
General Salary Inflation (long-term)	4,21 %	5,61 %
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3,39 %	2,52 %

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

#### The amount recognised in the Statement of Financial Position is as follows

Present value of fund obligations	11 306 000	10 952 070
<b>Net liability-unfunded</b>	<b>11 306 000</b>	<b>10 952 070</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

		2020 R	2019 R
<b>16. Employee benefit obligations (continued)</b>			
The Liability in respect of periods commencing prior to the comparative year has been:			
Total Liability-unfunded		2018 6 572 956	2017 6 065 154
		2016 3 378 046	
<b>Experience adjustments were calculated as follows</b>			
Liabilities (Gain)/loss	2020	2019	2018
	33 571	439 434	283 625
		2017	2016
		2 581 119	
<b>Reconciliation of present value of fund obligation:</b>			
Present value of fund obligation at the beginning of the year		10 952 070	6 572 956
Current Service Cost (Included in Employee Cost in the Statement of Financial Performance)		1 194 018	680 244
Interest Cost (Included in Employee Cost in the Statement of Financial Performance)		861 939	494 841
Benefits Paid		(1 041 598)	(1 370 928)
Actuarial (Gain)/ losses (included in Employee Cost in the statement of Financial Performance)		(660 429)	4 574 957
Present Value of fund obligation at the end of the year		11 306 000	10 952 070
Less: Transfer of current portion		(959 000)	(1 080 645)
<b>Balance 30 June</b>		<b>10 347 000</b>	<b>9 871 425</b>

Sensitivity Analysis on the Unfunded Accrued Liability (in Rmillions) on 30 June 2020

Assumption	Change	Liability (R'000)	% change
Central assumptions	- %	11 306	- %
General Salary Inflation	(1,0)%	10 562	(7,00)%
General Salary Inflation	1,0 %	12 132	7,00 %
Discount Rate	1,0 %	10 543	(7,00)%
Discount Rate	(1,0)%	12 170	8,00 %
Average retirement age	- 2 years	9 948	(12,00)%
Average retirement age	+ 2 years	12 825	13,00 %
Withdrawal Rate	x2	8 756	(23,00)%
Withdrawal Rate	x0,5	13 112	16,00 %

### Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>16. Employee benefit obligations (continued)</b>		
<b>CAPE JOINT PENSION FUND</b>		
The contribution rate payable is 9% by members and 26.77% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund has a funding level of 100.7% (30 June 2018 -103.7%).		
Contributions paid recognised in the Statement of Financial Performance	476 558	446 281
<b>CAPE RETIREMENT FUND</b>		
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in a sound financial position with a funding level of 124.9 %.		
Contributions paid recognised in the Statement of Financial Performance	20 565 808	18 491 261
<b>DEFINED CONTRIBUTION FUNDS</b>		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance	132 395	123 295
	<b>21 174 761</b>	<b>19 060 837</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R			
<b>17. Provisions</b>					
<b>Reconciliation of provisions - 2020</b>					
	Opening Balance	Additions	Utilised during the year	Reduction due to re- measurement or settlement without cost to entity	Total
Environmental rehabilitation	35 047 316	-	(520 064)	(11 104 502)	23 422 750
Legal proceedings	623 470	1 270 251	-	-	1 893 721
<b>Reconciliation of provisions - 2019</b>					
	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	34 188 376	-	(679 537)	1 538 477	35 047 316
Legal proceedings	-	623 470	-	-	623 470
	<b>34 188 376</b>	<b>623 470</b>	<b>(679 537)</b>	<b>1 538 477</b>	<b>35 670 786</b>
Non-current liabilities				5 948 467	23 495 225
Current liabilities				19 368 004	12 175 561
				<b>25 316 471</b>	<b>35 670 786</b>

The size (footprint) of the landfill site in Plettenberg Bay cover an area of 41 327 m<sup>2</sup>.

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. A closure licence with reference number E 13/2/10/1-D1/14-WL0023/12 was issued by the authorities on 31 March 2014 in this regard.

### The estimate cost and date of decommission of the sites are as follows:

The Decommissioning already happened. There is no remaining useful life and the tender for the construction has been awarded. Cost to rehabilitate is R 24 622 351.21

### **Legal proceedings provisions**

Bitou Municipality's legal council advised that the Municipality settle out of court with the claimant. The amount provided for is a best estimate as advised.

The Case against Bitou Municipality was settled in favour of the claimant. The Municipality appealed the ruling and the outcome is still unknown. The amount is a best estimate.

### **18. Trade and other Payables from exchange transactions**

Trade payables	52 014 629	22 842 295
Payments received in advanced	13 154 411	11 833 706
Pre-paid Electricity	429 648	532 522
Retentions	4 477 448	9 156 164
Unclaimed Deposits	6 615 010	6 125 998
Other creditors	744 390	561 817
	<b>77 435 536</b>	<b>51 052 502</b>

Payables are being recognised net of any discounts.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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### 18. Trade and other Payables from exchange transactions (continued)

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors mainly comprise deposits received towards services to be rendered to the municipality.

Unclaimed Deposits are unknown banking deposits made on the municipality's banking accounts. No interest is raised and the credits held by the municipality are refunded once the services have been rendered or applied to the service account once the origin of the credit has been established. Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

All payables are unsecured.

Retentions do not include retention guarantees that are held by the respective financial institutions, however they are included as part of Financial Instruments and Financial Risk Management

### 19. Payables from non exchange

Amounts paid in respect of Fines Withdrawn	237 127	-
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### 20. VAT payable

Vat is payable on the receipts basis. VAT is paid to SARS after payments received from debtors.

### 21. Consumer deposits

Electricity & Water	8 310 208	8 153 389
Building	185 691	152 567
Libraries	-	3 882
Community Halls	49 836	44 241
	<b>8 545 735</b>	<b>8 354 079</b>

Guarantees held in lieu of Electricity and Water Deposits	246 125	246 125
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Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>22. Current Employee Benefits</b>		
Current Portion of Post-Retirement Benefits	1 778 000	1 492 544
Current Portion of Long Service Awards	959 000	1 080 645
Staff Leave	22 182 714	18 676 110
Annual Bonuses	5 669 466	5 033 059
Performance Bonuses	2 022 473	1 209 177
<b>Total Current Employee Benefits</b>	<b>32 611 653</b>	<b>27 491 535</b>

The movement in current employee benefits are reconciled as follows:

### Current Portion of Post Retirement Benefits

Balance at beginning of year	1 492 544	1 430 275
Contribution to current portion	285 456	62 269
	<b>1 778 000</b>	<b>1 492 544</b>

### Current Portion of Long Service Awards

Balance at beginning of year	1 080 645	1 406 389
Contribution to current portion	(121 645)	(325 744)
	<b>959 000</b>	<b>1 080 645</b>

### Staff Leave

Balance at beginning of year	18 676 110	16 947 660
Contribution to current portion	4 542 290	3 354 828
Expenditure incurred	(1 035 686)	(1 626 378)
	<b>22 182 714</b>	<b>18 676 110</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

### Annual Bonuses

Balance at beginning of year	5 033 059	4 585 649
Contribution to current portion	10 447 574	8 661 084
Expenditure incurred	(9 811 167)	(8 213 674)
	<b>5 669 466</b>	<b>5 033 059</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

### Performance Bonuses

Balance at beginning of year	1 209 177	1 194 375
Contribution to current portion	813 296	668 758
2017-18 provision reduced	-	(309 348)
2016-17 provision reduced	-	(344 608)
	<b>2 022 473</b>	<b>1 209 177</b>

Performance Bonuses is paid only to Section 57 Managers. Provision is made for the full cost of performance bonuses. This provision would be realised when performance appraisals is completed. Due to COVID a performance evaluation could not be concluded but will only be assessed in February, thus this is a best estimate

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>23. Unspent Public Contributions and Donations</b>		
Unspent public contributions and donations	38 469	211 730
<b>Reconciliation of public contribution</b>		
Opening Balance	211 730	-
Contributions Received	-	440 000
Conditions met - Transferred to Revenue	(173 261)	(228 270)
<b>Closing Balance</b>	<b>38 469</b>	<b>211 730</b>
<b>24. Capital Replacement Reserve</b>		
Opening Balance	81 000 000	48 854 892
Transfers from - Self funding -Capital spending	(29 406 196)	(41 616 036)
Transfers to Provision - Depreciation contribution	-	30 202 293
Transfers to Provision - Additional	41 406 197	43 558 851
	<b>93 000 001</b>	<b>81 000 000</b>
<b>25. Service concession assets</b>		
Bitou Municipality has no Service Concession assets		
<b>26. Statutory receivables</b>		
In accordance with the principles of GRAP 108, Statutory Receivables are classified as follows :		
Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
VAT Receivables	5 136 369	1 913 644
	-	-
<b>27. Service charges</b>		
Sale of electricity	162 482 909	154 388 459
Sale of water	82 153 643	80 846 368
Sewerage and sanitation charges	73 742 159	76 337 438
Refuse removal	43 565 675	44 341 818
	<b>361 944 386</b>	<b>355 914 083</b>
<b>28. Rendering of Services</b>		
Admission fees	20 261	-
Building / Town Planning Fees	2 530 079	3 228 206
Cemetery fees	21 433	15 360
Development Charges	49 680	-
Escort / Road Closure Fees	6 379	6 838
Fire Services	10 239	76 928
Housing (Boarding Services)	587 072	1 244
Other Revenue from rendering of services	73 635	47 639
Parking and Entrance Fees	31 737	70 390
Photocopies and Faxes	22 292	-
	<b>3 352 807</b>	<b>3 446 605</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>29. Rental of facilities and equipment</b>		
<b>Premises</b>		
Premises	776 573	754 249
<b>Facilities and equipment</b>		
Rental of facilities	446 959	70 694
	<b>1 223 532</b>	<b>824 943</b>
<b>30. Expenses from service concession arrangements</b>		
Bitou Municipality has no Service Concession Arrangements		
<b>31. Agency services</b>		
Vehicle Registration	1 784 517	1 779 694
<b>32. Licences and permits (exchange)</b>		
Boat	93 217	100 547
Trading	28 001	39 850
Road and Transport	578 631	590 398
	<b>699 849</b>	<b>730 795</b>
<b>33. Gains on the Disposal of Assets</b>		
Property, Plant and Equipment	-	476 070
<b>34. Operational Revenue</b>		
Administrative Handling Fees	356 209	107 222
Breakages and Losses Recovered	572	2 258
Collection Charges	121 684	343 931
Landing Fees	174 329	672 525
Staff Recoveries	276 760	621 964
Bad Debts Recovered	11 500	-
Insurance Refunds	1 019 043	1 504 973
Incidental Cash Surplus	5 069	4 457
	<b>1 965 166</b>	<b>3 257 330</b>
<b>35. Investment revenue</b>		
<b>Interest revenue</b>		
Current Account	3 198 808	3 189 226
Investments	7 109 666	8 402 531
	<b>10 308 474</b>	<b>11 591 757</b>
<b>36. Interest earned - Exchange Transactions</b>		
Interest charged on trade and other receivables	13 627 708	10 872 559

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>37. Property rates</b>		
<b>Rates received</b>		
Residential	115 223 441	108 135 046
Commercial	15 535 992	15 029 347
State	3 501 999	3 311 288
Small holdings and farms	2 138 347	2 090 158
Industrial	947 994	903 285
Other	68 154	47 350
	<b>137 415 927</b>	<b>129 516 474</b>

### Valuations

Residential	21 448 473 300	21 383 858 300
Commercial	1 681 490 500	1 805 035 500
State	689 749 500	358 059 500
Small holdings and farms	1 614 960 000	1 614 110 000
Industrial	105 034 500	101 734 500
Other	577 638 500	99 846 000
	<b>26 117 346 300</b>	<b>25 362 643 800</b>

Assessment Rates are levied on the value of land and improvements, for which a valuation must be performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2017.

The tariff for residential properties is used as the basis for the calculation of property rates for all other categories. A Business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households.

Rates are levied annually on property and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly installments. Monthly rates are payable by the 7th of the following month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

### Basic Rate

Residential	0,547	0,518
Commercial	0,916	0,867
Agriculture	0,136	0,129

### 38. Interest charged on Non-Exchange Transactions

Interest - Receivables	1 703 418	2 652 221
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# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>39. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	93 565 000	83 030 735
Extended Public Works Program (EPWP)	2 579 000	2 615 000
Financial Management (FMG)	1 550 000	1 550 000
Provincial Housing	3 532 530	7 647 748
National Disaster Management Grant	506 000	-
Financial Management Support (WC_FMGSG)	-	412 522
Community Development Workers (CDW)	-	13 658
Libraries - Conditional	2 026 507	1 926 000
Municipal Replacement Funding (MRF)	8 828 018	7 796 254
Proclaimed Roads	2 484 781	4 219
Financial Management Support - mSCOA	-	381 469
Local Government Graduate Internship	674 380	11 000
Municipal Disaster: Provincial	797 700	3 988 200
Thusong Centre	-	100 000
LG SETA	-	214 892
Energy Efficiency and Demand Side Management	5 977 329	-
Neighbourhood Development Grant	1	-
	<b>122 521 246</b>	<b>109 691 697</b>
<b>Capital grants</b>		
Municipal Infrastructure (MIG)	14 788 106	26 603 936
Integrated National Electrification Programme	6 914 872	7 913 128
Provincial Housing	3 296 640	50 158 813
Regional Social Economic Projects	249 496	-
Allocations in Kind	-	311 031
Municipal Replacement Funding (MRF)	937 920	778 363
Municipal Disaster	-	4 389 292
	<b>26 187 034</b>	<b>90 154 563</b>
	<b>148 708 280</b>	<b>199 846 260</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	69 041 695	113 318 541
Unconditional grants received	93 565 000	83 030 735
	<b>162 606 695</b>	<b>196 349 276</b>
<b>Equitable Share</b>		
Current-year receipts	93 565 000	83 030 735
Conditions met - transferred to revenue - Operating	(93 565 000)	(83 030 735)
	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>Library Conditional</b>		
Current-year receipts	2 026 507	1 926 000
Conditions met - transferred to revenue - Operating	(2 026 507)	(1 926 000)
	-	-

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>39. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 13).		
This grant is given to municipalities to transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives		
<b>Provincial Housing</b>		
Balance unspent at beginning of year	(16 622 921)	8 441 732
Current-year receipts	13 386 295	53 663 583
Conditions met - transferred to revenue - Operating	(3 532 530)	(28 569 423)
Conditions met - transferred to revenue - Capital	(3 296 640)	(50 158 813)
	<b>(10 065 796)</b>	<b>(16 622 921)</b>
Conditions still to be met - remain liabilities (see note 13).		
This grant is given to municipalities to provide funding for the creation of sustainable human settlements. The outcome of this grant is to provide top structures and basic social and economic amenities that contributes to the establishment of sustainable human settlements.		
<b>Municipal Infrastructure (MIG)</b>		
Balance unspent at beginning of year	38 065	-
Current-year receipts	20 173 000	26 642 000
Conditions met - transferred to revenue - Capital	(14 788 106)	(26 603 935)
	<b>5 422 959</b>	<b>38 065</b>
Conditions still to be met - remain liabilities (see note 13).		
The Municipal Infrastructure Grant is given to municipalities to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.		
<b>Regional Social Economic Projects</b>		
Current-year receipts	2 600 000	-
Conditions met - transferred to revenue - Capital	(249 496)	-
	<b>2 350 504</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 13).		
This grant is to implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
<b>Integrated National Electrification Program (INEP)</b>		
Balance unspent at beginning of year	86 872	-
Current-year receipts	6 828 000	8 000 000
Conditions met - transferred to revenue - Capital	(6 914 872)	(7 913 128)
	<b>-</b>	<b>86 872</b>
Conditions still to be met - remain liabilities (see note 13).		

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>39. Government grants and subsidies (continued)</b>		
The Integrated National Electrification Programme Grant is given to municipalities to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including upgrade of informal settlements, new, and normalisation), and the installation of relevant bulk infrastructure..		
<b>LG SETA</b>		
Balance unspent at beginning of year	319 866	-
Current-year receipts	386 893	534 758
Conditions met - transferred to revenue - Operating	-	(214 892)
	<b>706 759</b>	<b>319 866</b>

Conditions still to be met - remain liabilities (see note 13).

This Grant is to promote Skills Development and Training as part of the Skills Development Plan.

### Financial Management Support - mSCOA

Balance unspent at beginning of year	(51 469)	-
Current-year receipts	330 000	330 000
Conditions met - transferred to revenue - Operating	(278 531)	(381 469)
	-	<b>(51 469)</b>

Conditions still to be met - remain liabilities (see note 13).

This grant is given to municipalities to provide financial assistance to municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

### Financial Management Capacity Building

Balance unspent at beginning of year	75 142	202 687
Current-year receipts	-	294 000
Conditions met - transferred to revenue - Operating	-	(412 521)
Re-payment of Unspent Grant	-	(9 024)
	<b>75 142</b>	<b>75 142</b>

Conditions still to be met - remain liabilities (see note 13).

The Financial Management Capacity Building Grant is given to municipalities to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities requirements to enable sound and sustainable financial management and good financial governance.

### Community Development Workers (CDW)

Balance unspent at beginning of year	(33)	13 625
Current-year receipts	38 000	-
Conditions met - transferred to revenue - Operating	-	(13 658)
	<b>37 967</b>	<b>(33)</b>

Conditions still to be met - remain liabilities (see note 13).

This grant is given to municipalities to provide financial assistance to municipalities to cover the operational and capital expenses iro the functions of the community development workers including the supervisors and regional organisers.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>39. Government grants and subsidies (continued)</b>		
<b>Local Government Graduate Internship</b>		
Balance unspent at beginning of year	202 024	75 024
Current-year receipts	460 000	138 000
Conditions met - transferred to revenue - Operating	(395 849)	(11 000)
	<b>266 175</b>	<b>202 024</b>

Conditions still to be met - remain liabilities (see note 13).

To provide financial assistance to municipalities in support of capacity building for the future by means of graduate internship programmes.

### Municipal Replacement Funding (MRF)

Balance unspent at beginning of year	983 399	608 015
Current-year receipts	9 089 000	8 950 000
Conditions met - transferred to revenue - Operating	(9 304 383)	(7 796 254)
Conditions met - transferred to revenue - Capital	(461 555)	(778 362)
	<b>306 461</b>	<b>983 399</b>

Conditions still to be met - remain liabilities (see note 13).

This grant was received as a contribution for the operational cost of the libraries

### Proclaimed Roads Maintenance

Balance unspent at beginning of year	(4 219)	-
Current-year receipts	2 489 000	-
Conditions met - transferred to revenue - Operating	(2 484 781)	(4 219)
	<b>-</b>	<b>(4 219)</b>

Conditions still to be met - remain liabilities (see note 13).

This subsidy was for maintenance on main roads , belonging to the Western Cape Government

### Extended Public Works Programme (EPWP)

Current-year receipts	2 579 000	2 615 000
Conditions met - transferred to revenue - Operating	(2 579 000)	(2 615 000)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 13).

The Expanded Public Works Programme Grant is incentive funding given to municipalities to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

### Municipal Disaster: National

Current-year receipts	506 000	-
Conditions met - transferred to revenue - Operating	(506 000)	-
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 13).

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>39. Government grants and subsidies (continued)</b>		
Municipal Disaster Management Grant received from the Provincial Government for disaster support.		
<b>Disaster Management Emergency Housing</b>		
Current-year receipts	-	3 988 200
Conditions met - transferred to revenue - Operating	-	(3 988 200)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Disaster Management Emergency Housing Grant received from the Provincial Government for disaster support.		
<b>Financial Management (FMG)</b>		
Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue - Operating	(1 550 000)	(1 550 000)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>Neighbourhood Development</b>		
Balance unspent at beginning of year	1	1
Conditions met - transferred to revenue - Operating	(1)	-
	-	1
Conditions still to be met - remain liabilities (see note 13).		
<b>Energy Efficiency and Demand Side Management</b>		
Current-year receipts	6 000 000	-
Conditions met - transferred to revenue - Operating	(5 977 329)	-
	22 671	-
Conditions still to be met - remain liabilities (see note 13).		
<b>Municipal Disaster: Provincial</b>		
Balance unspent at beginning of year	197 708	-
Current-year receipts	600 000	4 587 000
Conditions met - transferred to revenue - Operating	(797 701)	(4 389 292)
	7	197 708
Conditions still to be met - remain liabilities (see note 13).		
Disaster Management Relief Funds with regards to Disasters within the Municipal area.		
<b>Thusong Centre</b>		
Current-year receipts	-	100 000

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>39. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue - Operating	-	(100 000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

This grant is given to municipalities to subsidise the Centre.

### Total Grants

Opening Balances	(14 775 565)	9 341 084
Grants received	162 606 695	196 349 276
Conditions met - Operating	(29 432 612)	(51 971 928)
Conditions met - Capital	(25 710 669)	(85 454 238)
Unconditional -Operating	(93 565 000)	(83 030 735)
Repaid to National Revenue Fund	-	(9 024)
	<b>(877 151)</b>	<b>(14 775 565)</b>

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	9 344 045	1 903 075
Unpaid Conditional Government Grants and Receipts	(10 221 196)	(16 678 640)
	<b>(877 151)</b>	<b>(14 775 565)</b>

### 40. Contributed Assets

Contributed Assets - PPE	-	25 900 243
Contributed Assets - Fire Department	-	335 000
	-	<b>26 235 243</b>

### 41. Public contributions and donations

Nedbank - LED Contribution	173 260	228 270
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### Reconciliation of conditional contributions

Balance unspent at beginning of year	211 730	-
Current-year receipts	-	440 000
Conditions met - transferred to revenue	(173 261)	(228 270)
	<b>38 469</b>	<b>211 730</b>

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>42. Fines, Penalties and Forfeits</b>		
Illegal Connections Fines	33 800	138 074
Overdue Books Fines	10 742	62 398
Court Traffic Fines	52 700	108 975
Municipal Traffic Fines	8 234 230	43 745 222
Disconnection Fees Penalties	99 268	29 973
Deposits Forfeits	-	126 812
Retentions Forfeits	198 819	193 112
Unclaimed Money Forfeits	148 200	260 532
	<b>8 777 759</b>	<b>44 665 098</b>



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>43. Employee related costs</b>		
Basic	138 316 544	121 155 507
Performance Bonus	813 296	14 802
Medical aid - company contributions	16 555 890	15 235 075
UIF and Pension	21 603 743	19 782 051
Workmans Compensation	885 487	-
Leave pay provision charge	3 850 723	3 354 828
Travel, motor car, accommodation, subsistence and other allowances	10 949 950	8 820 534
Overtime payments	12 990 495	10 895 609
Long-service awards	1 395 528	5 750 042
13th Cheques	10 860 639	9 315 040
Acting allowances	-	280 271
Housing benefits and allowances	1 156 813	1 062 998
Contribution to Post Employment Medical	(2 427 105)	(32 728 544)
Contributions to Group Insurance	4 051 966	3 991 736
Standby Allowance	4 826 240	2 763 720
Cellphone Allowances	1 721 850	1 565 659
Other Benefits	107 705	10 316
	<b>227 659 764</b>	<b>171 269 644</b>

### Remuneration of municipal manager

#### Mr. TC Ndlovu - Period 01/07/2018 - 31/01/2019

Annual Remuneration	-	781 108
Car Allowance	-	154 000
Contributions to UIF, Medical and Pension Funds	-	1 190
Cell Phone Allowance	-	35 000
	-	<b>971 298</b>

#### Adv. LMR Ngoqo

Annual Remuneration	1 450 577	356 391
Car Allowance	240 000	80 000
Contributions to UIF, Medical and Pension Funds	55 693	13 249
Cell Phone Allowance	60 000	20 000
Settlement	-	536 335
	<b>1 806 270</b>	<b>1 005 975</b>

### Remuneration of chief finance officer

#### Mr. BV Mkhafa

Annual Remuneration	1 145 422	1 094 626
Car Allowance	144 000	144 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Annual Bonus	73 592	69 247
Cell Phone Allowance	60 000	60 000
	<b>1 424 799</b>	<b>1 369 658</b>

### Remuneration of Director Corporate Services

#### Me. VJ Mbelani

Annual Remuneration	249 990	1 002 684
Car Allowance	24 000	96 000
Contributions to UIF, Medical and Pension Funds	446	1 785
Annual Bonus	56 558	63 999
Cell Phone Allowance	15 000	60 000

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>43. Employee related costs (continued)</b>		
Settlement	260 021	-
	<b>606 015</b>	<b>1 224 468</b>

Period 01 July 2019 - October 2019

### Remuneration of Director Community Services

#### Mr. TM Sompani

Annual Remuneration	985 580	847 266
Car Allowance	240 000	220 000
Contributions to UIF, Medical and Pension Funds	1 785	1 636
Cell Phone Allowance	60 000	55 000
	<b>1 287 365</b>	<b>1 123 902</b>

### Remuneration of Director Strategic Services

#### Mr. D Friedman

Annual Remuneration	1 178 063	1 174 774
Car Allowance	240 000	240 000
Contributions to UIF, Medical and Pension Funds	35 486	30 782
Cell Phone Allowance	25 300	27 600
	<b>1 478 849</b>	<b>1 473 156</b>

### Remuneration Director Engineering Services

#### Mr. MJ Rhode

Annual Remuneration	1 281 754	1 247 649
Car Allowance	62 400	62 400
Contributions to UIF, Medical and Pension Funds	21 041	1 785
Cell Phone Allowance	60 000	65 000
	<b>1 425 195</b>	<b>1 376 834</b>

### 44. Remuneration of councillors

Executive Major	905 259	872 150
Deputy Executive Mayor	733 088	706 599
Mayoral Committee Members	1 380 092	1 330 426
Speaker	733 088	706 600
Councillors	2 551 667	2 534 601
	<b>6 303 194</b>	<b>6 150 376</b>

### In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor and the Executive Deputy Mayor has use of a Council owned vehicle for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor have two full-time bodyguards.

The Executive Mayor and Deputy Mayor have security officers stationed at their personal residence for protection.

Councillor Salary Breakdown in Note 70

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>45. Depreciation and amortisation</b>		
Property, plant and equipment	31 923 992	31 263 997
Investment property	539	538
	<b>31 924 531</b>	<b>31 264 535</b>
<b>46. Impairment</b>		
<b>Impairments</b>		
Property, plant and equipment	-	18 014 604
Investment property	-	4 389 494
Trade and other receivables	57 882 547	69 304 768
Other receivables from non-exchange revenue	8 504 483	27 310 422
	<b>66 387 030</b>	<b>119 019 288</b>
<b>Reversal of impairments</b>		
Other receivables from non-exchange revenue	(43 697 033)	-
<b>Total impairment losses (recognised) reversed</b>	<b>22 689 997</b>	<b>119 019 288</b>
<b>47. Finance costs</b>		
Non-current borrowings	14 824 812	16 878 911
Landfill Restoration Cost	-	1 538 477
	<b>14 824 812</b>	<b>18 417 388</b>
<b>48. Lease rentals on operating lease</b>		
<b>Motor vehicles</b>		
Contractual amounts	-	142 706
<b>Equipment</b>		
Contractual amounts	513 457	20 129
<b>Lease rentals on operating lease - Other</b>		
Contractual amounts	2 308 373	3 828 914
	<b>2 821 830</b>	<b>3 991 749</b>
<b>49. Bad Debts Written Off</b>		
Bad debts written off	76 663 235	70 705 763
<b>50. Bulk purchases</b>		
Electricity - Eskom	127 341 121	117 239 900
Water	211 174	415 205
	<b>127 552 295</b>	<b>117 655 105</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>50. Bulk purchases (continued)</b>		
<b>Electricity losses</b>		
Units purchased	106 706 534	109 631 665
Units sold	(90 357 088)	(91 857 055)
<b>Total loss</b>	<b>16 349 446</b>	<b>17 774 610</b>
Comprising of:		
Technical + Non-technical losses	6 851 335	10 466 388
Authorised Consumption (Metered)	8 287 724	6 097 835
Authorised Consumption (Unmetered)	1 210 387	1 210 387
<b>Total</b>	<b>16 349 446</b>	<b>17 774 610</b>
Percentage Loss:		
Technical losses	6 %	10 %
Authorised Consumption (Metered)	8 %	6 %
Authorised Consumption (Unmetered)	1 %	1 %
<b>Total</b>	<b>15 %</b>	<b>17 %</b>
<b>Water losses</b>		
Units purchased	3 824 132	3 762 205
Units sold	(2 656 408)	(2 688 038)
<b>Total</b>	<b>1 167 724</b>	<b>1 074 167</b>
Comprising of:		
Technical losses	1 167 724	1 074 167
Percentage Loss:		
Technical losses	31 %	29 %

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>51. Contracted services</b>		
<b>Outsourced Services</b>		
Alien Vegetation Control	57 300	-
Burial Services	133 385	123 581
Business and Advisory	900 000	2 847 566
Catering Services	-	897 967
Cleaning Services	-	1 169 638
Clearing and Grass Cutting Services	1 313 558	892 727
Fire Services	315 650	604 395
Illegal Dumping	1 472 123	1 746 099
Litter Picking and Street Cleaning	121 739	448 505
Meter Management	763 179	138 684
Organic and Building Refuse Removal	2 603 127	716 657
Connection/Dis-connection	-	200 985
Removal of Structures and Illegal Signs	-	122 485
Researcher	-	677 096
Security Services	13 909 494	9 837 271
Traffic Fines Management	417 371	2 799 958
Transport Services	38 380	23 800
Drivers Licence Cards	167 842	-
Electrical Engineering Services	100 400	86 211
	<b>22 313 548</b>	<b>23 333 625</b>
<b>Consultants and Professional Services</b>		
Business and Advisory	8 489 596	4 066 144
Infrastructure and Planning	1 543 323	35 667 505
Laboratory Services	99 109	77 693
Legal Cost	12 869 551	7 982 065
	<b>23 001 579</b>	<b>47 793 407</b>
<b>Contractors</b>		
Building	3 071 118	5 020 460
Chipping	70 000	193 500
Catering Services	412 682	321 241
Electrical Engineering Services	376 660	1 979 490
Employee Wellness	-	60 000
Event Promoters	1 746 200	1 000 000
First Aid	15 418	2 119
Haulage	4 157 162	2 554 996
Maintenance of Buildings and Facilities	2 468 108	5 891 070
Maintenance of Equipment	12 964 146	2 173 277
Maintenance of Unspecified Assets	20 354 827	11 686 879
Pest Control and Fumigation	848 908	1 182 865
Stream Cleaning and Ditching	889 181	-
Removal of Hazardous Waste	16 438	3 549
Forestry	-	216 006
	<b>47 390 848</b>	<b>32 285 452</b>
	<b>92 705 975</b>	<b>103 412 484</b>
<b>52. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Tourism	2 700 000	4 000 000
Social Assistance:Grant In Aid	3 147 556	2 644 730
	<b>5 847 556</b>	<b>6 644 730</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>53. Loss on the Disposal of Assets</b>		
Property, plant and equipment	(515 775)	(47 469 782)
<b>54. Water Losses</b>		
Gains or losses arising from a change in fair value less point of sale costs	(3 112 320)	(2 179 425)
<b>55. Inventory Consumed</b>		
Standard rated	7 187 259	9 309 046
Materials and Supplies	1 046 913	-
Land - iGRAP 18	1 017 312	-
	<b>9 251 484</b>	<b>9 309 046</b>
<b>56. Operational Cost</b>		
Advertising	477 447	2 285 899
Audit Fees	4 354 033	2 916 541
Bank charges	1 326 212	2 782 153
Commission paid	919 800	841 535
Provision for landfill site restoration	(11 104 502)	-
Hire	5 072 959	6 649 400
Insurance	2 555 413	1 654 433
Conferences and seminars	844 879	339 740
Licence Fees	3 581 265	10 220 699
Promotions and sponsorships	46 024	184 581
Levies	1 508 733	1 797 168
Motor vehicle expenses	247 526	-
Fuel and oil	6 558 844	8 303 887
Postage and courier	93 151	963 643
Printing and stationery	1 155 020	452 120
Protective clothing	1 027 694	1 026 436
System Support	-	362 795
Subscriptions and membership fees	2 205 037	4 688 216
Telephone and fax	1 721 774	1 635 348
Transport and freight	254 402	-
Travel - local	435 653	1 857 571
Title deed search fees	4 730	150 000
Assets below Threshold	241 906	262 955
Electricity	2 512 527	-
Utilities - Other	408 099	62 985
Bursaries (Employees)	337 920	449 406
Learnerships and Internships	990 875	9 134 468
Full Time Union Representative	-	144 766
Remuneration of Ward Committees	370 000	393 667
Resettlement Cost	41 861	-
Vehicle Tracking	365 088	294 230
Other expenses	222 827	478 251
	<b>28 777 197</b>	<b>60 332 893</b>

## 57. Operating surplus

Operating surplus for the year is stated after accounting for the following:

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>57. Operating surplus (continued)</b>		
<b>Operating lease charges</b>		
Motor vehicles		
• Contractual amounts	-	142 706
Equipment		
• Contractual amounts	513 457	20 129
Lease rentals on operating lease - Other		
• Contractual amounts	2 308 373	3 828 914
	<b>2 821 830</b>	<b>3 991 749</b>
Loss on sale of property, plant and equipment	(515 775)	(47 469 782)
Impairment on property, plant and equipment	-	18 014 604
Impairment on investment property	-	4 389 494
Impairment on trade and other receivables	57 882 547	69 304 768
Impairment of other receivables from non-exchange transactions	8 504 483	27 310 422
Reversal of impairments of other receivables from non-exchange transactions	43 697 033	-
Gain on biological assets and agricultural produce	3 112 320	2 179 425
Depreciation on property, plant and equipment	31 923 992	31 263 997
Depreciation on investment property	539	538
Employee costs	233 962 958	177 420 020

## 58. Corrections of Error in terms of GRAP 3

### Sub-heading

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality.

- In the 2017/18 financial year fuel sales were overstated due to an incorrectly allocated receipt. The correction of should be as follows: Dt 181 888 Accumulated Surplus (2018-19), Dt 25 464 Output VAT (2018-19) and Ct 207 352 Sundry Debtors (2018-19) respectively.
- In the 2017/18 financial year fuel sales were overstated due to an over-payment by the debtor. In order to correct the overstated fuel sale the following needs to happen: Dt 18 300 Accumulated Surplus (2018/19), Dt 18 300 Revenue: , Dt 2 562 Output VAT (2018/19) and Ct 20 746 Sundry Debtors(2018/19), Ct 116 Unclaimed Monies(2018/19) respectively.
- In the 2017/18 financial year Housing Income was erroneously receipted and it was also added to the actual expenditure of housing. The correction was done as follows: Dt 7 220 737.20 Accumulated surplus (2018-19), Ct 7 220 737.20 Unpaid grants(2018/19).
- In the 2018/19 financial year Disaster Management: Emergency Housing funds was incorrectly recognized and Unpaid Grant was overstated as well as Transfers and Subsidies was overstated. The Corrections was done as follows: Dt 155 399.55 Government Grant & Subsidies (2018-19), Ct 155 399.55 Unpaid grants(2018/19).
- Prior to 2017/18 financial year, software was recognised as intangibles which after investigation was found not to meet the classification. The Intangibles must now be de-recognised as follows: Dt 548 729.88 Accumulated Surplus (2018-19), Ct 548 729.88 Intangible Asset: Cost (2018-19). Dt 362 154.49 Accumulated Amortisation (2018-19), Ct 82 095.17 Amortisation (2018-19), Ct 280 059 Accumulated Surplus(2018-19)
- In the 2018-19 financial year we implemented iGRAP18. On further investigation we found Buildings that was not accounted for. the correction is as follows: Dt 3 017 093 Other buildings cost (2018-19), Ct 3 017 093 Land earmarked for housing (2018-19) & Dt 953 851.95 Land earmarked for housing (2018-19), Ct 953 851.95 Land: Cost.
- Depreciation was ernously processed in 2019-20 that is linked to 2018-19. This was corrected as follows: Dt 19 425.05 Depreciation and amortisation (2018-19), Ct 19 425.05 Depreciation: Operational buildings(2018-19)
- Due to the the implementation of GRAP 109 the Municipality had to revise its treatment of Housing top structure contracts from Grants to Construction Contracts. This effect is only a reclassification on the statement of financial performance and the correction is as follows: Ct 31 449 367.62 Construction Contracts, Dt 31 449 367.62 Government Grants and Subsidies



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

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### 58. Corrections of Error in terms of GRAP 3 (continued)

The correction of the error(s) results in adjustments as follows:

#### Statement of Financial Position - Net Assets

##### 2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Accumulated Surplus - See notes (a) to (e) above	890 706 421	(5 636 989)	-	-	885 069 432
<b>Restated balance 30 June</b>	<b>890 706 421</b>	<b>(5 636 989)</b>	<b>-</b>	<b>-</b>	<b>885 069 432</b>

##### 2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Accumulated Surplus - See notes (a) to (c) and (e) above	897 325 686	(7 607 500)	-	-	889 718 186
<b>Restated balance 30 June</b>	<b>897 325 686</b>	<b>(7 607 500)</b>	<b>-</b>	<b>-</b>	<b>889 718 186</b>

#### Statement of Financial Position - Current Assets

##### 2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Receivables from Exchange Transactions - See notes (a) to (b) above	42 417 009	(228 098)	-	-	42 188 911
VAT Receivable - See notes (a) to (b) above	1 885 618	28 026	-	-	1 913 644
Unpaid Grants - See notes (c) to (d) above	24 054 779	(7 376 137)	-	-	16 678 642
<b>Restated balance 30 June</b>	<b>68 357 406</b>	<b>(7 576 209)</b>	<b>-</b>	<b>-</b>	<b>60 781 197</b>

##### 2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Receivables from Exchange Transactions - See notes (a) to (b) above	33 575 487	(228 098)	-	-	33 347 389
VAT Receivable - See notes (a) to (b) above	9 746 742	28 026	-	-	9 774 768
<b>Restated balance 30 June</b>	<b>43 322 229</b>	<b>(200 072)</b>	<b>-</b>	<b>-</b>	<b>43 122 157</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

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### 58. Corrections of Error in terms of GRAP 3 (continued)

#### Statement of Financial Position - Non-Current Assets

##### 2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Property, Plant and Equipment - see note (f) and (g) above	1 080 409 591	2 043 816	-	-	1 082 453 407
Intangible Assets - See note (e) above	104 471	(104 480)	-	-	(9)
<b>Restated balance 30 June</b>	<b>1 080 514 062</b>	<b>1 939 336</b>	<b>-</b>	<b>-</b>	<b>1 082 453 398</b>

##### 2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Intangible Assets - See note (e) above	186 567	(186 575)	-	-	(8)

#### Statement of Financial Position - Current Liabilities

##### 2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Trade and other Payables - See note (b) above	51 052 383	116	-	-	51 052 499
Unspent Grants - See note (c) above	1 903 078	-	-	-	1 903 078
<b>Restated balance 30 June</b>	<b>52 955 461</b>	<b>116</b>	<b>-</b>	<b>-</b>	<b>52 955 577</b>

##### 2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Trade and other Payables - See note (b) above	75 251 712	116	-	-	75 251 828
Unspent Grants - See note (c) above	2 120 347	7 220 737	-	-	9 341 084
<b>Restated balance 30 June</b>	<b>77 372 059</b>	<b>7 220 853</b>	<b>-</b>	<b>-</b>	<b>84 592 912</b>

#### Statement of Financial Performance - Revenue

##### 2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Government grants & subsidies - See note (d) and (h) above	231 451 028	(155 400)	-	(31 449 368)	199 846 260
Construction contracts see note (h) above	-	-	-	31 449 368	31 449 368
<b>Restated balance 30 June</b>	<b>231 451 028</b>	<b>(155 400)</b>	<b>-</b>	<b>-</b>	<b>231 295 628</b>

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Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

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### 58. Corrections of Error in terms of GRAP 3 (continued)

#### Statement of Financial Performance - Expenditure

2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassificati on	Restated
Depreciation & Amortisation See note (e) and (g) above	31 327 205	(62 670)	-	-	31 264 535
Land earmarked for housing - see note (f) above	34 577 333	(2 063 241)	-	-	32 514 092
<b>Restated balance 30 June</b>	<b>65 904 538</b>	<b>(2 125 911)</b>	<b>-</b>	<b>-</b>	<b>63 778 627</b>

### 59. Cash generated from operations

Surplus	44 297 545	27 496 353
<b>Adjustments for:</b>		
Depreciation and amortisation	31 924 531	31 264 535
Loss on sale of assets and liabilities	515 775	47 469 782
Gain on sale of assets and liabilities	-	(476 070)
Water Losses	3 112 320	2 179 425
Inventories (losses)/write-downs	(3 136 534)	(1 884 834)
Impairment deficit	22 689 997	119 019 288
Debt impairment	76 663 235	70 705 763
Movements in operating lease assets and accruals	(129 520)	(33 021)
Movements in retirement benefit assets and liabilities	1 444 294	(27 578 275)
Movements in provisions	(10 354 315)	1 482 410
Contributed Assets	-	(26 235 243)
Rounding	(6)	(3)
<b>Changes in working capital:</b>		
Inventories	290 033	(5 914 422)
Receivables from exchange transactions	(57 252 880)	(78 146 290)
Consumer debtors	(76 663 235)	(70 705 763)
Other receivables from non-exchange transactions	36 238 238	12 745 637
Trade and other Payables from exchange transactions	26 383 027	(24 199 320)
VAT	(3 222 725)	7 861 124
Taxes and transfers payable (non-exchange)	237 127	-
Unspent Conditional grants and receipts	13 686 684	(24 116 648)
Public Contributions	38 469	211 730
	<b>106 762 060</b>	<b>61 146 158</b>

### 60. Unauthorised expenditure

Opening balance as previously reported	280 935 363	30 875 864
<b>Opening balance as restated</b>	<b>280 935 363</b>	<b>30 875 864</b>
Add: Expenditure identified - Operational	20 869 518	221 455 731
Add: Expenditure identified - Capital	3 537 395	28 603 768
<b>Closing balance</b>	<b>305 342 276</b>	<b>280 935 363</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

### 61. Fruitless and wasteful expenditure

Opening balance as previously reported	645 683	-
<b>Opening balance as restated</b>	<b>645 683</b>	<b>-</b>
Add: Expenditure identified - current	3 717 248	645 683
<b>Closing balance</b>	<b>4 362 931</b>	<b>645 683</b>

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Invoice 27 dated 25/09/2018	Under Investigation	-	16 400
EMPSA dated 15/01/2019	Under Investigation	-	261 333
EMPSA dated 28/05/2019	Under Investigation	-	9 498
SABC TV License not paid timeously	Under Investigation	-	503
Extension of Time Claim - Housing	Under Investigation	-	357 949
Salary payment for time not worked - Mr Manfred Van Rooyen	Funds under recovery process	157 765	-
Interest charged per Bargaining Council's Award		8 198	-
Interest charged on PetroSA account		7 275	-
Interest charged on Avis Car Rental account		17 018	-
Interest charged on Vula Energy account		452	-
COMAF 36 information	To be investigated	974 218	-
COMAF 9	To be investigated	2 552 322	-
		<b>3 717 248</b>	<b>645 683</b>

### 62. Irregular expenditure

Opening balance as previously reported	64 735 859	16 398 843
Correction of prior period error	(1 220 758)	-
<b>Opening balance as restated</b>	<b>63 515 101</b>	<b>16 398 843</b>
Add: Irregular Expenditure - current	93 439 992	48 337 016
Add: Irregular Expenditure - prior year identified current	25 126 962	-
<b>Closing balance</b>	<b>182 082 055</b>	<b>64 735 859</b>

## Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

### Notes to the Audited Annual Financial Statements

#### 62. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
SCM Policy Section 16 (2)(a)	To be reported to Council	80 136	37 998
SCM Policy Section 14	To be reported to Council	247 985	-
SCM Policy Section 17 (1)(a)	To be reported to Council	326 315	2 628 867
SCM Policy Section 13 (c)(1)	As identified by AG during Audit -to be reported to Council	15 242 022	21 817 976
SCM Policy Section 18	To be reported to Council	343 576	-
SCM Policy Section 19 (1)	To be reported to Council	13 642 169	5 389 843
SCM Policy Section 52 (1)(a)	To be reported to Council	-	6 735 194
SCM Policy Section 54 (5)	To be reported to Council	19 162 140	1 523 469
SCM Policy Section 21 (1)(f)	As identified by AG during Audit -to be reported to Council	-	341 058
SCM Policy Section 28 (1)(b)	As identified by AG during Audit -to be reported to Council	-	288 480
Regulation 32	To be reported to Council	587 502	7 776 173
SCM Policy Section 36	To be reported to Council	329 000	-
Government Gazette and Council Resolution	To be Recovered	88 800	577 200
SCM Policy Section 38 (1)(b)	To be reported to Council	22 400	-
Regulation 13(b)	As identified by AG during Audit -to be reported to Council	44 412	-
SCM Policy Section 46(2)(e)&(f)	As identified by AG during Audit -to be reported to Council	7 160 242	-
Section 8(2) of PPR 2017	As identified by AG during Audit -to be reported to Council	298 907	-
Section 8(2) of PPR 2018	As identified by AG during Audit -to be reported to Council	119 600	-
PPR 2017 Section 4,5 & 9	As identified by AG during Audit -to be reported to Council	10 203 995	-
SCM Policy Section 38(1)(g)(i)	As identified by AG during Audit -to be reported to Council	114 000	-
Regulation 29(2)	As identified by AG during Audit -to be reported to Council	25 426 791	-
		<b>93 439 992</b>	<b>47 116 258</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

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### 62. Irregular expenditure (continued)

#### Cases under investigation

The following COMAF amounts for 2019/20, which is included above, have been quantified after investigation.

COMAF 27 - Winning Bidder offered second opportunity  
COMAF 25 - Winning Bidder did not meet functionality criteria  
COMAF 16 - Winning Bidder did not meet functionality criteria  
COMAF 19 - Winning Bidder did not meet functionality criteria  
COMAF 18 - Winning Bidder did not meet functionality criteria

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

#### Contributions to organised local government

Current year subscription / fee	1 957 292	2 019 277
Amount paid - current year	(1 957 292)	(2 019 277)
	-	-

During the 2018/19 Financial year the expenditure was accidentally omitted. In the 2019/20 Financial year the omission was discovered and subsequently corrected.

#### Audit fees

Current year fee	4 354 033	2 916 541
Amount paid - current year	(4 354 033)	(2 916 541)
	-	-

#### PAYE and UIF

Current year fee	31 983 584	30 724 948
Amount paid - current year	(31 983 584)	(30 724 948)
	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	60 214 447	55 033 855
Amount paid - current year	(60 214 447)	(55 033 855)
	-	-

#### VAT

VAT receivable	5 136 369	1 913 644
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VAT output payables and VAT input receivables are shown in note 12.

All VAT returns have been submitted by the due date throughout the year.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

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### 63. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June 2020:

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Kam Kam J	1 203	562	1 765
Councillor Swart DJ	23 866	3 361	27 227
Councillor van Rhyner	3 671	27 277	30 948
Councillor Lobese MP	2 407	-	2 407
Councillor Ndayi NS	1 203	-	1 203
Councillor Matyila X	1 203	-	1 203
Councillor Windvogel AS	1 203	-	1 203
Councillor Nell WJ	1 547	-	1 547
Councillor Gcabayi SE	795	-	795
Councillor Olivier AR	1 203	-	1 203
	<b>38 301</b>	<b>31 200</b>	<b>69 501</b>

#### 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 Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been condoned.

Category from SCM Policy	Section		
In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	36(1)(a)(i)	941 730	1 418 253
Where it can be demonstrated that goods or services are produced or available from a single provider only	36(1)(a)(ii)	40 851	282 346
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	-	-
Exceptional case and it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	432 716	153 594
Ratification of Minor Breach of tender invitation not duly including requirements for Minimum Local Content	36(1)(b)	-	-
		<b>1 415 297</b>	<b>1 854 193</b>

#### Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).

Company	Relation	Name	Designation	Organ of State	Amount
ShelfPlett 40 T/A Isolomzi Security Services	Spouse	Yonn LB	SAPS Officer	South African Police Service	15 449 337
Bezuidenhout Funeral Services	Spouse	Bezuidenhout	Chief: SCM Clerk	Knysna Municipality	4 500
Kemanzi (PTY) Ltd	Spouse	Du Toit JN	Traffic Service: Inspector	City of Cape Town	1 773 300
NEIL LYNERS & ASSOCIATES CC	Brother	Lyners N	Chief Engineer	WCG: Transport & PW	4 609 543
					<b>21 836 680</b>



# Bitou Local Municipality

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## Notes to the Audited Annual Financial Statements

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### 64. Financial risk management

#### 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. Due to the dynamic nature of the underlying businesses, municipalities' 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.

The table below analyses the Municipality's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The landfill site was consistently reported as a liquidity risk for the past five years mainly because management holds the opinion that it is a risk encountered in the event of difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash. The liability could not be financed by raising a loan and thus the municipality is depended on cash reserves as a resource to finance the future expenditure.

Although it is a legal obligation, it is also contractual obligations. The professional engineers who compiled the design and assisted with the tendering processes is already evident of the contractual obligations the municipality has because the landfill site is closed and is in the de-commissioning phase, which already started of which the cost and future cost would be allocated to the landfill provision

<b>At 30 June 2020</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 years</b>
Long-Term Liabilities	33 831 938	96 982 780	39 991 657	-
Landfill Site	17 474 283	5 948 467	-	-
Trade and other payables	63 851 477	-	-	-
Unspent conditional grant and receipts	9 344 045	-	-	-
<b>At 30 June 2019</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 years</b>
Long-Term Liabilities	34 679 497	110 291 077	60 199 813	-
Landfill Site	11 552 091	23 495 225	-	-
Trade and other payables	38 686 274	-	-	-
Unspent conditional grant and receipts	1 903 075	-	-	-

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>64. Financial risk management (continued)</b>		
<b>Credit risk</b>		
Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.		
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.		
Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.		
All rates and services are payable within 30 from invoice date. Refer to note 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.		
Balance past due not impaired:]		
<b>Non-exchange Receivables</b>	<b>2020</b>	<b>2019</b>
Rates and other Sundry Debtors	16,11 % 7 850 097	15,33 % 6 411 341
Traffic Fines	12,83 % 3 771 731	6,54 % 4 741 572
	<b>11 621 828</b>	<b>11 152 913</b>
<b>Exchange Receivables</b>	<b>2020</b>	<b>2019</b>
Electricity	23,82 % 7 062 591	15,31 % 4 261 205
Water	1,52 % 1 339 410	- % -
Sundries	18,64 % 1 207 770	26,06 % 2 095 475
Housing Rental	10,02 % 143 139	4,75 % 48 557
	<b>9 752 910</b>	<b>6 405 237</b>
No receivables are pledged as security for financial liabilities.		
Due to short term nature of trade and other receivables the carrying value disclosed in note 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.		
The provision for bad debts could be allocated between the different classes of receivables as follow:		
<b>Non-exchange Receivables</b>	<b>2020</b>	<b>2019</b>
Rates and other Sundry Debtors	11,44 32 867 258	10,05 25 703 757
Traffic Fines	7,73 22 192 559	25,23 64 548 608
	<b>19,17 55 059 817</b>	<b>35,28 90 252 365</b>
<b>Exchange Receivables</b>		
Electricity	3,64 % 10 460 645	3,30 % 8 446 475
Water	27,56 % 79 137 859	20,85 % 53 349 255
Sewerage	29,97 % 86 066 323	24,33 % 62 231 056
Sundries	1,43 % 4 102 115	1,38 % 3 528 448
Refuse Removal	17,85 % 51 258 384	14,51 % 37 124 010
Housing Rental	0,39 % 1 113 970	0,35 % 895 124
	<b>80,84 % 232 139 296</b>	<b>64,72 % 165 574 368</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>64. Financial risk management (continued)</b>	<b>100,01 % 287 199 113</b>	<b>100,00 % 255 826 733</b>

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R 8 355 004 is held as security for a loan raised with DBSA. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets maximum exposure to credit risk at year end is as follows:

Receivables from exchange transactions	41 559 244	42 188 911
Receivables from non-exchange transactions	23 050 995	24 096 683
Non-Current Investment	8 355 004	7 602 754
Long-term Receivables	3 915	7 855
Cash and cash equivalents	125 716 712	90 089 299
	<b>198 685 870</b>	<b>163 985 502</b>

### Market risk

#### Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

#### Sensitivity Analysis

1% (2019: 1%) Increase in interest rates	(90 243)	(258 326)
1% (2019:1%) Decrease in interest rates	90 243	258 326
	-	-

### Foreign exchange risk

The municipality does not engage in foreign currency transactions.

### Price risk

The municipality is not exposed to price risk.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>65. Financial instruments disclosure</b>		
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:		
<b>Categories of financial instruments</b>		
<b>Financial assets (at Amortised Cost)</b>		
Long-term Receivables	2 090	3 916
Current Portion of Long-term Receivables	1 825	3 939
Unpaid Grants	10 221 196	16 678 640
Long-term Investments	8 355 004	7 602 754
Trade and other receivables from exchange transactions	41 559 244	42 188 911
Other receivables from non-exchange transactions	625 864	(74 132)
Cash and cash equivalents	125 716 712	90 089 299
	<b>186 481 935</b>	<b>156 493 327</b>

### Financial liabilities (at Amortised Cost)

Long-term Borrowings	100 511 797	121 823 094
Current Portion of Long-term Borrowings	21 285 200	19 970 279
Unspent Conditional grants and receipts	9 344 045	1 903 075
Trade and other payables	77 435 536	51 052 502
	<b>208 576 578</b>	<b>194 748 950</b>

### 66. COVID-19 Relief Note

Bitou Municipality incurred the following expenditure related to COVID-19 in the 19/20 Financial year. No relief was offered in terms of outstanding debt thus Revenue was not affected

Expenditure for PPE	625 941	-
Own funding as well as Grant funding was used		
Fogging/ disinfecting Offices	171 739	-
Own funding as well as Grant funding was used		
Food Parcel's	1 850 000	-
Own funding as well as Grant funding was used		
	<b>2 647 680</b>	<b>-</b>

### 67. In-kind donations and assistance

The municipality did not receive any in-kind donations or assistance during the year under review.

### 68. Private Public Partnerships

Council has not entered into any private public partnerships during the financial year.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>69. Contingent Liabilities</b>		
		<b>2020</b>
<b>Rentworks Africa PTY Ltd</b>		7 737 684
A High court application was lodged by the applicant to claim damages for breach of contract. The Municipality is opposing the application. in the event that the Municipality should lose the case. the Plaintiff alleged that they are entitled to R 7 737 683.79.		
<b>Teniqua Wildfire Rehabilitation and Awareness</b>		286 400
The Plaintiff issued summons against Bitou Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the Regional Court. The plaintiff is suing for R 286 400.		
<b>Bitou Local Municipality vs Minaar</b>		250 000
Litigation was lodged by the applicant for personal injury. The plaintiff served and filed a Notice in terms of Section 24(10) to discover photos .The Claim cost is estimated at R 250 000.00		
<b>Horizon Forensics PTY Ltd/ Bitou Municipality</b>		1 275 039
The claim against the Municipality is for R1 275 038.74.		
		<b>9 549 123</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
--	-----------	-----------

### 70. Related parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents. The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

#### Related party transactions

##### Councillors - Rates and Services Levied 01 July 2019 - 30 June 2020

	Rates and Services Billed	Outstanding Balance as at 30 June 2020
Councillor Lobese MP	38 508	2 407
Councillor Gcabayi SE	9 537	795
Councillor van Rhyner	14 489	30 948
Councillor Matyila X	14 441	1 203
Councillor Swart DJ	109 423	27 226
Councillor Windvogel AS	14 441	1 203
Councillor Olivier AR	14 489	1 203
Councillor Nel WJ	20 195	1 547
Councillor Kam Kam J	14 441	1 765
Councillor Ndayi NS	14 441	1 203

##### Directors - Rates and Services Levied 01 July 2019 - 30 June 2020

	Rates and Services Billed	Outstanding Balance as at 30 June 2020
Friedman DJ	29 392	2 251
Ngoqo LMR	50 501	15 096

The following purchases were made during the year where councillors or staff have an interest:

Company	Description	Relation	Name	Organ of State	Designation	Amount
Shekynah Projects	Construction & Catering	Brother in Law	Ganga S	Bitou Municipality	Chief: Traffic Services	438 009
Sibongile Komeni	Illegal dumping and Grass Cutting	Sister	Komeni A	Bitou Municipality	IDP: Admin Clerk	20 579

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

					2020 R	2019 R
<b>70. Related parties (continued)</b>						
Manuel Maintenance CC	Construction	Daughter	Manuel AB	Bitou Municipality	Library Assistant	18 000
Emawusheni Construction	Catering	Sister	Siko M	Bitou Municipality	Property Officer	154 945
Miaay Sounds (Pty) Ltd	Sound Systems	Director	Zenzile M	Buffalo City Municipality	Communications Officer	5 600
Kukokonke Trading	Catering and Supply & Delivery of PPE	Director: ALL NATIONS SECOND HAND-SHOP	Casa P	Bitou Municipality		296 330
African Hotel Development Durban	Accommodation	Director	Swart DJ	Bitou Municipality	Councillor	17 700
S Phethezona Trading and Investment	Catering	Director	Matsolo	Bitou Municipality	Temporary Worker	21 000
Maximum Profit Recovery (PTY)	VAT Recovery	Director	Swart DJ	Bitou Municipality	Councillor	501 612
Shauna's Glass	Glasses and Frames	Director	Maki F	Bitou Municipality	Engineering: GIS Technician	20 650
Zesitrox (PTY) LTD	Copy Machines	Director	Swart DJ	Bitou Municipality	Councillor	22 016
Masiqhame Trading 672 CC	Collecting Recycables	Director	Van Wyk TE	Bitou Municipality	Youth Desk	6 548 232
XCO Group (PTY) LTD	Protective Clothing	Director	Swart DJ	Bitou Municipality	Councillor	947 336
Neo Technologies (PTY) LTD	ICT GOODS	Director	Swart DJ	Bitou Municipality	Councillor	10 932
CHM Vuwani Computer Solutions	ICT GOODS	Director	Swart DJ	Bitou Municipality	Councillor	183 385
MDL Engineering Company (PTY)	Electrical	Director	Swart DJ	Bitou Municipality	Councillor	10 088 971
Viking Pony Africa Pumps (PTY)	Maintenance of Pump Stations	Director	Swart DJ	Bitou Municipality	Councillor	12 085 226
Masiqhame Trading 672 CC	Collecting Recycables	Director	Smith HM	Bitou Municipality	Manager: Office of the Speaker	1



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

				2020 R	2019 R
<b>70. Related parties (continued)</b>					
<b>Remuneration of management</b>					
<b>Mayoral committee members</b>					
<b>2020</b>					
	<b>Basic salary</b>	<b>Medical Aid</b>	<b>Pension</b>	<b>Other benefits received</b>	<b>Total</b>
<b>Name</b>					
Councillor Lobese MP - Mayor	556 961	17 280	78 991	252 027	905 259
Councillor Gcabayi SE - Deputy Mayor	442 564	17 280	62 742	210 502	733 088
Councillor Wildeman EV - Speaker	446 573	-	76 013	210 502	733 088
Councillor Seyisi LM	413 965	17 280	58 680	200 121	690 046
Councillor Mbali MM	489 925	-	-	200 121	690 046
	<b>2 349 988</b>	<b>51 840</b>	<b>276 426</b>	<b>1 073 273</b>	<b>3 751 527</b>
<b>Councillors</b>					
	<b>Basic salary</b>	<b>Medical Aid</b>	<b>Pension</b>	<b>Other benefits received</b>	<b>Total</b>
<b>Name</b>					
Mayoral committee members	2 349 988	51 840	276 426	1 073 273	3 751 527
Councillor Olivier AR	272 430	-	-	44 400	316 830
Councillor Ndayi NS	255 150	17 280	-	44 400	316 830
Councillor Matyila X	238 148	-	34 282	44 400	316 830
Councillor Windvogel AS	238 148	-	34 282	44 400	316 830
Councillor Jacob NC	118 563	12 960	17 529	82 416	231 468
Councillor Nel WJ	206 723	-	-	110 106	316 829
Councilor Kam Kam J	255 120	-	-	138 898	394 018
Councillor Swart DJ	222 437	17 280	32 713	44 400	316 830
Councillor Van Rhyner VP	21 670	-	-	3 532	25 202
	<b>4 178 377</b>	<b>99 360</b>	<b>395 232</b>	<b>1 630 225</b>	<b>6 303 194</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>71. Commitments</b>		
<b>Authorised Capital Expenditure</b>		
<b>Already contracted for but not provided for</b>		
• SCM/2019/10/ENG	-	5 325 356
• SCM/2019/24/ENG	-	7 121 077
• SCM/2019/14/ENG	-	5 226 637
• SCM/2019/27/ENG	-	3 484 669
• SCM/2019/32/ENG	-	1 518 207
• SCM/2020/17/ENG	442 684	-
• SCM/2020/16/ENG	6 298 638	-
• SCM/2020/30/ENG	4 667 856	-
• SCM/2020/64/ENG	2 135 362	-
• SCM/2020/29/ENG	1 443 785	-
	<b>14 988 325</b>	<b>22 675 946</b>

### Total capital commitments

Already contracted for but not provided for	14 988 325	22 675 946
---	------------	------------

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Government Grants and Subsidies	8 876 684	13 865 921
Own Funds	6 111 641	8 810 025
	<b>14 988 325</b>	<b>22 675 946</b>

### Operating leases - as lessee (expense)

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

#### Minimum lease payments due

- within one year	2 715 986	1 886 272
- in second to fifth year inclusive	3 765 856	4 348 260
	<b>6 481 842</b>	<b>6 234 532</b>

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

Operating leases consists of agreements for building rentals.

The municipality does not engage in any sub-lease arrangements.

The municipality did not pay any contingent rent during the year

### Operating leases - as lessor (income)

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

#### Minimum lease payments due

- within one year	576 007	454 678
- in second to fifth year inclusive	1 452 777	1 649 086
- later than five years	33	35
	<b>2 028 817</b>	<b>2 103 799</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>72. Accounting by principals and agents</b>		
The entity is a party to a principal-agent arrangement(s).		
<b>Details of the arrangement(s) is/are as follows:</b>		
The Municipality undertakes to handle Motor vehicle license issueing on behalf of the Department of Transport and Province and collects a commission of 12% plus VAT		
<b>Entity as agent</b>		
<b>Resources held on behalf of the principal(s), but recognised in the entity's own financial statements</b>		
The Resources regarding the Licensing Department, remain that of the department and do not form part of the Municipality's Financial statements		
<b>Revenue recognised</b>		
The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R1 784 517 (2019: R1 779 694).		
<b>Liabilities and corresponding rights of reimbursement recognised as assets</b>		
Liabilities incurred on behalf of the principal(s) that have been recognised by the entity have a Net Effect of R 138 919.17 that is still owed by the municipality and will be paid over to the Department of Transport in the new financial year.		
<b>Additional information</b>		
<b>Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement</b>		
<b>Category(ies) of revenue received or to be received on behalf of the principal, are:</b>		
<b>Categories</b>	<b>Additional details</b>	
Licensing Fees	Income collected on behalf of DOT and Provincial Transport for Motor Vehicle registration	
<b>Amount of revenue received on behalf of the principal during the reporting period</b>		
Licensing Fees	11 928 487	12 431 306
<b>Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)</b>		
<b>Reconciliation of the carrying amount of payables</b>		
<b>Vehicle Licensing</b>		
Opening balance	113 039	57 953
Revenue received on behalf of the Principal	11 954 368	12 486 391
Amounts transferred to the principal	(11 928 487)	(12 431 305)
	<b>138 920</b>	<b>113 039</b>
<b>All categories</b>		
Opening balance	113 039	57 953
Revenue received on behalf of the principal	11 954 368	12 486 391
Amounts transferred to the principal	(11 928 487)	(12 431 305)
	<b>138 920</b>	<b>113 039</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
--	-----------	-----------

### 72. Accounting by principals and agents (continued)

#### Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources have been recognised/have not been recognised by the agent in its financial statements. [Choose as appropriate]

The remittance of resources during the period [State details].

The expected timing of remittance of remaining resources by the agent to the entity, are [State timing and details].

The expected timing of remittance of remaining resources by the agent to third parties, are [State timing and details].

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

#### Fee paid

#### Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

### 73. Going concern

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus of R 917 366 973 and that the municipality's total assets exceed its liabilities by R 1 010 366 974.

The audited 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.

#### Other indicators

Possible outflow of resources due the contingent liability disclosed in note 69

### 74. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

### 75. Construction contracts and receivables

#### Contracts in progress at statement of financial position date

Advances received in excess of work completed are included in trade and other payables.

At 30 June 2020, retention of contracts in progress are R 0- (2019: R 3 088 032).

### 76. Subsequent Events

Labour Appeal Court of South Africa: Labour Court Case No. C180/2019 – Bitou Municipality Appellant/L.M.R.Ngoqo – Municipal Manager. The Council applied to the Constitutional Court for leave to appeal

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

2020	2019
R	R

### 77. Budget differences

#### Material differences between original budget and final budget

#### Statement of Financial Performance

##### Revenue

##### Revenue from Exchange Transactions

Ref	Explanation
-----	-------------

- |     |   |
|-----|---|
| A1  | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A2  | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A3  | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A4  | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A5  | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A6  | Provide explanation for variance.   |
| A7  | Budget for collection charges were reduced due under performance                    |
| A8  | No changes to budget  |
| A9  | Budget increased based upward trend of actuals                                      |
| A10 | Budget increased based upward trend of actuals                                      |

##### Revenue from Non-Exchange Transactions

##### Taxation Revenue

Ref	Explanation
-----	-------------

- |    |   |
|----|---|
| B1 | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| B2 | No budget initially, budget was based on the trend of actuals                       |

##### Transfer Revenue

Ref	Explanation
-----	-------------

- |    |   |
|----|---|
| C1 | Additional allocation received during adjustments budget and disaster funding received due to COVID-19 pandemic |
| C2 | Fines revenue budget reduced due to tender for Traffic Fines Management awarded late.                           |

##### Expenditure

Ref	Explanation
-----	-------------

- |     |   |
|-----|---|
| D1  | Budget increased due to EPWP expenditure budget being moved to employee-related costs. This however includes Workmens compensation on AFS and excludes it from Operational Cost                       |
| D2  | Reduction in budget was due to calculation on council remuneration from Gazette on Political Office Bearers determined that we initially over budgeted.   |
| D3  | Increased in budget was due to additional budget required based on the existing Fixed Asset Register including the estimations based on capital additions.  |
| D4  | Budget reduced based on reduction in fines income.  |
| D5  | No adjustment   |
| D6  | Budget increased due to inclusion finance leases (municipal vehicles) interest in adjustment budget.  |
| D7  | Budget for lease of printing machines included  |
| D8  | Budget was reduced based on calculation of invoices paid and outstanding invoices for Eskom. At the time it was only June 2020 outstanding and budget was determined based on average monthly payment |
| D9  | Due to the COVID-19 pandemic, user departments reprioritised programmes and reduced budgets accordingly   |
| D10 | The budget for the Regional Landfill site taken off budget as the project was delayed/not completed this year and budget for Tourism subsidy increased.   |
| D11 | Increase in budget was due to reprioritization following the COVID-19 disaster.   |
| D12 | No budget for this item   |
| D13 | Change in budget due to reprioritization of programmes due to COVID-19  |

#### Statement of Financial Position

##### Assets

##### Current Assets

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
<b>77. Budget differences (continued)</b>		
<b>Ref</b>	<b>Explanation</b>	
E1	Budget adjusted based on actuals at the time	
E2	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
E3	Budget adjusted based on actuals at the time	
E4	Budget adjusted based on actuals at the time	
E5	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
E6	No anticipation of refund on VAT, hence no budget	
E7	Budget adjusted based on assumption that the municipality would not have any unpaid grants at year-end.	
E8	No original budget, budget adjusted based on actuals at the time	
<b>Non-Current Assets</b>		
<b>Ref</b>	<b>Explanation</b>	
F1	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F2	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F3	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F4	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F5	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F6	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Ref</b>	<b>Explanation</b>	
G1	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G2	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G3	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G4	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G5	No change in budget	
G6	Budget adjusted upwards based on actuals	
G7	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G8	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G9	Budget adjusted to zero based on assumption that unspent will be spent	
G10	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented.	
<b>Non-Current Liabilities</b>		
<b>Ref</b>	<b>Explanation</b>	
H1	Budget adjusted based on actuals at the time	
H2	Budget adjusted based on actuals at the time	
H3	No change in budget	
<b>Net Assets</b>		
<b>Ref</b>	<b>Explanation</b>	
I1	No change in budget	

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
--	-----------	-----------

### 77. Budget differences (continued)

- I2 There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented.

### Cash Flow Statement

#### Cash flows from Operating Activities

Ref	Explanation
-----	-------------

- |    |   |
|----|---|
| J1 | Budget adjusted based on trend in actuals   |
| J2 | Budget adjusted based on additional allocations gazetted  |
| J3 | Interest budget reduced to actual interest on investment at time of adjustment  |
| J4 | Budget adjusted downwards in line with expenditure budget - this included items such as Bulk Purchases, Contracted Services, etc. |
| J5 | Regional Landfill Site transfer budget was reduced to zero and Tourism increased - overall budget reduced by R1.2 million         |
| J6 | Budget adjusted upwards to make provision interest on finance leases  |

#### Cash flows from Investing Activities

Ref	Explanation
-----	-------------

- |    |   |
|----|---|
| K1 | Budget adjusted downwards due to Finance Leases |
|----|---|

#### Cash flows from Financing Activities

Ref	Explanation
-----	-------------

- |    |   |
|----|---|
| L1 | There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process |
| L2 | Repayment not budgeted originally, adjusted during adjustment process   |
| L3 | Consumer Deposits not budgeted originally, adjusted during adjustment process   |

### Material Differences between Final Budget and Actual Outcome

### Statement of Financial Performance

#### Revenue

##### Revenue from Exchange Revenue

Ref	Explanation
-----	-------------

- |     |   |
|-----|---|
| A1  | Under performance was due to barely any sales on Aviation fuel.   |
| A2  | The underperformance is mostly due to Water Services and Electricity. Although the budget has been reduced in anticipation of losses due to COVID-19, the impact on these services were greater than anticipated.   |
| A3  | Overperformance is due to Building Plan Approval and Staff Housing revenue performing greater than anticipated.   |
| A4  | Underperformance is not material  |
| A5  | Overperformance is not material   |
| A6  | These include learners, drivers, trading and other licences and the underperformance, although not material, can be attributed to the strict lockdown regulation that had to be followed where people were not able to renew licences or apply for learners licences. |
| A7  | Overperformance is due to Bad Debts Recovered and Insurance Refund (Electrical dept) not budgeted for as well as under budgeting for Administrative Handling Fees.  |
| A8  | No variance.  |
| A9  | Budget was increased during adjustment however, actual performance was greater than expected.   |
| A10 | Variance is not material.   |

##### Revenue from Non-Exchange Revenue

##### Taxation Revenue

Ref	Explanation
-----	-------------

- |    |   |
|----|---|
| B1 | This can be attributed to over budgeting or over estimating the performance of Property Rates |
| B2 | This variance is not material   |

##### Transfer Revenue



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020 R	2019 R
--	-----------	-----------

### 77. Budget differences (continued)

#### Ref Explanation

- C1 This is due to Housing/Human settlement grant that was not received as per DoRA
- C2 Tender for Traffic Fines Management awarded late in the 2019 2020 FY and the COVID-19 pandemic also contributed to the under performance.
- C3 Expenditure recognised as income during

#### Expenditure

#### Ref Explanation

- D1 Under spending on employee-related expenditure is due to actuarial gain/loss journals processed.
- D2 The variance is not material
- D3 This was a case of over budgeting. This is also a difficult item to budget for as you might not have all information at your disposal at the time of budgeting, like additions etc.
- D4 Although monthly provisional journals processed through the year, accurate figures are determined at year-end. This was over budgeted.
- D5 Write-Offs were under budgeted.
- D6 Budget for lease interest included in adjustment budget, however lease tender awarded later than initially estimated.
- D7 Budget for lease of printers included in adjustment budget, but expenditure is less than anticipated - over budgeting.
- D8 Overspending is due to outstanding invoices paid at year-end. These invoices were not anticipated at the time of budget adjustment.
- D9 Biggest contributor to the unspent are consultant fees under the Municipal Manager, Traffic Fines Management -service provider was appointed just before the COVID-19 lockdown started; Consultant Fees under Budget Office - no physical verification could be done due the COVID-19 pandemic. The impact on COVID-19 meant that projects were delayed and the uncertainty surrounding the state of disaster were greater than anticipated.
- D10 The remaining budget was for Grant in Aid under the Political Office -not material
- D11 Unspent budget on almost all sections, but this can be due to COVID-19 lockdown. Employees were on lock down leave and unable to spend their budgets.
- D12 Variance is not material, but no budget provided for this item.
- D13 This may due to the lockdown hence user departments could spend their budget as intended. Major contributors of underspending are membership fees, bank charges and skills development to name a few. Skills Development Levy in particular is underspent because of the payment holiday that the municipality had received due to the COVID-19 disaster from May 2020.
- D14 Losses were not budget for

### Statement of Financial Position

#### Assets

#### Current Assets

#### Ref Explanation

- E1 Over budgeted
- E2 Not material
- E3 Over estimated what actual would be at year-end
- E4 Over estimated what actual would be at year-end
- E5 Not material
- E6 No anticipation of refund on VAT
- E7 Under budgeted for unpaid grants
- E8 Overestimated the cash and cash equivalents at year-end. Over budgeting

#### Non-Current Assets

#### Ref Explanation

- F1 Over budgeted for investment property
- F2 Over budgeting
- F3 Due to de-recognition of Intangibles
- F4 Over budgeting
- F5 Over budgeting
- F6 Under budgeting

#### Liabilities

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Notes to the Audited Annual Financial Statements

	2020	2019
	R	R

### 77. Budget differences (continued)

#### Current Liabilities

Ref	Explanation
-----	-------------

G1	Not material
G2	Under budgeted for Trade payables
G3	Over budgeting
G4	Over budgeting
G5	Variance not material
G6	Variance not material
G7	Under budgeting
G8	Under budgeting
G9	Variance not material
G10	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented.
G11	Budget not allocated

#### Non-Current Liabilities

Ref	Explanation
-----	-------------

H1	Under budgeting
H2	Over budgeting
H3	Over budgeting

#### Net Assets

Ref	Explanation
-----	-------------

I1	Under budgeting
I2	Under budgeting

#### Cash Flow Statement

##### Cash flows from Operating Activities

Ref	Explanation
-----	-------------

J1	COVID-19 virus pandemic had significant impact of the communities' ability to pay municipal accounts
J2	Grants not received as anticipated
J3	Includes actual interest on investments and outstanding debtors, while budget only accounted for interest on investments - under budgeting.
J4	National lockdown had a significant impact on spending of allocated budgets.
J5	Underperformance not material
J6	Due to delay as a result Of COVID lockdown, the orders for the vehicles could only be placed during June 2020. This resulted in a delay in delivery. No financial entries could be made in 2019/2020.

##### Cash flows from Investing Activities

Ref	Explanation
-----	-------------

K1	There was a delay in the SCM processes as a result Of COVID lockdown, and this resulted in late finalisation in the procurement of Fleet, that was funded by Finance Lease. The delivery and payment of this fleet occurred in 2020-21 FY
----	---

##### Cash flows from Financing Activities

Ref	Explanation
-----	-------------

L1	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process
L2	Variance not material.
L3	Variance not material.

#### Changes from the approved budget to the final budget

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2020

Grant Description	Balance	Correction	Restated Balance	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance	Unspent Grants	Unspent Public Contributions	Unpaid Grants
	30 June 2019	of Error	30 June 2019					30 June 2020	30 June 2020 (Creditor)	30 June 2020 (Creditor)	30 June 2020 (Debtor)
<b><u>National Government Grants</u></b>											
Equitable Share	-	-	-	93 565 000	-	(93 565 000)	-	-	-	-	-
MIG Grant	38 065	-	38 065	20 173 000	-	-	(14 788 106)	5 422 959	5 422 959	-	-
National Electrification Programme	86 872	-	86 872	6 828 000	-	-	(6 914 872)	-	-	-	-
ACIP	0	-	0	-	-	(0)	-	-	-	-	-
Financial Management Grant	-	-	-	1 550 000	-	(1 550 000)	-	-	-	-	-
Escom Demand Side Management (EDSM)	-	-	-	6 000 000	-	(5 977 329)	-	22 671	22 671	-	-
Neighbourhood Development Grant	1	-	1	-	-	(1)	-	-	-	-	-
EPWP	-	-	-	2 579 000	-	(2 579 000)	-	-	-	-	-
National Disaster Management Grant	-	-	-	-	-	-	-	-	-	-	-
Municipal Disaster Grant	-	-	-	506 000	-	(506 000)	-	-	-	-	-
<b>Total National Government Grants</b>	<b>124 937</b>	<b>-</b>	<b>124 937</b>	<b>131 201 000</b>	<b>-</b>	<b>(104 177 330)</b>	<b>(21 702 977)</b>	<b>5 445 630</b>	<b>5 445 630</b>	<b>-</b>	<b>-</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Appendixes

Grant Description	Balance	Correction	Restated Balance	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance	Unspent Grants	Unspent Public Contributions	Unpaid Grants
	30 June 2019	of Error	30 June 2019					30 June 2020	30 June 2020 (Creditor)	30 June 2020 (Creditor)	30 June 2020 (Debtor)
<b>Provincial Government Grants</b>											
Financial Management Support Grant-mScoa	(51 469)	-	(51 469)	330 000	-	(278 531)	-	-	-	-	-
Local Government Graduate Internship Grant	202 024	-	202 024	460 000	-	(395 849)	-	266 175	266 175	-	-
Financial Management Capacity Grant	75 142	-	75 142	-	-	-	-	75 142	75 142	-	-
Community Development Workers	(33)	-	(33)	38 000	-	-	-	37 967	37 967	-	-
Libraries - Conditional Grant	-	-	-	2 026 507	-	(2 026 507)	-	-	-	-	-
Provincial Housing Grant	(23 843 658)	7 220 737	(16 622 921)	13 386 294	-	(3 532 530)	(3 296 640)	(10 065 796)	-	-	(10 065 796)
Proclaimed Roads Maintenance	(4 219)	-	(4 219)	2 489 000	-	(2 484 781)	-	-	-	-	-
Municipal Replacement Grant	983 399	-	983 399	9 089 000	-	(8 828 018)	(937 920)	306 460	306 460	-	-
LGSETA	319 866	-	319 866	386 893	-	-	-	706 759	706 759	-	-
Disaster Management: Emergency Housing	0	-	0	-	-	-	-	0	0	-	-
Municipal Disaster Grant	197 708	-	197 708	600 000	-	(797 700)	-	7	7	-	-
LED Strategy (IDC)	0	-	0	-	-	(0)	-	-	-	-	-
Regional Social Economic Projects	-	-	-	2 600 000	-	-	(249 496)	2 350 504	2 350 504	-	-
Thusong Centre	-	-	-	-	-	-	-	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>(22 121 241)</b>	<b>7 220 737</b>	<b>(14 900 504)</b>	<b>31 405 695</b>	<b>-</b>	<b>(18 343 916)</b>	<b>(4 484 056)</b>	<b>(6 322 781)</b>	<b>3 743 015</b>	<b>-</b>	<b>(10 065 796)</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Appendixes

Grant Description	Balance	Correction	Restated Balance	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance	Unspent Grants	Unspent Public Contributions	Unpaid Grants
	30 June 2019	of Error	30 June 2019					30 June 2020	30 June 2020 (Creditor)	30 June 2020 (Creditor)	30 June 2020 (Debtor)
<b>District Municipality</b>											
	-	-	-	-	-	-	-	-	-	-	-
<b>Total District Municipality Grants</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Grants</b>	<b>(21 996 304)</b>	<b>7 220 737</b>	<b>(14 775 567)</b>	<b>162 606 695</b>	<b>-</b>	<b>(122 521 246)</b>	<b>(26 187 033)</b>	<b>(877 151)</b>	<b>9 188 645</b>	<b>-</b>	<b>(10 065 796)</b>
<b>Public Contributions</b>											
Nedbank	211 730	-	211 730	-	-	(173 260)	-	38 469		38 469	-
Allocations in Kind	-	-	-	-	-	-	-	-	-	-	-
<b>Total Public Contributions</b>	<b>211 730</b>	<b>-</b>	<b>211 730</b>	<b>-</b>	<b>-</b>	<b>(173 260)</b>	<b>-</b>	<b>38 469</b>	<b>-</b>	<b>38 469</b>	<b>-</b>
<b>Grand Total</b>	<b>(21 784 574)</b>	<b>7 220 737</b>	<b>(14 563 837)</b>	<b>162 606 695</b>	<b>-</b>	<b>(122 694 507)</b>	<b>(26 187 033)</b>	<b>(838 682)</b>	<b>9 188 645</b>	<b>38 469</b>	<b>(10 065 796)</b>

The Unspent Grants are cash-backed. The municipality complied with the conditions attached to all grants received. No grants were withheld.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Appendixes

### APPENDIX B SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 MUNICIPAL VOTES CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R		2020 Actual Income R	2020 Actual Expenditure R	2020 (Surplus)/ Deficit R
			<b>Office of the Municipal Manager</b>			
-	3 424 500	3 424 500	Internal Audit	-	4 718 430	4 718 430
0	0		Risk Management	-	97 098	97 098
-	2 639 405	2 639 405	Municipal Manager	-	2 280 221	2 280 221
-	2 008 601	2 008 601	Office of the Municipal Manager	-	3 107 290	3 107 290
(13 658)	10 792 311	10 778 653	Office of the Political Office Bearers	-	13 221 872	13 221 872
-	2 118 381	2 118 381	IDP	-	1 714 879	1 714 879
(56 260 983)	840 232	(55 420 751)	Admin General Expenses	(94 836 252)	283 284	(94 552 968)
-	562 456	562 456	PMS/SDBIP/Compliance	-	608 082	608 082
<b>(56 274 641)</b>	<b>22 385 887</b>	<b>(33 888 754)</b>		<b>(94 836 252)</b>	<b>26 031 156</b>	<b>(68 805 096)</b>
			<b>Financial Services</b>			
(1 940 949)	10 390 171	8 449 222	Budget and Treasury Office	(1 828 531)	13 825 291	11 996 760
-	3 494 962	3 494 962	Expenditure	-	3 969 222	3 969 222
(11 591 758)	6 129 087	(5 462 670)	HOD: Financial Services	(10 308 474)	3 193 476	(7 114 998)
-	288 461	288 461	Office of the CFO	-	327 333	327 333
(669 864)	8 849 217	8 179 353	Revenue Services	(669 248)	16 567 816	15 898 568
-	68 488	68 488	Revenue Services: Meter Reading	-	52 105	52 105
(137 257 810)	735 847	(136 521 963)	Revenue Services: Property Rates	(139 192 980)	157 357	(139 035 623)
81 412	3 684 276	3 765 688	SCM	(3 260 960)	4 771 433	1 510 473
<b>(151 378 970)</b>	<b>33 640 509</b>	<b>(117 738 461)</b>		<b>(155 260 192)</b>	<b>42 864 030</b>	<b>(112 396 161)</b>
			<b>Corporate Services</b>			
(9 874)	5 781 274	5 771 399	Administrative Services	-	6 688 704	6 688 704
-	3 237 171	3 237 171	Communication	-	3 656 385	3 656 385
-	1 338 998	1 338 998	HOD: Corporate Services	-	895 577	895 577
(638 414)	19 054 600	18 416 187	Human Resources Management Services	(395 849)	14 007 847	13 611 998
(36 241)	13 688 880	13 652 640	Information and Communication Technology (ICT)	(7 925)	13 908 383	13 900 458
-	9 050 281	9 050 281	Legal Services	-	15 198 854	15 198 854
<b>(684 528)</b>	<b>52 151 204</b>	<b>51 466 675</b>		<b>(403 774)</b>	<b>54 355 751</b>	<b>53 951 977</b>

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Appendixes

### APPENDIX B SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 MUNICIPAL VOTES CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R		2020 Actual Income R	2020 Actual Expenditure R	2020 (Surplus)/ Deficit R
			<b>Community Services</b>			
(3 046 896)	5 231 181	2 184 284	Aerodrome	(1 435 421)	2 359 036	923 615
-	1 469 172	1 469 172	Community Services	-	1 684 339	1 684 339
-	1 285 498	1 285 498	HOD: Community Services	(506 000)	2 986 864	2 480 864
(93 070 736)	79 013 338	(14 057 398)	Human Settlement and Housing	(6 838 221)	10 932 618	4 094 397
(11 007 529)	10 781 333	(226 196)	Library and Information Services	(11 831 429)	10 949 950	(881 479)
(382 901)	7 913 076	7 530 174	Parks and Recreation: Beach Control	(93 217)	13 486 690	13 393 472
(15 360)	1 224 752	1 209 392	Parks and Recreation: Cemeteries	(21 433)	1 971 249	1 949 816
-	1 396 205	1 396 205	Parks and Recreation: Manager	-	233 375	233 375
-	7 581 508	7 581 508	Parks and Recreation: Parks Maintenance and Horticulture	-	9 179 308	9 179 308
-	902 968	902 968	Parks and Recreation: Sport and Public Facilities	(1 211)	624 912	623 701
(100 000)	3 189 983	3 089 983	Parks and Recreation: Simunye Centre	6 267	9 335 317	9 341 584
(26 575 856)	76 234 884	49 659 028	Municipal Land and Buildings	(1 071 493)	7 970 638	6 899 145
(326 313)	12 557 699	12 231 386	Protection Services: Fire Department	(10 239)	13 096 123	13 085 884
-	15 573 825	15 573 825	Protection Services: Law Enforcement	-	6 147 009	6 147 009
-	2 291 700	2 291 700	Protection Services: Manager	-	3 931 741	3 931 741
(46 229 535)	89 318 992	43 089 456	Protection Services: Traffic Department	(10 664 816)	22 120 781	11 455 965
(52 368 658)	44 764 523	(7 604 134)	Waste Management	(46 446 409)	42 545 711	(3 900 697)
<b>(233 123 785)</b>	<b>360 730 635</b>	<b>127 606 850</b>		<b>(78 913 621)</b>	<b>159 555 661</b>	<b>80 642 039</b>
			<b>Engineering Services</b>			
(172 005 282)	148 405 733	(23 599 549)	Electrical and Mechanical Engineering Services	(176 864 059)	164 676 424	(12 187 635)
(348 750)	16 036 856	15 688 106	Fleet Maintenance	-	5 944 691	5 944 691
-	1 526 182	1 526 182	HOD: Infrastructure Services	-	1 567 816	1 567 816
-	3 807 034	3 807 034	Infrastructure Services	(66 916)	1 627 224	1 560 308
(4 219)	189 038	184 819	Proclaimed Roads	-	-	-
(7 004 292)	4 686 000	(2 318 293)	Project Facilitation	(2 628 681)	5 327 933	2 699 252
(20 593)	29 887 912	29 867 319	Roads, Stormwater and Buildings Maintenance	(2 498 604)	38 944 957	36 446 354
(37 981)	1 555 529	1 517 548	Water Services : Water Reticulation	(55 532)	3 284 597	3 229 064
(84 165 920)	43 412 375	(40 753 545)	Water Services: Waste Water Purification	(39 876)	5 448 918	5 409 042
(117 552 792)	49 231 864	(68 320 928)	Water Services: Water Distribution	(159 041)	7 423 850	7 264 809
-	9 436 510	9 436 510	Water Services: Water Purification	(180 258 129)	100 687 660	(79 570 469)
<b>(381 139 829)</b>	<b>308 175 034</b>	<b>(72 964 796)</b>		<b>(362 570 837)</b>	<b>334 934 070</b>	<b>(27 636 767)</b>



# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Appendixes

### APPENDIX B SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 MUNICIPAL VOTES CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R		2020 Actual Income R	2020 Actual Expenditure R	2020 (Surplus)/ Deficit R
			<b>Council</b>			
(729 572)	2 568 116	1 838 545	Council General	-	3 675 889	3 675 889
(230 390)	710 568	480 177	Office of the Deputy Mayor	-	3 243 118	3 243 118
(441 583)	1 343 959	902 377	Office of the Executive Council	-	1 486 582	1 486 582
(297 889)	958 567	660 679	Office of the Mayor	(7 345)	1 829 001	1 821 656
(230 390)	857 580	627 190	Office of the Speaker	-	1 057 843	1 057 843
<b>(1 929 824)</b>	<b>6 438 791</b>	<b>4 508 967</b>		<b>(7 345)</b>	<b>11 292 433</b>	<b>11 285 088</b>
			<b>Strategic Services</b>			
(2 830 868)	1 935 128	(895 740)	Building Control	(2 230 524)	4 804 662	2 574 139
-	1 565 771	1 565 771	HOD: Strategic Services	-	566 463	566 463
(228 270)	5 368 837	5 140 567	Local Economic Development	(173 260)	6 010 939	5 837 679
-	389 163	389 163	Office of the HOD: Strategic Services	-	543 263	543 263
-	(8 284)	(8 284)	Planning and Economic Development	(249 497)	3 445	(246 052)
-	-	-	Environmental Management	-	-	-
-	4 009 086	4 009 086	Tourism & Marketing	-	2 712 024	2 712 024
(397 338)	5 680 452	5 283 114	Town Planning	(303 055)	6 976 912	6 673 857
<b>(3 456 476)</b>	<b>18 940 153</b>	<b>15 483 677</b>		<b>(2 956 336)</b>	<b>21 617 709</b>	<b>18 661 373</b>
<b>(827 988 054)</b>	<b>802 462 212</b>	<b>(25 525 841)</b>	Sub Total	<b>(694 948 357)</b>	<b>650 650 809</b>	<b>(44 297 548)</b>

The actuals of the 2018/2019 financial year remains as originally reported and signed off on the Annual Financial Statements for the 2018/2019 financial year, and therefore does not take into account prior period.

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Appendixes

### APPENDIX C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 GENERAL FINANCE STATISTIC CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Budget Income	2020 Actual Income R	2020 Budget Expenditure	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
11 122 889	17 950 737	(6 827 848)	Community and Social Services	12 474 301	12 352 595	31 171 612	26 927 719	(14 575 124)
172 005 282	149 931 915	22 073 367	Energy Sources	179 765 220	176 864 059	164 132 448	166 244 240	10 619 819
-	-	-	Environmental Protection	-	-	-	-	-
58 204 465	28 452 959	29 751 506	Executive and Council	43 436 738	94 843 597	44 890 842	36 953 460	57 890 137
178 988 104	168 595 166	10 392 938	Finance and Administration	208 798 920	156 735 459	130 956 773	102 969 352	53 766 107
-	-	-	Health	-	-	-	-	-
93 070 736	79 013 338	14 057 398	Housing	9 044 182	6 838 221	8 746 373	10 931 874	(4 093 653)
-	3 424 500	(3 424 500)	Internal Audit	-	-	4 473 894	4 709 427	(4 709 427)
13 096 154	35 440 280	(22 344 126)	Planning and Development	7 629 244	5 651 933	33 062 947	30 896 152	(25 244 219)
326 313	68 102 943	(67 776 630)	Public Safety	3 739 853	10 675 054	40 190 030	43 954 671	(33 279 617)
46 254 348	85 235 228	(38 980 880)	Road Transport	2 489 000	2 498 604	40 125 301	40 448 455	(37 949 852)
382 901	17 793 756	(17 410 855)	Sport and Recreation	386 080	94 428	24 039 220	23 524 285	(23 429 857)
52 368 658	44 764 523	7 604 134	Waste Management	47 574 709	46 446 409	43 616 728	42 545 711	3 900 697
84 165 920	44 967 905	39 198 015	Waste Water Management	79 618 046	78 865 017	48 824 348	57 490 825	21 374 192
117 590 773	58 668 374	58 922 399	Water Management	107 445 960	101 647 561	45 385 583	59 354 200	42 293 361
411 511	120 587	290 923	Other	726 030	1 435 421	5 109 732	3 700 439	(2 265 017)
<b>827 988 054</b>	<b>802 462 212</b>	<b>25 525 841</b>	<b>Sub Total</b>	<b>703 128 283</b>	<b>694 948 357</b>	<b>664 725 831</b>	<b>650 650 809</b>	<b>44 297 548</b>

*The actuals of the 2018/2019 financial year remains as originally reported and signed off on the Annual Financial Statements for the 2018/2019 financial year, and therefore does not take into account prior period.*

# Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

## Appendixes

### APPENDIX D SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2020

EXTERNAL LOANS	Loan Number	Balance at 30 June 2019	Correction of Error	Received during the period	Repayment / written off during the period	Interest charged during the period	Balance at 30 June 2020
<b>ANNUITY LOANS</b>							
Development Bank	11200/102	185 000	-	-	(185 000)	10,95%	0
Development Bank	13665/101	590 526	-	-	(393 684)	11,24%	196 842
Development Bank	100225/1	2 884 000	-	-	(824 000)	10,86%	2 060 000
Development Bank	103437/1	20 151 602	-	-	(1 173 402)	10,64%	18 978 199
Development Bank	103437/2	1 463 178	-	-	(232 059)	10,72%	1 231 119
Standard Bank	(Old)282024913/ (New)00537504	12 478 912	-	-	(1 543 664)	10,56%	10 935 248
Standard Bank	282023631	456 037	-	-	(456 037)	11,45%	-
Standard Bank	282044426	4 869 857	-	-	(2 303 688)	11,26%	2 566 169
Standard Bank	(Old)282029087/ (New)000536658	5 320 026	-	-	(1 962 534)	10,71%	3 357 492
Standard Bank	(Old)251981282/ (New)000536894	5 155 589	-	-	(1 899 712)	10,86%	3 255 878
Standard Bank	(Old)282022589/ (New)000537648	6 476 340	-	-	(1 368 488)	10,94%	5 107 852
Standard Bank	(Old)082602247/ (New)000536665	7 643 949	-	-	(1 203 380)	11,43%	6 440 569
Nedbank	7831 033912 / 000 001	29 026 027	-	-	(2 066 153)	11,81%	26 959 874
Nedbank	2017/2018	7 324 890	-	-	(886 048)	10,54%	6 438 842
Absa	2015/2016	15 996 971	-	-	(1 630 039)	10,36%	14 366 932
Absa	2016/2017	21 770 468	-	-	(1 868 488)	10,04%	19 901 980
<b>Total Annuity Loans</b>		<b>141 793 373</b>	-	-	<b>(19 996 376)</b>		<b>121 796 997</b>

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Bitou Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Bitou Municipality set out on pages 233 to 345, which comprise the statement of financial position as at 30 June 2020, 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 the 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 Bitou Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (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 this auditor's 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.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Underspending of the budget

7. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent their operating budget by R14 million.

### Material losses/impairments

8. As disclosed in note 11 to the financial statements, the municipality provided for impairment of consumer debtors of R287,2 million (2018-19: R255,8 million).

9. As disclosed in note 11 to the financial statements, the municipality suffered an estimated loss of R28 million from the non-issuing of fines due to it not appointing a service provider.
10. As disclosed in note 49 to the financial statements, the municipality incurred material losses of R76,6 million (2018-19: R70,7 million) as a result of the writing-off of bad debts as irrecoverable.

### **Restatement and reclassification of corresponding figures**

11. As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020.

### **Significant uncertainties**

12. With reference to note 69 to the financial statements, the municipality is the defendant in various ongoing litigation and claims. The outcome of these cases cannot presently be determined and no provision for any liability that may result, has been made in the financial statements.

### **Other matters**

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unaudited disclosure notes**

14. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Unaudited supplementary schedules**

15. The supplementary information set out on pages 346 to 353 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

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

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the financial statements that are free from material misstatement, whether due to fraud or error.
17. 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

18. 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.
19. 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 audit of the annual performance report

#### Introduction and scope

20. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
21. My procedures address the usefulness and reliability of the reported performance information, 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 also do not extend to any disclosures or assertions relating to 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.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipality's annual performance report for the year ended 30 June 2020.

Objective	Pages in the annual performance report
Objective 5: Provision of basic services	84-89

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the 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.
24. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:
- Provision of basic services

## **Other matters**

25. I draw attention to the matters below.

### **Achievement of planned targets**

26. Refer to the annual performance report on pages 84 to 89 for information on the achievement of planned targets for the year.

### **Adjustment of material misstatements**

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of provision of basic services. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

28. 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 specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
29. The material findings on compliance with specific matters in key legislation are as follows:

### **Expenditure management**

30. Reasonable steps were not taken to prevent unauthorised expenditure of R24,4 million, as disclosed in note 60 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-cash transactions.
31. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R3,5 million, as disclosed in note 61 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure amounting to R2,5 million was incurred on Kwanokuthula phase 4.



32. Reasonable steps were not taken to prevent irregular expenditure of R118,5 million as disclosed in note 62 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 the municipality's supply chain management (SCM) policy and the municipal SCM regulations.

### **Consequence management**

33. Irregular expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### **Strategic planning and performance management**

34. Amendments to the Integrated Development Plan (IDP) were made without consultation with the district municipality, as required by municipal planning and performance management regulation 3(6)(a).

### **Procurement and contract management**

35. Some competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
36. Some contracts were awarded to bidders based on pre-qualification criteria that were not stipulated and /or differed from those stipulated in the original invitation for bidding, in contravention of the 2017 preferential procurement regulation 4(1) and 4(2).
37. Some bid documentation 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).
38. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
39. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.
40. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

## Other information

41. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported in this auditor's report.
42. My opinion on the financial statements and 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.
43. 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 selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. I did not receive the other information prior to the date of the auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

45. 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 findings on compliance with legislation included in this report.
46. Leadership did not effectively monitor the implementation of action plans in time to address internal control deficiencies previously identified, resulting in a stagnation of audit opinion and material non-compliance findings in the current year.
47. The design and implementation of controls were inadequate to ensure compliance with the MFMA, the SCM regulations and the 2017 preferential procurement regulations, resulting in the incurring of unauthorised, irregular and fruitless and wasteful expenditure.

## Other reports

48. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
49. An independent consultant investigated allegations levelled against the director: corporate services, at the request of council, which covered the 2016-17 financial year. The investigation was still in progress at 30 June 2020. The disciplinary process was subsequently finalised, resulting in the dismissal of the official.
50. The Member of the Executive Council (MEC) for local government instituted a forensic investigation into the procurement of goods and services by the municipality, based on allegations received. The investigation was still in progress as at 30 June 2020.
51. The MEC for local government instituted a court case questioning the appointment and related details, of the municipal manager. The courts found in favour of the MEC, however, the municipality appealed the case in the constitutional court during the 2020-21 financial year.

*Auditor - General*

Cape Town

29 March 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected objective on the municipality’s compliance with respect to the selected subject matters.

### **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 municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer 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 municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

# **Bitou Municipality**

## **REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE** **FOR THE YEAR ENDED 30 JUNE 2020**

We are pleased to present the report of the Audit and Performance Audit Committee (APAC) for the financial year ended 30 June 2020.

The APAC is constituted in terms of sections 166(1) and (2) and 166(6)(b) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) read with the applicable Treasury Regulations. The APAC is an independent advisory body which must advise Council, the municipal manager, management and staff of the municipality on matters relating to :

- Internal financial control and internal audits
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting, records and information
- Performance management
- Effective governance
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- Performance evaluation
- Any other matter referred to it by the institution

Sections 166(2)(b), (c), (d) and (e) of the MFMA also requires the APAC to review the Annual Financial Statements and respond to Council on matters raised by the Auditor-General of South Africa (AGSA) in the management letter and audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by Council.

The role and responsibilities of the APAC are set out in the APAC Charter which is regularly reviewed and approved by Council, taking into account relevant legislative precepts which may be applicable thereto and recommended good practice. The APAC endeavours at all times to conduct its oversight role in compliance with its Charter and the provisions of the MFMA.

The advice tendered by the APAC is recorded in the minutes of the various meetings.

The APAC comprises of independent external members. During the 2019/20 financial period, four ordinary committee meetings, of which two were virtual meetings, and one special committee meeting were held. Below is a summary of the meeting attendance of the members for the financial period which ended 30 June 2020:

MEMBER	Appointment dates	Number of meetings attended out of five
Ms R Shaw (Chairperson)	11 March 2019	Five
Mr J Roux	1 July 2018	Five
Mr J Welman	11 March 2019	Two
Mr K Zono	11 March 2019	Four

Mr J Welman sadly passed away on 16 February 2020. He will be remembered as a true gentleman and his valuable input and expertise will be sadly missed.

Mr K Zono chairs the Risk Management Committee and provides feedback on matters pertaining to risk within the institution to the APAC at the quarterly meetings as the risk register underpins the internal audit plan and furthermore points the APAC into the direction of areas that it needs to focus on.

The Municipal Manager, all Directors, the Auditor-General of South Africa (AGSA), the MPAC chairperson, Treasury, SALGA and COGTA have standing invitations to all APAC meetings.

## **EFFECTIVENESS OF INTERNAL CONTROLS**

The systems of internal control are the legislative responsibility of the Municipal Manager and senior management as required by the MFMA, read in conjunction with National Treasury Audit and Risk Framework, MFMA Circular 65 and International Standards for the Professional Practice of Internal Auditing.

Internal Audit evaluated the effectiveness of the municipal system of internal controls following Internal Audit Methodology aligned with the Institute of Internal Audit (IIA) Standards.

The APAC reviewed the three year rolling internal audit plan compiled by Internal Audit together with the annual internal audit plan. The annual internal audit plan was prepared taking cognizance of those identified emerging and residual risks identified by the Risk Management Unit.

The APAC considered the work performed by Internal Audit on a quarterly basis. These quarterly reports detail

- reviews according to the approved internal audit plan
- recommended corrective action
- suggested enhancements to controls and processes where appropriate
- management comments/responses

Areas where improvement is required :

- Lack of proper recordkeeping
- No standard operation procedures / standard operating procedures not implemented
- Human error
- Lack of management oversight
- Inadequate/slow responses by management to internal audit findings

Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management partially implemented the Internal Audit recommendations to enhance the system of internal controls to the acceptable level. The lack of progress in addressing audit findings timeously and the lack of consequence management resulted in the Bitou Municipality conducting operations in a weak control environment. Management is encouraged to address the internal control deficiencies in order to improve the audit outcomes of the municipality and ultimately achieve clean administration. The importance of appropriate, timely consequence management cannot be emphasized enough.

During the 2019/20 year end audit, AGSA requested the Internal Audit unit for assistance in the following areas :

- Year-end stocktake
- Physical verification of Employees
- Verification of Fixed Assets

The fact that AGSA places reliance on the work performed by Internal Audit is an indication of the quality of the work performed as well as the assurance provided by Internal Audit.

### **External Quality Assurance Review**

The Internal Audit Unit was subject to an External Quality Assurance Review, the outcome of which was very favourable in both categories being

- (i) Evaluation and assessment of conformance to the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA); and
- (ii) Evaluation and assessment of the efficiency, economy and value add of the internal audit processes in line with leading practices and through stakeholder discussions.

The APAC would like to stress the importance of promptly implementing recommendations made by Internal Audit and AGSA's assurance reports as this will have a meaningful impact on the reported control environment whilst also mitigating the risk of potential fraud. Delayed management responses to exceptions raised by Internal Audit hampers the effectiveness of the Internal Audit unit to enhance internal controls within the institution.

It is Management's responsibility to promote a culture in which administrative controls are constantly improved and where evidence of accountability and consequence management remains a key focus.

## **EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS**

The APAC

- reviewed and discussed the municipality's annual financial statements for the 2019/20 financial year
- reviewed the draft annual performance report for the 2019/2020 financial year

before submission to AGSA for audit purposes.

The APAC furthermore considered AGSA's management report and will monitor management's response thereto.



The APAC concurs with and accepts AGSA's opinion and report on the municipality's Annual Financial Statements for the 2019/20 financial year. The municipality has sustained its unqualified audit opinion with findings.

## **RISK MANAGEMENT AND FRAUD**

The municipality has a separate Risk Management Committee which keeps the APAC abreast of strategic and operational risks that may impact the long-term sustainability of the municipality.

The APAC recommended that Risk Management be incorporated on the Performance Scorecards of the Directors to ensure ownership of risks.

Refer to the Risk Management Committee's Report for further details.

## **THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION**

The Annual Internal Audit Plan was prepared taking cognizance of the Risk Assessment Results supplied to the Internal Audit unit. The 2019/20 Risk Based Annual Audit Plan was approved by the APAC.

The Internal Audit Unit completed all the audits planned per the 2019/20 audit plan by year end with the exception of the review of the Annual Financial Statements and the Annual Performance Report which could only be done after the year end. The Internal Audit unit needs to be commended for completing the 2019/20 internal audit plan despite challenges brought about by the Covid-19 pandemic.

The following internal audit work was completed during the year under review :

- Annual Stocktake
- Division of Revenue Act
- Expenditure Management : Payments & Petty Cash
- Fleet Management
- Information Technology : Business Continuity and Recovery
- Monitoring the Operation Clean Audit plan (OPCAR)
- Proclaimed Roads
- Quarterly Reviews of Performance Information
- Quarterly Reviews of Risk Management
- Quarterly Reviews of Supply Chain Management
- Revenue Management :
  - o Credit Control & Debt Collection
  - o Meter Reading & Invoicing
- Review of Annual Financial Statements

The OPCAR plan, which is intended to address prior year audit findings, was not adequately implemented, partly due to Covid-19, resulting in repeat findings.

The APAC is satisfied with the content and the quality of the quarterly reports prepared by the Internal Audit division. We are of the opinion that Internal Audit effectively carried out its mandate and responsibilities in accordance with the MFMA and the approved Internal Audit Charter.

## **PERFORMANCE MANAGEMENT**

The APAC reviews the quarterly reports submitted by Internal Audit on performance management. In reviewing the performance management system, the committee focuses on performance targets set by the municipality as well as the risk to the municipality if targets are not attained.

The APAC had recommended the cascading of the PMS to middle management and requested that a plan be developed to implement the recommendation. In the absence of a Director : Corporate Services, no progress has been made in cascading of the PMS to middle management and slow progress has been made in finalizing the PMS policy. The APAC stressed the importance of appointing a Director : Corporate Services as a matter of urgency as certain key responsibilities are not receiving the necessary attention whilst this position remains vacant.

Weaknesses were identified in the Performance Management system by Internal Audit. Management is encouraged to implement the corrective measures recommended by Internal Audit, being continuous monitoring by management and accountability in order to ensure that reported performance is valid, accurate and complete. It is furthermore imperative to ensure that the supporting documentation actually supports the achievement(s) reported and constitutes valid and appropriate audit evidence. The APAC cannot over-emphasise the importance of proper record keeping as part of the audit trail.

Another concern has been the outstanding performance agreement of the Director : Engineering Services.

## **EFFECTIVE GOVERNANCE**

The APAC stressed the importance of implementing the Public Sector Integrity Management Framework within the municipality as soon as possible. The framework deals ‘with a compendium of ethical and good governance measures in order to align all measures regulating ethics and integrity in the public sector with the following objectives :

1. Strengthening existing measures regulating probity in the public service ;
2. Strengthening capacity to prevent corruption ;
3. Monitoring and evaluation to ensure compliance and
4. Enforcement as a deterrent.’

Irregular expenditure continues to be significant with a concerning increase in non-compliance with laws and regulations and resulted once again in a finding being raised in this regard by AGSA.

The municipality furthermore suffered material losses in the form of traffic fines due to poor contract management resulting in a service provider not being appointed timeously.

It is Management's responsibility to build an environment of ethical behaviour with visible discipline and accountability being actioned where necessary. There is still an absence of swift, consistent and decisive consequence management to drive proper accountability within the institution.

It is of the utmost importance to ensure that professional conduct and ethics are upheld at the highest level by both municipal staff and consultants at all times.

A handwritten signature in black ink, appearing to be 'R Shaw', with a long horizontal stroke extending to the right.

**R Shaw (CA(SA))**  
Chairperson, Audit and Performance Audit Committee  
**1 April 2021**