

Bitou Municipality



**2021/22
Annual Report**

ANNUAL REPORT

CHAPTER 1: EXECUTIVE SUMMARY 6

COMPONENT A: MAYOR'S FOREWORD AND MUNICIPAL MANAGER'S OVERVIEW	6
1.1 MAYOR'S FOREWORD.....	6
1.2 MUNICIPAL MANAGER'S OVERVIEW.....	8
1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIROMENTAL OVERVIEW	10
1.3.1 Municipal Overview	10
1.3.2 Vision and Mission	11
1.4 MUNICIPAL FUNCTIONS, POPULATION AND ENVIROMENTAL	12
1.4.1 Population	12
1.4.2 Households	14
1.4.3 Demographic Information.....	14
1.5 SERVICE DELIVERY OVERVIEW.....	18
1.5.1 Basic Services Delivery Performance Highlights	18
1.5.2 Basic Services Delivery Challenges.....	22
1.5.3 Number of Households with Access to Basic Services (Billed)	24
1.6 FINANCIAL HEALTH OVERVIEW	25
1.6.1 Financial Viability Highlights.....	25
1.6.2 Financial Viability Challenges.....	25
1.6.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios).....	25
1.6.4 Financial Overview.....	26
1.6.5 Total Capital Expenditure.....	26

CHAPTER 2: GOVERNANCE.....26

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	26
2.1 NATIONAL KEY PERFORMANCE INDICATORS -GOOD GOVERNANCE AND PUBLIC PARTICIPATION	27
2.2 PERFORMANCE HIGHLIGHTS – GOOD GOVERNANCE HIGHLIGHTS AND PUBLIC PARTICIPATION	27
2.3 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION	28
2.4 GOVERNANCE STRUCTURE.....	28
2.4.1 Political Governance Structure	28
2.4.2 Administrative Governance Structure	36
COMPONENT B: INTERGOVERNMENTAL RELATIONS	37
2.5 INTERGOVERNMENTAL RELATIONS	37
2.5.1 Intergovernmental Structures	37

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION 38

2.6. WARD COMMITTEES	38
2.6.1 Frequency of meetings of ward committees:	38
2.6.2 Funding of out-of-pocket expenses for ward committee members:.....	38
2.6.3 Functionality of Ward Committee.....	42
2.6.4 Representative Forums	43

COMPONENT D: CORPORATE GOVERNANCE..... 44

2.7 RISK MANAGEMENT.....	44
2.7.1 Legislative Mandate	44
2.7.2 Top Strategic Risk Themes for the Municipality.....	44
2.7.3 Highlights: Risk Management	45
2.7.4 Challenges: Risk Management	45
2.7.5 Functions of the Risk Management Unit	46
2.8 ANTI-CORRUPTION AND FRAUD	46
2.8.1 Developed Strategies	46
2.9 AUDIT COMMITTEE (AC)	47
2.9.1 Functions of the AC	47
2.9.2 Members of the AC.....	48
2.10 PERFORMANCE AND AUDIT COMMITTEE (PAC)	48
2.10.1 Functions of the PAC	48
2.10.2 Members of the Performance Audit Committee.....	48
2.11 INTERNAL AUDITING.....	49
2.11.1 Highlights: Internal Audit	49
2.11.2 Challenges: Internal Audit	51
2.11.3 Annual Audit Plan	51
2.12 BY-LAWS AND POLICIES.....	58
2.13 COMMUNICATION.....	58
2.13.1 Communication and Customer Care Unit	59
2.13.3 Additional Communication Channels Utilised	59
2.13.4 External Communication Forums.....	59
2.13.5 Communication Platforms Utilised	60
2.14 WEBSITE.....	61
2.15 SCM	63
2.15.1 Highlights: SCM.....	64
2.15.2 Challenges: SCM	64
2.15.3 Competitive Bids in Excess of R200 000	66
2.15.4 B-BBEE Compliance Performance Information	67

CHAPTER 3: SERVICE DELIVERY PERFORMANCE 69

ANNUAL REPORT

3.1	OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION	3.6.2	Highlights: Waste Management.....106
 69	3.6.3	Challenges: Waste Management.....106
3.1.1	Legislative Requirements 69	3.6.4	Waste Management Services Delivery Levels 107
3.1.2	Organisation Performance70	3.6.5	Employees: Waste Management Services..... 107
3.1.3	The Performance System Followed for 2021/2270	3.6.6	Capital: Waste Management Services.....108
3.1.4	Performance Management 71	3.7	HOUSING.....109
3.2	INTRODUCTION TO STRATEGIC AND MUNICIPAL	3.7.1	Introduction to Housing109
	PERFORMANCE FOR 2021/22.....72	3.7.2	Highlights: Housing.....110
3.2.1	Strategic SDBIP (Top Layer)72	3.7.3	Challenges: Housing..... 111
3.2.2	Overall performance.....74	3.7.4	Housing Service Delivery Levels and Statistics 112
3.2.3	Actual strategic performance and corrective measures that	3.7.5	Employees: Housing.....113
	will be implemented76	3.8	FREE BASIC SERVICES AND INDIGENT SUPPORT113
3.3.4 S	Service Providers Strategic Performance..... 85	3.8.1	Introduction113
3.2.5	Municipal Functions..... 86	3.8.2	Service Delivery Levels113
COMPONENT A: BASIC SERVICES RENDERED..... 88		COMPONENT B: ROAD TRANSPORT PROVISIONS.....115	
3.3	WATER PROVISION 88	3.9	ROADS115
3.3.1	Introduction to Water Provision 88	3.9.1	Introduction: Roads115
3.3.2	Highlights: Water Provision..... 89	3.9.2	Highlights: Roads119
3.3.3	Challenges: Water Provision 90	3.9.3	Challenges: Roads119
3.3.4	Water Provision Service Delivery Levels..... 91	3.9.4	Roads Service Delivery Levels and Statistics119
3.3.5	Employees: Water Provision 93	3.9.5	Employees: Roads 120
3.3.6	Capital: Water Provision 93	3.9.6	Capital: Roads and Stormwater.....120
3.4	WASTE WATER (SANITATION) RETICULATION 94	3.10	STORMWATER121
3.4.1	Introduction to Water and Waste Water (Sanitation)	3.10.1	Stormwater121
	Reticulation 94	3.10.2	Highlights: Stormwater 123
3.4.2	Highlights: Waste Water (Sanitation) Reticulation..... 95	3.10.3	Challenges: Stormwater124
3.4.3	Challenges: Waste Water (Sanitation) Reticulation..... 96	3.10.4	Stormwater Drainage Service Delivery Levels124
3.4.4	Waste Water (Sanitation) Reticulation Service delivery levels	3.10.5	Employees: Stormwater124
97	COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT. 125	
3.4.5	Employees: Waste Water (Sanitation) Reticulation 98	3.11	PLANNING.....125
3.4.6	Capital: Waste Water (Sanitation) Reticulation 99	3.11.1	Introduction to Planning125
3.5	ELECTRICITY100	3.11.2	Highlights: Planning.....126
3.5.1	Introduction to Electricity100	3.11.3	Challenges: Planning.....127
3.5.2	Highlights: Electricity.....101	3.11.4	Planning Service Delivery Levels.....128
3.5.3	Challenges: Electricity.....101	3.11.5	Employees: Planning.....128
3.5.4	Electricity Service Delivery Levels..... 102	3.12	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM
3.5.5	Employees Electricity..... 103		AND MARKET PLACES)129
3.5.6	Capital: Electricity103	3.12.1	Introduction to Local Economic Development (LED).....129
3.6	WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE	3.12.2	Highlights: LED129
	DISPOSAL, STREET CLEANING AND RECYCLING)104	3.12.3	Challenges: LED130
3.6.1	Introduction to Waste Management104		

ANNUAL REPORT

3.12.4	Employees: LED	130	3.19.4	Service Statistics for Fire Services and Disaster Management	146
3.13	TOURISM	131	3.19.5	Employees: Fire Services and Disaster Management	147
3.13.1	Introduction to Tourism	131	3.19.6	Capital: Fire Services and Disaster Management	147
3.13.2	Highlights: Tourism.....	131	3.20	CORONAVIRUS PANDEMIC 2019 (COVID-19).....	147
3.13.3	Challenges: Tourism.....	131	3.20.1	Introduction to COVID-19	147
COMPONENT D: COMMUNITY AND SOCIAL SERVICES	132	3.20.2	COVID-19 Committee.....	148	
3.14	LIBRARIES.....	132	3.20.3	COVID-19 Statistical Information	149
3.14.1	Introduction to Libraries	132	3.20.4	Challenges: COVID-19	150
3.14.2	Highlights: Libraries.....	132	3.20.5	Action Plan to address COVID-19 associated Risks	150
3.14.3	Challenges: Libraries.....	133	3.20.6	COVID-19 Communication / Awareness.....	151
3.14.4	Service Statistics for Libraries.....	134	COMPONENT F: SPORT AND RECREATION	152	
3.14.5	Libraries Outreach programmes:.....	135	3.21	SPORT AND RECREATION	152
3.14.6	Employees: Libraries.....	135	3.21.1	Highlights: Sport and Recreation	152
3.14.7	Capital: Libraries	136	3.21.2	Challenges: Sport and Recreation.....	152
3.15	CEMETERIES	136	3.21.3	Service Statistics for Sport and Recreation	153
3.15.1	Introduction to: Cemeteries	136	3.21.4	Employees: Sport and Recreation	153
3.15.2	Challenges: Cemeteries	136	3.21.5	Capital: Sport and Recreation.....	154
3.15.3	Service Statistics for Cemeteries	137	COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES	155	
3.15.4	Employees: Cemeteries	137	3.22	CORPORATE SERVICES.....	155
COMPONENT E: SECURITY AND SAFETY	138	3.22.1	Employees: Executive and Council.....	155	
3.17	LAW ENFORCEMENT.....	138	3.23	HUMAN RESOURCES MANAGEMENT (HR).....	155
3.17.1	Introduction to Law Enforcement	138	3.23.1	Highlights: HR.....	156
3.17.2	Highlights: Law Enforcement.....	138	3.23.2	Challenges: HR.....	156
3.17.3	Challenges: Law Enforcement.....	139	3.23.3	Employees: HR.....	156
3.17.4	Service statistics for Law Enforcement	140	3.24	ADMINISTRATION	157
3.17.5	Employees: Law Enforcement.....	141	3.24.1	Introduction to Administration Services	157
3.17.6	Capital: Law Enforcement	141	3.24.2	Highlights: Administration	157
3.18	TRAFFIC SERVICES.....	141	3.24.3	Challenges: Administration Services.....	158
3.18.1	Introduction to Traffic Services	141	3.25	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	158
3.18.2	Highlights: Traffic Services.....	142	3.25.1	Introduction to ICT Services	158
3.18.3	Challenges: Traffic Services.....	142	3.25.2	Highlights: ICT Services	158
3.18.4	Additional Performance Service statistics for Traffic Services	143	3.25.3	Challenges: ICT Services.....	159
3.18.5	Employees: Traffic Services.....	144	3.25.4	Employees: ICT Services	159
3.18.6	Capital: Traffic Services	144	3.25.5	Capital: ICT Services	160
3.19	FIRE SERVICES AND DISASTER MANAGEMENT.....	144	3.26	LEGAL SERVICES.....	161
3.19.1	Introduction to Fire Services and Disaster Management ...	144	3.26.1	Highlights: Legal Services.....	161
3.19.2	Highlights: Fire Services and Disaster Management	145	3.26.2	Challenges: Legal Services.....	162
3.19.3	Challenges: Fire Services and Disaster Management	145			

ANNUAL REPORT

3.26.3	Employees: Legal Services.....	162
3.27	FINANCIAL SERVICES	163
3.27.1	Highlights: Financial Services.....	163
3.27.2	Challenges: Financial Services	163
3.27.3	Financial Services	164
3.27.4	Employees: Financial Services	164
3.27.5	Capital: Financial Services.....	165
3.28	PROCUREMENT SERVICES	165
3.28.1	Supply Chain Management (SCM) Policy	165
3.28.2	SCM Unit	166
3.28.3	Demand Management	166
3.28.4	Acquisition Management	167
3.28.5	Accredited Prospective Providers.....	168
3.28.6	Formal Quotations valued less than R10 000.....	168
3.28.7	Formal Written Price Quotations for R10 000 up to R200 000	169
3.28.8	Competitive Bidding for Contracts valued more than R200 000	169
3.28.9	Deviations from the SCM Policy	173
3.29	CAPITAL EXPENDITURE	174
3.29.1	Capital: Communication.....	174
3.29.2	Capital: Facility Management and Maintenance	174
3.30	EMPLOYEE STATISTICS	175
3.30.1	Employees: LED	175
3.30.1	Employees: Aerodrome.....	175
	COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2021/22	176
3.31.	AN ACTIVE AND ENGAGING CITIZENRY, ABLE TO ENGAGE WITH AND SHAPE THE MUNICIPALITY'S PROGRAM.....	176
3.32	BUILD A CAPABLE, CORRUPTION-FREE ADMINISTRATION THAT IS ABLE TO DELIVER ON DEVELOPMENT MANDATE.	177
3.33	MANAGE EXPENDITURE PRUDENTLY, GROW REVENUE BASE AND BUILD LONG TERM FINANCIAL SUSTAINABILITY SO AS TO INVEST IN SOCIAL AND ECONOMIC DEVELOPMENT	178
3.34	PROVISION OF BASIC SERVICES	179
3.35	SPATIALLY INTEGRATED AREAS SEPARATED BY APARTHEID, PROMOTE ACCESS FOR POOR TO WORK, RECREATIONAL AND COMMERCIAL OPPORTUNITIES.....	181
3.36	GROW LOCAL ECONOMY, CREATE JOBS, EMPOWER PREVIOUSLY DISADVANTAGED, TRANSFORM OWNERSHIP PATTERNS. 2. ECONOMIC DEVELOPMENT OF LOCAL ECONOMY	182

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PROGRAMME 183

4.1	NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	183
4.2	INTRODUCTION TO THE MUNICIPAL WORKFORCE	183
4.2.1	Employment Equity.....	183
4.2.2	Employment Equity vs. Population	183
4.2.3	Specific Occupational Levels - Race	184
4.2.4	Departments - Race.....	184
4.2.5	Vacancy Rate	185
4.2.6	Turnover Rate.....	186
4.3	MANAGING THE MUNICIPAL WORKFORCE	186
4.3.1	Injuries	186
4.3.2	Sick Leave	187
4.3.3	HR Policies and Plans	187
4.4	CAPACITATING THE MUNICIPAL WORKFORCE	188
4.4.1	Skills Matrix.....	188
4.4.2	Skills Development – Training Provided.....	189
4.4.3	Skills Development - Budget Allocation	190
4.4.4	MFMA Competencies.....	191
4.5	MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE	192
4.5.1	Personnel Expenditure	193

CHAPTER 5: FINANCIAL PERFORMANCE 195

	COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	195
5.1	FINANCIAL SUMMARY	195
5.1.1	Revenue Collection by Vote	199
5.1.2	Revenue Collection by Source.....	200
5.1.3	Operational Services Performance	201
5.2	FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION	202
5.2.1	Water Services	202
5.2.2	Waste Water (Sanitation).....	202
5.2.3	Electricity	203
5.2.4	Waste Management	203
5.2.5	Housing.....	204
5.2.6	Roads and Stormwater	204
5.2.8	Planning (Development Management, Spatial Planning and Environmental Management, Building Control and Property Management)	205
5.2.11	IDP and LED	205
5.2.12	Libraries	206



ANNUAL REPORT

5.2.13	Cemeteries.....	206	COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS220		
5.2.14	Traffic and Law Enforcement.....	207	5.9	CASH FLOW..... 221	
5.2.15	Sport and Recreation	207	5.10	GROSS OUTSTANDING DEBTORS PER SERVICE 222	
5.2.16	Executive Council.....	208	5.11	TOTAL DEBTORS AGE ANALYSIS 223	
5.2.17	Corporate Services	208	5.12	MUNICIPAL COST CONTAINMENT MEASURES224	
5.2.7	Tourism	209	5.12.1	MUNICIPAL COST CONTAINMENT REGULATIONS (MCCR) 224	
5.3	GRANTS.....	210	5.12.2	MUNICIPAL COST CONTAINMENT POLICY.....224	
5.3.1	Grant Performance	210	5.12.3	COST CONTAINMENT MEASURE AND ANNUAL COST SAVING 225	
5.3.2	Conditional Grants.....	211	5.13	BORROWING AND INVESTMENTS226	
5.3.3	Level of Reliance on Grants and Subsidies	212	5.13.1	Actual Borrowings.....226	
5.4	ASSET MANAGEMENT.....	212	5.12.2	Municipal Investments	226
5.4.1	Treatment of the Three Largest Assets	213	1.12.3	Grants made by the Municipality	227
5.4.2	Repairs and Maintenance.....	214	CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS228		
5.5	FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	214	COMPONENT A: AUDIT OUTCOMES 2020/21228		
5.5.1	Liquidity Ratio.....	214	6.1	FINANCIAL PERFORMANCE: 2020/21228	
5.5.2	IDP Regulation Financial Viability Indicators	215	6.2	SERVICE DELIVERY PERFORMANCE: 2020/21228	
5.5.3	Borrowing Management.....	215	COMPONENT B: AUDIT OUTCOMES 2021/22.....229		
5.5.4	Employee Costs	216	6.1	FINANCIAL PERFORMANCE: 2021/22.....229	
5.5.5	Repairs and Maintenance	216	6.2	SERVICE DELIVERY PERFORMANCE: 2021/22.....230	
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET		217	LIST OF ABBREVIATIONS..... 231		
5.6	CAPITAL EXPENDITURE BY ASSET PROGRAM	217	LIST OF TABLES.....232		
5.7	SOURCE OF FINANCE	219	LIST OF GRAPHS235		
5.8	CAPITAL SPENDING ON 5 LARGEST PROJECTS	220			

ANNUAL REPORT

CHAPTER 1: EXECUTIVE SUMMARY

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

1.1 MAYOR'S FOREWORD



It gives me great pleasure to table Bitou Municipality's annual report for the 2021/22 financial year.

This is the year when Bitou Municipality saw a change in government on 18 November 2021 following the results of the Local Government Elections on 1 November 2021. This resulted in Bitou forming a coalition government between 3 political parties, namely the Democratic Alliance (DA) and 2 local parties the Active United Front (AUF) and the Plett Democratic Movement (PDC).

This report reflects on the performance of the targets as set by Council over the reporting period.

Furthermore, it serves to give our stakeholders and communities an insight into the performance and achievements by Bitou municipality and provides insight into the challenges that we as a municipality encountered during the past financial year.

Despite the severe impact of the Covid -19 pandemic, of which the hard lockdown was only lifted in the last quarter of 2020/21, we still managed to make significant progress in service delivery for the benefit of our community, albeit at higher cost than usual. Just when we thought the lifting of lockdown would assist in improving production and increase the trade of goods and services, we were impacted on by the ongoing load shedding. The continued and prolonged load shedding has resulted in higher fuel cost, the loss of production and the stagnation of the economy. Investors are unwilling to pour resources into such a volatile economic environment, meaning jobs cannot be created and causing unemployment to further increase.

This report is unique in the sense that it covers the political control of 2 councils, the 4th as well as the 5th council of Bitou Local Municipality and the results, achievements and challenges reported in the details

ANNUAL REPORT

herein represents the period 1 July 2021 to 30 June 2022. Indeed a time of two opposites, combined to report on a singular goal being basic service delivery to our communities and the continued improvement of their livelihoods.

It is with this background that the report should be studied, results, achievements and challenges analysed and questioned as the accountability vests in both current and present councillors and leadership.

Bitou Municipality has in spite of the immense challenges in the political and economic environment, still managed to succeed with its service delivery mandate by providing basic services to all its communities.

Water was provided to 20,781 customers, electricity to 18 105 customers, sewerage services were rendered to 22,781 customers and refuse removal to 19,878 households representing an increase in all services rendered when compared to prior years.

The municipality subsidised 3 404 indigent households with a full basket of services including 6 kilolitres of water per month, 50 units of electricity as well as a residential refuse and sewer charge on a monthly basis, **in total 7 795 households received** free basic electricity.

The municipality managed to create **440** job opportunities through the EPWP program during the 2021/22 financial year.

The municipality also continued to deliver on its housing program and 30 houses were completed and

169 sites serviced during the 2021/22 financial year. In collaboration with the Provincial Department of Human Settlements we are continuing with the housing delivery program and the projects are continuing full steam ahead in the current year.

Even through the most challenging times the municipality managed to spend 87% of its capital budget and is continuing with the rollout of its multi-year capital program despite the challenges of limited financial and other resources.

Bitou's efforts have remained to maintain and improve the quality of life of its communities.

The focus for the next few budget years will be not only to maintain current levels of service, but to be more effective and efficient in the rendering of basic services to our communities, we will also focus on the continued improvement of the financial position of the municipality to ensure the long-term financial sustainability of the municipality.

In conclusion, I would like to thank the municipal manager, the heads of department as well as the rest of the administration for the hard work and continued effort under difficult circumstances. I would also like to thank the Council for its guidance and support during the course of the past financial year.

CLLR. D SWART

EXECUTIVE MAYOR

ANNUAL REPORT

1.2 MUNICIPAL MANAGER'S OVERVIEW



This Annual Report provides an account of Bitou Municipality's performance for the 2021/22 financial year. The Bitou Municipality, notwithstanding serious challenges facing local government in general, succeeded in maintaining a reasonable level of service delivery. Similar than the rest of the country, Bitou also experienced load shedding which has had an impact on the Municipal operations and as well as the budget. The financial year was overshadowed by load shedding which has escalated to level six just after one thought there was some relief to the economy with the lifting the COVID-19 restrictions on the 4th of April 2022. Under these very difficult circumstances the Municipality still managed to achieve an unqualified audit opinion with findings and was fortunate to experience only minimum disruptions to service delivery. This is commendable given the challenges

posed by institutional instability and turnover of senior management coupled with other critical vacancies.

GOVERNANCE

During the reporting period the municipality had challenge with political and administrative stability, with key senior management positions such as the Director Finance and Engineering being vacant. The municipality maintained its audit outcome from the previous financial year. A Clean Audit is used as a measure of Good Governance and is the benchmark in the Western Cape Province and Bitou was not far from achieving that. I would like to take this opportunity to thank all the employees who worked hard to ensure that we achieved this milestone. We could not have done that without the leadership, especially from the Executive Mayor and portfolio chairpersons of different council committees. Most governance structures are effective and operational. The Audit Report was processed through these structures which include the Audit Committee (APAC) and Municipal Public Accounts Committee (MPAC).

ECONOMIC RECOVERY

Bitou Municipality responded by creating temporary job opportunities and making the environment conducive for development and investment. The property market for the area performed very well and contributed to boosting economic activity in the region.

FINANCIAL VIABILITY

Creditor's days represents the number of days it takes to pay creditors and to what extent did the Municipality complies with MFMA to pay creditors

ANNUAL REPORT

within 30 days. Even within the constricted economic environment, the municipality managed to comply with this legislative requirement and serviced all its commitments within the required timeframe.

Debtor days represent the number of days it takes to collect debt and collection the rate achieved is a representation of the percentage of billed revenue actually collected for the year, the municipality takes on average 184 days to collect its billed revenue with a collection rate of 82.4% for 2021/22, this is an area where resources will be focussed at in the 2022/23 financial year to improve the liquidity of the municipality.

CASH POSITION

The cash position continued to decline over the 2021/2022 financial year and remains under pressure, capital and operational funding strategies will be revised to ensure an improvement in the 2022/23 financial year to secure the long-term financial sustainability of the municipality.

Bitou acknowledge the essence of working together and through the support of all stakeholders the achievements as alluded to in this report were possible.

I would like to express my sincere appreciation to the community at large for their contributions in whatever form and to the Bitou Council for the constant guidance and support. Most of all, heartfelt gratitude to each official who under these difficult times of limited resources, risk of crime, financial difficulties with rising cost of living and health risk continued to

work tirelessly and put themselves at risk day and night to serve the community.

I pray that the years ahead would be a period of significant growth, development and prosperity for our residents, now that some stability has been achieved and voluntary financial recovery plan has been adopted by Council. Together with the residents and stakeholders of the Bitou Municipality, we can make our area a place of excellence and opportunities for all. Let us work together on this plan to leave a lasting legacy that we will all be proud off.

MBULELO MEMANI

MUNICIPAL MANAGER

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 2021/22 annual report reflects on the performance of the Bitou Municipality for the period 1 July 2021 to 30 June 2022. 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 km²**, 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*

ANNUAL REPORT



Figure 2.: Bitou Provincial Map

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

ANNUAL REPORT

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

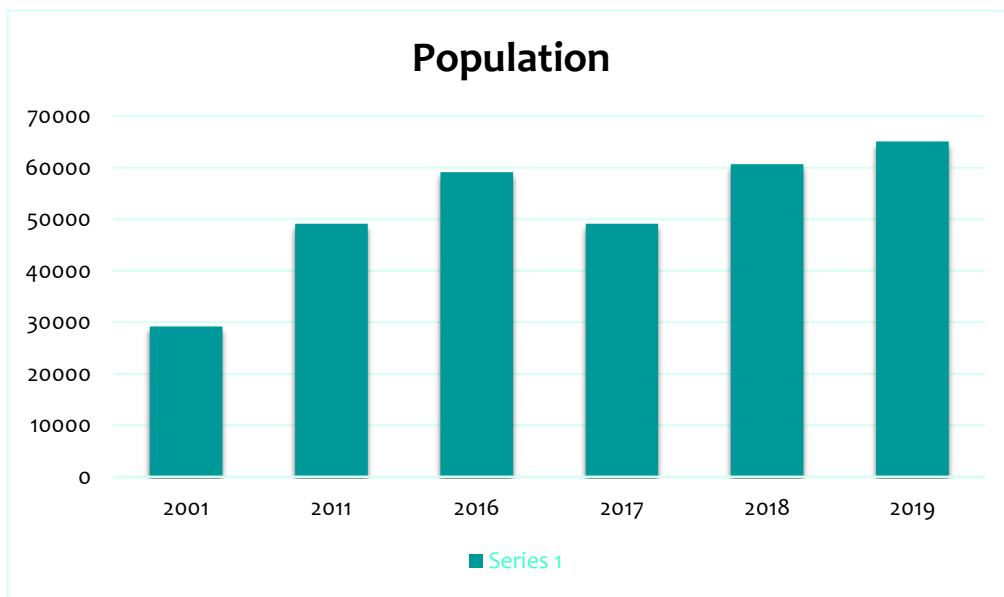
The table below indicates the total population within the municipal area:

Population	2011	2016	2017	2018	2019	2022
	49 162	59 157	49 162	60 686	65 074	71 253
Source: StatsSA						

Table 1: Total Population

ANNUAL REPORT

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

ANNUAL REPORT

Population - Age	2011			*2019		
	Male	Female	Total	Male	Female	Total
80 +	208	316	525	237	409	646
Total	24 468	24 694	49 162	32 249	32 825	65 74

**As per previously approved Stats SA figures*

Table 2: Population Profile

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 2021/22:

Households	2017/18	2018/19	2019/20	2020/21	2021/22
Number of households in municipal area	26 888	28 232	*21 914	21 914	21 195
Number of registered indigent households in municipal area	4 381	1 891	**2 357	3 930	3 404

**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

ANNUAL REPORT

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 Bahía 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.

ANNUAL REPORT

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.

b) Wards

The Municipality is currently structured into the following 7 Wards:

Ward	Areas
1	Covie, Natures Valley, Kurland, Crags 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

ANNUAL REPORT

Urban areas	Peri-urban areas	Rural areas
Bossiesgif / Qolweni	The Craggs / Kurland Wittedrift / Green Valley	Fisantehoek 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 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
Tourism	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.

ANNUAL REPORT

Key Economic Activities	Description - LED
Manufacturing	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.
Trade and Construction	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.
Emerging Tourism Development Routes and Products	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
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 continued in 2021/22, and includes solutions regarding additional raw water supply options (additional boreholes). The project progress tracked well in 2021/2022 and culminated in the award of Water Services Infrastructure Grant (WSIG) funding being approved by DWS in 2021/22 for construction of the Civil Works to commence in 2022
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

ANNUAL REPORT

Highlights	Description
	National Standards (SANS 241) requirements, as recorded on the Department of Water and Sanitation's website
Greendrop Status and Placed second nationally in Greendrop Awards	<p>In March 2022, the Bitou Local Municipality (LM) achieved Greendrop status for all of its wastewater treatment plants. This means that all plants are operated in accordance with their respective license or authorisation's requirements, and the actual Greendrop Score indicates that the treated effluent from the Waste Water Treatment Plants in Bitou LM consistently exceeds the permit values (requirements set out by the DWS).</p> <p>Further, Bitou LM was the only Water Services Authority to achieve Greendrop status for all of its plants and received the award for second-best Water Services Authority in the country. It is to be noted that there are significantly more onerous requirements than was previously the case with regard to the 2021/2022 Greendrop and Bluedrop Assessments, hence making this achievement all the more remarkable. This is attributed to the high standards set out and adhered to by the purification management team, headed up by Ronald Tarentaal and Ettiene de Waal</p>
Completion 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 2020/2021 and phase 1 was completed in the 2021/2022 financial year. Apart from the positive impact on 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 exceeds 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 that met acceptable</p>

ANNUAL REPORT

Highlights	Description
	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 de Waal
Mechanical and Electrical Upgrades to Sewerage Pump Stations	<p>The much-needed upgrades to the Piesang Valley Sewage Pump Stations commenced in the 2020/2021 Financial year and continued in this reporting period. The scope focussed on the capital replacement of the mechanical and electrical equipment, and future work will be to the buildings and continuation of security fencing installations, provided the relevant budget is approved.</p> <p>The system is a major collection/drainage area for the Bitou LM's sewage system, accounting for sewage from Kranshoek and the pump stations in the Longships area</p>
Automated Meter Reading	All Large Power Users' meter readings are automated ensuring data accuracy and billing confidence
Kwanokuthula Substation 20MVA substation has been completed ensuring capacity for future development	The completion of the 20MVA Substation will ensure that the municipality creates sufficient capacity for future developments
Appointed Consultant with the aim of Updating the Masterplan and Cost of Supply Study	This project will allow the purchasing of Renewable Energy from Independent Power Producers
Electrification of Informal Settlements	The principle was approved to fund the electrification of various informal settlements
Implementation of Energy Efficiency and Demand Side Management projects	Retrofitting of High-Pressure Sodium Streetlights with LED technology to ensure a reduction in energy consumption
Losses were reduced by 2.93%	Electrical losses have been reduced from 16.29% to 13.36% allowing savings on the Bulk Purchases
Rehabilitation of the Plettenberg Bay Landfill Site	Decommissioning and Rehabilitation of the Plettenberg Bay Landfill Site
Operations of the Gansevelei Waste Drop-Off Facility	The disposal of recyclable material, bulky waste, and green waste
The construction and the building of the berm around the Transfer Station	The construction and the building of the berm around the Transfer Station to enclose the site from the Public and N2
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

ANNUAL REPORT

Highlights	Description
	<p>Water Treatment plant is a priority for the directorate. Accordingly, the professional services (design) commenced in 2020. The project continued in 2021/22, and includes solutions regarding additional raw water supply options (additional boreholes). The project progress tracked well in 2021/2022 and culminated in the award of Water Services Infrastructure Grant (WSIG) funding being approved by DWS in 2021/22 for construction of the Civil Works to commence in 2022</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>
Consistent high performance of Water treatment plants	<p>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</p>
Mechanical and Electrical Upgrades to Sewerage Pump Stations	<p>The much-needed upgrades to the Piesang Valley Sewage Pump Stations commenced in the 2020/2021 Financial year and continued in this reporting period. The scope focussed on the capital replacement of the mechanical and electrical equipment, and future work will be to the buildings and continuation of security fencing installations, provided the relevant budget is approved.</p> <p>The system is a major collection/drainage area for the Bitou LM's sewage system, accounting for sewage from Kranshoek and the pump stations in the Longships area</p>
Automated Meter Reading	<p>All Large Power Users' meter readings are automated ensuring data accuracy and billing confidence</p>

ANNUAL REPORT

Highlights	Description
Kwanokuthula Substation 20MVA substation has been completed ensuring capacity for future development	The completion of the 20MVA Substation will ensure that the municipality creates sufficient capacity for future developments
Appointed Consultant with the aim of Updating the Masterplan and Cost of Supply Study	This project will allow the purchasing of Renewable Energy from Independent Power Producers
Electrification of Informal Settlements	The principle was approved to fund the electrification of various informal settlements
Implementation of Energy Efficiency and Demand Side Management projects	Retrofitting of High-Pressure Sodium Streetlights with LED technology to ensure a reduction in energy consumption
Losses were reduced by 2.93%	Electrical losses have been reduced from 16.29% to 13.36% allowing savings on the Bulk Purchases
Rehabilitation of the Plettenberg Bay Landfill Site	Decommissioning and Rehabilitation of the Plettenberg Bay Landfill Site
Operations of the Gansevelei Waste Drop-Off Facility	The disposal of recyclable material, bulky waste, and green waste
The construction and the building of the berm around the Transfer Station	The construction and the building of the berm around the Transfer Station to enclose the site from the Public and N2

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 of 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 significantly in 2022. The main driver of this is the commercial losses component. The billed consumption figures are very variable from month to month and as such, a focus must be placed on improving the meter reading regime. A further solution that must be implemented in would be a change in technology to smart water metering systems. This requires the capital

ANNUAL REPORT

Description	Actions to address
	<p>budget to be made available or grant funding to be secured.</p> <p>Interventions such as pressure reduction have been implemented but are being re-assessed as well.</p>
Incomplete Projects	<p>The adjustment budget of February 2022 resulted in a hold on key studies that were aimed at concluding grant funding applications and the water meter replacement project of some 1000 water meters across the municipal area.</p>
Impact of Covid 19 Pandemic	<p>The Covid-19 Pandemic lockdown meant that planned maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team, which already has a backlog in regard to planned maintenance.</p> <p>A further adverse effect of the pandemic was staff downtime due to infections.</p> <p>There was a welcomed very steep decline in the number of Covid-19 cases in the last quarter of 2021/22</p>
Load shedding by Eskom	<p>The extensive and higher level of 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 wastewater treatment plants) remained in operation. This required backup generating power to be installed at some key sites, however, this resulted in additional challenges for an already limited staff complement, and operating budget.</p> <p>A further challenge is the escalating cost of fuel, which also places a strain on the section's budget</p>
Vandalism and security for key sites	<p>Although good strides have been made in addressing the security of key sites, this remains a challenge, and the municipality's commitment to addressing this is ongoing.</p> <p>When sites are vandalised, equipment failures occur</p>
Ingress of Foreign Objects into the Sewage system	<p>The number of sewage blockages reported and cleared on a monthly basis is high. Many foreign objects enter the sewage system, leading to manhole blockages and even causing pipe breaks and block pumps</p>
Impact of Covid 19 Pandemic	<p>The Covid-19 Pandemic lockdown meant that planned maintenance activities were placed on hold. This has had an</p>

ANNUAL REPORT

Description	Actions to address
	adverse effect on the operations of the Water Services team, which already has a backlog in regard to planned maintenance. A further adverse effect of the pandemic was staff downtime due to infections. There was a welcomed very steep decline in the number of Covid-19 cases in the last quarter of 2021/22
Customer Complaints are extremely high and of which many could be avoided. This triggers unnecessary overtime	Awareness Campaigns to improve customer knowledge of how to utilize electrical keypads and train Customer Care staff to filter through complaints before assigning an artisan to respond
Insufficient Maintenance and Repairs budgets to handle all maintenance activities throughout the financial year	Requested additional funds to ensure effective repairs and maintenance
Illegal use of electricity	Obtained funds in the new financial year to ensure capacity is provided to electrify more customers currently not connected to the grid
Human Resources and Fleet are inadequate in ensuring service delivery	Request additional resources or increase outsourced services
Breakdown of Waste Compactor Vehicles, plant, and equipment	Increase the Budget for the repairs
Lack of staff (Supervisor /Drivers, machine operators, skip truck operators, and operators	The organogramme was reviewed and the posts are budgeted for and will be filled by August 2022
Lack of training of key personnel	Human Resource Department put the training as a priority for waste management

Table 9: Basic Service Delivery Challenges

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

Description	2020/21	2021/22
Electricity service connections	12 872	12 474
Water - available within 200 m from dwelling	12 291	11 893
Sanitation - Households with at least VIP service	12 369	11 857
Waste collection - kerbside collection once a week	13 385	11 798
*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		

Table 10: Households with Minimum Level of Basic Services

ANNUAL REPORT

1.6 FINANCIAL HEALTH OVERVIEW

1.6.1 Financial Viability Highlights

The municipality had reported a surplus of R47 947 899 in the 2021/2022 financial in line with previous performance.

The table below specifies the highlights for the year:

Highlights	Description
Stable political and work environment.	After the Election in November 2022 Council's situation became stable again
Municipality to adopt a voluntary financial recovery plan.	In an attempt to rectify the financial situation of the municipality, the council has adopted a voluntary financial recovery strategy

Table 11: Financial Viability Highlights

1.6.2 Financial Viability Challenges

The table below specifies the challenges for the year:

Challenges	Action to address
Debtors' Collection rate is not adequate to keep Cashflow movement positive	The collection of debt needs to be addressed without political interference
Due to low cash reserves, there was no money to invest.	Building of Cash reserves
Insufficient revenue generation	A Revenue enhancement programme to be engaged with, to boost revenue and move towards financial sustainability
Tariffs are not cost reflective	Tariffs will be revised to ensure that costs to render services are appropriately recovered in tariff setting

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	2020/21	2021/22
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2022 (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 2022	18.91%	13%
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 as at 30 June 2022	9.97%	7.2%
Financial viability measured in terms of the available cash to cover fixed operating	Number of months it takes to cover fix operating expenditure with available cash	1.25	0.75

ANNUAL REPORT

Description	Basis of calculation	2020/21	2021/22
expenditure as at 30 June 2022 ((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			

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	191 646	219 573	187 798
Taxes, Levies and tariffs	565 912	567 483	571 928
Other	75 722	57 318	94 810
Sub Total	833 280	844 375	854 536
Less Expenditure	776 163	788 694	806 588
Net surplus/(deficit)	57 117	55 680	47 948

Table 14: Financial Overview

1.6.5 Total Capital Expenditure

Detail	2020/21	2021/22
Original Budget	73 577 862.00	90 316 324
Adjustment Budget	84 763 115.00	90 072 312
Actual	79 202 738.08	78 216 782
% Spent	94%	87%

Table 15: Total Capital Expenditure

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.

ANNUAL REPORT

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
	2020/21	2021/22
The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2022 {(Actual amount spent on capital projects /Total amount budgeted for capital projects) X100	94%	87%

Table 16: 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
Public Participation Policy	Council approved the Public Participation Policy on the 31 March 2022
Ward Committee Policy	This policy was also approved on the 31 March 2022 and it gives guidance to how the Municipality manages the Ward Committees
Establishment of Ward Committees	All Ward Committees have been implemented within 90 days from the Inauguration of the Bitou Council on the 18 November 2021
Ward Committee Summit	After the establishment of the Ward Committees they were successfully inducted at the Ward Committee Summit held in April 2022
Know your Ward Committee Members Program	Together with the provincial department of Local Government a successful Know your Ward Committee program was held

Table 17: Good Governance and Public Participation Performance Highlights

ANNUAL REPORT

2.3 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the challenges for the year:

Description	Actions to address
Fraud and Corruption	<ul style="list-style-type: none">Establishment of internal structures like the Disciplinary Tribunal to deal with misconductAcceleration of outstanding disciplinary measuresImplementation of a fraud and corruption hotline
Budget Challenges	Adjustment budget will be utilized to address some of these challenges
Impact of loadshedding on programs	Generators could be the solution

Table 18: 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, councilors 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.

Below are the table that categorise the councillors within their specific political parties and wards for the period 1 July 2021 up to the elections of 2021.

ANNUAL REPORT

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
S E Gcabayi	<u>Acting Executive Mayor &</u> Deputy Executive Mayor. Appointed as Acting Executive Mayor on 16 April 2021 per Resolution 9.1 dated 16 April 2021	ANC	Ward Councillor (6)	Male
E V Wildeman	Speaker	ANC	PR	Male
M M Mbali	Member of Mayoral Committee	ANC	Ward Councillor (5)	Male
L M Seyisi	Member of Mayoral Committee	ANC	PR	Female
X Matyila	Ordinary Councillor	ANC	Ward Councillor (3)	Male
V P M van Rhyner	Ordinary Councillor	ANC	PR	Female
J N Kamkam	Ordinary Councillor	DA	Ward Councillor (1)	Female
A S M Windvogel	Ordinary Councillor	DA	Ward Councillor (4)	Female
D J Swart	Ordinary Councillor	DA	Ward Councillor (2)	Male
A R Olivier	Ordinary Councillor	DA	Ward Councillor (7)	Female
N Ndayi	Ordinary Councillor	DA	PR	Female
W J Nel	Ordinary Councillor	DA	PR	Male
S E Gcabayi	<u>Acting Executive Mayor &</u> Deputy Executive Mayor. Appointed as Acting Executive Mayor on 16 April 2021 per Resolution 9.1 dated 16 April 2021	ANC	Ward Councillor (6)	Male

Table 19: Council 01 July 2021 till Elections

Below are the table that categorise the councillors within their specific political parties and wards for the period 18 November 2021 till 30 June 2022.

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
D J Swart	Executive Mayor	DA	Ward Councillor (2)	Male
M P Busakwe	Deputy Executive Mayor	AUF	PR	Female

ANNUAL REPORT

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
C N J Terblanche	Speaker	PDC	Ward Councillor (4)	Male
J Noreen Kamkam	Member of Mayoral Committee	DA	Ward Councillor (1)	Female
Willem Jacobus Nel	Member of Mayoral Committee	DA	PR	Male
N Ndayi	Ordinary Councillor	DA	PR Councillor	Female
Annelise Renata Olivier	Ordinary Councillor	DA	Ward Councillor (7)	Female
S E Gcabayi	Ordinary Councillor	ANC	PR	Male
S A Mangxaba	Ordinary Councillor	ANC	Ward Councillor (5)	Male
T Mhlana	Ordinary Councillor	ANC	Ward Councillor (3)	Male
N T Seti	Ordinary Councillor	ANC	Ward Councillor (6)	Female
N P Kolwapi	Ordinary Councillor	IPM	PR	Female
M A M Botha	Ordinary Councillor	PA	PR	Female

Table 20: Council form 18 November 2021 till 30 June 2022

Below is a table which indicates the Council meeting attendance for the 2021/22 financial year:

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
July 2021					0
August 2021			20 August	6	1
September 2021	06 September			6	1
October 2021					
November 2021	18 November			13	
December 2021			09 December	13	1
			10 December	12	1
	15 December			13	
January 2022			28 January	12	1
	31 January			13	
February 2022		14 February		13	

ANNUAL REPORT

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
			14 February	13	
			28 February	13	
	28 February			13	
March 2022	31 March			13	
			31 March	13	
April 2022		7 April		13	
			7 April	13	
	28 April			13	
			28 April	13	
May 2022		9 May		13	
	31 May			13	
			31 May	13	
June 2022		7 June		13	
	30 June			12	1
			30 June	12	1

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.

ANNUAL REPORT

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

Executive Mayoral Committee 01 July till 2021 Local Government Elections

Name of member	Capacity
S E Gcabayi	Deputy Executive Mayor (Member of Mayoral Committee) <u>Acting Executive Mayor (Chairperson)</u>
L M Seyisi	Member of Mayoral Committee
M M Mbali	Member of Mayoral Committee

Table 22: Executive Mayoral Committee 01 July till Elections

Executive Mayoral Committee 18 November 2021 till 30 June 2022

Name of member	Capacity
D Swart	Executive Mayor (Chairperson)
M Busakwe	Deputy Executive Mayor Member of Mayoral Committee
J KamKam	Member of Mayoral Committee
W Nel	Member of Mayoral Committee

Table 23: Executive Mayoral Committee 18 November till 30 June 2022

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2021/22 financial year:

Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
22 July 2021		8
18 August 2021		2
1 September 2021		11
26 January 2022		16
22 February 2022	15 February	7
29 March 2022	17 March	23
21 April 2022	13 April	4
20 May 2022	19 and 23 May	19
22 June 2022	17 June	14
22 July 2021		8

ANNUAL REPORT

Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
18 August 2021		2
1 September 2021		11

Table 24: 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	0	0	1	3	0	4
	Council	0	0	0	0	0	0	0
August	Portfolio	0	0	0	0	0	0	0
	Mayco	0	1	0	0	0	0	1
	Council	0	0	0	0	0	0	0
September	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	4	0	4
	Council	0	0	0	0	0	0	0
October	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	0	0	0	0	0	0	0
November	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	15	13	11	1	10	8	58
December	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	3	11	2	3	1	1	21
January	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	8	8	4	0	1	2	23
February	Portfolio	0	0	0	0	4	0	4

ANNUAL REPORT

Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
	Mayco	0	0	0	1	0	0	1
	Council	7	3	0	1	1	3	15
March	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	6	2	5	3	-	9	25
April	Portfolio	0	0	0	0	0	0	1
	Mayco	0	0	0	0	0	0	0
	Council	9	6	3	1	1	1	21
May	Portfolio	0	0	0	0	3	0	3
	Mayco	0	0	0	0	0	0	0
	Council	8	5	2	1	5	12	33
June	Portfolio	0	0	2	1	0	1	4
	Mayco	0	1	0	0	0	0	1
	Council	7	6	8	1	2	1	25
TOTAL		63	56	37	14	36	38	244

Table 25: 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 from 01 July 2021 till 30 October 2021:

Finance and Engineering

Name	Capacity	Political Party
M Mbali	Chairperson	ANC
N Ndayi	Member	DA
J Kamkam	Member	DA

ANNUAL REPORT

Name	Capacity	Political Party
X Matyila	Member	ANC
N Jacobs	Member	ANC

Table 26: 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
N Jacob	Member	ANC
X Matyila	Member	ANC

Table 27: 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
N Jacob	Member	ANC
X Matyila	Member	ANC

Table 28: Strategic Services Portfolio Committee

The following information is stated for the period of 01 November 2021 till 30 June 2022

The following Section 80 Committees were established by Council per resolution C/3/22/12/21 on 15 December 2021:

- (i) Finance and Corporate Services Portfolio Committee
- (ii) Engineering and Community Services Portfolio Committee
- (iii) Strategic Services and Office of the Municipal Manager Portfolio Committee

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

Finance and Corporate Services Portfolio Committee

Name	Capacity	Political Party
J N Kamkam	Chairperson	Democratic Alliance
S A Mangxaba	Member	African National Congress

ANNUAL REPORT

Name	Capacity	Political Party
M A M Botha	Member	Patriotic Alliance
A R Olivier	Member	Democratic Alliance

Finance and Corporate Services Portfolio Committee members

Engineering Services and Community Services Portfolio Committee

Name	Capacity	Political Party
M P Busakwe	Chairperson	Active United Front
T Mhlana	Member	African National Congress
N P Kolwapi	Member	Ikhwezi Political Movement
N Ndayi	Member	Democratic Alliance

Engineering Services and Community Services Portfolio Committee members

Strategic Services and Office of the Municipal Manager

Name	Capacity	Political Party
W J Nel	Chairperson	Democratic Alliance
N T Seti	Member	African National Congress
A R Olivier	Member	Democratic Alliance
S E Gcabayi	Member	African National Congress

Strategic Services and Office of the Municipal Manager 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 – 31/12/2021	Yes
M Dyushu	Chief Financial Officer	01/03/2021 – 30/06/2022	Yes
MP Mpahlwa	Director Corporates Services	01/02/2021 – 01/09/2022	Yes
TM Sompani	Director Community Services	01/08/2018 – 26/04/2022	Yes
L Gericke	Director Economic Development and Planning	01/11/2020 – 31/10/2025	Yea
M Memani	Municipal Manager	04/04/2022 – 01/03/2027	Yes
LMR Ngoqo	Municipal Manager	01/03/2019 – 31/12/2021	Yes

ANNUAL REPORT

Table 29: 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 Administrators	<ul style="list-style-type: none"> New Staff Regulations Cascading down performance Responsible Citizenry Campaign IDP Matters
Western Cape Department of Local Government	Administrators (IDP, LED, Human Settlements)	<ul style="list-style-type: none"> Human Settlement Developments in Qolweni and Ebenhezer FLISP Housing
PANSALB	Communications	<ul style="list-style-type: none"> Language Policy Implementation Translation policy
Provincial Communicators Forum	Communications	<ul style="list-style-type: none"> Communications Policies and Strategies Crisis Communications
District Communicators Forum	Communications	<ul style="list-style-type: none"> Social Media Activities and Compliance Signage and uniform standards
District IDP Forum	IDP	<ul style="list-style-type: none"> District IDP Outlook District Development Model
Provincial Public Participation Model	Public Participation	Ward Committee Activities

Table 30: Intergovernmental Structures

ANNUAL REPORT

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 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

The Local Government elections were held on 18 November 2021 and the establishment of the Ward Committees was concluded in January and February 2022. And therefore the reporting on this function will be concluded for the period from February 2022 till end June 2022. The agreed upon stipend of R500 per ward committee member remained the same as well as the agreed upon 10 ward committee members per ward committee for all 7 wards.

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 70 members, which will total R35 000 per month, totalling R420 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 2021/22 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
Jody Dantu	Western Cape People's Foundation	16 February 2022(WC)

ANNUAL REPORT

Name of representative	Capacity representing	Dates of meetings held during the year
Rodney Jurries	Nabourhood Watch	21 April 2022 (WC)
Sipho Kolisi	Community Safety	22 March 2022 (Report Back)
Andrew Smoki	Sport and Recreation	29 March 2022 (Report Back)
Penelope Barnado	Covie Community	14 June 2022 (Report Back in Kurland)
Simon Jacobs	Business Sector	15 March 2022 (Report Back in Green Valley)
Duncan Sam	Faith Base	
Denis Blow	Green Valley Forum	
Andrew Treunig	Faith Based	
Rob Nicol	Neighbourhood Watch	

Table 31: 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
Christo Vlok	Plett Rate Payers	22 March 2022 (WC) 17 May 2022 (WC) 07 March 2022 (Report Back)
Rennie Davids	Security Cluster	
Olivier Rissiek	Plett Rate Payers	
Antom Cameron	Communications	
Bruce Richardson	Business Sector	
David Wilms	Business Sector	
Adrian Speight	Business Sector	
Sally Turner	Business Srector	
Christiaan Van Rooyen	Plettenberg Bay environmental	
Vatshi Visser	Education	

Table 32: Ward 2 Committee Meetings

Ward 3: Bossiesgif, Qolweni

Name of representative	Capacity representing	Dates of meetings held during the year
Nomzingisi Ndlovu	Block G	09 March 2022 (WC) 08 June 2022 (WC) 17 May 2022 (Report Back)
Npolikhwe Noluthando	Block I	
Noxolo Willie	Block D	
Kholeka Nduna	Block A	
Zolisdwa Qoloma	Block B	

ANNUAL REPORT

Name of representative	Capacity representing	Dates of meetings held during the year
Mthetheleli Ngcebessha	Block C	
Liziwe Shiyani	Block E	
Nana Maseti	Block F	
Bongeka Klaas	Block H	
Pricilla Gqogqa	Block J	

Table 33: 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	<p>15 March 2022 (WC)</p> <p>08 June 2022 (WC)</p> <p>12 April 2022 (Report Back)</p>
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	
Marlin Louw	Block 2	
Maria Pienaar	Block 3	

Table 34: Ward 4 Committee Meetings

Ward 5: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
Nontembembeko Mhlana	Community Safety	<p>14 March 2022 (WC)</p> <p>16 May 2022 (WC)</p> <p>02 June 2022 (Report Back)</p>
Christopher Satula	Block D	
Asanda Ngcobondwana	Block B	
Bandiole Ntukantu	Youth and Sport	
Vuyoklwethu Vice	Block E	
Masixole Nyengane	Block A	
Debora Matsolo	Faith Based	
Athenkosi Monakali	Business	

ANNUAL REPORT

Name of representative	Capacity representing	Dates of meetings held during the year
Bokveld Abongile	Block E	
Weziwe Gumede	Block C	

Table 35: Ward 5 Committee Meetings

Ward 6: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
Khonzile Madokwe	Youth and Sport	15 March 2022 (WC) 12 May 2022 (WC) 07 June 2022 (Report Back)
Sikhunjulw2e Xego	Block A	
Monde Langbooi	Block B	
Wonke Mpemnyama	Block C	
Sindiswa Nase	Block D	
Mncedi Bangi	Block E	
Lulamile Klaas	Business	
Zukiswa Moyikwa	Education	
Phumla Nkcithi	Women Forum	
Thobela Desi	Community Safety	

Table 36: 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
Christopher Manuel	Agriculture	14 March 2022 (WC) 19 May 2022 (WC) 19 April 2022 (Report Back)
Robyne Christoffels	Youth and Sport	
Mitchell Jantjies	Community Safety	
David Luiters	Block D	
Thomas Snell	Block C	
Arthur kuyster	Block E	
Sametha Wildeman	Block A	
Tom Jones	Block E	
Rafery Quaraka	Education	
Wayne Abrouw	Agriculture	

Table 37: Ward 7 Committee Meetings

ANNUAL REPORT

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	9	Yes	<ul style="list-style-type: none"> • 06th December 2021, drafted an invitation letter to invite community members for ward public meetings • 08 December 2021, Presented the planning to the Speaker, Councillor Claude Terblanche • 14th December 2021, Presentation of the planning of the establishment to all ward councillors • 15th December 2021, Submitted notices to the Acting Municipal Manager for signature • 16th December 2021, Signed notices published to our website, face book and local news letters • 10th to 20th January 2022, Induction on the establishment of Ward Committees in all 7 Wards • 21st January 2022, notices for the establishment of ward committees was
2	Yes	7	Yes	
3	Yes	5	Yes	
4	Yes	5	Yes	

ANNUAL REPORT

Ward Number	Committee established (Yes / No)	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
5	Yes	5	Yes	drafter and signed by the acting Municipal Manager <ul style="list-style-type: none"> 25th January signed notices were published in all public places, Bitou website and Bitou Facebook page 07th to 17th February Establishment or elections of ward committees in all wards(except ward 3 who was later done on the 28th February 2022) 18th February 2022, Acceptance forms signed by the newly elected ward committee members 19th February 2022, drafted an item to council with the list of all newly elected ward committees 5th March 2022, Induction workshop for Ward Committees.
6	Yes	5	Yes	
7	Yes	5	Yes	

Table 38: Functioning of Ward Committees

2.6.4 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour Forum for the 2021/22 financial year:

Name of representative	Capacity
Misiwe Mpahlwa	Director Corporate Services
Michael Rhode	Manager Project Management
Andile Sakati	Senior Manager Public Safety
Ludolph Gericke	Director Economic Development and Planning
Felix Lötter	Senior Manager Governance and Compliance
Samkele Mangxaba	Councillor
Annelise Olivier	Councillor
Andile Nkatsha	General Assistant Purification, Demand and Losses
Dina Esau	Call Centre Operator
Lawrence Mlanjeni	Housing Officer

ANNUAL REPORT

Name of representative	Capacity
Adine Manuel	Library Assistant
Lynnus Feeks	Library Assistant
Fanekile Langa	General Assistant Purification, Demand and Losses
Funiso Ticky	General Assistant Integrated Waste Management
Misiwe Mpahlwa	Director Corporate Services
Michael Rhode	Manager Project Management
Andile Sakati	Senior Manager Public Safety

Table 39: 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 an 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.

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	Failure to effectively manage infrastructure projects and report on grant funding
3	Limited response to emergency calls, severe storms, and fire disasters ito MFMA and MSA and safety legislation

ANNUAL REPORT

Ranking	Risk
4	Fraud and Corruption in relation to tenders and contracts
5	Vandalism and theft at various pumps and substations
6	Inadequate budget to deliver on municipal objectives
7	Revenue collection too low to sustain financial viability in the long term and below the Treasury norm
8	Ineffective business continuity management
9	Inability of the municipality to attract, build, nurture and retain scarce/critical skills
10	Non-alignment of ICT with IDP

Table 40: Top Ten Risks

2.7.3 Highlights: Risk Management

The table below indicates the highlights for the year.

Highlights	Description
Strategic and 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 41: Highlights: Risk Management

2.7.4 Challenges: Risk Management

Challenges	Corrective Actions
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

Table 42: Challenges: Risk Management

ANNUAL REPORT

2.7.5 Functions of the Risk Management Unit

Below table indicates the functions of the Risk Management Unit that were performed during the 2021/22

Functions	Date
ERM Framework documents reviewed by the RM Committee and recommended to Council for approval	20 June 2022
Risk Management Implementation Plan developed for the FY 2022/23, submitted to and approved by the Risk Management Committee(RMC).	20 June 2022
Municipal Risk Profile facilitated and reviewed for the FY 2021/22 via RMC workshops and individual engagements with each sectionmanager, all detail and ratings were 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	Ongoing
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 43: Risk Management Functions

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	01 May 2022
Risk Management Policy	Yes	June 2021
Risk Management Strategy	Yes	June 2021

ANNUAL REPORT

Name of strategy	Developed (Yes/No)	Date Adopted/Reviewed
Fraud and Corruption Prevention Policy and Strategy	Yes	June 2021

Table 44: 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.
- 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.

ANNUAL REPORT

2.9.2 Members of the AC

Name of representative	Capacity	Meeting dates
Mrs. R Shaw	Chairperson	<ul style="list-style-type: none"> 26 August 2021 (Special) 14 September 2021 06 December 2021 14 March 2022 28 March 2022 06 June 2022
Mr. J Roux	Ordinary Member	
Mr. K Zono	Ordinary Member	
Mr. M Hennesey	Ordinary Member	
Mr M Brewis	Ordinary Member (appointed 1 January 2021)	

Table 45: 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. R Shaw	Chairperson	<ul style="list-style-type: none"> 26 August 2021 – Special Audit Committee Meeting to review the 2020/21 Draft Annual Performance Report 29 June 2022 – Section 56 Manager's Performance Evaluations. Quarterly Meetings to review the Quarterly Performance Reports by Internal Audit: <ul style="list-style-type: none"> 14 September 2021 06 December 2021 14 March 2022 28 March 2022
Mr. J Roux	Ordinary member (2 nd term of 3 years ended 31 December 2021)	
Mr. K Zono	Ordinary member	
Mr. M Hennessy	Ordinary member	

ANNUAL REPORT

Name of representative	Capacity	Meeting dates
		<ul style="list-style-type: none"> 06 June 2022 <p>Two reports submitted to Council:</p> <ul style="list-style-type: none"> C/1/12/11/21 C/1/54/05/22

Table 46: Members of the Performance Audit Committee

2.11 INTERNAL AUDITING

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

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 (77. – 79. Of the Management Report for 2021/22) as required by Legislation

ANNUAL REPORT

Highlights	Description
<p>The Auditor General (S.A) has used the work of Internal Audit as allowed by the Auditing Standards (129. Of the Management Report for 2021/22)</p>	<p>The Auditor General (S.A) used the following Internal Audit Reports for risk assessment purposes:</p> <ul style="list-style-type: none"> • Performance Management Review 2020/21 Quarter 4; • Performance Management Review 2021/22 Quarter 1; • Performance Management Review 2021/22 Quarter 2; • Performance Management Review 2021/22 Quarter 3; • Risk Management 2020/21 Quarter 4; • Risk Management 2021/22 Quarter 1; • Risk Management 2021/22 Quarter 2; • Risk Management 2021/22 Quarter 3; • Supply Chain Management Review 2020/21 Quarter 4; • Supply Chain Management Review 2021/22 Quarter 1; • Supply Chain Management Review 2021/22 Quarter 2; • Supply Chain Management Review 2021/22 Quarter 3; • Surprise cash count; • Division of Revenue Act; • Expenditure Management (Payroll Management including payroll verification); • Human Resources (Occupational Health and Safety); • OPCAR; • Adhoc – Municipal sub-stores
<p>The Municipality's Internal Audit Section provided direct assistance to the Auditor General (S.A) with the external audit for 2021/22. (130. Of the Management Report for 2021/22)</p>	<p>The internal audit function was used for external audit purposes or direct assistance as follows:</p> <ul style="list-style-type: none"> • Annual stock count 2021/22. • Update the business process for expenditure and payables
<p>Prepared a Risk Based Internal Audit Plan for 2021/22 and successfully executed the Risk Based Internal Audit Plan as required by Top Layers 1 and 2 of the SDBIP</p>	<ul style="list-style-type: none"> • The Risk Based Internal Audit Plan was approved by the Audit Committee on 21 June 2021 (As required by the Top Layer 1 of the SDBIP) • Completed 80% of the Risk Based Internal Audit Plan by 30 June 2022 (As required by the Top Layer 2 of the SDBIP)

Table 47: Highlights: Internal Audit

ANNUAL REPORT

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 is held accountable by a fully functional Audit Committee that 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 48: Challenges: Internal Audit

2.11.3 Annual Audit Plan

The table below provides detail on audits completed:

Audit Engagement	Departmental System	Detail	Date completed
Phase 1			
Evaluation of the Annual Risk Assessment Results			
Phase 2			
Compiling a Risk-based Audit Plan			
Phase 3			
Execution of the Risk-based Audit Plan			
Office of the Municipal Manager	2020/21 Performance Management – Quarter 4	<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> <ul style="list-style-type: none"> MSA, 2000, Sec 41(1); Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c; Public Audit Act, Section 20(2) 	August 2021

ANNUAL REPORT

Audit Engagement	Departmental System	Detail	Date completed
Office of the Municipal Manager	2020/21 Risk Management – Quarter 4	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system, and governance.</p> <ul style="list-style-type: none"> MFMA 56, 2003, Section 62(1); MFMA 56, 2003, Section 165(2)(b)(iv); Western Cape Provincial Treasury PGWC Risk Management Framework 	August 2021
Financial Services	2020/21 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> <ul style="list-style-type: none"> SCM Policy; Standard Operating Procedures; MFMA 56, 2003, Section 165(2)(b)(ii) 	October 2021
Corporate Services	Occupational Health and Safety	<p>Obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control relating to the Occupational Health and Safety Act and processes supporting the general well-being of employees. Provide an independent review of Management's commitment to provide and maintain, as far as is reasonably practical, a working environment that is safe and without any risk to the health and safety of employees.</p>	November 2021
Office of the Municipal Manager	2021/22 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</p>	November 2021

ANNUAL REPORT

Audit Engagement	Departmental System	Detail	Date completed
		<p>shortfalls that may arise and to ensure that the performance management information reflects the true performance of the municipality.</p> <ul style="list-style-type: none"> MSA, 2000, Sec 41(1); Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c; Public Audit Act, Section 20(2) 	
Office of the Municipal Manager	2021/22 Risk Management – Quarter 1	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system, and governance.</p> <ul style="list-style-type: none"> MFMA 56, 2003, Section 62(1); MFMA 56, 2003, Section 165(2)(b)(iv); Western Cape Provincial Treasury PGWC Risk Management Framework 	October 2021
Financial Services	2021/22 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> <ul style="list-style-type: none"> SCM Policy; Standard Operating Procedures; MFMA 56, 2003, Section 165(2)(b)(ii) 	November 2021
Office of the Municipal Manager	2021/22 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>	February 2022

ANNUAL REPORT

Audit Engagement	Departmental System	Detail	Date completed
		<p>reflects the true performance of the municipality.</p> <ul style="list-style-type: none"> MSA, 2000, Sec 41(1); Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c; Public Audit Act, Section 20(2) 	
Office of the Municipal Manager	2021/22 Risk Management – Quarter 2	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system, and governance.</p> <ul style="list-style-type: none"> MFMA 56, 2003, Section 62(1); MFMA 56, 2003, Section 165(2)(b)(iv); Western Cape Provincial Treasury PGWC Risk Management Framework 	February 2022
Financial Services	2021/22 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> <ul style="list-style-type: none"> SCM Policy; Standard Operating Procedures; MFMA 56, 2003, Section 165(2)(b)(ii) 	March 2022
Financial Services	Division of Revenue Act 2021/22	<p>Provide reasonable assurance regarding the controls over grants allocated by the National Treasury to Bitou Municipality through the Division of Revenue Act MFMA 56, 2003, Section 165(2)(b)(ii)</p>	March 2022
Office of the Municipal Manager	OPCAR - Follow Up on the 2020/21 AG Report	<p>Evaluate the recorded implementation of the corrective action plans by Management to address the findings raised by the Auditor General (SA)</p>	July 2022

ANNUAL REPORT

Audit Engagement	Departmental System	Detail	Date completed
Engineering Services	Proclaimed Roads 2021/22	Provide reasonable assurance regarding the controls over grants allocated by the National Treasury to Bitou Municipality through the Division of Revenue Bill and the expenditure in terms of the purpose and subject to conditions	June 2022
Office of the Municipal Manager	2021/22 Performance Management – Quarter 3	<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> <ul style="list-style-type: none"> • MSA, 2000, Sec 41(1); • Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c; • Public Audit Act, Section 20(2) 	May 2022
Office of the Municipal Manager	2021/22 Risk Management – Quarter 3	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system, and governance.</p> <ul style="list-style-type: none"> • MFMA 56, 2003, Section 62(1); • MFMA 56, 2003, Section 165(2)(b)(iv); • Western Cape Provincial Treasury PGWC Risk Management Framework 	May 2022
Financial Services	2021/22 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.	July 2022

ANNUAL REPORT

Audit Engagement	Departmental System	Detail	Date completed
		<ul style="list-style-type: none"> SCM Policy; Standard Operating Procedures; MFMA 56, 2003, Section 165(2)(b)(ii) 	
Financial Services	Surprise cash count	Evaluate the adequacy and effectiveness of the system of internal control regarding the collection, receiving, and safeguarding of cash and provide reasonable assurance on the effectiveness of the controls.	May 2022
Financial Services	Expenditure Management – Payroll	<p>To assess the adequacy of access controls and rights to the payroll system and the existence of levels of access authorisation.</p> <p>Confirm the accuracy of the salary payment (Contract and EPWP) according to the payroll system and employees' contracts.</p> <p>Assess the accuracy and validity of acting allowances, and compliance with the relevant legislation, policies, and procedures.</p> <p>Confirm that overtime is calculated and paid correctly.</p>	June 2022
Corporate Services	HR – Recruitment and Selection	<p>Compliance in terms of the:</p> <ul style="list-style-type: none"> Local Government: Municipal Systems Act, 32 of 2000 Employment Equity Act, 55 of 1998 Basic Conditions of Employment Act, 75 of 1997 Employment Equity Regulations, 2014 <p>Compliance with and implementation of the following policies:</p> <ul style="list-style-type: none"> Employment Equity Policy Recruitment and Selection Policy Scarce Skills and Retention Policy Placement Policy Secondment Policy 	June 2022

ANNUAL REPORT

Audit Engagement	Departmental System	Detail	Date completed
		<p>The following steps in the recruitment and selection process:</p> <ul style="list-style-type: none"> • Advertising • Nomination and confirmation of selection panel • Screening of applications • Pre-screening of applications • Long list process • Shortlisting process • Interview process • Appointment process • Closing Process 	
Ad-hoc Audits (not part of the approved Plan)			
Direct Assistance to the AG(SA)	Update of business process	Update the business process for purchases, payables, and payments	August 2022
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)	July 2021
Ad hoc Audit	Municipal Sub-stores	<p>Inspection of the CCC Yard / Offices, relating to Building Material (Wood) items that are stored in the yard.</p> <p>A follow-up inspection on findings raised in the 2020/2021 Internal Audit Stock Count report, relating to items that are stored separately from the Municipal Stores</p>	April 2022

Table 49: Internal Audit Coverage Plan

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 2021/22 to be approved by the Audit Committee on/before 30 June 2021	21 June 2021
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

ANNUAL REPORT

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 50: 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		
Communication Policy;	C/3/29/03/22	31/03/2022
Corporate Governance of ICT Charter	C/3/31/03/22	31/03/2022
Customer Care Policy;	C/3/29/03/22	31/03/2022
ICT Data Backup and Recovery Policy	C/3/31/03/22	31/03/2022
ICT DR Policy	C/3/31/03/22	31/03/2022
ICT Operating System Security Controls Policy	C/3/31/03/22	31/03/2022
ICT Security Controls Policy	C/3/31/03/22	31/03/2022
ICT Strategy	C/3/31/03/22	31/03/2022
ICT User Access Management Policy	C/3/31/03/22	31/03/2022
Municipal Corporate Governance of ICT Policy	C/3/31/03/22	31/03/2022
Property Management: Policy for the Disposal of and/or the granting of an exclusive right to use municipal immovable property	C/6/15/03/22	31/03/2022
Public Participation Policy	C/3/29/03/22	31/03/2022
Ward Committee Establishment Policy	C/3/29/03/22	31/03/2022

Table 51: 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:

ANNUAL REPORT

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

Table 52: Communication Activities

2.13.1 Communication and Customer Care Unit

	Yes/No	Number of people in the Unit	Job titles
Communication Unit	Yes	4	Manager Communications and Customer Relations (1)
			Senior Communications Officer (1)
			Senior Customer Relations Officer (1)
			Communications Officer (1)
			Call Centre Operators (5)

Table 53: 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 54: 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"> Responsible Citizen Campaign Policies and Strategy Media Network Crisis Communication Protest Scenario, Natural Disasters and Fires

ANNUAL REPORT

			<ul style="list-style-type: none"> • Social Media Guidelines • Media monitoring • National Language Policy (PANSALB) • Calendar Events
District Commtech	Yes	Quarterly	<ul style="list-style-type: none"> • Branding • Joint District Model impact on Communications • Streaming of Events and Programs across the district • Intergovernmental relations • Calendar Events and Campaigns • Social Media Guidelines and Strategies
GCIS sharing the government Communication Policy	Yes	Quarterly	<p>The importance of three documents were highlighted:</p> <ul style="list-style-type: none"> • Communication Policy (Principal of Action) • National Communication Strategy Framework (Plan of Action) • Intergovernmental Communications Plans • Social Media Content and Planning • Effective Use of Virtual Platforms–Teams, Zoom and etc.

Table 55: External Communication Forums

2.13.5 Communication Platforms Utilised

The table below depicts the current communications platforms utilised.

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	2 x External Newsletter were issued in the financial year
Internal Newsletter	Yes	Information and to provide feedback	Community	Quarterly	2 x External Newsletter were issued in the financial year
Radio	Yes	Information	Community	As the need arises	Effective when required, however limited due to budget constraints

ANNUAL REPORT

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 56: 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 municipality is in the process of upgrading the website and have been approved for assistance by the Western Cape Department of Economic Development and the process is ongoing. This will make it easier for the public to interact with the municipality on vital matters and it will also have more online action applications to ensure that public can maximise engagements with the municipality via the website.

The Municipality have recently completed its Communications Strategy and the Website is a key tool to public participation. A customer satisfaction survey is posted on the website and this enable the public to rate our service delivery efforts. Therefore, it makes it imperative for the municipality to be as engaging as possible and be open to

ANNUAL REPORT

new trends in the communications sphere. Hence we put emphasis on identifying opportunities to upgrade and improve our website to always be on the cutting edge of technological advancement.

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
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
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
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP for 2020/21	Yes
IDP Process Plan for 2020/21	Yes
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e) & (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)	

ANNUAL REPORT

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

Table 57: 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.

ANNUAL REPORT

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 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
Bid Committees- Attendance	The Bid Committees were appointed and have achieved 100% attendance in the financial year
Training	The some of SCM team members have undergone training for NQF level 5: QCTO in the financial year. As well as the following e-Tender and Contract Management training

Table 58: 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 position has been vacant since December 2020 this senior-level position has left a void in SCM operations. There are four (04) vacant positions critical to the section which includes a senior position, the manager in the division and SCM Practitioner: Demand Management has been vacant since October 2020. That the SCM Officer (Buyer)

ANNUAL REPORT

Description	Actions to address
<p>Constitutional Court Ruling against Preferential Procurement Policy Regulations 2017</p>	<p>position has been vacant since January 2021 due to constant moratorium these were not appointments that could be done.</p> <p>On Wednesday, 16 February 2022, the Constitutional Court handed down judgement in the application for leave to appeal against a judgement and order of the Supreme Court of Appeal (SCA). This application was brought by the National Minister of Finance against Afribusiness NPC and concerns the validity of the Preferential Procurement Regulations, 2017, promulgated by the Minister on 20 January 2017, in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000.</p> <p>The SCA held that the Minister's promulgation of regulation 3(b) determining whether pre-qualification criteria are applicable to the tender as envisaged in Preferential Procurement Regulation, 2017, regulation (4), Prequalification criteria for preferential procurement and regulation 9, subcontracting as a condition of tender, was unlawful.</p> <p>Due to the interconnectedness of the regulations, the Supreme Court of Appeal declared the entire Procurement Regulations invalid on the basis that the content of the regulations exceeded the minister's power on what could permissibly be regulated in terms of section 5 of the Procurement Act and section 217 of the constitution. The declaration was suspended for 12 months which ended on 02 November 2021.</p> <p>The declaration of invalidity was suspended for 12 months accordingly which ended on 02 November 2021. The matter was then heard by the Constitutional Court where the majority judgement dismissed the appeal against the SCA judgement. The Majority Judgement was silent on the question of the remedy and did not address the issue of the status of the SCA's order of suspension. The minority judgement addresses the footnote, where it asserts that "the period of suspension expired on 02 November 2021".</p>

ANNUAL REPORT

Description	Actions to address
	<p>Impact, the Constitutional Court Judgement has left a void as it relates to value thresholds and the evidence burden to claim preference points. These matters can only be prescribed via regulations by the National Minister and the entire regulations have been declared invalid. This removes the thresholds and evidence burden to claim points via the preference point system.</p> <p>This has impacted service delivery as all procurement was halted whilst the municipality has been working on an amicable solution and a way forward. Only in May 2022, the National Treasury gave directions that all organs of the state continue to use the said Regulations 2017 until December 2022.</p>

Table 59: 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
- 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
43	26	16

Table 60: Bid Committee Meetings

ANNUAL REPORT

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	100%	100%

Table 61: 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%	100%

Table 62: 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%	100%

Table 63: 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:

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

ANNUAL REPORT

Table 64: Management Control

b). Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	539	African – 328 Coloured - 208 Indian - 3	AF – 139 AM – 189 CF – 72 CM – 136 IF – 0 IM – 3	1	R 1 553 210.16
Non-black-employees	26	White - 26	WF – 8 WM - 18	0	R 32 000.00
Black people on internships, apprenticeship, learnership	65	African – 51 Coloured - 14	AF – 74 AM – 19 CF – 13 CM - 6	0	R 1 620 000
Unemployed black people on any programme under the learning programme matrix	15	Coloured – 3 African - 12	AF – 11 AM – 1 CF – 2 CM - 1	0	R 450 000
Black people absorbed at end of internships, apprenticeship, learnership	0	0	0	0	0

Table 65: 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 2021/22

a) The IDP and the budget

The reviewed IDP and the budget for 2021/22 was submitted to council for approval on 31 May 2021, the meeting could not continue and was postponed until 8 June 2021 where the budget was considered and approved. An administrative oversight was discovered in the approval process and the municipality is currently seeking condonation from the National Treasury to remedy the matter. 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 06 July 2021.

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 2020/21 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 2020/21
- 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. On 30 June 2022 the document was reviewed and brought in line with legislation and adopted by Council.

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 06 July 2021
- 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 2021/22 financial year was signed on the following dates:

- Municipal Manager : 06 July 2021
- Director Economic Development and Planning: : 06 July 2021
- Director Corporate Services: : 06 July 2021
- Director Financial Services : 22 July 2021
- Director Community Services : 22 October 2021

The following agreements were not concluded due to positions being vacant for the year under review:

- Director Engineering Services

The final Performance Evaluations for 2019/20 and 2020/21 for the Senior Managers were conducted on 29 June 2022. The formal evaluations for the 2021/22 financial year will only take place after the audit of the Performance Report in the 2022/23 financial year.

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2021/22

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). 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%

PERFORMANCE REPORT

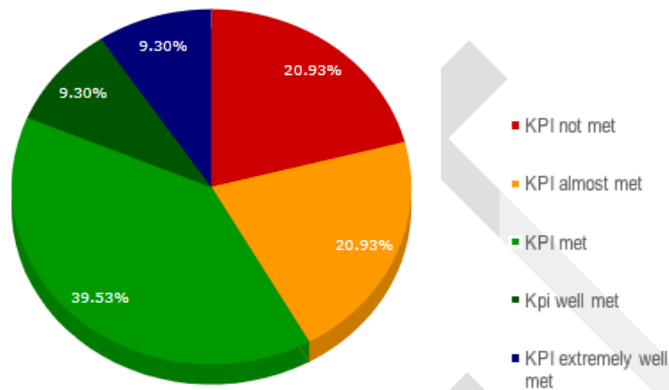
Category	Colour	Explanation
KPI Almost Met	O	$75\% \geq \text{Actual/Target} < 100\%$
KPI Met	G	$\text{Actual/Target} = 100\%$
KPI Well Met	G2	$100\% > \text{Actual/Target} < 150\%$
KPI Extremely Well Met	B	$\text{Actual/Target} \geq 150\%$

Figure 3.: SDBIP Measurement Categories

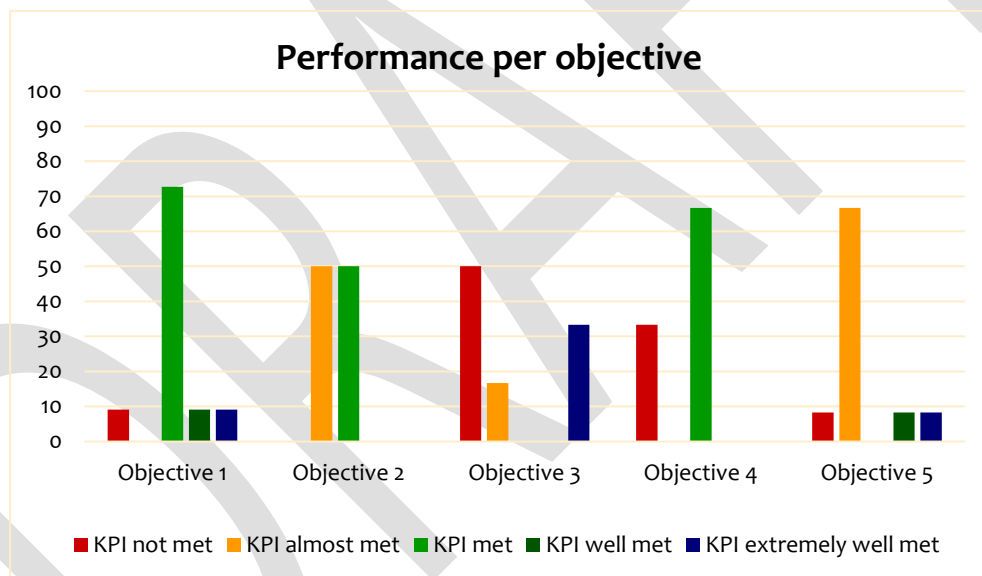
3.2.2 Overall performance

The graph below displays the overall performance per Strategic Objective for 2021/22:

Overall Performance



Performance per objective



Graph 2.: Overall Performance per Strategic Objective 2021/22

PERFORMANCE REPORT

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	1	0	3	4	1	9
KPI Almost Met	0	1	1	0	8	10
KPI Met	8	1	0	8	0	17
KPI Well Met	1	0	0	0	2	3
KPI Extremely Well Met	1	0	2	0	1	4
Total	11	2	6	12	12	43

Figure 4.: Overall Performance Per Strategic Objective for 2021/22

PERFORMANCE REPORT

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 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	1	1	1	G
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%	0%	25%	45%	80%	80%	80%	G
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	0	0	1	0	1	1	G
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	0	0	1	0	1	1	G
TL5	Downscale individual performance management to the Senior Managers and Managers (line managers) in charge of specific sub-divisions and reporting to the Directors by 31 May 2022	Number of individual performance agreements signed	All	0	0	0	1	31	31	0	R

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
Corrective Action		Performance agreements will be concluded for all Managers by 31 October 2022									
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	0	0	1	0	1	1	G
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	75.47%	0%	0%	0%	70%	70%	84%	G 2
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	0.17%	0%	0%	0%	0.10%	0.10%	0.20%	B
TL21	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2022	Customer survey conducted	All	1	0	0	0	1	1	1	G
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	0	5	5	5	5	20	20	G

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL23	Review the "System of Operational Delegations" and submit to Council by 31 March 2022	System of operational delegations submitted to Council	All	1	0	0	1	0	1	1	G

Table 66: Top Layer SDBIP – Build a capable, corruption-free administration that is able to deliver on development mandate

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 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL47	Create 549 job opportunities in terms of the EPWP by 30 June 2022	Number of job opportunities created	All	342	250	100	100	99	549	440	O
Corrective Action		Target will be aligned with the target set by Western Cape Provincial Government in the 2022/23 financial year									
TL49	Submit the reviewed Local Economic Development (LED) Implementation Plan to Council by 31 March 2022	LED Implementation Plan submitted to Council	All	New Key Performance Indicator for 2021/22. No comparative results	0	0	1	0	1	1	G

Table 67: 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 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2022 (Short	% of debt coverage	All	18.91%	0%	0%	0%	25.00%	25.00%	13.00%	B

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant) x 100										
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	9.97%	0%	0%	0%	11.80%	11.80%	7.72%	B
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2022 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excl	Number of months it takes to cover fix operating expenditure with available cash	All	1.25	0	0	0	2	2	0.75	R
Corrective Action		Strict cash flow monitoring as well as savings and austerity measures are to be implemented, a funding mix proposal for capital investment will be drafted to protect the liquidity and improve the ratio									
TL16	Achieve a debtor payment percentage of 90% by 30 June 2022 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written	% debtor payment achieved	All	92%	90%	90%	90%	90%	90%	84%	O

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Off)/Billed Revenue x 100										
Corrective Action		The Municipality will be implementing the approved revenue Management Policies during the 2022/23									
TL17	Limit unaccounted for water to less than 25% by 30 June 2022 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% bulk water handling losses	All	4.79%	0%	25%	0	25%	25%	37.71%	R
Corrective Action		A water conservation demand management plan was done to outline strategies to reduce water losses. We are in the process to appoint a consulting engineer to assist with these projects									
TL18	Limit unaccounted for electricity to less than 12% as at 30 June 2022 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	11.58%	0%	12%	0%	12%	12%	18.88%	R
Corrective Action		The reasons contributing to these figures comes from meters not being estimated. Secondly, Pumpstation upgrades disregarded the meters but never re-installed or upgraded the meters which translated to a drop in consumption of municipal buildings as can be seen in the report. faulty meters at Montmar, Waterworks, Kwik Spar also contribute to inaccurate billing which contribute to losses. SSEG installations has increase significantly and if consumers dont register their installations, the credit meters are not reading accurately. The municipality is busy with the Communications department to call all consumers to register their SSEG installations. Corrective measures, includes install new meters at all pump stations, replace the MV metering units that became faulty and also introduce smart meters throughout the town									

Table 68: 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

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	All	0	0	0	0	1	1	1	G
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	All	New KPI for 2021/22. No comparative audited results available	0	0	0	1	1	0	R
Corrective Action		The project is a multi-year plan which obtaining beneficiary list is part of. We will embark on an outreach programme in the new financial year through Public Participation.									
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	All	New KPI for 2021/22. No comparative audited results available	0	0	0	1	1	0	R
Corrective Action		The project is a multi-year plan, which obtaining beneficiary list is part of. We will embark on an outreach programme in the new financial year through Public Participation									
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	All	New KPI for 2021/22. No comparative audited results available	0	0	0	0	1	0	R
Corrective Action		The project is a multi-year plan, which obtaining beneficiary list is part of. We will embark on an outreach programme in the new financial year through Public Participation									
TL40	Complete the relocation of the 224 non-qualifiers and 164 qualifiers to Minaar Land by 30 June 2022	Number of beneficiaries relocated	All	New KPI for 2021/22. No comparative audited results available	97	97	97	97	388	262	R
Corrective Action		The project is a multi-year plan which part of it will be completed during 2022/23									

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL46	Compile an Investigation Report for the Comanage Establishment and submit to Council by 30 September 2021	Comanage establishment report submitted to Council	All	1	0	0	0	1	1	1	G
TL48	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 March 2022	Spatial Development Framework (SDF) submitted to Council	All	New KPI for 2021/22. No comparative audited results available	0	0	1	0	1	1	G
TL50	Develop a House and Spaza Shop Policy and submit to Council by 31 March 2022	House and Spaza Shop Policy submitted to Council	All	New KPI for 2021/22. No comparative audited results available	1	0	0	0	1	1	G
TL51	Review the system of delegation to SPLUMA and submit to Council 31 March 2022	System of delegation to SPLUMA submitted to Council	All	New KPI for 2021/22. No comparative audited results available	0	1	0	0	1	1	G
TL52	Review the criteria of the structure, Terms of Reference and appointment of members of the Municipal Planning Tribunal and submit to Council 31 March 2022	Criteria submitted to Council	All	New KPI for 2021/22. No comparative audited results available	0	1	0	0	1	1	G
TL53	Submit the Zoning By-Law to Council by 30 June 2022	Zoning By-Law submitted to Council	All	New KPI for 2021/22. No comparative audited results available	0	0	0	1	1	1	G
TL54	Review the Planning By-law and submit to council by 31 March 2022	Planning By-law submitted to Council	All	1	0	1	0	0	1	1	G

Table 69: Top Layer SDBIP – Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

PERFORMANCE REPORT

v) Provision of basic services

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
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	3 930	3 930	3 930	3 930	3 930	3 930	3 404	O
Corrective Action		The municipality subsidise those qualifying indigent households who applies for the subsidy. The municipality is going out to the communities to do applications.									
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	12 291	0	12 291	0	12 291	12 291	11 893	O
Corrective Action		A data cleansing was done and the target will be amended accordingly in the 2022/23 financial year									
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	12 672	0	12 672	0	12 672	12 672	12 474	O
Corrective Action		A data cleansing was done and the target will be amended accordingly in the 2022/23 financial year									
TL11	Number of residential properties with sanitation services to which are connected to the municipal waste	Number of residential properties which are billed for sewerage	All	12 369	0	12 369	0	12 369	12 369	11 857	O

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2022										
Corrective Action		A data cleansing was done and the target will be amended accordingly in the 2022/23 financial year									
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	13 385	0	13 385	0	13 385	13 385	11 798	O
Corrective Action		A data cleansing was done and the target will be amended accordingly in the 2022/23 financial year									
TL26	Spend 90% of the approved capital budget for Waste Water services by 30 June 2022 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	93%	10%	40%	60%	90%	90%	89%	O
Corrective Action		Target not met due to one project significantly under spent as the project had to be stopped. This Is a large project and needs to be funded from grant funding, applications have been submitted									
TL27	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2022 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	85%	10%	40%	60%	90%	90%	96%	G 2
TL28	Spend 90% of the approved capital budget for Water services by 30 June 2022 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	96%	10%	4%	60%	90%	90%	86%	O

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2021/22						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
Corrective Action		One project had to be placed on hold as the deliverables could not be met by June 2022 and the project is however funded through MIG. Going forward PMU will put controls in place to better manage the performance of consultants									
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)x100}	% budget spent	All	113%	10%	40%	60%	90%	90%	94%	G 2
TL30	Spend 100% of MIG Funding allocation by 30 June 2022 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	99%	0%	40%	0%	100%	100%	88%	O
Corrective Action		The Municipality already applied for roll-over funds, awaiting feedback									
TL31	Conduct 480 potential electricity theft investigations annually 30 June 2022	Number of inspections conducted	All	742	120	120	120	120	480	984	B
TL32	Spend 90% of the budget allocated for the upgrade of the WWTW Kurland by 30 June 2022	% budget spent	All	New KPI for 2020/21. No comparative audited results available	0%	40%	60%	90%	90%	51%	R
Corrective Action		The Municipality utilized own funding for this project. Going forward the Municipality will apply for MIG funding and once the funding is secured the project will be completed									

Table 70: Top Layer SDBIP – Universal access to decent quality of services

3.3.4 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

PERFORMANCE REPORT

- 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.

3.2.5 Municipal Functions

a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
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

PERFORMANCE REPORT

Municipal Function	Municipal Function Yes / No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
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
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 71: 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. The Municipality continuously strives to improve on the existing levels of service. The 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, however there are number of laundromats within the municipal area.

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. The municipality does not have water services in all of the rural areas (farms), where a combination of rainwater and groundwater (boreholes) serve as the water source.

However, the municipality does have a tariff and service which enables water to be tanked into these areas.

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

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 2019/2020). 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

PERFORMANCE REPORT

operational due to 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. Thus far, and EIA process is being followed to construct a pipeline from Keurboomsstrand reservoir to Kurland and four new boreholes were sighted and two drilled at the Kurland WTP in 2022.

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 were replaced in 2018/2019 (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, however this proved to be unsuccessful. A borehole was drilled to almost 300 m, but was found to be not viable.

3.3.2 Highlights: Water Provision

The table below specifies the highlights for the year:

Highlights	Description
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 continued in 2021/22 and includes solutions in regard to additional raw water supply options (additional boreholes). The project progress tracked well in 2021/22 and culminated in the award of Water Services Infrastructure Grant (WSIG) funding being approved by DWS in 2021/22 for construction of the Civil Works to commence in 2022
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

PERFORMANCE REPORT

Highlights	Description
	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

Table 72: 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 presented 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 budget in the order of R5-10m per year is required on an ongoing basis to realise some progress in terms of these issues, however the Municipality is lagging behind in this regard
Water losses	The overall non-revenue water value has increased significantly in 2022. The main driver of these losses is the commercial losses component. The billed consumption figures are very variable from month to month and as such, a focus must be placed on improving the meter reading regime. A further solution that must be implemented would be a change in technology to smart water metering systems. This requires capital budget to be made available or grant funding to be secured. Interventions such as pressure reduction have been implemented, but is being re-assessed as well

PERFORMANCE REPORT

Description	Actions to address
Incomplete projects	The adjustment budget of February 2022 resulted in a hold on key studies that were aimed at concluding grant funding applications and the water meter replacement project of some 1000 water meters across the municipal area.
Impact of COVID-19 pandemic	The Covid-19 Pandemic lockdown meant that planned maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team, which already has a backlog in regard to planned maintenance. A further adverse effect of the pandemic was staff down-time due to infections. There was a welcomed steep decline in the number of COVID-19 cases in the last quarter of 2021/22

Table 73: 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
2020/21	0	0	18 865	3 803 228
2021/22	0	0	13 625*	4 798 259
*Note: Business, restaurants, shops, laundries and Industrial consumption account for 235 225cubic meters				

Table 74: Total Use of Water by Sector

The following table specifies the different water service delivery levels per households for the financial years 2019/20 and 2021/22:

Description	*2020/21	2021/22
	Actual	Actual
Household		
<u>Water:</u> (above minimum level)		
Piped water inside dwelling	20 534	**20 781
Piped water inside yard (but not in dwelling)	30	***2075
Using public tap (within 200m from dwelling)	637	678
Other water supply (within 200m)	0	0
Minimum Service Level and Above Sub-total	21 201	23 534

PERFORMANCE REPORT

Description	*2020/21	2021/22
	Actual	Actual
Household		
Minimum Service Level and Above Percentage	100	100
<u>Water:</u> (below minimum level)		
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
Total number of households (formal and informal)	21 201	23 534
<p><i>*The actuals of the 2020/21 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2020/21 financial year, and therefore does not take into account prior period corrections</i></p> <p><i>**20 781 Households have access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the number of new connections done in 2021/22 plus the highest number recorded in the Billing Reports between 2019/20 to date, as the Water Services Section does not remove a connection to a house once it is connected</i></p> <p><i>***2075 households have connections to their houses – these are unauthorised connections made from communal tap stands</i></p> <p><i>*** The Community Services Directorate conducted full enumeration of informal settlements in the latter part of 2019/20, this is the most correct/updated figure. No further updates are available</i></p> <p><i>Note: 12 349 properties are billed for water as reported by the Revenue Services Section at the end of June 2022</i></p>		

Table 75: Water Provision Service Delivery Levels

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#
2019/20	**2 844	20 528	2 357
2020/21	**2 844	20 534	3 931
2021/22	**2 844	***20 781	3 404
<p>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.</p> <p>6 000 litres of potable water supplied per formal connection per month</p>			
<p><i>** The Community Services Directorate conducted full enumeration of informal settlements in the latter part of 2019/20, this is the most correct/updated figure.</i></p> <p><i>***20 781 Households had access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the new connections installed in 2021/22 plus the highest number recorded in the Billing Reports between in 2019/20 and to date, 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 76: Access to Water

PERFORMANCE REPORT

3.3.5 Employees: Water Provision

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	0	0	0	0
4 - 6	42	28	26	0	0
7 - 9	12	10	8	2	20.00
10 - 12	7	7	4	2	28.57
13 - 15	1	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	68	47	40	4	8.51

Table 77: Employees: Water Provision

3.3.6 Capital: Water Provision

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kranshoek upgrade bulk water	0	249 511	249 511	(249 511)
Kurland upgrade WTW	3 000 000	3 000 000	2 999 999	0
Kurland new water: NEW WATER	1 000 000	0	0	1 000 000
Ebenezer new water	2 000 000	0	0	2 000 000
Ebenezer new bulk water portion 20	2 960 616	6 358 577	5 148 597	(3 397 961)
Plett WTW new pump station	3 478 261	1 176 107	152 846.01	2 302 154
Bossiesgif new water (PH4A)	2 000 000	0	0	2 000 000
Pump station equipment	700 000	700 000	599 692	0

PERFORMANCE REPORT

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Replacement of AC pipes	2 000 000	800 000	795 761	1 200 000
Tools and equipment	500 000	500 000	434 785	0
Ebenezer new water	0	2 700 000	2 634 209	(2 700 000)
Plett WTW new pump station (MCC panel)	0	2 000 000	1 629 611	(2 000 000)
Total	17 638 877	17 484 195	14 645 015	154 682

Table 78: Capital Expenditure 2021/22: 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

PERFORMANCE REPORT

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.

3.4.2 Highlights: Waste Water (Sanitation) Reticulation

The table below specifies the highlights for the year:

Highlights	Description
Green drop status and placed second nationally in Green drop Awards	<p>In March 2022, the Bitou Local Municipality (LM) achieved Green drop status for all of its waste water treatment plants. This means that all plants are operated in accordance with their respective licence or authorisation's requirements, and the actual Green drop Score indicates that the treated effluent from the Waste Water treatment Plants in Bitou LM consistently exceeds the permit values (requirements set out by the DWS).</p> <p>Further, Bitou LM was the only Water Services Authority to achieve Green drop status for all of its plants, and received the award for second best Water Services Authority in the country. It is to be noted that there are significantly more onerous requirements than was previously the case with regard to the 2021/22 Green drop and Blue drop Assessments, hence making this achievement all the more remarkable. This is attributed to the high standards set out and adhered to by the purification management team, headed up by Ronald Tarentaal and Ettiene de Waal</p>
Completion of the Kranshoek Sewerage Reticulation Project	<p>The projects aim to upgrade a portion of the undersized sewage pipelines in the community, and thereby alleviate blockages. The project commenced in 2020/21 and Phase 1 was completed in 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</p>

PERFORMANCE REPORT

Highlights	Description
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 out of a total of 144 in the country, which is operating Waste Water 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 de Waal.</p>
Mechanical and Electrical Upgrades to Sewerage Pump Stations	<p>The much needed upgrades to the Piesang Valley Sewage Pump Stations commenced in the 2020/2021 Financial year and continued in this reporting period. The scope focussed on capital replacement to the mechanical and electrical equipment, and future work will be to the buildings and continuation of security fencing installations, provided the relevant budget is approved.</p> <p>The system is major collection/drainage area for the Bitou LM's sewage system, accounting for sewage from Kranshoek and the pump stations in the Longships area</p>

Table 79: 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	<p>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.</p>

PERFORMANCE REPORT

Description	Action to address
	A further challenge is the escalating cost of fuel, which also places a strain on the section's budgets
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	<ul style="list-style-type: none"> The COVID-19 Pandemic lockdown meant that planned maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team, which already has a backlog in regard to planned maintenance A further adverse effect of the pandemic was staff down-time due to infections. There was a welcomed very steep decline in the number of COVID-19 cases in the last quarter of 2021/2022

Table 80: 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 2020/21 and 2021/22:

Description	2020/21	2021/22
	Actual	Actual
Household		
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	20 532	20 544
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

PERFORMANCE REPORT

Description	2020/21	2021/22
	Actual	Actual
Household		
Minimum Service Level and Above Sub-total	22 769	22 781
Minimum Service Level and Above Percentage	100	100
Sanitation/sewerage: (below minimum level)		
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	22 781

Table 81: 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	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	2	2	0	0
4 - 6	42	25	21	3	12.00
7 - 9	12	6	6	0	0
10 - 12	7	6	5	2	33.33
13 - 15	1	0	0	0	0
16 - 18	1	0	0	0	0
19 - 20	0	0	0	0	0
Total	68	39	34	5	12.82

Table 82: Employees Waste Water (Sanitation) Reticulation

PERFORMANCE REPORT

3.4.6 Capital: Waste Water (Sanitation) Reticulation

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kranshoek: upgrade sewer retic	2 000 000	1 700 000	1 656 905	300 000
Pump station equipment	1 000 000	1 230 000	1 178 252	(230 000)
Kurland: new sewer	3 100 000	0	0	3 100 000
Kurland: new sewer	1 000 000	0	0	1 000 000
Erf 4367 (Shell): new sewer	1 000 000	0	0	1 000 000
Ebenezer: new sewer	1 500 000	0	0	1 500 000
Piesangs valley pump stations	2 700 000	2 700 000	2 709 250	0
Tools and equipment	150 000	0	0	150 000
Kurland: upgrade WWTW	5 000 000	2 700 000	1 423 415	2 300 000
Gansevallei: waste water plant-capital replacements	1 800 000	1 570 000	1 569 999	230 000
Modification: new jetting truck pump	0	400 000	347 826	(400 000)
Replacement of pumps and motors	0	317 907	297 729	(317 907)
Ebenezer: new sewer	0	2 700 000	2 416 033	(2 700 000)
Kurland: new sewer	0	100 000	99 140.91	(100 000)
Tools and equipment	0	150 000	133 721	(150 000)
TOTAL	19 250 000	13 567 907	11 832 274	5 682 093

Table 83: Capital Expenditure 2021/22: 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.

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.

PERFORMANCE REPORT

3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Automated meter reading	All large power users' meter readings are all automated ensuring data accuracy and billing confidence
Kwanokuthula Substation 20MVA substation has been completed ensuring capacity for future development	The completion of the 20MVA Substation will ensure that the municipality creates sufficient capacity for future developments
Appointed consultant with the aim of updating the Master Plan and Cost of Supply Study	This project will allow the purchasing of Renewable Energy from Independent Power Producers
Electrification of informal settlements	The principle was approved to fund the electrification of various informal settlements
Implementation of Energy Efficiency and Demand Side Management projects	Retrofitting of High Pressure Sodium Streetlights with LED technology to ensure a reduction in energy consumption
Losses was reduced by 2.93%	Electrical losses has been reduced from 16.29% to 13.36% allowing savings on the Bulk Purchases

Table 84: Electricity Highlights

3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Customer Complaints are extremely high of which many could be avoided. This triggers unnecessary overtime	Awareness Campaigns to improve customer knowledge of how to utilize electrical keypads and train Customer Care staff to filter through complaints before assigning an artisan to respond
Insufficient Maintenance and Repairs budgets to handle all maintenance activities throughout the financial year	Requested additional funds to ensure effective repairs and maintenance
Illegal use of electricity	Obtained funds in the new financial year to ensure capacity is provided to electrify more customers currently not connected to the grid
Human Resources and Fleet are inadequate ensuring service delivery	Request additional resources or increase outsourced services

Table 85: Electricity Challenges

PERFORMANCE REPORT

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
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

Table 86: Electricity Notified Maximum Demand

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

Description	*2020/21	2021/22
	Actual	Actual
Household		
<u>Energy: (above minimum level)</u>		
Minimum Service Level and Above Sub-total	18 105	18 105
Minimum Service Level and Above Percentage	100	100
<u>Energy: (below minimum level)</u>		
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
Total number of households	18 205	18 105
<p><i>*The actuals of the 2020/21 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2021/22 financial year and does not take into account prior period corrections</i></p>		

Table 87: Electricity Service Delivery Levels

PERFORMANCE REPORT

3.5.5 Employees Electricity

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

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	8	4	0	0
4 - 6	13	18	16	2	11.11
7 - 9	3	6	4	0	0
10 - 12	12	15	12	1	6.67
13 - 15	4	4	4	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	27	52	41	3	5.77

Table 88: Employees: Electricity

3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Upgrading of streetlights	500 000	0	0	500 000
Qolweni: new electrification	0	2 584 700	2 486 732	(2 584 700)
Plett: asset replacement	2 350 000	2 328 616	2 198 199	21 384
Faulty RMU replacements	540 000	374 256	374 256	165 744
Plett: new streetlights	800 000	1 074 492	1 050 095	(274 492)
Ebenezer bulk infrastructure portion 20	3 695 652	3 695 652	3 695 651	0
New mv supply: SS Ferdinand- NH	536 800	536 800	516 523	0
Tools and equipment	100 000	100 000	97 225	0

PERFORMANCE REPORT

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Office furniture and equipment	60 000	0	0	60 000
Scada systems	450 000	200 000	200 000	250 000
Kurland: sports field floodlights	250 000	250 000	226 103	0
2x Toyota Hilux bakkies	0	1 267 222	1 101 932	(1 267 222)
Total	9 282 452	12 411 738	11 946 719	(3 129 286)

Table 89: 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.

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, Kwanokuthulakuthula, Qolweni , Bossiesgif, Pinetrees, Harkerville, 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 Rehabilitation of the Plettenberg Bay Landfill Site was completed on the 31th of May 2022. The Bitou Municipality have two Waste Disposal Facility. The following are the operational Waste Disposal Facility for the Bitou Municipality that is operational.

PERFORMANCE REPORT

- Transfer Station Waste – Portion 40 Hillview Farm , Kwanokuthula
- Gansevelei Waste Drop Off Facility

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 is permanently closed. The rehabilitation of the site was completed of the 31 st of May 2022)
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	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022)
Separation of fresh and contaminated water	Yes
Groundwater monitoring	Yes
Volumes per day, week or month	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022
Is cover material available?	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022
Is the drainage sufficient?	New cut-off drainage has been constructed +/- 250m as part of the rehabilitation of the site
Is there access control?	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022
Is the site fenced?	Yes
Does the site have a sufficient buffer zone?	Site closed
Type of equipment utilised on site	Site closed
Operating hours	Site closed
Site facilities, i.e. ablutions, guard house	Ablution and guard house facilities

PERFORMANCE REPORT

Plettenberg Bay Landfill Site Status	
Estimated cost for closure	+/- R24 000 000

Table 90: 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 Plettenberg Bay Landfill Site	Decommissioning and Rehabilitation of the Plettenberg Bay Landfill Site
Operations of the Gansevelei Waste Drop Off Facility	The disposal of recyclable material, bulky waste and green waste
The berm around the Transfer Station	The construction and the building of the berm around the Transfer Station to enclose the site from the Public and from the N2

Table 91: Waste Management Highlights

3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Breakdown of waste compactor vehicles, plant and equipment	Investigate the possibility of increasing of the budget for the repairs or replacement of equipment
Lack of staff (Supervisor/Drivers, machine operators, skip truck operators and operators)	The organogram was reviewed and the positions are budgeted for and will be filled by August 2022
Lack of training of key personnel	Human Resource Department put the training as a priority for waste management

Table 92: Waste Management Challenges

PERFORMANCE REPORT

3.6.4 Waste Management Services Delivery Levels

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

Description	*2020/21	2021/22
	Actual	Actual
Household		
Refuse Removal: (Minimum level)		
Removed at least once a week – Formal Domestic	11 513	11 768
Removed at least once a week – Informal Domestic	2 467	2 835
Minimum Service Level and Above sub-total	13 980	14 603
Minimum Service Level and Above percentage	100	100
<u>Refuse Removal:</u> (Below minimum level)		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	2 132	1 509
Below Minimum Service Level sub-total	2 132	1 509
Below Minimum Service Level percentage	13.23%	9.36%
Total number of households	16 112	16 112
<i>* The actuals of the 2020/21 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2021/22 financial year and does not take into account prior period corrections</i>		

Table 93: Waste Management Service Delivery Levels

3.6.5 Employees: Waste Management Services

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	36	21	17	6	28.57
4 - 6	3	38	32	4	10.53

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	10	14	12	2	14.29
10 - 12	3	4	4	0	0
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	53	78	66	12	15.38

Table 94: Employees: Waste Management Services

3.6.6 Capital: Waste Management Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Skips	600 000	594 000	594 000	6 000
Berm	1 000 000	0	0	1 000 000
Rehabilitation of landfill site	0	4 000 000	3 056 032	(4 000 000)
Total	1 600 000	4 594 000	3 650 032	(2 994 000)

Table 95: Capital Expenditure 2021/22: Waste Management Services

PERFORMANCE REPORT

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 **710**. An additional estimate of 150 people are not registered on the waiting list database.



Picture 1: Construction of Qolweni/Bossiesgif 169

The table below indicates the priority housing sites:

Site	Units
Subsidy: Priority 1	
Kwanokuthula Phase 4	441
Subsidy Priority 2	
Qolweni Temporary Relocation Area (TRA)	224
Subsidy Priority 3	
Qolweni Phase 3A	169
Kurland TRA and Civil services	224 (Kurland Community rejected the project on 22 March 2022)
Ebenezer	204 (served sites)

Table 96: Prioritised Housing Sites

PERFORMANCE REPORT



Picture 2: Ebenezer Engineering Services

3.7.2 Highlights: Housing

The table below specify the highlight for the year:

Highlights	Description
Kwa-Nokuthula 441	437 housing units have been completed and handed over
Qolweni 169 Phase 3A	30 housing units have been completed and handed over
Ebenezer Engineering Services	A total of 204 erven have been services and roads with related storm water has been constructed and completed

Table 1: Housing Highlights



Picture 3: Kwa-Nokutula 441 Handover

PERFORMANCE REPORT



Picture 4: Qolweni/Bossiesgif 169 Handover

3.7.3 Challenges: Housing

The table below specify the challenge for the year:

Description	Actions to address
Illegal occupation of houses	Eviction process should be followed and the opportunity for the provision of housing should be investigated where feasible
Inadequate policies	The Municipality is currently investigating the writing of policies that relates to the Integrated Human Settlements
Shack fires	The Municipality is currently investigating the possibility of identifying alternative solutions

Table 97: Housing Challenges



Picture 5: Bossiesgif fires – 05 April 2022 and Qolweni fires – 02 May 2022

PERFORMANCE REPORT

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 formal 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	80.00
2021/22	21 195	15 069	71.10

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 8 710 housing beneficiaries registered on the provincial housing waiting list compared to the 8 396 in 2020/21.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2019/20	8 200	3.67
2020/21	8 396	1.96
2021/22	8 710	3.60

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			
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 Ebenezer is on-going process
2021/22	10 560	20 456	193.7	30	169

Table 100: Houses Built

PERFORMANCE REPORT

3.7.5 Employees: Housing

The following table indicates the staff composition for this division:

Employees: Housing					
Job Level	2020/21	2021/22			
	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	1	1	1	0	0.00
7 - 9	8	8	8	0	0.00
10 - 12	1	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
Total	13	14	14	0	0.00

Table 101: Employees: Housing

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:

PERFORMANCE REPORT

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	%
2020/21	19 721	7 685	38.97	3 931	19.93	3 931	19.93	3 931	19.93
2021/22	20 006	7 795	38.96	3 404	17.01	3 404	17.01	3 404	17.01

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
2020/21	3 931	50	2 402	3 754	50	2 294.00	2 674	50	1 634
2021/22	3 404	50	2 383	4 391	50	3 075.00	2 685	50	1 880

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	
2020/21	3 931	6	2 264	0	0	0	
2021/22	3 404	6	2 042	0	0	0	

Table 104: Free Basic Water Services to Indigent Households

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
2020/21	3 931	524	24 760	0	0	0
2021/22	3 404	546	22 319	0	0	0

Table 105: Free Basic Sanitation Services to Indigent Households

PERFORMANCE REPORT

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
2020/21	3 931	1	12 493	0	0	0
2021/22	3 404	1	12 950	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	2020/21	2021/22			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget %
	R'000			R'000	
Water	0	0	0	0	0
Waste Water (Sanitation)	9 217	10 128	10 128	6 424	36.57
Electricity	3 818	3 783	4 567	4 590	(0.50)
Waste Management (Solid Waste)	42 250	5 363	5 363	20 357	(279)

Table 107: Financial Performance 2021/22: 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 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

PERFORMANCE REPORT

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 and 2018 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 155.8km (142.7km 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.

PERFORMANCE REPORT

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:

PERFORMANCE REPORT

- 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.
- 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

PERFORMANCE REPORT

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:

Highlights	Description
Ebenezer new Roads	Access for new development

Table 108: Roads Highlights

3.9.3 Challenges: Roads

The table below specify the challenges for the year:

Description	Actions to address
Budget Constraints	Council to approve proposed budget

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
2020/21	14	0	0	14
2021/22	14	0	2.4	9

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
2020/21	142.70	0	0	0.9	142.70
2021/22	142.70	0	14	1.0	142.7

Table 111: Tarred Road Infrastructure

PERFORMANCE REPORT

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
2020/21	0	0	2 000	0	1 800	11 000
2021/22	0	1 500	2 000	0	1 800	9 000

Table 112: Cost of Construction/Maintenance of Roads

3.9.5 Employees: Roads

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	12	9	2	16.67
4 - 6	5	8	8	0	0
7 - 9	2	11	6	2	18.18
10 - 12	2	2	2	0	0
13 - 15	2	2	2	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	23	36	28	4	11.11

Table 113: Employees: Roads

3.9.6 Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kranshoek upgrade gravel roads (MIG)	8 777 022	3 454 346	3 454 346	5 322 676

PERFORMANCE REPORT

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New Cherry Picker electricity	0	0	(2 064 418)	0
Tools and equipment	70 000	0	0	70 000
Kwano: upgrading of gravel roads roads	0	0	1 016 102	0
Bossiesgig: new roads (PH4A)	5 000 000	0	0	5 000 000
Kurland: new roads	4 000 000	186 784	186 784	3 813 216
Erf 4367 (Shell): new roads	1 500 000	0	0	1 500 000
Replace truck: roads	400 000	0	0	400 000
Ebenezer: new roads	5 000 000	0	0	5 000 000
Kurland: new roads	2 000 000	0	0	2 000 000
Ebenezer: new access road	3 135 405	13 889 183	12 556 169	(10 753 778)
Kranshoek: upgrade SW PH1	500 000	500 000	24 480	0
Ebenezer: new roads	0	11 000 000	10 042 698	(11 000 000)
Total	30 382 427	29 030 313	25 216 161	1 352 114

Table 114: Capital Expenditure 2021/22: Roads and Stormwater

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.

PERFORMANCE REPORT

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 for all areas. The funding to review stormwater management plan for financial year 2022/23 was approved and we should have revised cost estimates of works required to upgrade stormwater in entire municipal area.

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

PERFORMANCE REPORT

- 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
Green Valley and Wittedrift Stormwater	R 22 198 081
Kranshoek	R 20 184 425
New Horizons	R 20 906 002
Poortjies	R 3 360 000

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 Highlights: Stormwater

The table below specify the highlights for the year:

Description	Actions to address
Ebenezer civil services	Stormwater management for future development

Table 116: Stormwater Highlights

PERFORMANCE REPORT

3.10.3 Challenges: Stormwater

The table below specify the challenge for the year:

Description	Actions to address
Budget constraints	Council to approve proposed budget of at least R15m per financial year for the next 10 years

Table 117: Stormwater Challenges

3.10.4 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:

Stormwater Infrastructure				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2020/21	82.00	0.00	0	82.00
2021/22	82.00	0.09	0	82.00

Table 118: 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
2020/21	0	0	805
2021/22	2 612	0	500

Table 119: Cost of Construction/Maintenance of Stormwater Systems

3.10.5 Employees: Stormwater

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	5	5	0	0.00
4 - 6	5	0	0	0	0.00
7 - 9	2	1	1	0	0.00

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	2	1	1	0	0.00
13 - 15	2	0	0	0	0.00
16 - 18	1	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	23	7	7	0	0.00

Table 120: Employees: Stormwater

COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.11 Planning

3.11.1 Introduction to Planning

The Land Use Management Section experienced a successful year. The influx of "semi-grants" and resulting increase in planning applications and building plan scrutiny have been accommodated.

The implementation of the Spatial Planning Land Use Management Act, 2013 (SPLUMA), the Western Cape: Land Use Planning Act 2014 (LUPA) and the Bitou Municipal Land Use Planning By-law 2015 have all been implemented for some time now, and dealing with land use management matters in accordance thereto has been successful.

An amendment to the Municipal Planning By-law 2015 has been successfully completed, which will reduce the administrative burden on the Municipality to enforce restrictive title conditions between private/ third parties.

The Land Use Planners have gradually been working through the minor backlog of development applications and are at a point where practically all new applications can be dealt with within the prescribed timeframes.

Also, the new Bitou Zoning Scheme By-law 2022, which will replace all the "previous generation" Zoning Schemes currently in use in Bitou, has been finalised and approved by Council, to be brought into operation shortly. This has brought land use management in line with the new order legislation in terms of SPLUMA.

The Bitou Municipal Planning Tribunal (MPT) sat regularly to deliberate on planning applications submitted in terms of the Planning By-law in the municipal area and is functioning well.

Staff were once again working from the office after hard lockdowns ended. The section has gradually been transitioning away from a paper-based filing system to an electronic filing system, and this has resulted in increased productivity and savings in terms of printing costs, requiring physical filing space, etc.

PERFORMANCE REPORT

A new Spatial Development Framework (SDF) for Bitou was also finalised and approved during this financial year. The SDF is a component of the Municipal IDP and serves to guide future development in the Municipality. The SDF takes a pro-development approach, and several municipal-owned properties have been identified where there is potential for residential integration/ projects.

Ongoing baboon-human conflict has been successfully managed through the rollout of baboon monitors in Nature's Valley, in addition to the monitors employed in Plett Proper.

A process has also been undertaken to compile a Special Rating Area By-law, which will allow for the collection of additional rates for the upliftment of specified areas. The draft By-law is due to undergo public participation shortly. Various electronic waste (e-waste) collection days have been hosted in collaboration with the Waste section, service provider and NGO's. Various environmental awareness campaigns, such as recycling campaigns and coastal cleanups, were also facilitated.

3.11.2 Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
New Bitou Spatial Development Framework (SDF) 2021	With the approval of the SDF, the new SDF will guide development in the Municipal area for the next 5 years and takes a more pro-development approach than its predecessor, through expanding the definition of the urban edge, and identifying various portions of Municipal land suitable for residential integration initiatives
New Bitou Zoning By-law 2022	The new Bitou Zoning By-law has been approved by Council. It is in compliance with and furtherance of the SPLUMA. Once Gazetted, it will replace the three existing Zoning Schemes in Bitou. It incorporates several changes to encourage development in general and reduce the administrative burden on communities (red tape)
Amended Bitou Planning By-law 2015	The Planning By-law was successfully amended and approved by Council, in order to reduce the administrative burden on the Municipality to enforce private/ third party restrictions
Advertisement of a call for proposals/tender on erf 4131 Plett for a market-related tourism offering	A call for proposals was advertised to invite bidders to utilise erf 4131 for a tourism-related offering, which will contribute to the attractiveness of the town

PERFORMANCE REPORT

Highlights	Description
Approval of a large middle-income residential development in Kranshoek	Approval of an 896-unit development in Kranshoek (portion 9 of farm 432)

Table 121: Planning Highlights

3.11.3 Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
Non-compliance with Zoning provisions	The section has experienced a marked increase in illegal businesses operating from residential properties and farms. As the current means of dealing with such transgressions as per the Planning By-law (the issuing of non-compliance notices, and then following the legal route if necessary) has proved largely unsuccessful, the option of approving a fine structure or laying criminal charges are being investigated
Lack of administrative capacity delaying the processing of applications	Provision has been made for an additional administrative officer in the new organisational structure
Minor backlog in processing of development applications	Planners are gradually working through the remaining backlog. Internal measures have been put in place to comply with timeframes going forward, such as streamlining the assessment and decision-making processes
Spending operational budget has proven challenging, due to complicated procurement processes, Flexgen requirements etc.	Improve knowledge of procurement systems
Placement of newspaper & Gazette notices resulting in irregular expenditure	The length of public notices has been reduced in order to reduce the cost of publishing and avoid irregular expenditure incurred previously

Table 122: Planning Challenges

PERFORMANCE REPORT

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	
	2020/21	2021/22
Planning application received	63	57
Determination made in year of receipt	11	47
Determination made in following year	10	10
Applications withdrawn	3	0
Applications closed	22	10
Applications outstanding at year end	4	0

Table 123: Applications for Land Use Development

Type of service	2020/21	2021/22
Building plan applications processed	302	444
Total surface (m ²)	47 066 36	81 751.13
Approximate value (Rand)	313 178 810	479 069 455
Residential extensions	210	293
Land use applications processed	41	47
Rural applications	29	31

Table 124: Additional Performance Town Planning and Building Control

3.11.5 Employees: Planning

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	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	0	0.00

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	8	9	8	0	0.00

Table 125: 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:

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
New Horizons Economic Hub	The upgrade of the New Horizons Taxi rank to The New Horizons Economic Hub Bring government services closer to the people. To create a platform for small and upcoming business in the New Horizons
Upgrade of the Kranshoek Multipurpose Centre	The upgrade will be done in phases. Phase 1 is finished, and the contract will start 1 July with phase 2 of the upgrade. Robberg Quarry has partnered with the municipality with the

PERFORMANCE REPORT

Highlights	Description
	upgrade as part of their Social Plan and it is required for them to renew their quarry licenses
Kurland Mushroom	Kurland Brik has committed themselves towards this job creation project in The Craggs. 6 beneficiaries have been identified who will start with the project. The idea is developing the project in a fully operational business.

Table 126: 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 expectations for opportunities to create jobs has risen enormously due to the COVID-19 pandemic	Continuously provide support towards entrepreneurs
The unequal distribution of project funds by National and Provincial departments	Continuously compete for funds towards projects by submitting funding applications
Capacity	Investigate availability of budget and appoint permanent staff to assist the LED Officers
Revisited the Anchor Projects	Appoint champions to focus on the Anchor Projects

Table 127: Challenges LED

3.12.4 Employees: LED

The following table indicates the staff composition for this division:

Job Level (T-grade)	2020/21	2021/22			
	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	3	4	4	0	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

PERFORMANCE REPORT

Job Level (T-grade)	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	7	8	8	0	0.00

Table 128: Employees: LED

3.13 Tourism

3.13.1 Introduction to Tourism

Tourism is outsourced to an existing tourism organisation namely the Plett Tourism Voluntary 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
Plett History Festival	First of its kind in Plettenberg Bay. The festival highlights key events in our history and brings in world class speakers and people to the town, interested in history
Cycling Route Mapping	Mapped new cycle routes to enhance tourism in the area
Plett Gqom Festival	One of the calendar events in Plett that aids the development of the township economy

Table 129: Tourism Highlight

3.13.3 Challenges: Tourism

The table below specifies the challenges for the year:

PERFORMANCE REPORT

Description	Actions to address
Transfer of funds to Plett Tourism remains a challenge	Adopt a Section 80 Committee to resolve the matter
Township tourism development	<ul style="list-style-type: none"> Create and develop policies that will realise township tourism Avail funding

Table 130: Challenges Tourism

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
Oral history event	The honourable Minister Anroux Marais (<i>Western Cape Provincial Minister of Cultural Affairs and Sport</i>) visited our Libraries to hand over "Oral history" event tapes that we recorded with our community elders and leaders, in an attempt to preserve our culture and heritage
Appointment of Chief Librarian	This position was finally filled in 2021 after being vacant for almost a full year.
Permanent appointment of library staff	27 Bitou Library staff that have been on contract for more than 10 years + have finally been appointed permanently into the organisation

PERFORMANCE REPORT

Highlights	Description
Replacement of "Asbestos roof" in Green Valley	The roof in Green Valley Library has proved to be a headache over the years as it was old and damaged. We finally managed to get the funding to redo the entire roof and repair all damaged areas. The library is fully functional
Installation of "SMART Monitors" at 2 libraries	The intention of installing these devices was to create awareness and to advertise important upcoming events, books or notices
Kurland and Kranshoek Library veranda's	Kranshoek and Kurland Library have newly erected Veranda's built at the respective libraries. This serves its purpose well as the rain no-longer drenches the entrance and patrons can use the Veranda as shelter
Youth Day program (June 2022)	<p>In June 2022 we celebrated and commemorated the Youth of our country. Kranshoek Library held an auspicious event that included the following stakeholders. The aim of the event was to promote safety, and to create a platform where we can openly address our issues that our youth is faced with. Key stakeholders included:</p> <ul style="list-style-type: none"> • Bitou Police Forum • Bitou Karate Club • Kranshoek Ward Councillor • Sonop Old age home (Soup Kitchen) • Local artists

Table 131: Libraries Highlights

3.14.3 Challenges: Libraries

The table below specifies the challenges for the year:

Description	Action to address
Staff shortages (Unfilled vacancies)	Once the amended ORG structure is approved the vacant posts will be advertised and filled accordingly
Outstanding library materials	<p>Due to Covid19 and the closure of Libraries, many users failed to return library materials. We addressed this issue by doing:</p> <ul style="list-style-type: none"> • House visits • Hosting Fine free month

PERFORMANCE REPORT

Description	Action to address
	<ul style="list-style-type: none"> Telephonically contacted the patron and sent out reminders via mail service
Capturing incorrect patron details	The Municipality is looking into various ways into authenticating the patrons. Multiple contacts for the patrons as well as contact information of a relative or friend are some of the authentications being investigated. Staff will verify physical address and contact details before registering the patrons
Library Assistant (Retired staff member)	<p>One of our staff members has come to the end of her term with Bitou Libraries. Before she left, we had her groom and train one of our staff members who we fortunately could appoint in an "Acting Capacity" to fulfil the vacant roles.</p> <p>The post of "Library Assistant" – Plett Library has been advertised internally and will be filled once formalities are complete</p>

Table 132: Libraries Challenges

3.14.4 Service Statistics for Libraries

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

Type of service	2020/21	2021/22
Number of libraries	6 Library Services	6 Library Services
Library members	16 274	19029
Books circulated	44 462	72764
Exhibitions held	131	193
Internet access points	6 Libraries	6 Libraries
Children's programmes	126	140
Visits by school groups	220	114
Book group meetings for adults	14	17
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,	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,

PERFORMANCE REPORT

Type of service	2020/21	2021/22
	UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups	UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups

Table 133: 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	
Computer literacy programmes	<ul style="list-style-type: none"> Cape Access – ICDL learner-ships and training Bitou ICT class – Offers first line support to ICT users and Patrons Mzansi Online Project – Provides additional computers to scholars with internet access to accommodate the ever growing need for ICT resources. 	
Recycling projects	None	
Weekly aerobics classes	Judo Classes: Project is still in the pilot phase. Kranshoek library is currently the selected Library that hosts the Judo classes, with the intention to expand to all libraries	
Story hour	Weekly: Story hours are performed at Libraries or at school. During the Covid 19 pandemic we could not visit schools due to regulations	All Libraries
Weekly arts classes	This takes place in the form of "Outreach programs". Bitou libraries will visit schools or crèche's and provide kids the opportunity to visit the library or to partake in educational learning games that will stimulate the brain	
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. In addition to this we offer after-school ICT support at all Libraries in an attempt to uplift, encourage and promote lifelong learning	

Table 134: Outreach Programmes Libraries

3.14.6 Employees: Libraries

The following table indicates the staff composition for this division:

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	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	20	19	1	5.00
7 - 9	3	5	2	3	60.00
10 - 12	5	5	5	0	0.00
13 - 15	2	2	2	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	30	33	29	4	12.12

Table 135: Employees: Libraries

3.14.7 Capital: Libraries

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Furniture	60 000	44 500	40 159	15 500
Computer equipment and accessories	120 000	18 798	18 797	101 202
Upgrade of municipal libraries	500 000	266 249	266 248	233 751
Total	680 000	329 547	325 205	350 453

Table 136: Capital Expenditure 2021/22: 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 Challenges: Cemeteries

The table below specifies the challenges for the year:

PERFORMANCE REPORT

Description	Actions to address
Availability of TLB for grave digging	The Municipality is currently in the process of investigation for the availability of budget to possibly acquire a TLB for this section
Vandalism	The cemeteries are being vandalised by the braking of boundary walls and gates, the Municipality is currently in the process of repairing these walls and gates as part of the ongoing maintenance

Table 137: Cemeteries Challenges

3.15.3 Service Statistics for Cemeteries

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

Type of service	2020/21	2021/22
Pauper burials	42	16

Table 138: Service Statistics for Cemeteries

3.15.4 Employees: Cemeteries

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	3	2	1	33.33
4 - 6	11	3	1	1	33.33
7 - 9	3	1	1	0	
10 - 12	1	0	0	0	
13 - 15	0	0	0	0	
16 - 18	0	0	0	0	
19 - 20	0	0	0	0	
Total	16	7	7	2	28.57

Table 139: Employees: Cemeteries

PERFORMANCE REPORT

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
Appointment of one Operational Inspector	Inspector M Mbutyu was appointed as the Operational Shift Inspector on 01 July 2021
Abalone bust in Craggs (Forest Hall) with a street value of over R750 000.00	A successful operation for the seizing of abalone was conducted in conjunction with stakeholders such as PBCPA, Flying Squad from George, Plett SAPS etc.
Diving equipment undisclosed	There was a joint operation of vehicle check point with Traffic Services when Law Enforcement Officers confiscated undisclosed diving equipment to the value of ±R156900.00
Municipal Elections in November 2021	Successful visibility was conducted at the Municipal election points with no issues reported
Supervisory Training	The Municipality was able to have 3 personnel members trained successfully
Stray Animals	Law enforcement attended to ± 85 stray animals in total. The stray animals are a problem in all the wards, most of the time it is on the N2 near Ebenezer, Kwano Entrance, Kranshoek road and N2 near Old Nick and creates a dangerous president for vehicles travelling on the N2

PERFORMANCE REPORT

Highlights	Description
Liquor By-Laws	20 Liquor licenses has been issued for in-consumption and off-consumption. Fortunately, no applications for extension of trading hours were received. Operations were conducted by visiting the premises in conjunction with Plett SAPS and Kwano SAPS

Table 140: Law Enforcement Highlights

3.17.3 Challenges: Law Enforcement

The table below specifies the challenges for the year:

Description	Actions to address
Safety equipment	Safety equipment like bullet proof vests is required in order for officials to do the job properly. The Municipality should investigate the availability of budget to ensure safety equipment can be purchased
Performing duties with vehicles that constantly in repairs and with no canopy, defective blue lights and sirens on our vehicle	The Municipality should investigate the possibility of purchasing new vehicles or lease of vehicles for Law Enforcement
Training needs	Training committee must prioritise Law Enforcement Officers and their training needs depending on budget availability
Shortage of Personnel	The Unit only have 14 permanent employees creating a massive challenge for the providing of this service in all Bitou areas to be effective. The dependency on EPWP employees is to great and when their contracts come to an end those skills and extra assistance are lost. The Municipality requires the staff establishment to be reviewed and then together with the availability of budget extra positions are required for the Law Enforcement unit
Animal loading Rails	The animal trailer has been acquired and the animal loading rails are in the pipeline for acquisitions during the cores of the financial year depending on availability of budget
Impounding Facilities	The Municipality have the impounding facility, but it is incomplete. During the course of the new financial year

PERFORMANCE REPORT

Description	Actions to address
	2022/23 it is planned to install water tanks, feeding buckets and locks for the gates
Braai area at Hobbie Beach	This area invites community members to consume alcohol. The area needs to be demolished to limited discrepancies. An alternative area for community members that can be used for braais is at the Pump Trees
Vagrants	This has become a major challenge as new faces are being seen in the area on a daily basis throughout the town. The Municipality in conjunction with Social Development must investigate the possibility of grant funding for a shelter to accommodate and assist these individuals

Table 141: Law Enforcement Challenges

3.17.4 Service statistics for Law Enforcement

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

Details	2020/21	2021/22
Animals impounded	42	88
Complaints attended to by traffic officers	367	624
Special functions – Escorts	0	2
Awareness initiatives on public safety	18	-
Notice of compliance	62	210
Section 341 fines	1 205	3 358
Section 56	18	98
Toxic operation	0	10
Arrests	44 crime related cases	50
Joint crime prevention operation	6	15
Illegal Immigrants with Department of Home Affairs	0	0
Vagrants/Bush dwellers operations and car guards	102	220

Table 142: Law Enforcement Data

PERFORMANCE REPORT

3.17.5 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	#DIV/0!
4-6	8	12	11	1	8.33
7-9	2	2	2	0	0.00
10-12	13	16	15	1	6.25
13-15	2	2	2	0	0.00
16-18	0	0	0	0	0.00
19-20	0	0	0	0	0.00
Total	25	32	30	2	6.25

Table 143: Employees: Law Enforcement

3.17.6 Capital: Law Enforcement

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New impounding vehicle	600 000	600 000	0	600 000
Total	600 000	600 000	0	600 000

Table 144: Capital Expenditure 2021/22: Law Enforcement

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

PERFORMANCE REPORT

- 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
Training	With the shortfall that the department had on with A grade examiners, the training that three of our Officer had with the relevant driving licenses required for an A grade Officer was completed successfully. Furthermore, three members of Public Safety whom attended the Basic Traffic Officers course also completed their training successfully
Festive periods	The December and Easter festive periods with all its challenges was dealt with as effectively and efficiently and was no major problems experienced

Table 145: Traffic Services Highlights

3.18.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

Description	Actions to address
Budget	The section will submit a budget proposal especially on the capital side for the 2022/23 financial year
Fleet	At present the department out of a fleet of 7 vehicles, only have five (5) to our disposal, as two (2) of our vehicles were written

PERFORMANCE REPORT

Description	Actions to address
	off in a Traffic Collision during early December and the constant breakdowns that we have with the others, becomes problematic. The possibility for the acquisition of new vehicles is currently being investigated

Table 146: 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	2020/21	2021/22
Motor vehicle licenses processed	28 839	30 136
R- value for Motor Vehicle Licenses	13 193 748	13 687 865
Driving License transactions processed	7 230	9 722
R- value for Driving License transactions processed	644 885	918 521
Fines issued for traffic offenses	62 752	103 334
R-value of fines collected	2 896 640	8 129 525
Roadblocks held	10	11
Complaints attended to by traffic officers	99	110
Awareness initiatives on public safety	Due to lockdown schools could not be visited	2
Number of road traffic accidents during the year	127	560 (not all was attended by Public Safety, total is taken from SAPS register)
Number of officers in the field on an average day	11 (2x Officers stationed at DLTC)	12 (3x Officers at DLTC)
Number of officers on duty on an average day	15	15

Table 147: Additional Performance Service Statistics for Traffic Services

PERFORMANCE REPORT

3.18.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	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	8	12	11	1	8.33
7 - 9	2	2	2	0	0.00
10 - 12	13	16	15	1	6.25
13 - 15	2	2	2	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	25	32	30	2	6.25

Table 148: Employees: Traffic Services

3.18.6 Capital: Traffic Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Traffic: vehicles	0	600 000	0	600 000
Total	0	600 000	0	600 000

Table 149: Capital Expenditure 2021/22: 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.

PERFORMANCE REPORT

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
Municipal Capital Funding to Procure a HazMat unit as required	Fire Services received Capital funding to procure and replace vehicles
Disaster Plan, Evacuation Plans and Master Plans updated. New Org Structure with amendments and additions made	Admin process for getting documentation updated/ submitted and or motivated been done
Disaster Management established	Mr Nolan Stuurman in placement process aligned to Disaster Co-Ordinator
Control room and CCTV aligned under Disaster leg	Org Structure Disaster Management with Control Room operations and CCTV surveillance.

Table 150: Highlights: Fire Services and Disaster Management

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 staffing levels	Staffing levels not to standards, require funding to implement SANS10090 standards. Review and support for 24hour services critical as gazetted
Challenges with specialised vehicles and equipment	Funding proposals submitted for vehicles and equipment to enhance and get fire and disaster standards up in service delivery
Replacement of old redundant vehicles	3 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 budgeting replacements

PERFORMANCE REPORT

Description	Actions to address
Disaster Management requires staffing 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 upgrading for screens, PC, projector, weather station and software for incident management.

Table 151: 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	2020/21		2021/22	
Operational call-outs	386		458	
Reservists and volunteers trained	0		0	
Awareness initiatives on fire safety	164		203	
Total fires attended in the year	286		359	
Total other incidents attended in the year	100		95	
Average turnout time - urban areas	Urban 2.8 min	Urban 2.8 min	Urban 1.9 min	7.7 min Avg
Average turnout time - rural areas	Rural 14.6 min	Rural 14.6 min	Rural 14.9 min	
Fire fighters in post at year end	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		1 Chief Fire Officer 1 x Disaster Co-Ordinator 1 x Disaster Officer 4 Seniors 16 Fire Fighters 3 Learners 4 Control Room 5 CCTV operators	

Table 152: Fire Services and Disaster Management Data

PERFORMANCE REPORT

3.19.5 Employees: Fire Services and Disaster Management

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	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	4	0	0.00
7 - 9	17	24	17	1	4.17
10 - 12	6	8	7	1	12.50
13 - 15	1	1	1	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	27	37	29	2	5.41

Table 153: 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/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Replace rural pumper and skid units	2 200 000	2 200 000	2 064 418	0
Upgrading of Kurland station	300 000	200 000	0	100 000
Replace double cab and 4x4 tanker	900 000	900 000	221 583	0
Total	3 400 000	3 300 000	2 286 002	100 000

Table 154: Capital Expenditure 2021/22: 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

PERFORMANCE REPORT

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.

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

PERFORMANCE REPORT

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	GRDM Disaster Management	Meetings were initially held on a daily basis and later on a weekly basis and currently bi-weekly (every second Thursday as from the 01 November 2021 to date) via Teams/Zoom
Dave Swarts	Bitou Council	
Peter Berning	Plett General Practitioners	
Andrew Brink	Western Cape Health Department	
Nichole Whiteman	Plett GP	
Sean Ganga	Bitou Traffic Services	
Andile Sakati	Bitou Public Safety	
Handley Venter	Bitou Fire Services	
Vukele Oliphant	Western Province Traffic Services	
Sharmila Solomons	Plett SAPS	
Andile Namntu	Bitou Communications	
Marius Venter	Plett Tourism (Former)	
Patty Butterworth	Plett Tourism	
Mike Scholtz	Bitou Business Chambers	
Lesley Jacobs	Bitou LED Unit	
Kenneth Mazaleni	Department of Social Development and SASSA	
Nolan Stuurman	Bitou Disaster Management	
Suzette De Villiers	Department of Education	

Table 155: COVID-19 Committee Members and Meeting Dates

3.20.3 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:

PERFORMANCE REPORT

Month	Infections	Deaths	Recoveries
July 2020	4291	127	4133
August 2020	4304	127	4141
September 2020	4327	129	4152
October 2020	4341	133	4184
November 2020	4360	137	4216
December 2020	4925	137	4306
January 2021	5503	140	5103
February 2021	5662	143	5490
March 2021	5714	144	5548
April 2021	5755	144	5591
May 2021	5781	148	5598
June 2021	5969	148	5802

Table 156: COVID-19 Statistical Information

3.20.4 Challenges: COVID-19

The table below gives a brief description of the COVID-19 challenge during the 2021/22 financial year:

Challenge	Corrective action
Unemployment	<ul style="list-style-type: none"> Food Relief programmes Relief on payment of Municipal Service and Rate Accounts Increase of EPWP intake from 276 to 400
Densely populated informal Settlements	Decanting programmes in these communities
Shortage of ablution facilities and water supply to informal communities	Provision of more ablution facilities and taps in areas such as Kurland, Qolweni and Bossiesgif
Constraints on business activity	Relief to businesses through COVID-19 fund

Table 157: Challenges: COVID-19

3.20.5 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
Overcrowded settlements	Decanting of some of the overcrowded informal settlements
Lack of awareness and information	<ul style="list-style-type: none"> Loud hailing, Community Awareness Walks,

PERFORMANCE REPORT

Risk	Action implementation
	<ul style="list-style-type: none"> Posters and Pamphlets, Municipal Website and Social Media Pages
Food scarcity	Food relief through food parcels and soup kitchens
Unemployment and job losses	<ul style="list-style-type: none"> Provide relief in terms of services and rates accounts, Use the EPWP program to employ some of the people who are unemployed
Attendance at events especially Super spreaders	<ul style="list-style-type: none"> Strict enforcement of COVID-19 Regulations when considering event applications Some super spreading events had to be cancelled e.g. Plett Rage and December 16 Lighting of the Street Light event
Non-Adherence to COVID-19 protocols and regulations	Integrated monitoring and patrolling efforts by SAPS, Bitou Public Safety, Plett and Provincial Traffic, Bitou and GRDM Disaster Management,
Need for quarantine facilities	The Municipality set up a quarantine facility at the Piesang Valley hall but it was not used
Access to sanitizers for the underprivileged	Jojo Tanks were put up at strategic positions in all the wards of Bitou and regularly filled with sanitizers which the community could fill up their containers from

Table 158: COVID-19 Risk Action Plan

3.20.6 COVID-19 Communication / Awareness

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

Communication/ Awareness campaign	Platform/ channel utilised	Timeframe
COVID-19 statistics and updates from the National , Provincial, District and Local COVID-19 Command Centres	Website and Social Media	Daily
Posters and pamphlets	Strategic Spots in the Community and handed out at Taxi Ranks, over the fence at homes	Twice a week
Information sharing	Loud hailing	Weekly

PERFORMANCE REPORT

Table 159: 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
Awareness/Meetings/Public Participation Sporting Community	Sessions were held with the sporting community for the establishment of the Sport Council. Furthermore, these sessions aided the Municipality with the gaining of information with regards to sports fields and needs of the sporting community
Bitou Sport Council	The Sport Council was established with the help of the Eden Sport Council
Reviving Sports Tournament	A sports tournament was held from 01 to 18 June 2022 to revive sport after the devastating effects of Covid-19 on sport

Table 160: Sport and Recreation Highlights

3.21.2 Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Condition of sport fields	The Sports Council was tasked to provide the Municipality with a document outlining the issues they are currently facing in terms of the facilities. The Municipality will take this document to Council and also try to source funding for the development of Bitou sports field. The current MIG funding is not enough for the huge amount of work to bring the sports fields up to standard
To get all sports codes that have lost their affiliation during Covid affiliated again.	We are working closely with the different sport codes to get them affiliated again.
Deuteriation of Netball courts	The Municipality are in discussions with Eden Sport Council to do an inspection of all sporting facilities on faults. The Municipality

PERFORMANCE REPORT

Description	Actions to address
	then subsequently want to utilise this information to ensure costing for the repair or upgrade of these issues
Sporting Policy/By-law	Meeting with all the stakeholders was held on the 29 June 2022 for implementation of the Policy/By-law
Vandalism/ Competency of caretakers	The vandalism of our sporting facilities and the competencies of the caretakers to maintain the sports facilities must still be discussed and looked at during the new financial year to establish the scope and extent of work and skills training required

Table 161: 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	2020/21	2021/22
Number of sport grounds/fields	7	7
Number of events hosted on fields	1	1
Number of parks with play park equipment	8	8
Number of wards with community parks	6	6
Number of wards with sport fields	7	7

Table 162: 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	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	14	8	0	0.00
4 - 6	11	11	9	2	18.18
7 - 9	3	4	2	1	25.00
10 - 12	1	1	1	0	0.00
13 - 15	0	0	0	0	0.00
16 - 18	0	0	0	0	0.00

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0.00
Total	16	30	20	3	10.00

Table 163: Employees: Sport and Recreation

3.21.5 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
One Avanza and Roster 300 trailer	350 000	0	0	350 000
Qolweni cultural village	434 783	434 783	19 115	0
Qolweni Cultural Village	0	1 814 107	1 249 203	(1 814 107)
Bossiesgif: Upgrading of sports field	0	1 049 667	1 049 667	(1 049 667)
Machinery and equipment	150 000	150 000	131 042	0
Piesang river bank picnic area	0	400 000	0	(400 000)
Total	934 783	3 848 557	2 449 028	(2 913 774)

Table 164: Capital Expenditure 2021/22: Sport and Recreation

PERFORMANCE REPORT

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.22 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.

3.22.1 Employees: Executive and Council

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	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	5	4	0	0.00
7 - 9	8	10	10	0	0.00
10 - 12	4	6	4	1	16.67
13 - 15	2	3	2	1	33.33
16 - 18	1	1	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	16	25	20	1	4.00

Table 165: Employees: Corporate Services

3.23 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

PERFORMANCE REPORT

- **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

3.23.1 Highlights: HR

The table below specify the highlight for the year:

Highlights	Description
Organisational Structures was reviewed	Organizational Structure was not reviewed for the last three years. Council at its meeting of 30 June 2022, approved 20 HR Policies under Council Resolution- C/3/43/06/22

Table 166: HR Highlights

3.23.2 Challenges: HR

The table below specifies the challenges for the year:

Description	Actions to address
Organizational Structure was not reviewed for the last three years	Review Organizational Structure before or by no later than 31 December 2022
Non-compliance to Employment Equity Targets and Employment Equity Act	Enforcing compliance with Employment Equity Targets and Employment Equity act by establishing a Employment Equity Monitoring Committee
Shortage of suitably qualified and skilled personnel in key positions	Review current organizational structure and fill all budgeted vacancies before or by no later than 30 June 2023

Table 167: HR Challenges

3.23.3 Employees: HR

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	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	5	6	5	0	0.00

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	6	7	6	1	14.29
13 - 15	2	2	2	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	14	16	14	1	6.25

Table 168: Employees: HR Services

3.24 Administration

3.24.1 Introduction to Administration Services

The Administration branch provides the following functions:

- **Committee (secretariat) services to the institution**

Provide committee services to support appropriate decision-making processes: meeting planning and organising services, logistics, agendas and minutes, liaise with various directorates to facilitate the implementation of resolutions and resolution tracking,

- **Provide sound record keeping, record management practices, resolution tracking, drafting and distribution of documentation service**

Provide sound record keeping and record management practices, capture and keep general records and information provisioning, provide messaging services, development, implementation, maintenance, and support of the document management system.

- **To provide and coordinate office auxiliary services to the institution**

Provide departmental support services with regard to the municipality's switchboard, telephone management system and document reproduction, monitor office cleaning services and implement uniform standards, provide administrative support services to the municipality's administration

3.24.2 Highlights: Administration

The table below specify the highlight for the year:

PERFORMANCE REPORT

Highlights	Description
Inauguration of newly elected Councillors	The newly elected Councillors were inaugurated on 18 November 2021 after the Local Government elections on 1 November 2021

Table 169: Administration Highlights

3.24.3 Challenges: Administration Services

The table below specifies the challenges for the year:

Description	Actions to address
Decentralised record keeping	Departments are still filing information physically at their locations. The registry will in the new year start with a program to implement a centralised records system and are simultaneously looking at a digitization program

Table 170: Administration Challenges

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
Emergency Power	With BCM in mind, we have made great strides and progressed to provide emergency power to the entire finance department and for now, only wireless network connectivity for Town Planning, Building Control and Internal Audit, ensuring the least amount of interruption in workflow possible due to load-shedding and power loss

PERFORMANCE REPORT

Highlights	Description
Disaster Recovery	Tests have progressed well with the overall Disaster Recovery maturity marching forward steadily, with the municipality's buy-in growing after every test
Auditor-General's Audit Outcomes	2020/21 Audit resulted in a clean audit with no advisories or administrative matters raised, this is a great continuation of the prior year's results

Table 171: ICT Services Highlights

3.25.3 Challenges: ICT Services

The table below specifies the challenges for the year:

Description	Actions to address
Change Management	We are still challenged with the adoption of digital transformation, with the greater culture failing to adopt and support the transformation goals set out in the ICT Strategy
Staff Establishment	Constraints exist within the staff establishment that overburdens key ICT staff within the operation space and predicate failures in strategically enabling the business through digital transformation
Strategic Enabler	In general, ICT is not seen as a strategic enabler with the greater part of the municipality not realising the benefits ICT can bring to the overall performance. We hope to make this a Highlight in the medium term

Table 172: ICT Services Challenges

3.25.4 Employees: ICT Services

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	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	1	2	0	1	50.00

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	3	6	3	0	0.00
13 - 15	1	2	1	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	7	12	7	1	8.33

Table 173: Employees: ICT Services

3.25.5 Capital: ICT Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New users	278 546	278 546	268 290	0
New users	0	0	(86 642)	0
Computer operational spares and amp; loans	352 546	352 546	340 542	0
Laptop replacement	601 238	587 738	579 547	13 500
Mobile device	122 250	122 250	121 180	0
Mobile camera security for each 7 and amp; 2 Wards	253 149	223 149	220 504	30 000
Wireless ap's end of life equipment replacements	78 432	108 432	90 816	(30 000)
Digital radio upgrade phase 4	299 560	299 560	296 009	0
HRM security upgrade	266 460	241 460	182 807	25 000
Departmental requests	391 625	391 625	389 013	0
Repairs maintenance and equipment	173 538	173 538	129 970	0

PERFORMANCE REPORT

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Melville's corner generator extension	250 000	275 000	274 318	(25 000)
Security upgrades	94 441	107 941	93 680	(13 500)
Primary/DR storage	900 000	0	0	900 000
Total	4 061 785	3 161 785	2 900 037	900 000

Table 174: Capital Expenditure 2021/22: ICT Services

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.

Legal assist in protecting the rights and interests of the Municipality/Council and management. Provide Contract Management, Enhancing organisational efficiency by establishing a corporate governance compliant environment that enables the municipality to achieve its objectives within the parameters of the constitution and other enabling Legislations.

3.26.1 Highlights: Legal Services

The table below specify the highlight for the year:

Highlights	Description
Good legislative comments on Council items	Legal Services is required to provide legislative inputs and comments on all items earmarked for Council. Legal inputs and comments are provided to guide sound decision making within the prescribed of law
Administrative support to all Departments	Legal Services provides guidance and inputs on dispute issues which is unclear and have an effect of legal consequences, e.g.: <ul style="list-style-type: none"> Legal compliant Service Level Agreements (SLA's) MOU's and Partnership Agreements SCM issues Town Planning and Building Control matters, etc.

PERFORMANCE REPORT

Highlights	Description
Vetting and updating of policies and by-laws	Legal Services provides assistance with the vetting of departmental policies before submission to Council for approval and publication

Table 175: Legal Services Highlights

3.26.2 Challenges: Legal Services

The table below specifies the challenges for the year:

Description	Actions to address
Community members seeking legal representation from the Municipal Legal Services section	Legal section constantly receives members of the public asking them to be represented in courts and help in estate issues. The Municipality will investigate the possibility of engaging with the Legal Aid office on how the two stakeholders can address this matter in a beneficial manner for all
Contract management and property rentals	These two issues have become a problem in terms of who is responsible to attend to matters relating to the two mentioned matters, the must seriously consider giving direction in terms of delegation of these functions as per the organogram or official instruction

Table 176: Legal Services Challenges

3.26.3 Employees: Legal Services

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	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	1	0	0.00
10 - 12	0	0	0	0	0.00
13 - 15	0	1	1	0	0.00
16 - 18	1	2	1	1	50.00
19 - 20	0	0	0	0	0.00

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	1	4	3	1	25

Table 177: Employees: Legal Services

3.27 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.

3.27.1 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Dedicated staff	Despite challenges, the financial services staff members remained resolute in executing their daily tasks and functions, whilst performing under pressure

Table 178: Financial Services Highlights

3.27.2 Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Decline in cash resources	A concerted effort is underway to collect long outstanding debt to improve the cash position
Liquidity problems	The decline in liquidity over the last number of years needs to be addressed through a combination of savings and austerity measures, a savings on staff expenditure as well as enhancement of revenue
Unauthorised, Irregular, fruitless and wasteful expenditure	Strict budgetary control, procurement planning, and internal controls will be implemented to ensure that this category of expenditure is prevented

Table 179: Financial Services Challenges

PERFORMANCE REPORT

3.27.3 Financial Services

Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2020/21			2021/22			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	149 321	132 673	88.85	157 194	141 138	89.79	159 956	147 160	92
Electricity	167 290	145 422	86.93	200 313	173 337	86.53	207 720	191 102	92
Water	75 278	55 812	74.14	80 732	59 030	73.12	93 227	69 920	75
Sanitation	77 081	53 656	69.61	82 693	56 429	68.24	87 047	60 933	70
Refuse	42 605	31 331	73.54	33 409	33 327	99.75	53 272	47 945	90

Table 180: Debt Recovery

3.27.4 Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0.00
4 - 6	28	36	32	0	0.00
7 - 9	8	12	11	1	8.33
10 - 12	18	32	28	2	6.25
13 - 15	1	2	2	1	50.00

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	6	8	7	1	12.50
19 - 20	0	0	0	0	0.00
Total	63	92	82	5	5.43

Table 181: Employees: Financial Services

3.27.5 Capital: Financial Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Fencing	0	200 000	0	(200 000)
Heavy duty paper shredder	0	22 312	19401	(22 312)
Machinery & equipment	0	40 000	0	(40 000)
Total	0	262 312	19 401	(262 312)

Table 182: Capital Expenditure 2021/22: Financial services

3.28 Procurement Services

3.28.1 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 2020/21 financial. 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 2020.

PERFORMANCE REPORT

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.

3.28.2 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.

3.28.3 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 –

PERFORMANCE REPORT

- 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.

3.28.4 Acquisition Management

The Municipality's system of acquisition management must ensure:

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

PERFORMANCE REPORT

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.

3.28.5 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.

3.28.6 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 2020/21 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.

PERFORMANCE REPORT

3.28.7 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.

3.28.8 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	43	100%
2	Evaluation	26	100%
3	Adjudication	16	100%

Table 183: Compliance with Council's SCM Policy

The bid committees processed 30 tenders for awards valued in excess of R82 902 269.59.

No	Tenders Processed	2021/22	2020/21	2019/20	2018/19
1	Tenders awarded	30	57	42	41
2	Contracts awarded	28	120	37	37
3	Value of tenders awarded	82 902 269	345 807 873	87 895 013	132 138 517
4	Number of appeals received	0	0	0	0
5	Number of successful appeals	0	0	0	0

PERFORMANCE REPORT

Table 184: Tenders Processed

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

Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2022/33/ENG	Maintenance of Gravel roads for a contract period ending June 2022	Fistoz Management Services CC	2 300 000
SCM/2022/24/ENG	Supply and Delivery of 11/22KV Ring Main Units and Bulk Metering Units with Spare Parts for a period ending June 2024	MDL Engineering Company (Pty) Ltd	8 953 405
SCM/2022/21/COM	Provision of Additional Security Services for a Period ending 30 June 2022	Plett Shelf 40 cc t/a Isolomzi Security Services	5 007 744
SCM/2022/18/COMM	Supply and Delivery of New Fire Vehicles: New HazMat / Command Vehicle	Shorts Nissan CC	2 065 049.
SCM/2022/13/ENG	Construction of Qolweni Cultural Village Phase 1: Section A: Clearing of the site; Demolishing identified existing structures; Construction of water mains link and sewer mains link; Earthworks and shaping of site. Section B: Construction of a boundary fence/wall with gates. Section E: Construction of a stack block amphitheatre with seating	Autumn Skies Trading 257CC t/a PK Builders & Civils	1 310 811
SCM/2022/05/COMM	Provision of Lifeguard Training Services	Isiyetu Projects (Pty) Ltd	1 116 000
SCM/2022/03/COMM	Panel of Professional Services for the Planning and Implementation of Integrated Human Settlements Projects and Urban Civil Services for a multi-year period ending 30 June 2024	IX Engineers (Pty) Ltd	1 000 040
SCM/2022/03/COMM	Panel of Professional Services for the Planning and Implementation of Integrated Human Settlements Projects	Sonqua Consulting (Pty) Ltd	1 000 040

PERFORMANCE REPORT

Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
	and Urban Civil Services for a multi-year period ending 30 June 2024		
SCM/2022/03/COMM	Panel of Professional Services for the Planning and Implementation of Integrated Human Settlements Projects and Urban Civil Services for a multi-year period ending 30 June 2024	V3 Consulting Engineers (Pty) Ltd JV Ayavelisa Consulting (Pty) Ltd	1 000 040
SCM/2022/03/COMM	Panel of Professional Services for the Planning and Implementation of Integrated Human Settlements Projects and Urban Civil Services for a multi-year period ending 30 June 2024	GG&G Consulting Engineers (Pty) Ltd	1 000 040
SCM/2022/03/COMM	Panel of Professional Services for the Planning and Implementation of Integrated Human Settlements Projects and Urban Civil Services for a multi-year period ending 30 June 2024	Nokulila and Grobbelaar Consulting Engineers (Pty) Ltd t/a NGCE (Pty) Ltd Montecarte Services (Pty) Ltd	1 000 040

Table 185: 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 Total Amount (Vat Included) R
SCM/2022/34/ENG	Perform Electrical Installation and Maintenance works for a period ending in 30 June 2024	SNR Electrical CC	22 152 980

Table 186: 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

PERFORMANCE REPORT

- B-BBEE Enterprises within the Bitou municipal area

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

No	Description	2020/21	2021/22
1.	Tenders awarded	57	30
2.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	55	28
3.	Estimated value of tenders awarded	345 807 873	82 902 269
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	94	73
8.	Value of contracts awarded to B-BBEE Enterprises	322 026 479	79 339 032
9.	% of contracts awarded to B-BBEE Enterprises	93.12%	96%
10.	Number of contracts awarded to enterprises based in the Bitou Municipality Area	10	20
11.	Value of contracts awarded to enterprises based in the Bitou Municipality Area	39 331 692	18 876 881
12.	% of contracts awarded to enterprises based in the Bitou Municipality Area vs All Contracts	11.37%	22.77%
13.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	10	20
14.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	39 331 692	18 876 881
15.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	11.37%	22.77%
16.	Sub-Contracts to Local SMME's	160 259 117	1 866 393
17.	% of sub-contracts awarded to SMME Enterprises based in the Bitou Municipality Area vs all contracts	46.34%	2.25%

Table 187: Comparing Schedule

PERFORMANCE REPORT

3.28.9 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 **R 6 382 154** were considered and approved and compares as follows to the previous financial years:

Description	2021/22	2020/21	2019/20	2018/19
Value of Deviations	6 382 154	4 049 944	1 265 297	1 854 192
Number of Deviations	30	22	25	27

Table 188: 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 2021/22 financial year:

Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2020/21		2021/22		2020/21		2021/22	
	Number	%	Number	%	Value	%	Value	%
Section 36(1)(a)(i)- 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	4	4.55	13	43.33	R 736 353	18.18	R 3 182 489	49.87
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	1	77.27	4	13.33	R 3 129 502	77.27	R 596 806	9.35
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where	0	0	0	0	0	0	0	0

PERFORMANCE REPORT

Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2020/21		2021/22		2020/21		2021/22	
	Number	%	Number	%	Value	%	Value	%
specifications are difficult to compile								
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	17	18.18	13	43.33	R 184 088	4.55	R 2 602 857	40.78
Total	22	100	30	100	R 4 049 944	100	R 6 382 154	100

Table 189: Categories Deviations

3.29 Capital Expenditure

3.29.1 Capital: Communication

The following table indicates the capital expenditure for this division:

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Upgrade of customer care	696 000	184 802	112 688	511 198
Gazebo tent	0	15 600	12 000	(15 600)
Total	696 000	200 402	124 688	495 598

Table 190: Capital Expenditure: Communication

3.29.2 Capital: Facility Management and Maintenance

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Upgrade of Municipal buildings	350 000	150 000	0	200 000
Installation of office aircons	350 000	200 000	12 140	150 000

PERFORMANCE REPORT

Capital Projects/	2021/22			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New Harkeville community hall	1 000 000	331 556	331 556	668 444
Total	1 700 000	681 556	343 696	1 018 444

Table 191: Capital Expenditure 2021/22: Facilities Management and Maintenance

3.30 Employee statistics

3.30.1 Employees: LED

The following table indicates the staff composition for this division

Job Level	2020/21	2021/22			
	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	3	4	4	0	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
Total	7	8	8	0	0.00

Table 192: Employees: LED

3.30.1 Employees: Aerodrome

The following table indicates the staff composition for this division

PERFORMANCE REPORT

Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	1	0	0.00
4 - 6	0	7	6	0	0.00
7 - 9	0	0	0	0	0.00
10 - 12	0	1	1	0	0.00
13 - 15	0	0	0	0	0.00
16 - 18	1	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	1	10	8	0	0.00

Table 193: Employees: Aerodrome

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:

3.31. An active and engaging citizenry, able to engage with and shape the municipality's program

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL4	Review and submit the 5th generation IDP for the 2023/24 financial year to Council by 31 May 2023	Draft IDP compiled and submitted to Council	All	1
TL23	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2023	Customer survey conducted	All	1

Table 194: An active and engaging citizenry, able to engage with and shape the municipality's program

PERFORMANCE REPORT

3.32 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 2023/24 financial year to the Audit Committee by 30 June 2023	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1
TL2	Complete 90% of audits as scheduled in the RBAP applicable for 2022/23 by 30 June 2023 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed	All	90%
TL3	Complete the annual risk assessment for 2023/24 and submit to the RMC by 31 May 2023	Risk assessment submitted to the RMC	All	1
TL5	Cascade Individual Performance Management to all Managers reporting to Senior Managers by 30 October 2022	Number of agreements completed by 30 October 2022	All	33
TL6	Conduct the Performance Evaluations of the section 57's employees bi-annually (Mid-year by 28 February 2023 and Final Evaluation for the 2021/22 by 30 December 2022)	Number of evaluations completed bi-annually	All	2
TL21	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 2023 {(Number of people from employment equity target groups	% of people employed	All	70%
TL22	Spend 0.10% of operational budget on training by 30 June 2023 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.10%

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL24	Review 5 human resources policies in line with the budget and submit to Council by 30 June 2023	Number of human resource policies submitted to Council	All	5
TL25	Review the "System of Operational Delegations" and submit to Council by 30 June 2023	System of operational delegations submitted to Council	All	1
TL26	Review the Micro-Organisational Structure and submit to Council by 30 June 2023	Micro organisational structure submitted to Council	All	1
TL27	Draft and submit a Regulation 890 and Guideline 891 Implementation Plan by 31 July 2022	Implementation Plan submitted to Council	All	1
TL45	Review and submit the Disaster Management Plan to Council by 31 May 2023	Disaster Management Plan reviewed and submitted to Council	All	1
TL47	Conduct the external Waste Management audit by 30 March 2023	External Waste Management audit conducted	All	1

Table 195: Building a capable, corruption-free administration that is able to deliver on developmental mandate

3.33 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
TL7	Spend 90% of the municipal capital budget on capital projects by 30 June 2023 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% budget spent	All	90%
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2023 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lese) / (Total Operating Revenue - Operating Conditional Grant) x 100	% of debt coverage	All	25%
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2023 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	11.80%

PERFORMANCE REPORT

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 2023 ((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
TL16	Achieve a debtor payment percentage of 90% by 30 June 2023 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved	All	92%
TL17	Read 100% of water meters by the 15th of every month	% of water meters read	All	100%
TL18	Read 100% of conventional electrical meters by the 15th of every month	% of conventional electrical meters read	All	100%
TL19	Limit unaccounted for water to less than 30% by 30 June 2023 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% water losses	All	30%
TL20	Limit unaccounted for electricity to less than 10% as at 30 June 2023 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	10%

Table 196: Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

3.34 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 2023	Number of indigent households receiving subsidies for free basic services as per Financial System	All	3 930
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 2023	Number of residential properties billed for piped water	All	12 291
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 2023	Number of residential properties billed credit meter and prepaid meters connected to the network	All	12 672
TL11	Number of residential properties with sanitation services to which are connected to the municipal	Number of residential properties which are billed for sewerage	All	12 369

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Wards	Annual Target
	waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2023			
TL12	Number of residential properties for which refuse is removed once per week and billed for the service as at 30 June 2023	Number of residential properties which are billed for refuse removal	All	13 385
TL28	Spend 90% of the approved capital budget for Waste Water services by 30 June 2023 {(Total actual capital expenditure /Total capital amount budgeted)x100}(excluding Fleet)	% budget spent	All	90%
TL29	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2023 {(Total actual capital expenditure /Total capital amount budgeted)x100}(excluding Fleet)	% budget spent	All	90%
TL30	Spend 90% of the approved capital budget for Water services by 30 June 2023 {(Total actual capital expenditure /Total capital amount budgeted)x100} (excluding Fleet)	% budget spent	All	90%
TL31	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2023 {(Total actual capital expenditure /Total capital amount budgeted)x100}(excluding Fleet)	% budget spent	All	90%
TL32	Spend 100% of MIG Funding allocation by 30 June 2023 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	90%
TL33	Conduct 700 potential electricity theft investigations annually 30 June 2023	Number of inspections conducted	All	700
TL35	Spend 90% of the budget allocated for the construction of Ebenezer New Bulk Water (Portion 20) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%
TL36	Spend 90% of the budget allocated for the installation of 20MVA 66/ 11kv at Kwanokhutula substation (INEP) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%
TL37	Spend 90% of the budget allocated for the upgrade of the Kurland WTW (from 0.6ml to 1.2ml) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%
TL38	Spend 95% of the budget allocated for the Plett WTW New Clear Water Pumpstation by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%

PERFORMANCE REPORT

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL39	Spend 90% of the budget allocated for the stormwater upgrades by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%
TL40	Spend 95% of the budget allocated for the upgrade of the Bossiesgif sports facility by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%
TL41	Spend 90% of the budget allocated for the electrification of informal settlements(Bossiesgif, Qolweni and Kurland) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	90%
TL42	Compile and submit an establishment report for the budget expenditure and progress made in terms of the upgrade on the New Horizon Community Hall by 30 June 2023	Establishment report compiled and submitted to Council	All	1
TL43	Purchase a generator for the Community Services Offices by 30 June 2023	Generator purchased	All	1
TL46	Spend 90% of the allocated capital budget for the purchase of 20 skip bins by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	90%

Table 197: Provision of basic services

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

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL44	Review and submit the Housing pipeline to Council by 31 May 2023	Housing pipeline reviewed and submitted to Council	All	1
TL48	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 March 2023	Spatial Development Framework (SDF) submitted to Council	All	1
TL49	Establish the Municipal Planning Tribunal and submit to Council for consideration by 28 February 2023	Municipal Planning Tribunal establishment item submitted to Council	All	1
TL50	Review the Central Beach Launch Site Environmental Management Plan and submit to Council for consideration by 30 November 2022	Central Beach Launch Site Environmental Management Plan submitted to Council	All	1

Table 198: Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

PERFORMANCE REPORT

3.36 Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns. 2. Economic development of local economy

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL34	Create 400 job opportunities in terms of the EPWP by 30 September 2022	Number of job opportunities created	All	400
TL51	Develop the LED Chapter (2023/24) and submit to Council for consideration by 31 March 2023	LED Chapter submitted to Council	All	1
TL52	Develop the LED Chapter Implementation Plan (2022/23) and submit to Council for consideration by 30 September 2022	LED Chapter Implementation Plan submitted to Council	All	1

Table 199: Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns.2Economic development of local economy

PERFORMANCE REPORT

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	
	2020/21	2021/22
Spent 0.10% of operational budget on training by 30 June 2022 {(Actual total training expenditure divided by total operational budget) x100}	0.17%	0.20%

Table 200: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **537** (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	308	201	3	25	0	537
% for Positions filled	57.36%	37.43%	0.56%	4.66%	0%	100%

PERFORMANCE REPORT

Table 201: EE Population 2021/22

4.2.3 Specific Occupational Levels - Race

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

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	1	0	0	1	1	0	0	0	3
Senior management	1	1	0	1	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	12	9	1	6	6	3	0	4	41
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	38	37	2	6	49	22	0	1	155
Semi-skilled and discretionary decision making	85	62	0	3	47	35	0	3	235
Unskilled and defined decision making	41	23	0	0	27	9	0	0	100
Total permanent	178	132	3	17	130	69	0	8	537
Non- permanent employees	11	4	0	1	9	3	0	0	28
Total	189	136	3	18	139	72	0	8	565

Table 202: Occupational Levels

4.2.4 Departments - Race

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

Department	2020/21	2021/22							
	Total	Male				Female			
		A	C	I	W	A	C	I	W
Municipal Manager	27	6	4	0	0	11	1	0	3
Corporate Services	47	10	7	0	2	13	15	0	0
Financial Services	65	11	7	0	2	20	13	0	1
Community Services	264	86	57	1	6	67	33	0	1

PERFORMANCE REPORT

Department	2020/21	2021/22								
	Total	Male				Female				Total
		A	C	I	W	A	C	I	W	
Municipal Services and Infrastructure Development	140	64	52	2	3	14	4	0	0	139
Planning & Strategic Services	18	1	5	0	4	5	3	0	3	21
Total permanent	561	178	132	3	17	130	69	0	8	537
Non- permanent	31	11	4	0	1	9	3	0	0	28
Grand total	592	189	136	3	18	139	72	0	8	565

Table 203: Department - Race

4.2.5 Vacancy Rate

The Municipality had **619** budgeted positions approved for the 2021/22 financial year. **53** Budgeted posts were vacant at the end of 2020/21, resulting in a vacancy rate of **8.56%**. A total number of **565** positions are filled of which **537** are permanent and **28** positions temporarily.

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

Per Post Level				
Post level	2020/21		2021/22	
	Filled	Vacant	Filled	Vacant
MM & MSA section 57 & 56	5	1	3	3
Middle management (T14-T19)	43	4	41	6
Admin Officers (T4-T13)	409	44	390	32
General Workers (T3)	104	4	100	12
Total	561	53	537	53
Per Functional Level				
Functional area	Filled	Vacant	Filled	Vacant
Municipal Manager	27	3	25	5
Corporate Services	47	3	47	3
Financial Services	65	5	54	6
Community Services	264	21	251	16
Engineering	140	18	139	21
Planning & Strategic Services	18	3	21	2
Total	561	53	537	53

PERFORMANCE REPORT

Table 204: 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 **4.46%** in 2020/21 compared to the **4.09%** in 2021/22.

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
2020/21	561	38	25	4.46%
2021/22	537	27	22	4.09%

Table 205: 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 2020/21 financial year shows that **42 employees (7.62%)** of **551** employees were injured against **34 (6.33%)** employees of **537** employees in the 2021/22 financial year.

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

Directorates	2020/21	2021/22
Municipal Manager	0	0
Corporate Services	1	1
Financial Services	2	0
Community Services	26	18
Engineering Services	13	15

PERFORMANCE REPORT

Directorates	2020/21	2021/22
Economic Development and Planning Services	0	0
Total	42	34

Table 206: 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 2021/22 financial year shows an increase when compared to the 2020/21 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2020/21	2021/22
Municipal Manager	117	161
Corporate Services	211	321.25
Financial Services	264.5	400
Community Services	84.87	1895.75
Engineering Services	1 004	1620.00
Economic Development and Planning Services	1 396	203.67
Total	3 077.37	4 601.67

Table 207: 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
Removal Expenses Policy	30 June 2022
Internal & Functional Transfer and Secondment Policy	30 June 2022
Overtime Policy	30 June 2022 (Revised)
Leave of Absence Policy	30 June 2022 (Revised)

PERFORMANCE REPORT

Approved policies	
Name of Policy	Date approved/ revised
Termination of Services Policy	30 June 2022
Gifts Policy	30 June 2022
Office Ethics Policy	30 June 2022
Acting Arrangement Policy	30 June 2022
Private Work Policy	30 June 2022
Confidentiality Policy	30 June 2022
Education, Training and Development Policy	30 June 2022
Succession Planning and Career Pathing Policy	30 June 2022
Scare Skills and Retention Policy	30 June 2022 (Revised)
Incapacity Policy	30 June 2022
OHS Policy	30 June 2022
Smoking Policy	30 June 2022
Employment Equity Policy	30 June 2022
Sexual Harassment Policy	30 June 2022 (Revised)
Local Labour Forum Proceeding Policy	30 June 2022
Recruitment & Selection Policy	30 June 2022 (Revised)
Policies still to be developed	
Name of policy	Name of policy
Individual Performance Management Policy	30 June 2023
Placement Policy	30 June 2023

Table 208: 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:

PERFORMANCE REPORT

Management level	Gender	Number of employees identified for training at start of the year (2020/21)	Number of Employees that received training (2020/21)	Number of employees identified for training at start of the year (2021/22)	Number of Employees that received training (2021/22)
Top Management	Female	0	0	0	0
	Male	2	2	0	1
Senior management	Female	0	0	5	3
	Male	0	0	8	3
Professionally qualified and experienced specialists and mid-management	Female	23	9	13	1
	Male	17	12	15	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Female	52	42	10	16
	Male	67	53	25	21
Semi-skilled and discretionary decision making	Female	42	38	35	10
	Male	31	23	23	23
Unskilled and defined decision making	Female	30	12	7	3
	Male	25	15	36	18
Sub total	Female	147	101	70	33
	Male	142	105	105	67
Total		251	289	175	99

Table 209: 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.

PERFORMANCE REPORT

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
	Male	1	0	0	0	1	0	0
Senior management	Female	0	0	3	5	3	5	60
	Male	0	0	3	8	3	8	38
Professionally qualified and experienced specialists and mid-management	Female	5	5	8	8	13	13	100
	Male	3	3	12	12	15	15	100
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Female	3	3	13	13	16	16	100
	Male	3	3	22	22	25	25	100
Semi-skilled and discretionary decision making	Female	25	25	10	10	35	35	100
	Male	10	10	13	13	23	23	100
Unskilled and defined decision making	Female	6	7	0	0	6	7	86
	Male	18	36	0	0	18	36	50
Sub total	Female	39	40	34	36	73	76	96
	Male	35	52	50	55	85	107	79
Total		74	92	84	91	158	183	86

Table 210: Skills Development

4.4.3 Skills Development - Budget Allocation

The table below indicates that a total amount of 1 45 million were allocated to the workplace skills plan and that 107.2% of the total was spent in the 2021/222 financial year.

PERFORMANCE REPORT

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2020/21	273 599 986	1 300 000	1 271 469	97.81
2021/22	275 787	1 450 000	1 553 210	107.12

Table 211: 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 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.

PERFORMANCE REPORT

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))
Financial Officials				
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	4	3	4	3
Supply Chain Management Officials				
Heads of supply chain management units	1	1	1	1
Supply chain management senior managers	1	1	1	1
Total	11	10	11	10

Table 212: 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

PERFORMANCE REPORT

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		%
2020/21	268 489	767 133	34.99
2021/22	280 244	806 588	34.74

Table 213: Total Personnel Expenditure

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

Financial year	2020/21	2021/22		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers Plus Other)				
Salary	4 186	4 291	4 451	4 715
Pension Contributions	387	669	384	311
Medical Aid Contributions	86	91	119	92
Motor vehicle allowance	535	913	727	255
Cell phone allowance	577	604	581	570
Housing allowance	323	337	215	108
In-kind benefits	156	0	0	147
Sub Total	6 250	6 905	6 477	6 198
% increase/(decrease)	(0.83)	10.48	(6.20)	(4.30)
Senior Managers of the Municipality				
Basic Salaries and Wages	4 008	6 379	6 379	4 750
Motor vehicle allowance	1 853	1 346	1 346	1 810
Cell phone allowance	275	381	381	308
Performance Bonus	101	414	414	0

PERFORMANCE REPORT

Financial year	2020/21	2021/22		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Contributions to UIF, Medical and Pension Fund	292	772	772	494
Other benefits or allowances (Acting)	221	960	960	146
Sub Total	6 750	10 251	10 251	7 508
% increase/(decrease)	(11.23)	100.09	0	(26.76)
Other Municipal Staff				
Basic Salaries and Wages	147 664	154 749	149 315	167 027
Contributions to UIF, Medical and Pension	42 233	44 776	44 149	43 820
Motor vehicle allowance	8 167	8 866	8 778	9 004
Housing allowance	1 198	1 421	1 389	887
Overtime	20 167	13 100	13 719	20 796
Other benefits or allowances	42 311	40 472	40 361	24 984
Sub Total	261 740	264 723	259 059	266 518
% increase/(decrease)	1.83	1.48	(2.19)	5.27
Total Municipality	274 740	281 879	275 787	280 224
% increase/(decrease)	2.00	3.55	(2.16)	3.86

Table 214: Analysis of Personnel Expenditure

ANNUAL REPORT

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 2021/22 financial year:

Financial Summary						
R'000						
Description	2020/21	2021/22			2021/22 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	149 321	158 942	156 890	157 194	(1.11)	0.19
Service charges	374 626	405 505	409 273	413 479	1.93	1.02
Investment revenue	6 601	11 118	7 261	3 747	(196.72)	(93.79)
Transfers recognised - operational	6 601	143 807	165 485	136 800	(5.12)	(20.97)
Other own revenue	149 226	66 070	51 377	92 830	28.83	44.65
Total Revenue (excluding capital transfers and contributions)	740 532	785 441	790 287	804 050	2.31	1.71
Employee costs	268 224	274 973	269 310	280 224	1.87	3.89
Remuneration of councillors	6 250	6 905	6 477	6 198	(11.41)	(4.50)
Depreciation & asset impairment	34 942	36 032	36 294	35 784	(0.69)	(1.42)
Finance charges	13 399	10 969	11 090	11 102	1.20	0.11
Materials and bulk purchases	160 832	162 991	164 312	174 666	6.68	5.93
Transfers and grants	5 571	4 900	4 599	4 527	(8.23)	(1.59)
Other expenditure (Remaining)	277 914	278 993	296 613	294 086	5.13	(0.86)
Total Expenditure	767 133	775 763	788 694	806 588	3.82	2.22
Surplus/(Deficit)	(26 601)	9 679	1 593	(2 538)	481.31	162.76
Transfers recognised - capital	32 944	47 891	53 688	47 771	(0.25)	(12.38)
Contributions recognised - capital and contributed assets	0	0	400	498	100.00	19.75

ANNUAL REPORT

Financial Summary						
R'000						
Description	2020/21	2021/22			2021/22 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Surplus/(Deficit) after capital transfers & contributions	6 343	57 569	55 680	45 732	(25.89)	(21.75)
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	45 583	51 963	87 963	90 935	42.86	3.27
Public contributions and donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	2 092	3 473	2 061	1 834	(89.41)	(12.40)
Total sources of capital funds	47 675	55 436	90 024	92 769	40.24	2.96
Financial position						
Total current assets	23 728	41 313	13 712	18 681	(121.14)	26.60
Total non-current assets	336 659	397 977	434 144	416 518	4.45	(4.23)
Total current liabilities	33 763	13 679	13 679	36 836	62.86	62.86
Total non-current liabilities	52 683	68 864	68 864	51 433	(33.89)	(33.89)
Community wealth/Equity	273 941	356 746	365 313	346 930	(2.83)	(5.30)
Cash flows						
Net cash from (used) operating	44 171	75 009	88 456	93 792	20.03	5.69
Net cash from (used) investing	(53 986)	(55 436)	(88 947)	(90 099)	38.47	1.28
Net cash from (used) financing	(109)	(1 792)	(104)	(58)	(2981.03)	(79.56)
Cash/cash equivalents at the year end	(9 924)	17 781	(595)	3 635	(389.19)	116.37
Cash backing/ surplus reconciliation						
Cash and investments available	2 454	27 400	(200)	1 176	(2229.96)	117.04
Application of cash and investments	1 562	(2 611)	(2 522)	2 522	203.53	200.00
Balance -surplus (shortfall)	4 016	30 011	2 322	3 698	-711.55	37.22
Asset management						
Asset register summary (WDV)	336 540	397 977	434 144	416 512	4.45	(4.23)
Depreciation and asset impairment	34 942	36 032	36 294	36 223	0.53	(0.19)
Renewal of Existing Assets	0	10 470	10 460	0	0	0
Repairs and Maintenance	0	55 986	51 057	47 976	(16.70)	(6.42)
Free services						

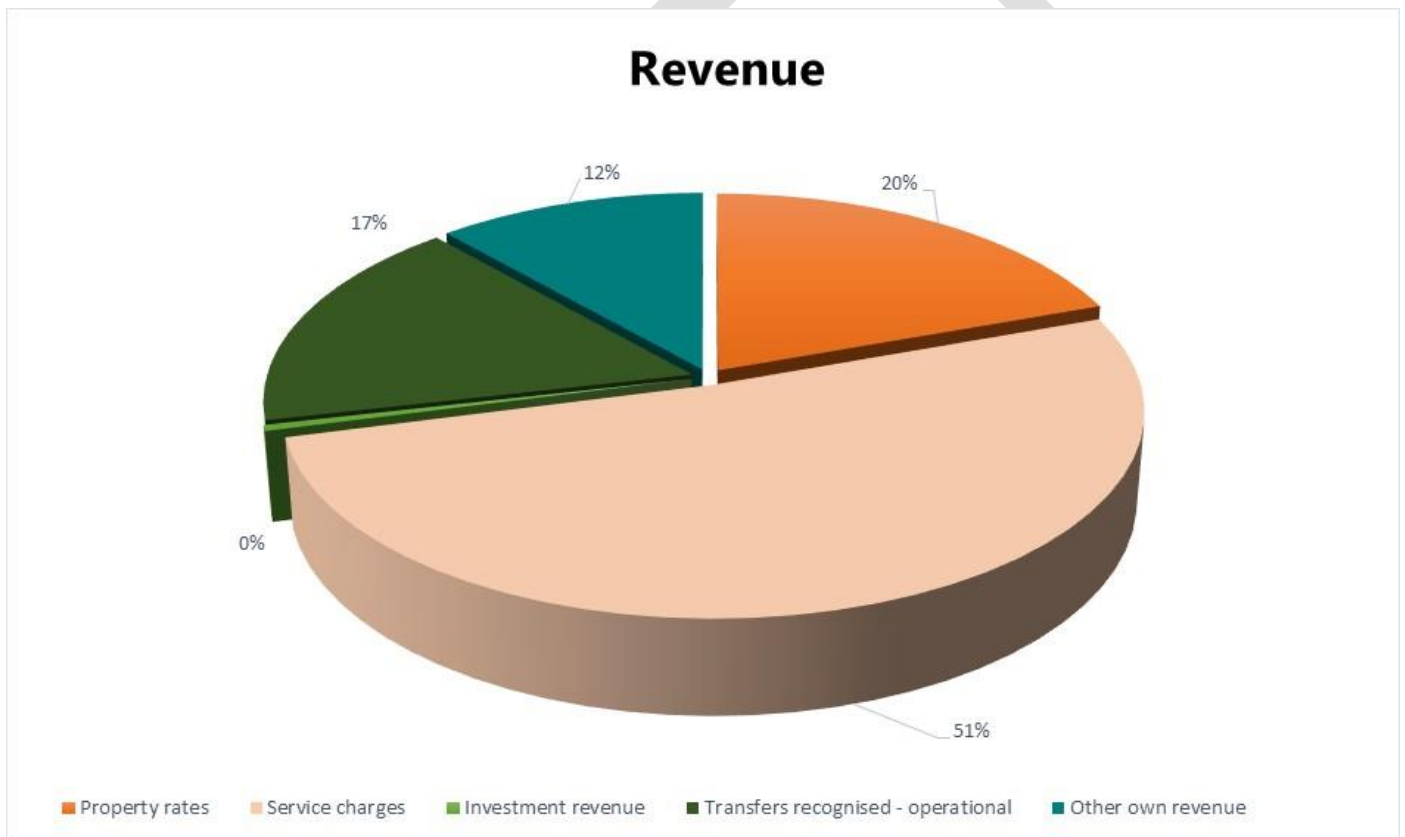
ANNUAL REPORT

Financial Summary						
R'000						
Description	2020/21	2021/22			2021/22 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Cost of Free Basic Services provided	21 312	19 275	20 259	31 370	38.56	36.06
Revenue cost of free basic services provided	3 848	3 887	5 861	5 860	33.67	0.00
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 215: Financial Performance 2021/22

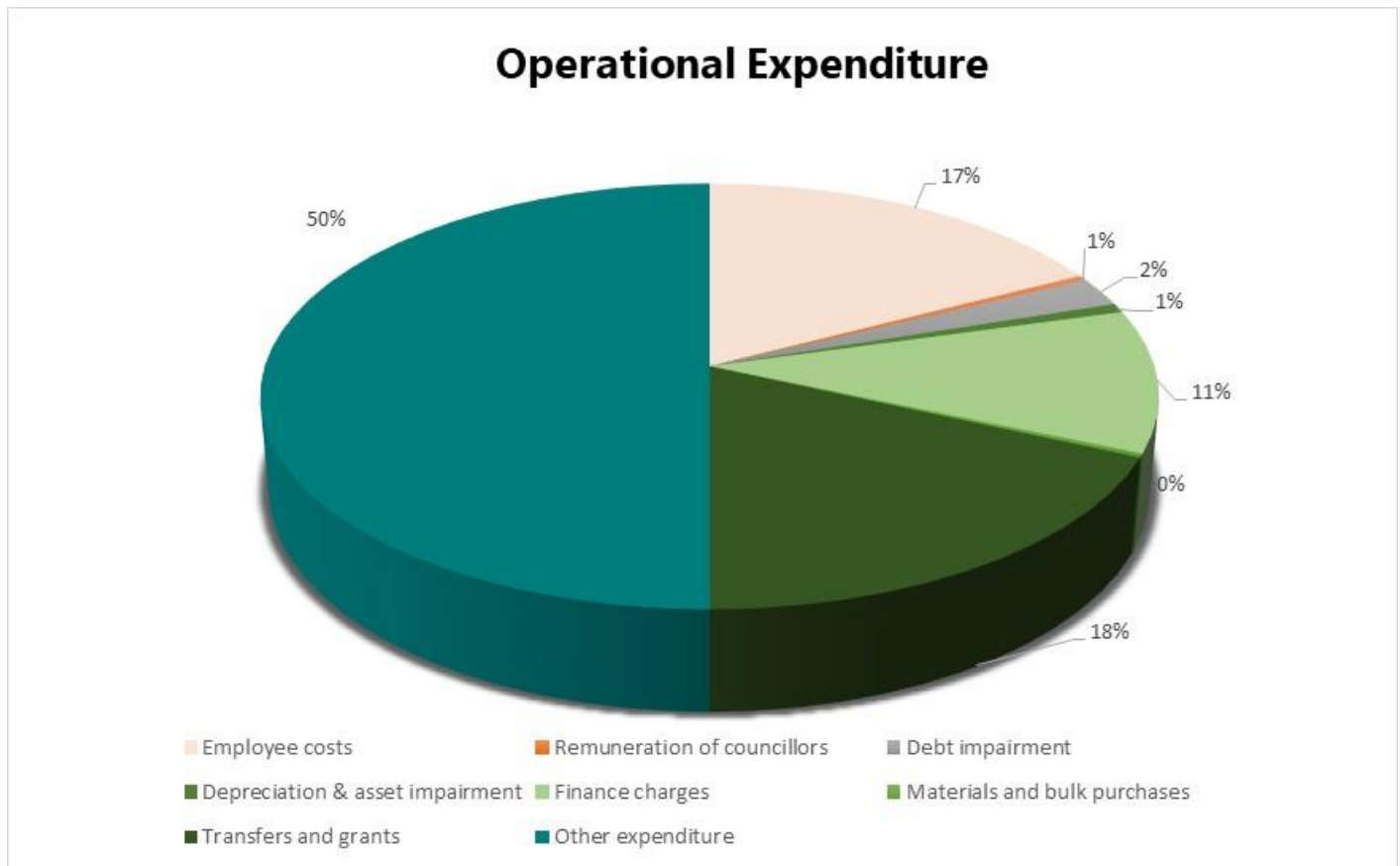
The following graph indicates the various types of revenue items in the municipal budget for 2021/22

Graph 3.: Revenue



ANNUAL REPORT

The following graph indicates the various types of operational expenditure items in the municipality budget for 2021/22



Graph 4.: Operating Expenditure

ANNUAL REPORT

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	
2020/21	790 095	773 476	16 620	2	753 603	767 133	(13 529)	(2)
2021/22	844 375	854 536	(10 161)	(1)	788 694	806 588	(17 894)	(2)

Table 216: Performance Against Budgets

5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2020/21	2021/22			2021/22 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Executive and Council	0	0	0	0	0	0
Vote 2 - Budget and Treasury Office	0	185 369	177 777	177 153	-4.64	-0.35
Vote 3 - Corporate Services	0	266	261	276	3.48	5.57
Vote 4 - Community and Social Services	0	0	0	0	0	0
Vote 5 - Sport and Recreation	0	0	0	0	0	0
Vote 6 - Public Safety	0	0	0	0	0	0
Vote 7 - Planning and Development	0	0	0	0	0	0
Vote 8 - Road Transport	0	10 620	10 598	6 295	(68.71)	(68.36)
Vote 9 - Electricity	0	212 517	214 847	237 965	10.69	9.71
Vote 10 - Water	0	131 447	138 689	129 420	(1.57)	(7.16)
Vote 11 - Waste Water Management	0	96 646	99 820	101 628	4.90	1.78
Vote 12 - Solid Waste	0	68 084	69 176	53 411	(27.47)	(29.52)
Vote 13 - Other	0	0	0	0	0	0
Vote 14 - Environmental Health	0	0	0	0	0	0
Total Revenue by Vote	0	704 950	711 169	706 148	0.17	(0.71)
<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 217: Revenue by Vote

ANNUAL REPORT

5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2021/22 financial year:

Description	2020/21	2021/22			2021/22 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	149 321	158 942	156 890	157 194	(1.11)	0.19
Service Charges - electricity revenue	374 626	180 150	181 409	202 469	11.02	10.40
Service Charges - water revenue	0	91 987	90 230	85 578	(7.49)	(5.44)
Service Charges - sanitation revenue	0	82 145	85 319	88 009	6.66	3.06
Service Charges - refuse revenue	0	51 223	52 316	37 424	(36.87)	(39.79)
Rentals of facilities and equipment	1 149	1 465	1 319	1 255	(16.80)	(5.16)
Interest earned - external investments	6 601	11 118	7 261	3 747	(196.72)	(93.79)
Interest earned - outstanding debtors	14 578	17 018	15 335	14 777	(15.17)	(3.77)
Dividends received	0	0	0	0	0	0
Fines	29 846	36 928	23 337	54 430	32.16	57.13
Licences and permits	719	716	716	1 091	34.41	34.41
Agency services	2 345	2 748	2 748	2 423	(13.41)	(13.41)
Transfers recognised - operational	182 170	143 807	165 485	139 017	(3.45)	(19.04)
Other revenue	7 831	7 130	7 911	10 903	34.61	27.44
Gains on disposal of PPE	0	0	0	0	0	0
Total Revenue (excluding capital transfers and contributions)	736 242	785 708	791 137	798 316	1.58	0.90

Table 218: Revenue by Source

ANNUAL REPORT

5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2021/22 financial year:

Description	2020/21	2021/22			2021/22 Variance	
	<i>Actual (Audited Outcome)</i>	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
	Operating Cost					
Water	2 952	48 076	53 662	57 734	16.73	7.05
Waste Water (Sanitation)	88 794	78 925	82 409	(17 973)	539.12	558.51
Electricity	17 724	9 121	10 128	22 898	60.16	55.77
Waste Management	(746)	14 320	18 716	(1 021)	1502.45	1932.91
Housing	(24 673)	16 713	7 471	(12 683)	231.77	158.90
Component A: sub-total	84 051	167 156	172 385	48 954	(241.46)	(252.14)
Roads and Stormwater	(34 791)	(40 130)	(36 099)	(34 012)	(17.99)	(6.14)
Component B: sub-total	(34 791)	(40 130)	(36 099)	(34 012)	(17.99)	(6.14)
Planning and Building Control	(22 434)	(21 467)	(21 455)	(24 746)	13.25	13.30
Local Economic Development	(7 659)	(15 478)	(14 000)	4 083	479.09	442.87
Tourism	0	(1)	(0)	(0)	(994.73)	(363.22)
Component C: sub-total	(30 092)	(36 946)	(35 455)	(20 663)	(78.80)	(6.14)
Libraries	(1 323)	(3 421)	(3 107)	(4 704)	27.29	33.95
Cemeteries	2 130	(1 863)	(1 953)	(1 601)	(16.40)	(22.01)
Child Care, Aged Care Social Programmes	0	0	0	0	0	0
Component D: sub-total	808	(5 284)	(5 060)	(6 305)	16.20	19.74
Environmental Protection	0	0	0	0	0	0
Component E: sub-total	0	0	0	0	0	0
Traffic Services and Law Enforcement	(8 122)	6 053	(12 702)	(199)	3146.21	(6292.77)
Component F: sub-total	(8 122)	6 053	(12 702)	(199)	3146.21	(6292.77)
Sport and Recreation	(664)	(906)	(738)	(493)	(83.71)	(49.70)
Component G: sub-total	(664)	(906)	(738)	(493)	(83.71)	(49.70)
Financial Services	169 157	128 235	123 848	106 781	(20.09)	(15.98)
Corporate Services	(66 664)	(51 162)	(54 473)	(49 232)	(3.92)	(10.64)
Executive and Council	10 025	21 263	22 347	128 055	83.40	82.55

ANNUAL REPORT

Description	2020/21	2021/22			2021/22 Variance	
	<i>Actual (Audited Outcome)</i>	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
<u>Operating Cost</u>						
Component H: sub-total	112 518	98 336	91 722	185 604	47.02	50.58
Total Net Operational Expenditure	123 707	188 278	174 052	172 886	(8.90)	(0.67)

Table 219: Operational Services Performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 Water Services

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	120 160	129 144	136 386	129 109	(0.03)
Expenditure					
Employees	16 222	14 867	15 103	15 051	1.22
Repairs and Maintenance	1 963	3 788	3 761	2 872	(31.92)
Other	99 023	62 413	63 861	53 453	(16.76)
Total Operational Expenditure	117 207	81 068	82 725	71 375	(13.58)
Net Operational (Service) Expenditure	2 952	48 076	53 662	57 734	16.73

Table 220: Financial Performance: Water services

5.2.2 Waste Water (Sanitation)

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	101 472	106 775	109 948	105 158	(1.54)
Expenditure					
Employees	10 611	10 423	10 060	13 098	20.42

ANNUAL REPORT

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Repairs and Maintenance	2 334	3 632	3 476	2 852	(27.33)
Other	(268)	13 794	14 004	107 181	87.13
Total Operational Expenditure	12 678	27 849	27 540	123 131	77.38
Net Operational (Service) Expenditure	88 794	78 925	82 409	(17 973)	539.12

Table 221: Financial Performance: Waste Water (Sanitation) services

5.2.3 Electricity

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	191 581	208 012	10 342	228 316	8.89
Expenditure					
Employees	19 210	18 216	18 216	19 752	7.78
Repairs and Maintenance	4 418	9 602	11 020	11 095	13.45
Other	150 229	171 073	170 978	174 571	2.00
Total Operational Expenditure	173 857	198 891	200 214	205 418	3.18
Net Operational (Service) Expenditure	17 724	9 121	10 128	22 898	60.16

Table 222: Financial Performance: Electricity

5.2.4 Waste Management

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	61 231	73 447	74 539	73 768	0.44
Expenditure					
Employees	21 858	18 671	18 962	20 241	7.75
Repairs and Maintenance	2 148	1 565	995	934	(67.52)

ANNUAL REPORT

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Other	37 972	38 890	35 866	53 614	27.46
Total Operational Expenditure	61 978	59 127	55 824	74 789	20.94
Net Operational (Service) Expenditure	(746)	14 320	18 716	(1 021)	1502.45

Table 223: Financial Performance: Waste Management

5.2.5 Housing

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	12 703	36 084	50 689	5 436	(563.77)
Expenditure					
Employees	6 919	6 649	6 649	7 820	14.98
Repairs and Maintenance	11	269	84	48	(464.33)
Other	30 446	12 453	36 485	10 251	(21.48)
Total Operational Expenditure	37 376	19 371	43 218	18 120	(6.91)
Net Operational (Service) Expenditure	(24 673)	16 713	7 471	(12 683)	231.77

Table 224: Financial Performance: Housing

5.2.6 Roads and Stormwater

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	870	253	231	1 780	85.80
Expenditure					
Employees	7 434	9 873	9 526	7 988	(23.60)
Repairs and Maintenance	14 951	17 802	15 564	16 478	(8.04)
Other	13 276	12 708	11 239	11 327	(12.19)

ANNUAL REPORT

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Expenditure	35 661	40 383	36 329	35 792	(12.83)
Net Operational (Service) Expenditure	(34 791)	(40 130)	(36 099)	(34 012)	(17.99)

Table 225: Financial Performance: Roads and Stormwater

5.2.8 Planning (Development Management, Spatial Planning and Environmental Management, Building Control and Property Management)

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	10 341	3 897	4 148	6 591	40.87
Expenditure					
Employees	21 758	16 479	16 479	15 641	(5.36)
Repairs and Maintenance	299	1 560	1 715	1 367	(14.16)
Other	10 717	7 325	7 408	14 330	48.88
Total Operational Expenditure	32 775	25 364	25 603	31 337	19.06
Net Operational (Service) Expenditure	(22 434)	(21 467)	(21 455)	(24 746)	13.25

Table 226: Financial Performance: Planning (Development Management, Spatial Planning and Environmental Management, Building Control and Property Management)

5.2.11 IDP and LED

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	5 653	1 936	2 774	17 199	88.74
Expenditure					
Employees	7 478	10 493	9 705	7 928	(32.35)

ANNUAL REPORT

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Repairs and Maintenance	0	0	394	0	0
Other	5 834	6 922	6 675	5 188	(33.43)
Total Operational Expenditure	13 312	17 414	16 774	13 116	(32.78)
Net Operational (Service) Expenditure	(7 659)	(15 478)	(14 000)	4 083	479.09

Table 227: Financial Performance: IDP and LED

5.2.12 Libraries

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	11 022	11 634	12 134	10 539	(10.39)
Expenditure					
Employees	8 792	11 232	10 648	11 150	(0.73)
Repairs and Maintenance	741	731	1 071	1 135	35.63
Other	2 812	3 092	3 522	2 958	(4.52)
Total Operational Expenditure	12 345	15 054	15 241	15 243	1.24
Net Operational (Service) Expenditure	(1 323)	(3 421)	(3 107)	(4 704)	27.29

Table 228: Financial Performance: Libraries

5.2.13 Cemeteries

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	54	61	66	52	(16.69)
Expenditure					
Employees	1 058	1 408	1 408	1 100	(27.94)
Repairs and Maintenance	0	0	15	15	100.00

ANNUAL REPORT

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Other	536	516	596	537	3.96
Total Operational Expenditure	1 594	1 924	2 019	1 653	(16.40)
Net Operational (Service) Expenditure	2 130	(1 863)	(1 953)	(1 601)	(16.40)

Table 229: Financial Performance: Cemeteries

5.2.14 Traffic and Law Enforcement

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	28 510	40 012	26 456	55 978	28.52
Expenditure					
Employees	23 170	20 001	20 001	25 124	20.39
Repairs and Maintenance	233	253	253	205	(23.39)
Other	13 229	13 705	18 904	30 848	55.57
Total Operational Expenditure	36 632	33 959	39 158	56 177	39.55
Net Operational (Service) Expenditure	(8 122)	6 053	(12 702)	(199)	3146.21

Table 230: Financial Performance: Traffic and Law Enforcement

5.2.15 Sport and Recreation

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	2	2	0	0
Expenditure					
Employees	659	895	727	487	(83.62)
Repairs and Maintenance	0	0	0	0	0
Other	5	13	13	6	(124.63)

ANNUAL REPORT

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Expenditure	664	908	740	493	(84.09)
Net Operational (Service) Expenditure	(664)	(906)	(738)	(493)	(83.71)

Table 231: Financial Performance: Sport and Recreation

5.2.16 Executive Council

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	47 898	51 817	51 680	51 060	(1.48)
Expenditure					
Employees	18 337	16 774	16 179	14 359	(16.81)
Repairs and Maintenance	6	38	18	3	(1222.58)
Other	19 530	13 743	13 136	(91 358)	115.04
Total Operational Expenditure	37 873	30 554	29 333	(76 996)	139.68
Net Operational (Service) Expenditure	10 025	21 263	22 347	128 055	83.40

Table 232: Financial Performance: Executive Council

5.2.17 Corporate Services

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	775	16	11	0	(1191639.13)
Expenditure					
Employees	29 195	14 067	14 067	13 208	(6.50)
Repairs and Maintenance	4 146	8 177	5 874	5 094	(60.53)

ANNUAL REPORT

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Other	34 098	28 935	34 542	30 931	6.45
Total Operational Expenditure	67 439	51 179	54 484	49 232	(3.95)
Net Operational (Service) Expenditure	(66 664)	(51 162)	(54 473)	(49 232)	(3.92)

Table 233: Financial Performance: Corporate Services

5.2.7 Tourism

Description	2020/21	2021/22			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	0	0	0	0
Expenditure					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	1	0	0	(994.73)
Total Operational Expenditure	0	1	0	0	(994.73)
Net Operational (Service) Expenditure	0	(1)	(0)	(0)	(994.73)

Table 234: Financial Performance: Tourism

ANNUAL REPORT

5.3 GRANTS

5.3.1 Grant Performance

The performance in the spending of these grants is summarised as follows:

Description	2020/21	2021/22			2021/22 Variance	
	<i>Actual (Audited Outcome)</i>	Budget	Adjustments Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
<u>Operating Transfers and Grants</u>						
National Government:	149 207	139 853	148 853	152 501	8.29	2.39
Local Government Equitable Share	121 668	111 953	111 953	111 442	(0.46)	(0.46)
Finance Management	1 550	1 550	1 550	1 550	0	0
EPWP Incentive	2 173	996	996	996	0	0
Municipal Infrastructure Grant	19 817	21 104	30 104	30 104	29.90	0
Municipal Disaster Grant	0	0	0	0	0	0
Integrated National Electrification Program	4 000	4 250	4 250	4 250	0	0
Energy Efficiency and Demand Side Management	0	4 159	4 159	4 159	0	0
Provincial Government:	19 194	35 823	62 887	38 868	7.83	(61.80)
Library subscription grant	11 018	11 354	11 854	12 124	6.35	2.23
Municipal Infrastructure Support Grant	0	0	0	0	0	0
Capacity Building Grant	0	250	250	250	0.00	0.00
Human Settlement Development Grant	4 287	22 000	47 814	23 525	6.48	(103.25)
Community Development Workers - Operational	19	19	19	19	0	0
Western Cape Municipal Energy Resilience Grant (WC MER GRANT) - Operational	0	0	750	750	100.00	0

ANNUAL REPORT

Local Government Public Employment Support Grant	0	1 200	1 200	1 200	0	0
Regional Social Economic Projects (RSEP)	3 000	500	500	500	0	0
Safety Plans	0	120	120	120	0	0
Thusong Services Centres	0	150	150	150	0	0
Proclaimed Roads Maintenance	870	230	230	230	0	0
Other grant providers:	401	0	0	421	100.00	100.00
SETA	401	0	0	421	100.00	100.00
Total Operating Transfers and Grants	168 802	175 676	211 740	191 790	8.40	(10.40)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 235: Grant Performance for 2021/22

5.3.2 Conditional Grants

Conditional Grants						
R'000						
Details	2020/21	2021/22			2021/22 % Variance	
	Audited Actual	Budget	Adjusted Budget	Actual	Budget	Adjusted Budget
Finance Management	1 550	1 550	1 550	1 550	0	0
EPWP Incentive	2 173	996	996	996	0	0
Municipal Infrastructure Grant	19 817	21 104	30 104	30 104	29.90	0
Integrated National Electrification Program	4 000	4 250	4 250	4 250	0	0
Library subscription grant	11 018	11 624	12 124	12 124	4.12	0
Regional Bulk Infrastructure Grant	0	0	0	0	0	0
Municipal Water Infrastructure Grant	0	0	0	0	0	0
Municipal Disaster Grant	0	0	0	0	0	0
Total	38 558	39 524	49 024	49 024	19.38	0

Table 236: Conditional Grant

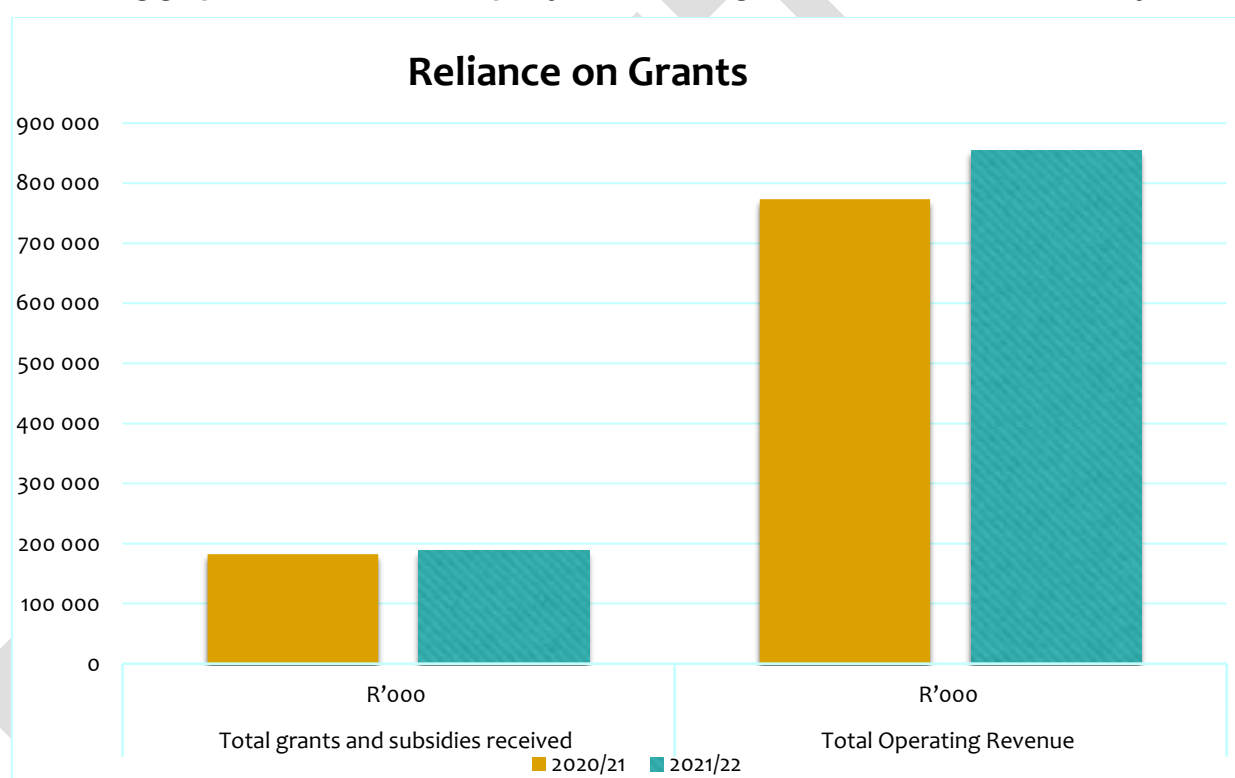
ANNUAL REPORT

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	
2020/21	182 170	773 476	24
2021/22	188 296	854 536	24

Table 237: Reliance on grants

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

ANNUAL REPORT

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

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 2018	2020/21 R million	2021/22 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 238: 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 2018	2020/21 R million	2021/22 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	

ANNUAL REPORT

Table 239: 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 2018	2020/21 R million	2021/22 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 240: Treatment of the three largest assets: Asset

5.4.2 Repairs and Maintenance

Description	2020/21	2021/22			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and maintenance expenditure	36 138	55 986	51 057	47 976	(6.42)

Table 241: Repairs & Maintenance Expenditure

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

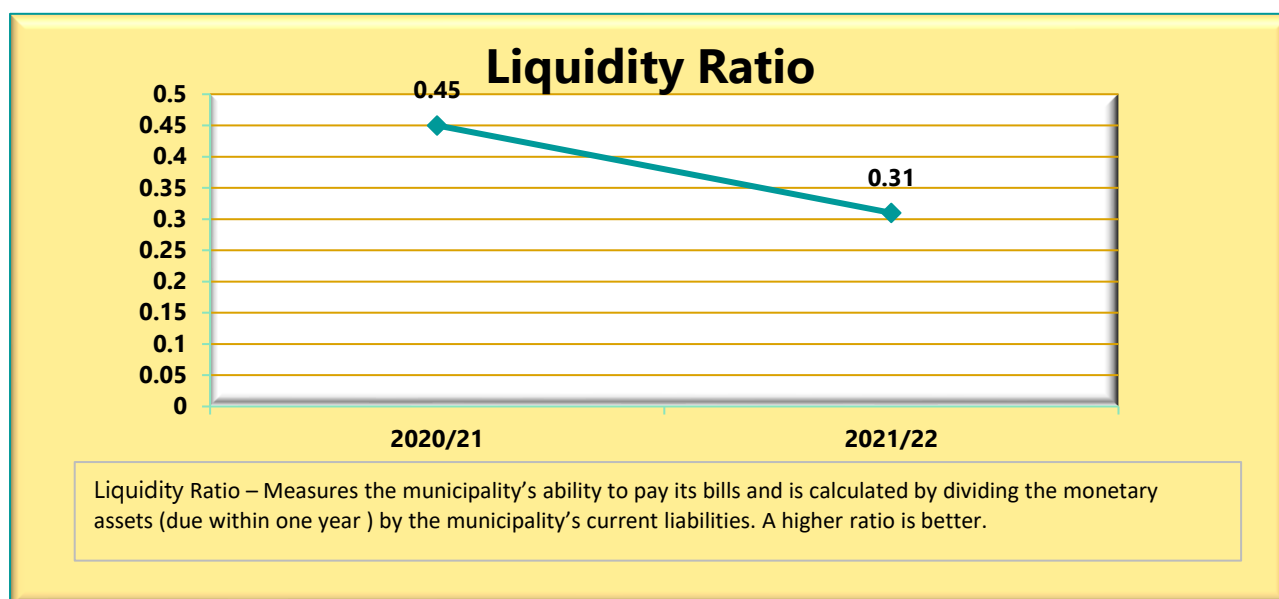
5.5.1 Liquidity Ratio

Description	Basis of calculation	2020/21	2021/22
		Actual	Actual
Current Ratio	Current assets/current liabilities	1.05	1.05
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(0.63)	(0.96)
Liquidity Ratio	Monetary Assets/Current Liabilities	0.45	0.31

Table 242: Liquidity Financial Ratio

ANNUAL REPORT

The following graph indicates the liquidity financial ratio for 2021/22:



Graph 6.: Liquidity Ratio

5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2020/21	2021/22
		Actual	Actual
Cost Coverage	(Available cash + Investments-Unspent Grants)/monthly fixed operational expenditure	1.38	0.98
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	6.38	6.03
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	15.68	19.89

Table 243: Financial Viability National KPAs

5.5.3 Borrowing Management

Description	Basis of calculation	2020/21	2021/22
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	13.09%	12.07%

Table 244: Borrowing Management

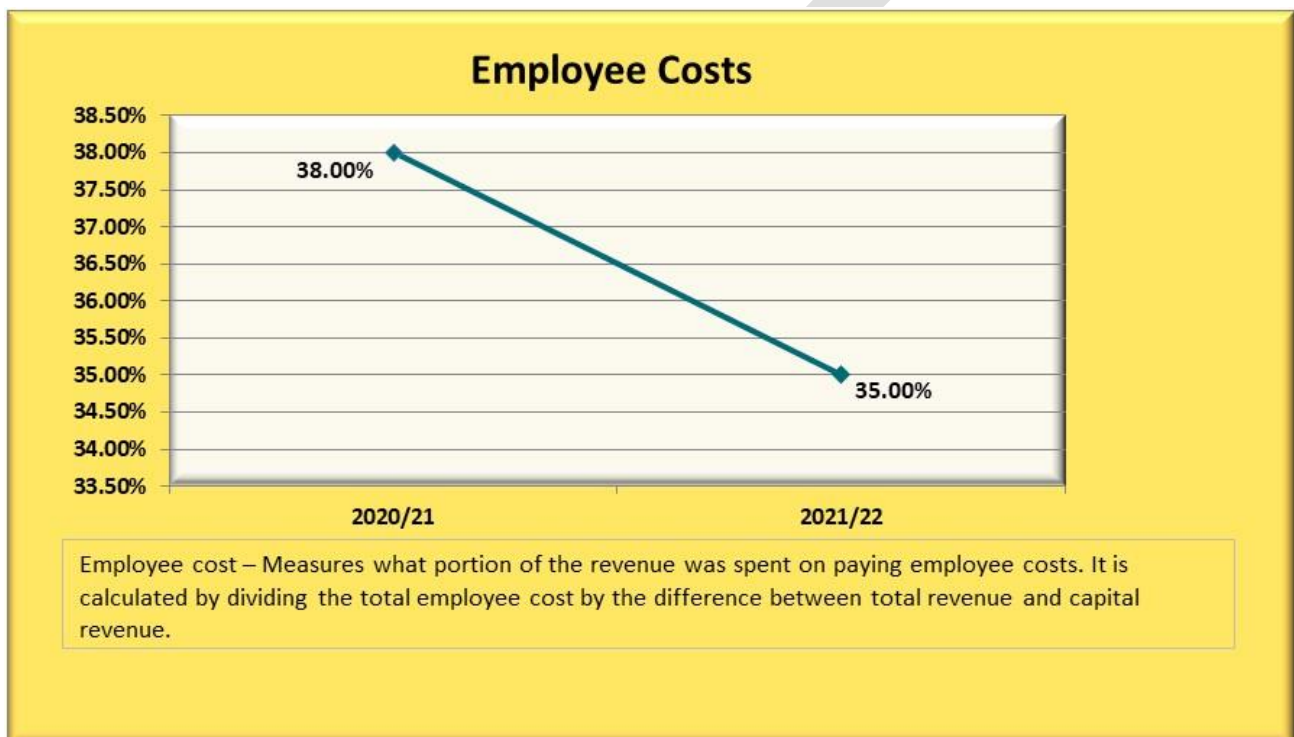
ANNUAL REPORT

5.5.4 Employee Costs

Description	Basis of calculation	2020/21	2021/22
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	38%	35%

Table 245: Employee Costs

The following graph indicates the employee costs for 2021/22:



Graph 7.: Employee Costs

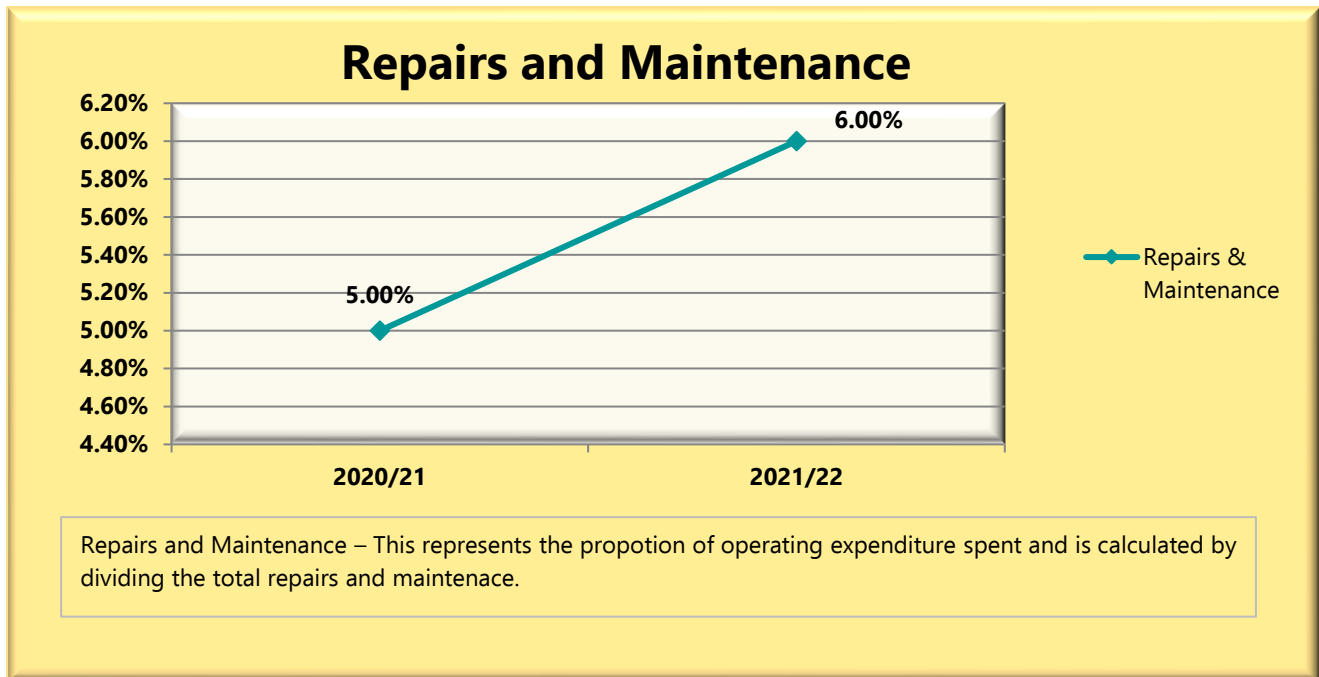
5.5.5 Repairs and Maintenance

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audit outcome
Repairs and Maintenance	R&M/(Total Revenue excluding capital revenue)	5%	6%

Table 246: Repairs and Maintenance

ANNUAL REPORT

The following graph indicates the repairs and maintenance for 2021/22:



Graph 8.: Repairs and Maintenance

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2020/21	2021/22			Planned Capital expenditure		
	<i>Audited outcome</i>	Original Budget	Adjustment Budget	Actual Expenditure	2022/23	2023/24	2024/25
R'000							
Capital expenditure by Asset Class							
Infrastructure - Total	63 000	71 479	85 948	74 943	93 450	117 810	74 041
Infrastructure: Road transport - Total	14 165	23 812	29 030	27 344	10 720	9 470	5 320
<i>Roads, Pavements & Bridges</i>	14 165	23 812	29 030	27 344	10 720	9 470	5 320
Infrastructure: Electricity - Total	10 187	9 282	12 412	11 947	21 016	42 141	21 006

ANNUAL REPORT

Description	2020/21	2021/22			Planned Capital expenditure		
	<i>Audited outcome</i>	Original Budget	Adjustment Budget	Actual Expenditure	2022/23	2023/24	2024/25
<i>Generation</i>	10 187	9 282	12 412	11 947	21 016	42 141	21 006
<i>Transmission & Reticulation</i>							
Infrastructure: Water - Total	17 467	17 639	17 484	14 768	40 279	26 277	12 331
<i>Water Purification</i>	17 467	17 639	17 484	14 768	40 279	26 277	12 331
Infrastructure: Sanitation - Total	14 544	12 650	13 568	12 050	12 050	24 150	23 092
<i>Sewerage purification</i>	14 544	12 650	13 568	12 050	12 050	24 150	23 092
Infrastructure: Other - Total	0	1 600	4 594	3 650	1 526	8 800	3 983
<i>Waste Management</i>	0	1 600	4 594	3 650	1 526	8 800	3 983
<i>Other</i>	0	0	0	0	0	0	0
Community - Total	6 637	6 495	8 860	5 184	7 859	6 972	8 309
Community halls	225	0	332	332	3 900	2 400	6 008
Libraries	20	710	330	249	30	0	0
Recreational facilities	6 392	11 785	3 699	2 318	3 549	4 522	2 252
Fire, safety and emergency	0	3 400	3 300	2 286	0	0	0
Security and policing	0	600	1 200	0	380	50	50
Capital expenditure by asset class	21 763	5 608	4 124	3 274	5 000	2 750	2 183
Heritage assets	0	0	0	0	696	2 000	1 783
Buildings	0	0	0	0	696	2 000	1 783
Other assets	21 763	5 608	4 124	3 274	4 304	750	400
General vehicles	13 607	0	0	0	0	0	0
Specialised vehicles	0	0	0	0	515	0	0
Plant & equipment	4 939	450	228	162	720	250	100
Computers - hardware/equipment	2 760	4 062	3 162	2 987	2 404	0	0
Furniture and other office equipment	1 004	0	0	0	65	500	300

ANNUAL REPORT

Description	2020/21	2021/22			Planned Capital expenditure		
	<i>Audited outcome</i>	Original Budget	Adjustment Budget	Actual Expenditure	2022/23	2023/24	2024/25
Other	0	1 396	735	125	600	0	0
Total Capital Expenditure on new assets	84 763	77 086	90 072	78 217	98 450	120 560	76 224

Table 247: Analysis of Capital and Operating Expenditure

5.7 SOURCE OF FINANCE

The table below indicates the capital expenditure by funding source for the 2021/22 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2020/21	2021/22				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
External loans	11 805	0	0	0	0	0
Public contributions and donations	0	0	400	0	0	0
Grants and subsidies	28 781	34 757	48 417	45 196	39.30	(6.65)
Own funding	44 177	42 329	41 256	33 021	(2.54)	(19.96)
Total	84 763	77 086	90 072	78 217	14.42	1.45
Percentage of finance						
External loans	13.39	0	0	0		
Public contributions and donations	0	0	0.44	0		
Grants and subsidies	33.95	45.09	53.75	57.78		
Own funding	52.12	54.91	45.80	42.22		
Capital expenditure						
Water and sanitation	37 063	30 289	31 052	26 817	2.52	(13.64)
Electricity	11 347	9 282	12 412	11 947	33.71	(3.75)
Housing	0	0	0	0	0	0
Roads and Stormwater	15 096	23 812	29 030	27 344	21.91	(5.81)
Other	21 257	13 703	17 578	12 108	28.28	(31.12)

ANNUAL REPORT

Capital Expenditure: Funding Sources						
R'000						
Details	2020/21	2021/22				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Total	84 763	77 086	90 072	78 217	14.42	1.45
Percentage of expenditure						
Water and sanitation	44	39	34	34		
Electricity	13	12	14	15		
Housing	0	0	0	0		
Roads and stormwater	18	31	32	35		
Other	25	18	20	15		

Table 248: Capital expenditure by Asset Program

5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2021/22.

Name of Project*	2021/22			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
EBENEZER: New Access Road	3 135 405	13 889 183	0	(100)	(100)
EBENEZER Bulk Infrastructure Portion 20	3 695 652	3 695 652	3 695 652	0	0
EBENEZER: New Bulk Water, Portion 20	2 960 616	6 358 577	5 148 597	74	(-19)
EBENEZER: New Roads	0	11 000 000	11 122 899	0	1
Rehabilitation of Landfill Site	0	4 000 000	3 056 032	0	(24)
Projects with the highest capital expenditure in 2021/22					

Table 249: 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.

ANNUAL REPORT

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2020/21	2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	159 172	162 797	136 106	157 107
Service charges	311 340	353 315	373 580	343 120
Other Revenue	621	0	0	1 120
Government - operating	170 797	173 723	213 437	192 301
Government - capital	0	0	0	0
Interest	18 189	25 583	20 228	14 249
Payments				
Suppliers and employees	(602 912)	(602 596)	(582 009)	(615 543)
Finance charges	(13 460)	(13 510)	(11 090)	(11 103)
Transfers and Grants	(5 571)	(6 700)	(4 462)	(4 527)
Net cash from/(used) operating activities	38 176	92 611	145 789	76 723
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	270	0	448	0
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (Increase) other non-current receivables	2	0	1	1
Decrease (increase) in non-current investments	(752)	0	(9 107)	(750)
Payments				
Capital assets	(65 627)	(73 578)	(90 072)	(78 381)
Net cash from/(used) investing activities	(66 107)	(73 578)	(98 730)	(79 130)
Cash flows from financing activities				
Receipts				
Borrowing long term/ refinancing	12 273	0	0	0
Payments				
Repayment of borrowing	(24 321)	(22 621)	(22 439)	(22 426)

ANNUAL REPORT

Cash Flow Outcomes				
R'000				
Description	2020/21	2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Net cash from/(used) financing activities	(24 321)	(22 621)	(22 439)	(22 426)
Net increase/ (decrease) in cash held	(52 252)	(3 588)	24 620	(25 668)
Cash/cash equivalents at the year begin:	125 717	125 717	73 465	73 460
Cash/cash equivalents at the year-end:	73 465	122 129	98 084	48 627

Table 250: Cashflow

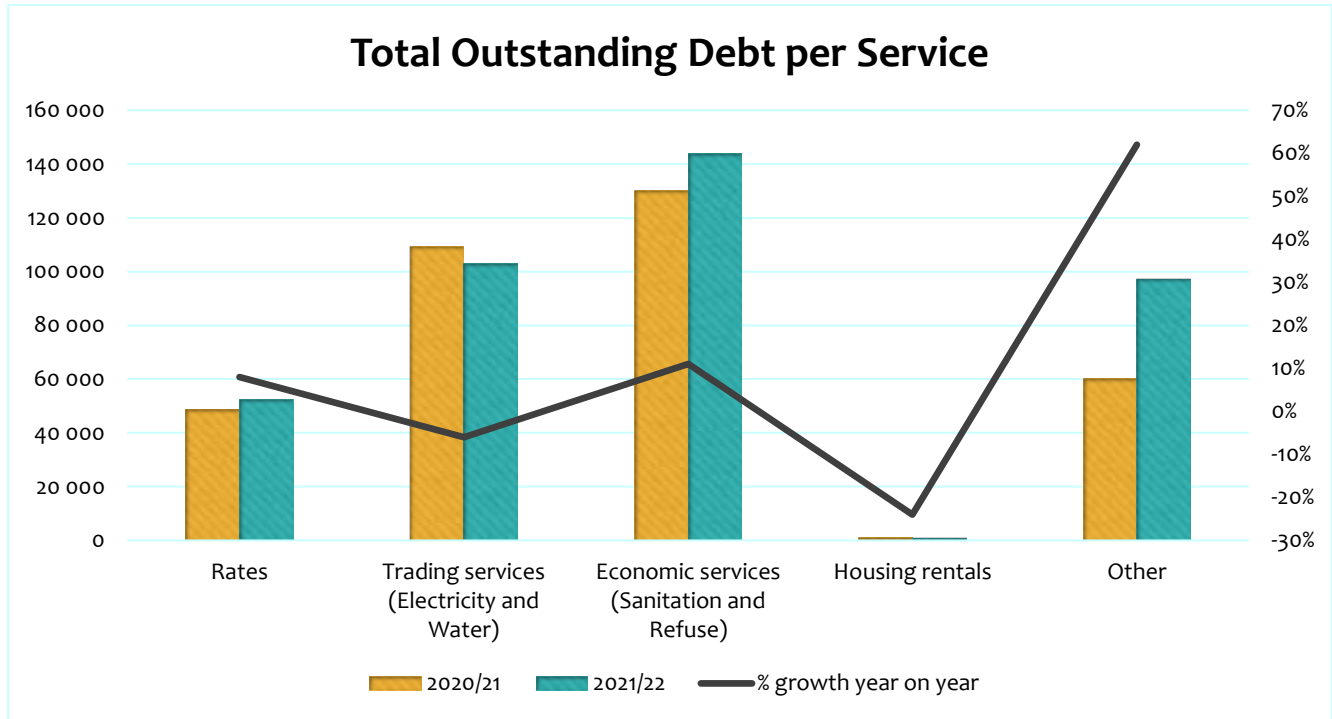
5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
2020/21	48 555	109 268	130 108	1 089	60 056	349 076
2021/22	52 341	102 885	143 780	829	97 222	397 057
Difference	3 786	(6 383)	13 672	(260)	37 166	47 981
% growth year on year	8	(6)	11	(24)	62	14

Table 251: Gross Outstanding Debtors per Service

ANNUAL REPORT

The following graph indicates the total outstanding debt per type of service for 2021/22



Graph 9.: Outstanding Debtors per Service

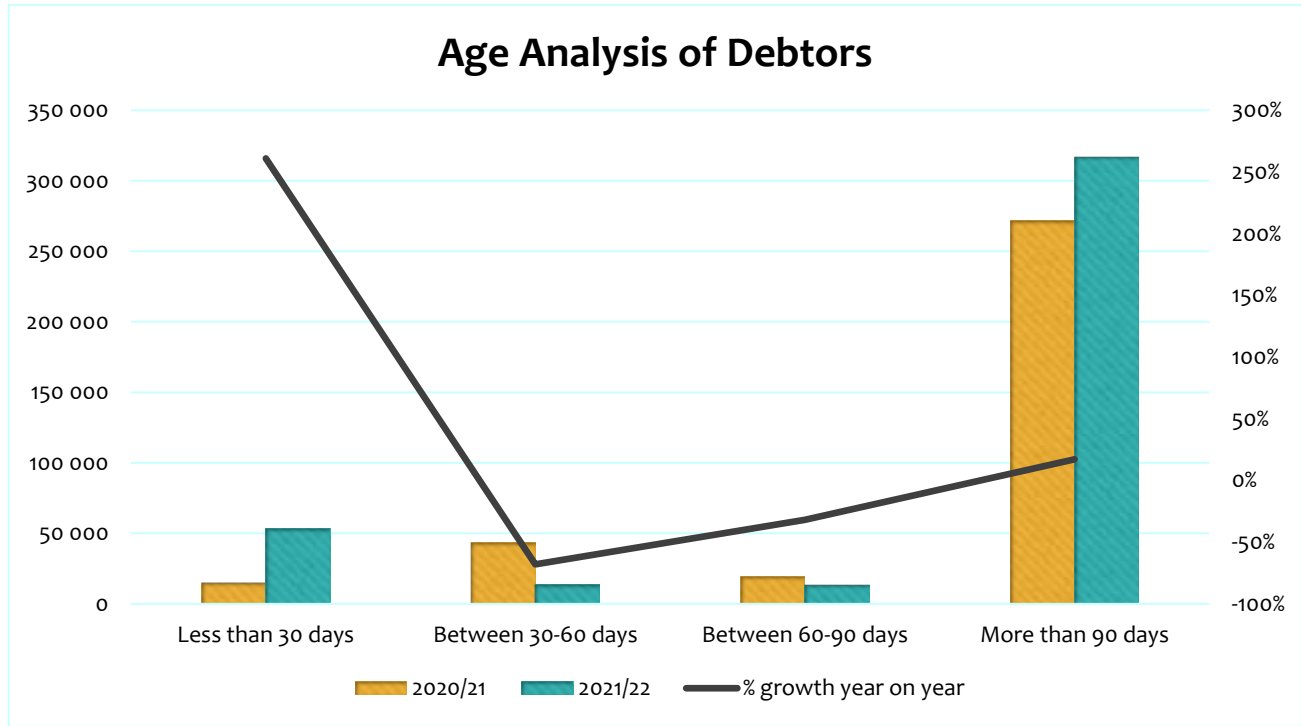
5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
2020/21	14 718	43 388	19 423	271 547	349 076
2021/22	53 184	13 749	13 291	316 833	397 057
Difference	38 466	(29 639)	(6 132)	45 286	47 981
% growth year on year	261	(68)	(32)	17	14

Table 252: Service Debtor Age Analysis

ANNUAL REPORT

The following graph indicates the age analysis of debtors and the increase/decrease from 2020/21 to 2021/22:



Graph 10.: 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

ANNUAL REPORT

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:

Measures	Original Budget 2021/22	Adjusted Budget 2021/22	Total Expenditure	Savings
	R'000	R'000	R'000	R'000
Use of consultants	32 863 898.00	24 871 624.00	9 613 060.64	15 368 079.58
Vehicles used for political office- bearers	600 000.00	240 000.00	250 555.86	(192 963.69)
Travel and subsistence	1 211 355.00	1 017 775.00	5 092.54	167 259.09
Domestic accommodation	559 226.00	455 926.00	75 148.18	(9 062.33)
Sponsorship, events and catering	1 893 192.00	1 763 688.00	33 420.00	1 623 536.76
Communication	4 095 715.00	4 041 072.00	229 586.10	2 539 179.64
Other related expenditure items	44 718 052.00	41 016 664.00	4 849 522.92	13 729 234.66
Total	85 941 438.00	73 406 749.00	15 056 386.00	33 225 263.71

Table 253: Cost containment

ANNUAL REPORT

5.13 BORROWING AND INVESTMENTS

5.13.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2020/21	2021/22
Long-Term Loans (annuity/reducing balance)	82 527	100 544
Financial Leases	10 508	6 100
Total	93 035	106 644

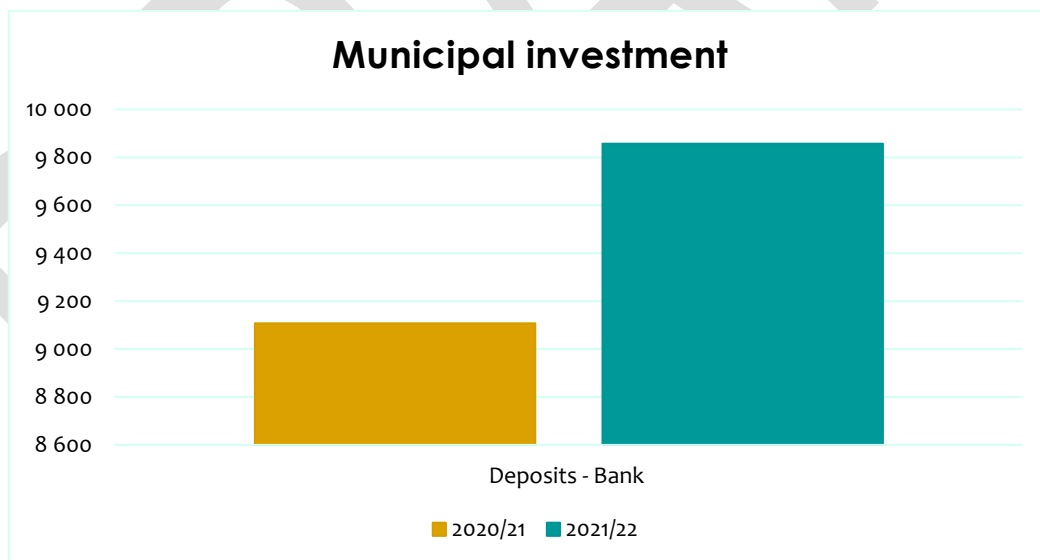
Table 254: Actual Borrowings

5.12.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2020/21	2021/22
	Actual	
Deposits - Bank	9 107	9 857
Total	9 107	9 857

* The actuals of the 2021/22 financial year are currently unaudited figures

Table 255: Municipal Investments



Graph 11.: Municipal investment

ANNUAL REPORT

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
Murray High School	Grant in Aid mayoral intervention on the unavailable classroom accomodation at Murray High School	77
Mjanyelwa P.N	Transport to & from PlettenbergBay - Tokai	9
Hope of Life Centre	Grant in Aid for 2021/22 financial year	80
Building the Walls	Grant in Aid for 2021/22 financial year	20
Bitou Women of Change	Grant in Aid for 2021/22 financial year	150
All Nations Satisfactory Centre	Grant in Aid for 2021/22 financial year	160
Vusumzi Soup Kitchen	Grant in Aid for 2021/22 financial year	185
Pionneers Cricket Club	Grant in Aid for 2021/22 financial year	50
Child Welfare South Africa	Grant in Aid for 2021/22 financial year	30
Sonop Disabled Daycare Centre	Grant in Aid for 2021/22 financial year	30
Eden Schools Netball	Grant in Aid for 2021/22 financial year	10
Eden Netball Federation	Grant in Aid for 2021/22 financial year	9
Mosselbaai Skole Assosiasie	Grant in Aid for 2021/22 financial year	15
Eden District Hockey Federation	Grant in Aid for 2021/22 financial year	30
High School Wittedrift	Grant in Aid for 2021/22 financial year	5
Mariets Embroidery	Grant in Aid for 2021/22 financial year	5
Plett Primary	Grant in Aid for 2021/22 financial year	5
Mandy's Tumbeling and Trampoline	Grant in Aid for 2021/22 financial year	5
Lidz Football Club	Grant in Aid for 2021/22 financial year	2
TOTAL		878

Table 256: Grants made by the Municipality

ANNUAL REPORT

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDIT OUTCOMES 2020/21

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 257: AG Report 2020/21

6.2 SERVICE DELIVERY PERFORMANCE: 2020/21

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 2021/22

6.1 FINANCIAL PERFORMANCE: 2021/22

Auditor-General Report on Financial Performance 2021/22	
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 note 11 to financial statements, the municipality provided for impairment of receivables from exchange and non-exchange transactions of R327,1 million (2020-21: R293,4 million).	Municipality to implement a credit control strategy and procedures to ensure debt is collectable. Municipality to implement a loss control program coupled with a meter replacement program to ensure that all consumption is appropriately billed, collected and the material losses are reduced.
As disclosed in note 50.01 to the financial statements, material electricity losses of 18,88% (2020-21: 21,33%) was incurred.	
As disclosed in note 50.02 to the financial statements, material water losses of 37,71% (2020-21: 35,78%) was incurred.	
As disclosed in note 49 to the financial statements, the municipality wrote off bad debts of R93,7 million (2020-21: R108,6 million).	
Restatement and reclassification of corresponding figures	
As disclosed in note 59 to the financial statements, the corresponding figures for 30 June 2121 were restated as a result in the financial statements of the municipality at and for the year ended, 30 June 2022.	Municipality to ensure in the AFS Preparation Plan that there is ample time to properly review AFS, before submission.

Table 258: AG Report 2021/22

ANNUAL REPORT

6.2 SERVICE DELIVERY PERFORMANCE: 2021/22

The material findings on the usefulness and reliability of the performance information of the selected objective are as follows:

Objective 5 Provision of Basic Services	
Various Indicators	
<p>The achievement reported in the annual performance report, materially differed from the supporting evidence provided for the indicators listed below:</p> <p>TL 9: 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 - 11 893 units</p> <p>TL 11: Number of residential properties with sanitation services to which are connected to the municipal wastewater as at 30 June 2022 - 11 857 units</p>	<p>An audit of all units of service is currently underway to ensure that the units of services rendered are accurately reported in the annual performance report.</p>

Table 259: AG Report 2021/22

PERFORMANCE REPORT

List of Abbreviations

AG	Auditor-General	SALGA	South African Local Government Organisation
CAPEX	Capital Expenditure	SAMDI	South African Management Development Institute
CBP	Community Based Planning	SCM	Supply Chain Management
CFO	Chief Financial Officer	SDBIP	Service Delivery and Budget Implementation Plan
DPLG	Department of Provincial and Local Government	SDF	Spatial Development Framework
DWAF	Department of Water Affairs and Forestry	SSEG	Small Scale Embedded Generation
DoRA	Division of Revenue Act	TRA	Temporary Relocation Area
DOE	Department of Energy		
DOHS	Department of Human Settlements		
EE	Employment Equity		
EEDSM	Energy Efficiency and Demand Side Management		
EPWP	Extended Public Works Programme		
GAMAP	Generally Accepted Municipal Accounting Practice		
GRAP	Generally Recognised Accounting Practice		
HR	Human Resources		
IDP	Integrated Development Plan		
IFRS	International Financial Reporting Standards		
IMFO	Institute for Municipal Finance Officers		
KPA	Key Performance Area		
KPI	Key Performance Indicator		
LED	Local Economic Development		
LED	Light-Emitting Diode		
MAYCOM	Executive Mayoral Committee		
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)		
MIG	Municipal Infrastructure Grant		
MM	Municipal Manager		
MMC	Member of Mayoral Committee		
MSA	Municipal Systems Act No. 32 of 2000		
MTECH	Medium Term Expenditure Committee		
NGO	Non-governmental organisation		
NT	National Treasury		
OPEX	Operating expenditure		
PMS	Performance Management System		
PT	Provincial Treasury		

PERFORMANCE REPORT

List of Tables

Table 1:	Total Population.....	12	Table 36:	Ward 6 Committee Meetings	41
Table 2:	Population Profile	14	Table 37:	Ward 7 Committee Meetings.....	41
Table 3:	Race Categories	14	Table 38:	Functioning of Ward Committees	43
Table 4:	Total Number of Households	14	Table 39:	Labour Forum.....	44
Table 5:	Municipal Wards.....	16	Table 40:	Top Ten Risks	45
Table 6:	Municipal Areas.....	17	Table 41:	Highlights: Risk Management.....	45
Table 7:	Key Economic Activities.....	18	Table 42:	Challenges: Risk Management	45
Table 8:	Basic Services Delivery Highlights	22	Table 43:	Risk Management Functions	46
Table 9:	Basic Service Delivery Challenges.....	24	Table 44:	Strategies	47
Table 10:	Households with Minimum Level of Basic Services	24	Table 45:	Members of the AC	48
Table 11:	Financial Viability Highlights	25	Table 46:	Members of the Performance Audit Committee	49
Table 12:	Financial Viability Challenges	25	Table 47:	Highlights: Internal Audit	50
Table 13:	National KPI's for Financial Viability and Management	26	Table 48:	Challenges: Internal Audit.....	51
Table 14:	Financial Overview	26	Table 49:	Internal Audit Coverage Plan.....	57
Table 15:	Total Capital Expenditure	26	Table 50:	Internal Audit Functions	58
Table 16:	National KPIs - Good Governance and Public Participation Performance	27	Table 51:	Policies.....	58
Table 17:	Good Governance and Public Participation Performance Highlights	27	Table 52:	Communication Activities.....	59
Table 18:	Good Governance and Public Participation Challenges.....	28	Table 53:	Communication and Customer Care Unit.....	59
Table 19:	Council 01 July 2021 till Elections.....	29	Table 54:	Additional Communication Channels Utilised.....	59
Table 20:	Council form 18 November 2021 till 30 June 2022	30	Table 55:	External Communication Forums	60
Table 21:	Council Meetings.....	31	Table 56:	Communication Platforms Utilised.....	61
Table 22:	Executive Mayoral Committee 01 July till Elections.....	32	Table 57:	Website Checklist.....	63
Table 23:	Executive Mayoral Committee 18 November till 30 June 2022	32	Table 58:	Highlights: Supply Chain Management	64
Table 24:	Executive Mayoral Committee Meetings.....	33	Table 59:	Challenges: Supply Chain Management	66
Table 25:	Number of reports per Directorate dealt with under the delegated authority per committee.....	34	Table 60:	Bid Committee Meetings	66
Table 26:	Finance and Engineering Portfolio Committee members ..	35	Table 61:	Attendance of Bid Specification Committee.....	67
Table 27:	Corporate Services and Community Services Portfolio Committee members	35	Table 62:	Attendance of Members of Bid Evaluation Committee.....	67
Table 28:	Strategic Services Portfolio Committee	35	Table 63:	Attendance of Members of Bid Adjudication Committee .	67
Table 29:	Administrative Governance Structure.....	37	Table 64:	Management Control.....	68
Table 30:	Intergovernmental Structures.....	37	Table 65:	Skills Development.....	68
Table 31:	Ward 1 Committee Meetings	39	Table 66:	Top Layer SDBIP – Build a capable, corruption-free administration that is able to deliver on development mandate	78
Table 32:	Ward 2 Committee Meetings.....	39	Table 67:	Top Layer SDBIP – Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to Economic development of local economy	78
Table 33:	Ward 3 Committee Meetings.....	40	Table 68:	Top Layer SDBIP – Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	80
Table 34:	Ward 4 Committee Meetings	40			
Table 35:	Ward 5 Committee Meetings.....	41			

PERFORMANCE REPORT

Table 69:	Top Layer SDBIP – Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities	82	Table 106:	Free Basic Refuse Removal Services to Indigent Households per Type of Service	115
Table 70:	Top Layer SDBIP – Universal access to decent quality of services.....	85	Table 107:	Financial Performance 2021/22: Cost to Municipality of Free Basic Services Delivered.....	115
Table 71:	Functional Areas	87	Table 108:	Roads Highlights	119
Table 72:	Water Provisions Highlights	90	Table 109:	Roads Challenges	119
Table 73:	Water Provision Challenges.....	91	Table 110:	Gravel Road Infrastructure	119
Table 74:	Total Use of Water by Sector	91	Table 111:	Tarred Road Infrastructure.....	119
Table 75:	Water Provision Service Delivery Levels	92	Table 112:	Cost of Construction/Maintenance of Roads.....	120
Table 76:	Access to Water	92	Table 113:	Employees: Roads.....	120
Table 77:	Employees: Water Provision.....	93	Table 114:	Capital Expenditure 2021/22: Roads and Stormwater	121
Table 78:	Capital Expenditure 2021/22: Water Provision.....	94	Table 115:	Stormwater Master Plan Cost	123
Table 79:	Waste Water (Sanitation) Reticulation Highlights.....	96	Table 116:	Stormwater Highlights.....	123
Table 80:	Waste Water (Sanitation) Reticulation Challenges.....	97	Table 117:	Stormwater Challenges	124
Table 81:	Waste Water (Sanitation) Service Delivery Levels.....	98	Table 118:	Stormwater Infrastructure	124
Table 82:	Employees Waste Water (Sanitation) Reticulation	98	Table 119:	Cost of Construction/Maintenance of Stormwater Systems	124
Table 83:	Capital Expenditure 2021/22: Waste Water (Sanitation) Provision.....	99	Table 120:	Employees: Stormwater	125
Table 84:	Electricity Highlights	101	Table 121:	Planning Highlights	127
Table 85:	Electricity Challenges	101	Table 122:	Planning Challenges	127
Table 86:	Electricity Notified Maximum Demand	102	Table 123:	Applications for Land Use Development	128
Table 87:	Electricity Service Delivery Levels.....	102	Table 124:	Additional Performance Town Planning and Building Control.....	128
Table 88:	Employees: Electricity.....	103	Table 125:	Employees: Planning.....	129
Table 89:	Capital Expenditure 2020/21: Electricity Services	104	Table 126:	Highlights: LED	130
Table 90:	Plettenberg Bay Landfill Site Status.....	106	Table 127:	Challenges LED.....	130
Table 91:	Waste Management Highlights.....	106	Table 128:	Employees: LED.....	131
Table 92:	Waste Management Challenges.....	106	Table 129:	Tourism Highlight.....	131
Table 93:	Waste Management Service Delivery Levels	107	Table 130:	Challenges Tourism.....	132
Table 94:	Employees: Waste Management Services	108	Table 131:	Libraries Highlights	133
Table 95:	Capital Expenditure 2021/22: Waste Management Services	108	Table 132:	Libraries Challenges	134
Table 96:	Prioritised Housing Sites.....	109	Table 133:	Service Statistics for Libraries.....	135
Table 97:	Housing Challenges.....	111	Table 134:	Outreach Programmes Libraries	135
Table 98:	Households with Access to Basic Housing.....	112	Table 135:	Employees: Libraries	136
Table 99:	Housing Waiting List	112	Table 136:	Capital Expenditure 2021/22: Libraries	136
Table 100:	Houses Built	112	Table 137:	Cemeteries Challenges.....	137
Table 101:	Employees: Housing.....	113	Table 138:	Service Statistics for Cemeteries	137
Table 102:	Free Basic Services to Indigent Households	114	Table 139:	Employees: Cemeteries	137
Table 103:	Free Basic Electricity Services to Indigent Households	114	Table 140:	Law Enforcement Highlights	139
Table 104:	Free Basic Water Services to Indigent Households	114	Table 141:	Law Enforcement Challenges	140
Table 105:	Free Basic Sanitation Services to Indigent Households.....	114	Table 142:	Law Enforcement Data	140
			Table 143:	Employees: Law Enforcement.....	141
			Table 144:	Capital Expenditure 2021/22: Law Enforcement.....	141

PERFORMANCE REPORT

Table 145:	Traffic Services Highlights	142	Table 185:	Ten Highest Bids Awarded.....	171
Table 146:	Traffic Services Challenge.....	143	Table 186:	Tenders Awarded in Excess of R10 million	171
Table 147:	Additional Performance Service Statistics for Traffic Services	143	Table 187:	Comparing Schedule	172
Table 148:	Employees: Traffic Services	144	Table 188:	Value of Deviations	173
Table 149:	Capital Expenditure 2021/22: Traffic Services	144	Table 189:	Categories Deviations	174
Table 150:	Highlights: Fire Services and Disaster Management	145	Table 190:	Capital Expenditure: Communication.....	174
Table 151:	Challenges: Fire Services and Disaster Management	146	Table 191:	Capital Expenditure 2021/22: Facilities Management and Maintenance	175
Table 152:	Fire Services and Disaster Management Data	146	Table 192:	Employees: LED.....	175
Table 153:	Employees: Fire Services and Disaster Management	147	Table 193:	Employees: Aerodrome	176
Table 154:	Capital Expenditure 2021/22: Fire Services and Disaster Management.....	147	Table 194:	An active and engaging citizenry, able to engage with and shape the municipality's program	176
Table 155:	COVID-19 Committee Members and Meeting Dates.....	149	Table 195:	Building a capable, corruption-free administration that is able to deliver on developmental mandate	178
Table 156:	COVID-19 Statistical Information	150	Table 196:	Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	179
Table 157:	Challenges: COVID-19	150	Table 197:	Provision of basic services	181
Table 158:	COVID-19 Risk Action Plan.....	151	Table 198:	Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities.....	181
Table 159:	COVID-19 Communication/Awareness.....	152	Table 199:	Grow local economy , create jobs, empower previously disadvantaged, transform ownership patterns.2Economic development of local economy	182
Table 160:	Sport and Recreation Highlights	152	Table 200:	National KPIs– Municipal Transformation and Organisational Development.....	183
Table 161:	Sport and Recreation Challenges	153	Table 201:	EE Population 2021/22	184
Table 162:	Additional Performance Information for Sport and Recreation.....	153	Table 202:	Occupational Levels	184
Table 163:	Employees: Sport and Recreation	154	Table 203:	Department - Race	185
Table 164:	Capital Expenditure 2021/22: Sport and Recreation	154	Table 204:	Vacancy Rate Per Post and Functional Level	186
Table 165:	Employees: Corporate Services	155	Table 205:	Staff Turnover Rate.....	186
Table 166:	HR Highlights.....	156	Table 206:	Injuries	187
Table 167:	HR Challenges	156	Table 207:	Sick Leave	187
Table 168:	Employees: HR Services.....	157	Table 208:	HR Policies and Plans	188
Table 169:	Administration Highlights.....	158	Table 209:	Skills Matrix	189
Table 170:	Administration Challenges.....	158	Table 210:	Skills Development.....	190
Table 171:	ICT Services Highlights.....	159	Table 211:	Budget Allocated and Spent for Skills Development.....	191
Table 172:	ICT Services Challenges.....	159	Table 212:	Budget Allocated and Spent for Skills Development.....	192
Table 173:	Employees: ICT Services	160	Table 213:	Total Personnel Expenditure	193
Table 174:	Capital Expenditure 2021/22: ICT Services	161	Table 214:	Analysis of Personnel Expenditure	194
Table 175:	Legal Services Highlights	162	Table 215:	Financial Performance 2021/22.....	197
Table 176:	Legal Services Challenges	162	Table 216:	Performance Against Budgets.....	199
Table 177:	Employees: Legal Services	163	Table 217:	Revenue by Vote	199
Table 178:	Financial Services Highlights.....	163			
Table 179:	Financial Services Challenges	163			
Table 180:	Debt Recovery.....	164			
Table 181:	Employees: Financial Services	165			
Table 182:	Capital Expenditure 2021/22: Financial services.....	165			
Table 183:	Compliance with Council's SCM Policy	169			
Table 184:	Tenders Processed.....	170			

PERFORMANCE REPORT

Table 218:	Revenue by Source	200
Table 219:	Operational Services Performance.....	202
Table 220:	Financial Performance: Water services	202
Table 221:	Financial Performance: Waste Water (Sanitation) services	203
Table 222:	Financial Performance: Electricity	203
Table 223:	Financial Performance: Waste Management	204
Table 224:	Financial Performance: Housing.....	204
Table 225:	Financial Performance: Roads and Stormwater	205
Table 226:	Financial Performance: Planning (Development Management, Spatial Planning and Environmental Management, Building Control and Property Management)	205
Table 227:	Financial Performance: IDP and LED	206
Table 228:	Financial Performance: Libraries	206
Table 229:	Financial Performance: Cemeteries.....	207
Table 230:	Financial Performance: Traffic and Law Enforcement.....	207
Table 231:	Financial Performance: Sport and Recreation	208
Table 232:	Financial Performance: Executive Council	208
Table 233:	Financial Performance: Corporate Services	209
Table 234:	Financial Performance: Tourism.....	209
Table 235:	Grant Performance for 2021/22	211
Table 236:	Conditional Grant	211
Table 237:	Reliance on grants	212
Table 238:	Treatment of the three largest assets: Asset 1	213
Table 239:	Treatment of the three largest assets: Asset 2	214
Table 240:	Treatment of the three largest assets: Asset.....	214
Table 241:	Repairs & Maintenance Expenditure.....	214
Table 242:	Liquidity Financial Ratio.....	214
Table 243:	Financial Viability National KPAs.....	215
Table 244:	Borrowing Management	215
Table 245:	Employee Costs.....	216
Table 246:	Repairs and Maintenance	216
Table 247:	Analysis of Capital and Operating Expenditure	219
Table 248:	Capital expenditure by Asset Program	220
Table 249:	Capital Expenditure on the 5 Largest Projects.....	220
Table 250:	Cashflow	222
Table 251:	Gross Outstanding Debtors per Service.....	222
Table 252:	Service Debtor Age Analysis.....	223
Table 253:	Cost containment.....	225
Table 254:	Actual Borrowings	226
Table 255:	Municipal Investments.....	226
Table 256:	Grants made by the Municipality.....	227

Table 257:	AG Report 2020/21.....	228
Table 258:	AG Report 2021/22	229
Table 259:	AG Report 2021/22	230

List of Graphs

Graph 1:	Total Population.....	13
Graph 3:	Revenue.....	197
Graph 4:	Operating Expenditure	198
Graph 5:	Reliance on Grants	212
Graph 6:	Liquidity Ratio	215
Graph 7:	Employee Costs.....	216
Graph 8:	Repairs and Maintenance	217
Graph 9:	Outstanding Debtors per Service	223
Graph 10:	Total Debtors Age Analysis	224
Graph 11:	Municipal investment	226

BITOU LOCAL MUNICIPALITY



Audited

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2022

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

INDEX

<i>Contents</i>	<i>Page</i>
General information	1 - 3
Approval of the financial statements	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Notes to the Financial Statements	9 - 165
APPENDICES - Unaudited	
A Disclosure of Grants and Subsidies in terms of section 123 of MFMA, 56 of 2003	166 - 168
B Schedule of External Loans	169 - 170



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

General Information

NATURE OF BUSINESS AND PRINCIPLE ACTIVITIES

Bitou Local 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 provides services like water, electricity, sewerage and sanitation to the community. Bitou Local Municipality also serves as an agent to Provincial Government in providing housing to the community.

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)

JURISDICTION

The Bitou Local Municipality includes the following areas:

Bossiesgif
Covie
Harkerville
Keurbooms
Kranshoek
Kurland
Kwanokuthula
Natures Valley
New Horizons
Pinetrees
Plettenberg Bay
Qolweni
Uplands
Wittedrift

WARD INFORMATION

Ward 1	<i>Wittedrift/Kurland/Natures Valley/Keurbooms/Covie/Uplands</i>
Ward 2	<i>Plettenberg Bay South & North</i>
Ward 3	<i>Qolweni/Bossiesgif/Pinetrees/Portion of New Horizons</i>
Ward 4	<i>Portion of New Horizons/Portion of Kwanokuthula</i>
Ward 5	<i>Kwanokuthula</i>
Ward 6	<i>Kwanokuthula</i>
Ward 7	<i>Kranshoek/Harkerville/Portion of Kwanokuthula</i>

MEMBERS OF THE MAYORAL COMMITTEE

Current

<i>Executive Mayor</i>	<i>Councillor D. Swart</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Deputy Executive Mayor</i>	<i>Councillor MP. Busakwe</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Speaker</i>	<i>Councillor CN. Terblanche</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor WJ. Nel</i>	<i>15-Dec-2021 to</i>	<i>30-Jun-2022</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor J. Kam Kam</i>	<i>15-Dec-2021 to</i>	<i>30-Jun-2022</i>



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

General Information

Previous

<i>Executive Mayor</i>	<i>Vacant</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Deputy Executive Mayor</i>	<i>Councillor SE. Gcabayi</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Speaker</i>	<i>Councillor EV. Wildeman</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor MM. Mbali</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor LM. Seyisi</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>

WARD COUNCILLORS

Current

<i>Ward 1</i>	<i>DA</i>	<i>Councillor J. Kam Kam</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Ward 2</i>	<i>DA</i>	<i>Councillor D. Swart</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Ward 3</i>	<i>ANC</i>	<i>Councillor T. Mhlana</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Ward 4</i>	<i>PDC</i>	<i>Councillor CN. Terblanche</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Ward 5</i>	<i>ANC</i>	<i>Councillor SA. Mangxaba</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Ward 6</i>	<i>ANC</i>	<i>Councillor NT. Seti</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>Ward 7</i>	<i>DA</i>	<i>Councillor AR. Olivier</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>

Previous

<i>Ward 1</i>	<i>DA</i>	<i>Councillor J. Kam Kam</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Ward 2</i>	<i>DA</i>	<i>Councillor D. Swart</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Ward 3</i>	<i>ANC</i>	<i>Councillor X. Matyila</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Ward 4</i>	<i>DA</i>	<i>Councillor AS. Windvogel</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Ward 5</i>	<i>ANC</i>	<i>Councillor MM. Mbali</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Ward 6</i>	<i>ANC</i>	<i>Councillor SE. Gcabayi</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>Ward 7</i>	<i>DA</i>	<i>Councillor AR. Olivier</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>

PROPORTIONAL REPRESENTATIVE COUNCILLORS

Current

<i>AUF</i>	<i>Councillor MP. Busakwe</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>ANC</i>	<i>Councillor SE. Gcabayi</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>DA</i>	<i>Councillor WJ. Nel</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>DA</i>	<i>Councillor NS. Ndayi</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>PA</i>	<i>Councillor MAM. Botha</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>
<i>IPM</i>	<i>Councillor NP. Kholwapi</i>	<i>1-Nov-2021 to</i>	<i>30-Jun-2022</i>

Previous

<i>AUF</i>	<i>Councillor PM. Lobese</i>	<i>1-Jul-2021 to</i>	<i>10-Sep-2021</i>
<i>ANC</i>	<i>Councillor EV. Wildeman</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>ANC</i>	<i>Councillor LM. Seyisi</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>DA</i>	<i>Councillor WJ. Nel</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>ANC</i>	<i>Councillor VP. Van Rhyner</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>
<i>DA</i>	<i>Councillor NS. Ndayi</i>	<i>1-Jul-2021 to</i>	<i>31-Oct-2021</i>

MUNICIPAL MANAGER

M Memani

CHIEF FINANCIAL OFFICER

M Dyushu



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

General Information

REGISTERED OFFICE

*Sewell street, Plettenberg Bay, 6600
Private Bag X 1002. Plettenberg Bay, 6600*

AUDITORS

Auditor General of South Africa

PRINCIPLE BANKERS

Standard Bank, Plettenberg Bay

ATTORNEYS

*Mosdell, Pama & Cox
Nandi Bulabula
Hutchinson*

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 financial statements for the year ended 30 June 2022

Approval of Financial Statements

The Accounting Officer is required by the Municipal Finance Management Act (MFMA)(act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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

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

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

In terms of section 13g, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to note 75.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality can continue in operational existence as a going concern for the foreseeable future.

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.

The annual financial statements set out from page 5, which have been prepared on the going concern basis were approved by the Accounting Officer on 9 December 2022 and were signed on its behalf by:



M Memani
Municipal Manager

09 December 2022

Date

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

	Note	2022 R	2021 Restated R
ASSETS			
Non-current assets			
Investment property	3	12 692 113	12 692 651
Property, plant and equipment	4	1 196 038 185	1 154 698 995
Intangible assets	5	-	(8)
Heritage assets	6	35 193	35 193
Non - current investments	7	-	9 107 254
Long-term receivables	8	-	1 093
		1 208 765 491	1 176 535 178
Current assets			
Inventories	9	16 446 634	16 466 916
Current Investments	7	9 857 448	-
Operating lease asset	10	158 834	318 625
Receivables from exchange transactions	11	35 343 763	30 681 867
Receivables from non-exchange transactions	11	34 581 213	24 953 253
VAT receivable	12	4 585 141	7 904 394
Current portion of long-term receivables	8	1 093	997
Unpaid conditional grants	13	15 590 971	16 165 067
Cash and cash equivalents	14	48 627 266	73 460 475
		165 192 365	169 951 594
Total assets		1 373 957 856	1 346 486 772
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	65 547 008	82 498 638
Finance lease liabilities	16	1 250 915	6 674 592
Employee benefit obligation	17	83 872 403	79 189 000
		150 670 326	168 362 230
Current liabilities			
Current portion of long-term borrowings	15	16 979 655	18 045 519
Current portion finance lease liabilities	16	4 848 632	3 833 633
Trade and other payables from exchange transactions	20	80 855 729	71 215 207
Payables from non-exchange transactions	21	-	633 701
Consumer deposits	22	9 848 007	9 013 287
Current employee benefit obligation	23	36 769 786	35 163 951
Current provisions	18	1 166 278	5 055 347
Landfill site	19	-	15 322 375
Unspent conditional grants	13	6 095 196	3 432 545
Unspent public contributions and donations	24	-	498 469
Operating lease liability	10	78 150	268 342
		156 641 433	162 482 376
Total liabilities		307 311 759	330 844 606
Net Assets		1 066 646 096	1 015 642 166
NET ASSETS			
Reserves	25	18 550 009	102 000 000
Accumulated surplus / (deficit)		1 048 096 087	913 642 165
Total net assets		1 066 646 096	1 015 642 166



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Statement of Financial Performance as at 30 June 2022

	Note	2022	2021
		R	Restated R
REVENUE			
Revenue from exchange transactions			
Sale of goods		182 276	125 477
Service charges (Exchange)	27	397 147 683	362 253 546
Rendering of services	28	8 638 723	5 576 205
Rental of facilities and equipment	30	1 254 556	1 148 857
Interest earned - cash and investments	31	3 746 776	6 600 810
Interest charged (trading)	32	12 130 801	12 720 518
Agency services	33	2 422 886	2 345 436
Licences and permits	34	1 091 085	719 480
Operational revenue	35	2 082 099	2 129 336
Inventories reversal to net realisable value	36	6 940 892	4 289 443
Total revenue from exchange transactions		435 637 777	397 909 107
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	37	157 193 635	149 321 185
Availability charges (Non-Exchange)	38	16 331 649	12 372 532
Interest charged on non-exchange transactions	39	2 646 549	1 857 654
Transfer revenue			
Government grants & subsidies - monetary	40	187 797 553	182 169 528
Public Contributions and Donations	41	498 469	-
Fines, penalties and forfeits	42	54 430 462	29 845 754
Total revenue from non-exchange transactions		418 898 317	375 566 654
Total revenue		854 536 094	773 475 761
EXPENDITURE			
Employee related costs	43	280 224 496	268 488 924
Remuneration of councillors	44	6 197 993	6 249 856
Depreciation and amortisation	45	36 223 181	34 942 476
Impairment	46	33 141 143	9 348 710
Finance costs	47	11 102 209	13 399 128
Operating leases	48	4 323 228	3 715 783
Bad debts written off	49	93 734 933	108 578 324
Bulk purchases	50	160 337 958	135 308 569
Contracted services	51	102 725 891	98 624 205
Transfers and subsidies	52	4 527 192	5 570 673
Inventory consumed	53	14 328 052	25 523 238
Operational cost	54	51 057 269	51 652 981
Loss on disposal of assets and liabilities	55	1 687 302	1 455 668
Water losses	56	6 851 853	4 273 990
Inventories losses/write-downs	57	125 496	-
Total expenditure		806 588 195	767 132 525
Surplus / (deficit) for the year		47 947 899	6 343 236



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Statement of Changes in Net Assets

		Capital Replacement Reserve	Accumulated surplus / (deficit)	Total: Net assets
	Note	R	R	R
Balance at 30 June 2020		98 738 413	909 248 087	1 007 986 500
Adjustments		-	1 312 429	1 312 429
Corrections of errors	59	-	1 312 429	1 312 429
Restated Balance at 30 June 2020		98 738 413	910 560 516	1 009 298 929
Surplus for the year		-	6 343 236	6 343 236
Total recognised income and expenses for the year		-	6 343 236	6 343 236
Transfers in/out		3 261 586	(3 261 586)	-
Total Changes		3 261 586	(3 261 586)	-
Restated Balance at 30 June 2021		102 000 000	913 642 165	1 015 642 165
Surplus for the year			47 947 899	47 947 899
Total recognised income and expenses for the year		-	47 947 899	47 947 899
Transfers in/out		(83 449 991)	86 506 023	3 056 032
Total changes		(83 449 991)	86 506 023	3 056 032
Balance at 30 June 2022		18 550 009	1 048 096 087	1 066 646 095

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Cash flow statement as at 30 June 2022

	Note	2022 R	2021 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxes, levies and fines		157 106 967	159 171 577
Goods and services provided		343 119 809	311 340 387
Government grants		192 300 636	170 336 827
Public contributions and donations		-	460 000
Interest income		14 249 037	18 188 540
Consumer deposits		1 120 104	620 824
		707 896 552	660 118 156
Payments			
Suppliers for goods and services		(334 811 788)	(343 480 903)
Employees		(272 981 766)	(253 005 206)
Remuneration of councillors		(6 197 993)	(6 249 856)
Finance cost		(11 102 815)	(13 459 575)
Government grants repaid		(1 266 335)	(22 671)
Transfers and grants		(4 527 192)	(5 570 673)
Consumer deposits		(285 384)	(153 271)
		(631 173 274)	(621 942 154)
Net cash flows from operating activities	58	76 723 278	38 176 001
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(78 381 117)	(65 626 504)
Proceeds from sale of property, plant and equipment		-	269 914
Movement in non-current investments		(750 194)	(752 250)
Movement in non-current receivables		997	1 825
Net cash flows from investing activities		(79 130 314)	(66 107 015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term borrowings		(18 017 495)	(21 252 839)
Repayment of finance leases		(4 408 678)	(3 068 009)
Net cash flows from financing activities		(22 426 173)	(24 320 848)
Net increase/(decrease) in cash and cash equivalents		(24 833 209)	(52 251 862)
Cash and cash equivalent at the beginning of the year	14	73 460 475	125 712 337
Cash and cash equivalents at the end of the year		48 627 266	73 460 475

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

1. Accounting Policies

Presentation of Unaudited Annual Financial Statements

The unaudited 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 unaudited 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.

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 unaudited 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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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.

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. 01 Jul 2021 to 30 Jun 2022.

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 in 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

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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.

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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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 and Losses 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.

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 postemployment 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**

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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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 (years)
Land	Straight-line	Indefinite
Buildings	Straight-line	8-100
Infrastructure	Straight-line	
• Electricity reticulation		8-100
• 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
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,

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not 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.

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

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:

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Item	Depreciation method	Expected useful life (years)
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.

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

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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:

- 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.

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	Depreciation method	Expected useful life (years)
Property - buildings	Straight-line	30-120

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.

De-recognition

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

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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:

a) 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.

b) 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.

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:

a) 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.

b) 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:

- 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.

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 assets' 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.

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.

De-recognition 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:

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

- 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.

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.

De-recognition

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:
 - a) derecognise the receivable; and
 - b) 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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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 of 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.

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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

- 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 yearend 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:

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:

- a) identifying the acquirer (Municipality);
- b) determining the acquisition date;
- c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- d) 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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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.

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 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. Segment Information

A segment is an activity of an entity:

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

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.30. 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.
- a) 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 Municipalities. 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.
- b) 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.
 - 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:

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

- 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.

1.31. 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.

1.32. 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.

1.33. 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.

1.34. 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.

1.35. 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 17 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.

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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

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 (excluding 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.

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 and 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

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.

1.36. 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.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

1.37. 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.

1.38. 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.

1.39. 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:
 - a) the operator constructs, develops, or acquires from a third party; or
 - b) is an existing asset of the operator; or
- is provided by the grantor which:
 - a) is an existing asset of the grantor; or
 - b) is an upgrade to an existing asset of the grantor.

Recognition of asset and liability

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

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 Financial Statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

2. New standards and interpretations

2.1. Standards and interpretations effective and adopted

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

Standard	Description	Effective date
None	No new standards	None

2.2. Standards and interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard	Description	Effective date
None	None	None

2.3. Standards and interpretations issued, but not yet effective

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

2.3.1. GRAP 25 (amended): Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align to the requirements of the International Public Sector Accounting Standard on *Employee Benefits* (IPSAS 39)

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 unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

2.3.2. GRAP 104 (amended): Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

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 unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

2.3.3. iGRAP 7 (Revised 2022) - Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their interaction

The issues addressed in this Interpretation are:

- When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling in paragraph .08 of GRAP 25.
- How a minimum funding requirement might affect the availability of reductions in future contributions.

The effective date of the standard is not yet set by the Minister of Finance.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

2.3.4. iGRAP 21 (Revised 2022) - The Effect of Past Decisions on Materiality

The issues addressed in this Interpretation are:

- a) Whether past decisions about materiality affect subsequent reporting periods.
- b) Whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error.

The effective date of the standard is 1 April 2023.

The effect of the Interpretation to the Standards of GRAP which is considered insignificant. The Interpretation to the Standards of GRAP mainly relate to the clarification of accounting principles.

2.3.5. Guideline: Accounting for Landfill Sites

The objective of this guideline: 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.

The effective date of the guideline is not yet determined.

It is unlikely that the guideline will have a material impact on the municipality's unaudited annual financial statements, as Municipality's current treatment is already to a large extent in line with the Guideline.

2.3.6. Guideline: The Application of Materiality to Financial Statements

The objective of this guideline: to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. This Guideline aims to assist entities in achieving the overall financial reporting objective.

The effective date of the guideline is not yet determined.

The impact that the guideline will have a on the municipality's unaudited annual financial statements, was not yet determined.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

3 INVESTMENT PROPERTY

Note	2022			2021		
	R Cost	R Accumulated	R Carrying value	R Cost	R Accumulated	R Carrying value
Investment property	R 18 143 680	R (5 451 567)	R 12 692 113	R 18 143 680	R (5 451 029)	R 12 692 651
	R 18 143 680	R (5 451 567)	R 12 692 113	R 18 143 680	R (5 451 029)	R 12 692 651

3.1 Restrictions on Investment Property

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

3.2 Contractual commitments for the acquisition, maintenance and restoration of Investment Property

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

3.3 Pledged as security

There are no property, plant and equipment assets pledged as security for liabilities.

3.4 Additional Disclosure in terms of Investment Property

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standards 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

2022	2021
R	R
420 007	420 007



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment loss	Impairment reversal	Depreciation	Carrying value

3.5 Reconciliation of carrying value - 2022

Investment property	12 692 651	-	-	-	-	-	-	(538)	12 692 113
	12 692 651	-	-	-	-	-	-	(538)	12 692 113

3.6 Reconciliation of carrying value - 2021

Investment property	12 690 189	-	-	-	-	3 000	-	(538)	12 692 651
	12 690 189	-	-	-	-	3 000	-	(538)	12 692 651



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note

4 PROPERTY, PLANT AND EQUIPMENT

	R	2022 R Accumulated depreciation and accumulated impairment	R Carrying value	R	2021 R Accumulated depreciation and accumulated impairment	R Carrying value
	Cost			Cost		
Land	317 317 038	(26 388 723)	290 928 315	316 797 133	(25 868 818)	290 928 315
Plant and machinery	12 462 752	(8 028 248)	4 434 504	12 432 487	(7 889 667)	4 542 820
Motor vehicles	57 358 068	(25 397 159)	31 960 908	54 922 367	(21 774 291)	33 148 076
Office equipment	9 066 219	(7 033 728)	2 032 491	9 425 947	(6 874 297)	2 551 650
It equipment	15 107 727	(10 004 860)	5 102 867	13 984 607	(9 142 708)	4 841 899
Infrastructure	1 038 657 538	(274 063 103)	764 594 435	972 983 759	(250 884 256)	722 099 503
Community	90 813 756	(28 832 739)	61 981 017	88 640 612	(26 234 040)	62 406 572
Other property, plant and equipment	65 218 443	(30 214 793)	35 003 650	63 625 750	(29 445 589)	34 180 161
	1 606 001 539	(409 963 354)	1 196 038 185	1 532 812 662	(378 113 667)	1 154 698 995



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment loss	Depreciation	Carrying value
4.1 Reconciliation of carrying value - 2022								
Land	290 928 315	-	-	-	-	-	-	290 928 315
Plant and machinery	4 542 820	1 913 856	-	(45 022)	(594 000)	-	(1 383 150)	4 434 504
Motor vehicles	33 148 076	3 116 089	-	(126 169)	-	-	(4 177 088)	31 960 908
Office equipment	2 551 650	243 060	-	(58 094)	-	-	(704 125)	2 032 491
It equipment	4 841 899	1 840 160	-	(58 658)	-	-	(1 520 534)	5 102 867
Infrastructure	722 099 503	38 043 959	-	(1 362 243)	30 668 094	-	(24 854 878)	764 594 435
Community	62 406 572	1 774 332	-	(32 405)	642 173	-	(2 809 655)	61 981 017
Other property, plant and equipment	34 180 161	1 601 411	-	(4 711)	-	-	(773 211)	35 003 650
	1 154 698 995	48 532 867	-	(1 687 302)	30 716 267	-	(36 222 643)	1 196 038 185

4.2 Reconciliation of carrying value - 2021

Land	292 245 953	-	-	-	-	(1 317 638)	-	290 928 315
Plant and machinery	4 145 334	1 692 015	-	(1 696)	91 320	-	(1 384 153)	4 542 820
Motor vehicles	24 868 072	12 418 352	-	-	(91 320)	-	(4 047 027)	33 148 076
Office equipment	2 939 850	343 547	-	(417)	-	-	(731 330)	2 551 650
It equipment	5 178 111	1 122 167	-	(15 868)	-	-	(1 442 510)	4 841 899
Infrastructure	688 681 023	20 978 689	-	(1 483 332)	37 677 355	-	(23 754 232)	722 099 503
Community	60 402 429	4 613 262	-	(224 269)	176 795	-	(2 561 646)	62 406 572
Other property, plant and equipment	34 459 549	180 556	-	-	-	356 708	(816 652)	34 180 161
	1 112 920 320	41 348 587	-	(1 725 582)	37 854 151	(960 930)	(34 737 551)	1 154 698 995



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
4.3 Capital commitments			
Capital commitments applicable	71	-	56 879 353

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

Carrying value of property, plant and equipment

Electrical Infrastructure	732 100	396 449
Roads Infrastructure	1 001 792	16 682 066
Sanitation Infrastructure	3 292 198	12 175 808
Water Supply Infrastructure	4 529 792	3 544 377
Community Assets	15 645	503 572
Other Assets	1 513 272	232 846
	11 084 799	33 535 118

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Infrastructure Assets	43 599 687	36 404 377
Community Assets	3 658 690	1 812 488
Other Assets	1 014 708	959 982
	48 273 085	39 176 847

Reasons for delay:

- Budgeting/Funding constraints
- Delays with EIA approvals
- Delays with SCM processes
- Contractor Performance

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

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

Employee Related costs	14 115 311	12 114 010
Contracted Services	34 044 268	25 520 759
Materials	5 484 541	4 576 987
Other Expenses	34 712	39 719
	53 678 832	42 251 475

4.6 Restrictions on property, plant and equipment assets

There are no restrictions on the realisability of property, plant and equipment assets or the remittance of revenue and proceeds of disposal.

4.7 Pledged as security

There are no property, plant and equipment assets pledged as security for liabilities.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
4.8 Change in estimates in terms of GRAP 3			
Depreciation before adjustments:			
Community Assets		69 940	-
Computer Equipment		289 902	-
Electrical Infrastructure		104 429	-
Furniture and Office Equipment		96 836	-
Machinery and Equipment		184 667	-
Network and Communication		635	-
Other Assets		40 703	-
Roads Infrastructure		278 149	-
Sanitation Infrastructure		108 066	-
Transport Assets		1 438	-
Water Supply Infrastructure		282 261	-
		1 457 026	-
Depreciation after adjustments:			
Community Assets		67 252	-
Computer Equipment		190 432	-
Electrical Infrastructure		103 961	-
Furniture and Office Equipment		42 246	-
Machinery and Equipment		137 468	-
Network and Communication		507	-
Other Assets		34 403	-
Roads Infrastructure		229 244	-
Sanitation Infrastructure		75 690	-
Transport Assets		359	-
Water Supply Infrastructure		239 832	-
		1 121 394	-

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 financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

		R	2022 R Accumulated depreciation and accumulated impairment	R Carrying value	R	2021 R Accumulated depreciation and accumulated impairment	R Carrying value
	Note	Cost			Cost		
5 INTANGIBLE ASSETS							
Computer software, other		-	-	-	(8)	-	(8)
		-	-	-	(8)	-	(8)

Description

Microsoft Office and Windows software

Remaining
amortization
period

5 - 10 Years

5.1 Usefull life of Intangible Assets

No intangible asset has an indefinite useful life.

5.2 Internally Generated Intangible Assets

There are no internally generated intangible assets at reporting date.

5.3 Restrictions on Intangible Assets

There are no intangible assets whose title is restricted.

5.4 Pledged as security

There are no intangible assets pledged as security for liabilities

5.5 Contractual commitments for the acquisition, maintenance and restoration of Intangible Assets

There are no contractual commitments for the acquisition of intangible assets.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment loss	Impairment reversal	Depreciation	Carrying value
5.6 Reconciliation of carrying value - 2022									
Computer software, other	(8)	8	-	-	-	-	-	-	(0)
	(8)	8	-	-	-	-	-	-	(0)
5.7 Reconciliation of carrying value - 2021									
Computer software, other	(8)	-	-	-	-	-	-	-	(8)
	(8)	-	-	-	-	-	-	-	(8)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

		R	2022 R	R	R	2021 R	R
	Note	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
6 HERITAGE ASSETS							
Historic buildings		16 512	-	16 512	16 512	-	16 512
Other heritage assets		18 681	-	18 681	18 681	-	18 681
		35 193	-	35 193	35 193	-	35 193

6.1 Age and/or condition of heritage assets

Heritage Assets consist of historical land and the Mayoral chain.

The assets were measured at cost.

6.2 Restrictions on heritage assets

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

6.3 Pledged as security

There are no Heritage assets pledged as security for liabilities.

6.4 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.

6.5 Heritage assets used for more than one purpose

There are no Heritage Assets that are used by the municipality for more than one purpose.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment loss	Impairment reversal	Depreciation	Carrying value
6.6 Reconciliation of carrying value - 2022									
Historic buildings	16 512	-	-	-	-	-	-	-	16 512
Other heritage assets	18 681	-	-	-	-	-	-	-	18 681
	35 193	-	-	-	-	-	-	-	35 193
6.7 Reconciliation of carrying value - 2021									
Historic buildings	16 512	-	-	-	-	-	-	-	16 512
Other heritage assets	18 681	-	-	-	-	-	-	-	18 681
	35 193	-	-	-	-	-	-	-	35 193



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
7 INVESTMENTS			
7.1 NON - CURRENT			
Fixed deposits		9 107 254	8 355 004
Opening Balance		9 107 254	8 355 004
Fixed deposits		750 194	752 250
Interest Earned		750 194	752 250
Fixed deposits		9 857 448	-
Less: Transferred to current investments		9 857 448	-
		-	9 107 254

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. The Maturity date of this Investment is 30 December 2022.

7.2 CURRENT

Fixed deposits	9 857 448	-
	9 857 448	-

8 LONG-TERM RECEIVABLES

Long-term receivables	1 093	2 090
	1 093	2 090
Less : Current portion transferred to current receivables	1 093	997
Current portion of long-term receivables	1 093	997
Total	-	1 093

HOUSING SELLING SCHEMES

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 term.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
9 INVENTORIES			
Consumable stores		13 977 860	14 087 180
Unsold properties held for resale		2 235 230	2 235 230
Water for distribution		233 544	144 505
		16 446 634	16 466 916

Consumable stores materials increase / (write down) due to losses as identified during the annual stores counts.

363 291	-

Consumable stores materials increase / (write down) due to surpluses as identified during the annual stores counts.

123 451	-

Inventories recognised as an expense during the year

14 328 052	25 523 238
------------	------------

9.1 Inventory pledged as security

No inventory assets were pledged as security for liabilities.

9.2 Water for distribution

Opening Balance		144 505	129 053
System input volume		21 510 778	13 739 259
Billed consumption		(13 399 246)	(8 822 792)
Water Losses	50	(6 915 185)	(4 273 990)
Data transfer and management errors		(1 170 640)	(642 476)
Water Stock Journal		63 331	15 453
		233 544	144 505

10 OPERATING LEASE (ACCRUAL)

Operating lease asset - Current	158 834	318 625
Operating lease accrual - Current	(78 150)	(268 342)
	80 684	50 282

A further breakdown/ explanation can be found under note 71 sub-heading Operating lease

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
11 DEBTORS DISCLOSURE			
Gross balances			
Consumer debtors - electricity (exchange)		26 521 320	26 509 009
Consumer debtors - water (exchange)		68 879 432	74 374 524
Consumer debtors - waste water (exchange)		89 288 063	80 835 891
Consumer debtors - refuse (exchange)		50 173 835	45 835 435
Consumer debtors - housing rentals (exchange)		829 255	1 089 084
Consumer debtors - sundries (exchange)		9 050 323	7 914 743
Consumer debtors - rates (non-exchange)		52 341 473	48 554 513
Consumer debtors - electricity (non-exchange)		2 735 170	3 339 260
Consumer debtors - water (non-exchange)		4 749 556	5 044 901
Consumer debtors - waste water (non-exchange)		957 959	732 220
Consumer debtors - refuse (non-exchange)		3 370 087	2 704 063
Consumer debtors - sundries (non-exchange)		1 579 285	1 742 616
Fines (non-exchange)		86 580 967	50 399 410
		397 056 725	349 075 670
Less: Allowance for impairment			
Consumer debtors - electricity (exchange)		(10 187 874)	(10 645 763)
Consumer debtors - water (exchange)		(62 472 434)	(69 240 442)
Consumer debtors - waste water (exchange)		(84 062 591)	(76 049 357)
Consumer debtors - refuse (exchange)		(47 558 460)	(43 137 831)
Consumer debtors - housing rentals (exchange)		(884 670)	(1 021 534)
Consumer debtors - sundries (exchange)		(4 232 436)	(5 781 893)
Consumer debtors - rates (non-exchange)		(32 013 485)	(32 268 578)
Consumer debtors - electricity (non-exchange)		(2 407 504)	(2 858 037)
Consumer debtors - water (non-exchange)		(4 137 515)	(3 983 381)
Consumer debtors - waste water (non-exchange)		(803 790)	(560 578)
Consumer debtors - refuse (non-exchange)		(3 130 832)	(2 382 195)
Fines (non-exchange)		(75 240 158)	(45 510 962)
		(327 131 748)	(293 440 550)
Net balance			
Consumer debtors - electricity (exchange)		16 333 446	15 863 246
Consumer debtors - water (exchange)		6 406 998	5 134 082
Consumer debtors - waste water (exchange)		5 225 472	4 786 535
Consumer debtors - refuse (exchange)		2 615 375	2 697 604
Consumer debtors - housing rentals (exchange)		(55 415)	67 551
Consumer debtors - sundries (exchange)		4 817 887	2 132 850
Consumer debtors - rates (non-exchange)		20 327 989	16 285 935
Consumer debtors - electricity (non-exchange)		327 666	481 223
Consumer debtors - water (non-exchange)		612 040	1 061 520
Consumer debtors - waste water (non-exchange)		154 169	171 642
Consumer debtors - refuse (non-exchange)		239 255	321 868
Fines (non-exchange)		11 334 909	4 888 448
Consumer debtors - sundries (non-exchange)		1 585 185	1 742 616
		69 924 976	55 635 120



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Statutory receivables included in consumer debtors above are as follows:			
Consumer debtors - rates (non-exchange)		20 327 989	16 285 935
Fines (non-exchange)		11 334 909	4 888 448
		31 662 898	21 174 384
Financial asset receivables included in consumer debtors above			
		38 262 078	34 460 737
Total debtors		69 924 976	55 635 120

11.01 Included in above is receivables from exchange transactions - current

Consumer debtors - electricity (exchange)	16 333 446	15 863 246
Consumer debtors - water (exchange)	6 406 998	5 134 082
Consumer debtors - waste water (exchange)	5 225 472	4 786 535
Consumer debtors - refuse (exchange)	2 615 375	2 697 604
Consumer debtors - housing rentals (exchange)	(55 415)	67 551
Consumer debtors - sundries (exchange)	4 817 887	2 132 850
	35 343 763	30 681 867

11.02 Included in above is receivables from non-exchange transactions - current

Consumer debtors - rates (non-exchange)	20 327 989	16 285 935
Consumer debtors - electricity (non-exchange)	327 666	481 223
Consumer debtors - water (non-exchange)	612 040	1 061 520
Consumer debtors - waste water (non-exchange)	154 169	171 642
Consumer debtors - refuse (non-exchange)	239 255	321 868
Fines	11 334 909	4 888 448
Consumer debtors - sundries (non-exchange)	1 585 185	1 742 616
	34 581 213	24 953 253
Net balance	69 924 976	55 635 120

11.03 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.

Consumer debtors - electricity (exchange)

Current (0 – 30 days)	15 501 920	4 535 809
31 - 60 Days	1 482 777	10 511 390
61 - 90 Days	698 215	1 197 514
+ 90 Days	8 838 408	10 264 296
	26 521 320	26 509 009

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Consumer debtors - water (exchange)			
Current (0 – 30 days)		11 080 397	2 272 532
31 - 60 Days		2 717 015	7 280 441
61 - 90 Days		2 915 837	4 575 612
+ 90 Days		52 166 183	60 245 938
		68 879 432	74 374 524
Consumer debtors - waste water (exchange)			
Current (0 – 30 days)		5 932 589	1 476 879
31 - 60 Days		2 714 365	7 129 764
61 - 90 Days		2 636 388	4 311 206
+ 90 Days		78 004 721	67 918 042
		89 288 063	80 835 891
Consumer debtors - refuse (exchange)			
Current (0 – 30 days)		3 279 476	570 943
31 - 60 Days		1 511 113	4 106 387
61 - 90 Days		1 447 961	2 452 298
+ 90 Days		43 935 285	38 705 807
		50 173 835	45 835 435
Consumer debtors - housing rentals (exchange)			
Current (0 – 30 days)		235 032	29 366
31 - 60 Days		37 450	34 951
61 - 90 Days		15 380	24 117
+ 90 Days		541 393	1 000 650
		829 255	1 089 084
Consumer debtors - sundries (exchange)			
Current (0 – 30 days)		3 941 166	348 051
31 - 60 Days		94 764	618 708
61 - 90 Days		140 109	355 881
+ 90 Days		4 874 284	6 592 103
		9 050 323	7 914 743
Consumer debtors - rates (non-exchange)			
Current (0 – 30 days)		8 448 150	1 085 137
31 - 60 Days		2 019 823	10 428 037
61 - 90 Days		1 522 557	3 547 219
+ 90 Days		40 350 944	33 494 120
		52 341 473	48 554 513
Consumer debtors - electricity (non-exchange)			
Current (0 – 30 days)		679 062	299 493
31 - 60 Days		93 239	92 637
61 - 90 Days		89 015	82 402
+ 90 Days		1 873 854	2 864 728
		2 735 170	3 339 260



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Consumer debtors - water (non-exchange)			
Current (0 – 30 days)		649 540	448 997
31 - 60 Days		147 409	177 173
61 - 90 Days		144 255	140 806
+ 90 Days		3 808 352	4 277 926
		4 749 556	5 044 901
Consumer debtors - waste water (non-exchange)			
Current (0 – 30 days)		195 634	114 427
31 - 60 Days		37 863	30 496
61 - 90 Days		26 770	24 799
+ 90 Days		697 692	562 499
		957 959	732 220
Consumer debtors - refuse (non-exchange)			
Current (0 – 30 days)		295 124	327 218
31 - 60 Days		121 655	138 612
61 - 90 Days		114 506	112 811
+ 90 Days		2 838 803	2 125 423
		3 370 087	2 704 063
Fines (non-exchange)			
Current (0 – 30 days)		2 929 350	2 682 550
31 - 60 Days		2 771 700	2 839 550
61 - 90 Days		3 539 850	2 598 650
+ 90 Days		77 334 167	42 278 660
		86 575 067	50 399 410
Consumer debtors - sundries (non-exchange)			
Current (0 – 30 days)		16 247	526 108
+ 90 Days		1 568 937	1 216 508
		1 585 185	1 742 616
Total			
Current (0 – 30 days)		53 183 686	14 717 509
31 - 60 Days		13 749 173	43 388 146
61 - 90 Days		13 290 842	19 423 315
+ 90 Days		316 833 023	271 546 700
		397 056 725	349 075 670

11.04 Summary of debtors by customer classification**Residential**

Current (0 – 30 days)	48 325 263	8 445 123
31 - 60 Days	12 811 895	41 110 493
61 - 90 Days	12 471 090	18 462 588
+ 90 Days	290 653 981	257 906 669
	364 262 230	325 924 873
Less: Allowance for impairment	(320 033 414)	(274 197 083)
	44 228 816	51 727 790



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Industrial/ commercial			
Current (0 – 30 days)		4 503 660	5 722 586
31 - 60 Days		819 476	1 907 196
61 - 90 Days		724 690	785 627
+ 90 Days		24 125 025	12 088 818
		30 172 851	20 504 227
Less: Allowance for impairment		(6 043 247)	(17 105 573)
		24 129 604	3 398 654
National and provincial government			
Current (0 – 30 days)		354 762	549 800
31 - 60 Days		117 803	370 457
61 - 90 Days		95 061	175 100
+ 90 Days		2 054 016	1 551 213
		2 621 643	2 646 570
Less: Allowance for impairment		(1 055 087)	(2 137 894)
		1 566 556	508 676
Total			
Current (0 – 30 days)		53 183 686	14 717 509
31 - 60 Days		13 749 173	43 388 146
61 - 90 Days		13 290 842	19 423 315
+ 90 Days		316 833 023	271 546 700
		397 056 725	349 075 670
Less: Allowance for impairment		(327 131 748)	(293 440 550)
		69 924 976	55 635 120

11.05 Trade and other receivables pledged as security

No receivables are pledged as security for financial liabilities

11.06 Fair value of trade and other receivables

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.

11.07 Reconciliation of allowance for impairment

Balance at beginning of the year	293 440 550	287 199 112
Contributions to allowance	281 620 786	24 998 181
Reversal of allowance	(247 929 588)	(18 756 743)
Balance at end of year	327 131 748	293 440 550

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
The total amount of this provision consists of:		
Consumer debtors - electricity (exchange)	10 187 874	10 645 763
Consumer debtors - water (exchange)	62 472 434	69 240 442
Consumer debtors - waste water (exchange)	84 062 591	76 049 357
Consumer debtors - refuse (exchange)	47 558 460	43 137 831
Consumer debtors - housing rentals (exchange)	884 670	1 021 534
Consumer debtors - sundries (exchange)	4 232 436	5 781 893
Consumer debtors - rates (non-exchange)	32 013 485	32 268 578
Consumer debtors - electricity (non-exchange)	2 407 504	2 858 037
Consumer debtors - water (non-exchange)	4 137 515	3 983 381
Consumer debtors - waste water (non-exchange)	803 790	560 578
Consumer debtors - refuse (non-exchange)	3 130 832	2 382 195
Fines (non-exchange)	75 240 158	45 510 962
	327 131 748	293 440 550

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	4 585 141	7 904 394
	4 585 141	7 904 394

Net VAT receivable

VAT receivable	R 212 583 821	R 165 551 234
VAT payable	R (207 998 680)	R (157 646 840)
	R 4 585 141	R 7 904 394

13 GRANTS

Operational

Monetary allocations - other

Monetary Allocations - Other - Departmental Agencies And Accounts: National Departmental Agencies: Local Government, Water And Related Service SETA

496 544	351 844
496 544	351 844



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Monetary Allocations: District Municipalities			
Safety Plans		120 000	-
		120 000	-

Monetary Allocations: Provincial Government

Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	2 836 996	-
Local Government Public Employment Support	127 771	-
Library Services Replacement Funding for most vulnerable B3 Municipalities	(0)	306 460
Local Government Graduate Internship	0	266 175
Financial Management Capacity Building	-	75 142
Community Development Workers (CDW)	15 616	51 894
Human Settlement Development	(15 590 971)	(16 165 067)
Disaster Management: Emergency Housing	-	0
Regional Social Economic Projects (RSEP)	894 628	1 869 771
Municipal Disaster	-	7
Municipal Library Support	(0)	-
	(11 715 961)	(13 595 617)

Monetary Allocations: National Government

Expanded Public Works Programme Integrated	0	454
Municipal Infrastructure	1 588 228	454 503
Integrated National Electrification Programme	15 414	56 293
	1 603 642	511 250

Total grants**(9 495 775) (12 732 523)****Unspent conditional grants**

6 095 196 3 432 545

Unpaid conditional grants

(15 590 971) (16 165 067)

(9 495 775) (12 732 523)

See below for reconciliation of grants and receipts.
These amounts are invested in ring-fenced investment until utilised.

Conditional and unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	80 347 636	48 669 156
Unconditional grants received	111 442 000	121 667 671
	191 789 636	170 336 827



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
13.1 Grants breakdown			
Monetary Allocations - Other - Departmental Agencies And Accounts:National Departmental			
13.1.0.01 Agencies:Local Government, Water And Related Service SETA			
Opening balance		351 844	706 759
Receipts		420 756	401 410
Conditions met - transferred to revenue - operating		(276 057)	(756 325)
Conditions still to be met - remain liabilities.		496 544	351 844
13.1.0.02 Safety Plans			
Receipts		120 000	-
Conditions still to be met - remain liabilities.		120 000	-
13.1.1.02 Monetary Allocations:Provincial Government			
13.1.1.03 Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)			
Receipts		7 954 369	-
Conditions met - transferred to revenue - operating		(5 117 373)	-
Conditions still to be met - remain liabilities.		2 836 996	-
13.1.1.04 Local Government Public Employment Support			
Receipts		1 200 000	-
Conditions met - transferred to revenue - operating		(1 072 229)	-
Conditions still to be met - remain liabilities.		127 771	-
13.1.1.05 Library Services Replacement Funding for most vulnerable B3 Municipalities			
Opening balance		306 460	306 460
Receipts		9 884 000	11 018 000
Conditions met - transferred to revenue - operating		(9 884 000)	(11 018 000)
Re-payment of unspent grant		(306 460)	-
Conditions still to be met - remain liabilities.		-	306 460
13.1.1.06 Financial Management Support - Drought			
Receipts		-	734 000
Conditions met - transferred to revenue - capital		-	(734 000)
Conditions still to be met - remain liabilities.		-	-
13.1.1.07 Local Government Graduate Internship			
Opening balance		266 175	266 175
Conditions met - transferred to revenue - operating		(0)	-
Re-payment of unspent grant		(266 175)	-
Conditions still to be met - remain liabilities.		-	266 175



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
13.1.1.08 Financial Management Capacity Building			
Opening balance		75 142	75 142
Receipts		250 000	-
Conditions met - transferred to revenue - operating		(250 000)	-
Re-payment of unspent grant		(75 142)	-
Conditions still to be met - remain liabilities.		-	75 142
13.1.1.09 Community Development Workers (CDW)			
Opening balance		51 894	37 967
Receipts		19 000	19 000
Conditions met - transferred to revenue - operating		(3 384)	(5 073)
Re-payment of unspent grant		(51 894)	-
Conditions still to be met - remain liabilities.		15 616	51 894
13.1.1.1 Community Library Services			
Receipts		1 329 000	-
Conditions met - transferred to revenue - operating		(1 329 000)	-
Conditions still to be met - remain liabilities.		-	-
13.1.1.11 Human Settlement Development			
Opening balance		(16 165 067)	(10 065 796)
Receipts		15 570 510	4 286 746
Conditions met - transferred to revenue - operating		(1 173 466)	(10 386 017)
Conditions met - transferred to revenue - capital		(13 822 948)	-
Conditions still to be met - remain liabilities.		(15 590 971)	(16 165 067)
13.1.1.12 Proclaimed Roads Maintenance			
Receipts		230 000	870 000
Conditions met - transferred to revenue - operating		(230 000)	(870 000)
Conditions still to be met - remain liabilities.		-	-
13.1.1.130 Disaster Management: Emergency Housing			
Opening balance		0	0
Conditions met - transferred to revenue - operating		(0)	-
Conditions still to be met - remain liabilities.		-	0
13.1.1.14 Municipal Disaster			
Opening balance		7	7
Conditions met - transferred to revenue - operating		(7)	-
Conditions still to be met - remain liabilities.		-	7



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
13.1.1.15 Thusong Services Centres			
Receipts		150 000	-
Conditions met - transferred to revenue - operating		(150 000)	-
Conditions still to be met - remain liabilities.		-	-
13.1.1.16 Regional Social Economic Projects (RSEP)			
Opening balance		1 869 771	2 350 504
Receipts		500 000	3 000 000
Conditions met - transferred to revenue - capital		(1 419 479)	(3 480 733)
Re-payment of unspent grant		(55 664)	-
Conditions still to be met - remain liabilities.		894 628	1 869 771
13.1.1.17 Western Cape Municipal Energy Resilience (WC MER)			
Receipts		750 000	-
Conditions met - transferred to revenue - operating		(750 000)	-
Conditions still to be met - remain liabilities.		-	-
13.1.1.18 Electricity Master Plan			
Receipts		-	800 000
Conditions met - transferred to revenue - operating		-	(800 000)
Conditions still to be met - remain liabilities.		-	-
13.1.1.19 Municipal Library Support			
Receipts		911 000	-
Conditions met - transferred to revenue - operating		(634 076)	-
Conditions met - transferred to revenue - capital		(276 924)	-
Conditions still to be met - remain liabilities.		(0)	-
13.1.2 Monetary Allocations:National Government			
13.1.2.01 Energy Efficiency And Demand Side Management			
Opening balance		-	22 671
Receipts		4 159 000	-
Conditions met - transferred to revenue - operating		(4 159 000)	-
Re-payment of unspent grant		-	(22 671)
Conditions still to be met - remain liabilities.		-	-
13.1.2.02 Expanded Public Works Programme Integrated			
Opening balance		454	-
Receipts		996 000	2 173 000
Conditions met - transferred to revenue - operating		(996 000)	(2 172 546)
Re-payment of unspent grant		(454)	-
Conditions still to be met - remain liabilities.		(0)	454



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
13.1.2.03 Local Government Financial Management			
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.		-	-
13.1.2.04 Municipal Infrastructure			
Opening balance		454 503	5 422 959
Receipts		30 104 000	19 817 000
Conditions met - transferred to revenue - capital		(28 515 772)	(24 785 456)
Re-payment of unspent grant		(454 503)	-
Conditions still to be met - remain liabilities.		1 588 228	454 503
13.1.2.05 Integrated National Electrification Programme			
Opening balance		56 293	-
Receipts		4 250 000	4 000 000
Conditions met - transferred to revenue - capital		(4 234 836)	(3 943 707)
Re-payment of unspent grant		(56 043)	-
Conditions still to be met - remain liabilities.		15 414	56 293
13.1.2.06 National Government:Equitable Share			
Receipts		111 442 000	121 667 671
Conditions met - transferred to revenue - operating		(111 442 000)	(121 667 671)
Conditions still to be met - remain liabilities.		-	-
13.1.2.07 Total grants			
Opening balance		(12 732 523)	(877 151)
Receipts		191 789 636	170 336 827
Conditions met - transferred to revenue - operating		(139 016 593)	(149 225 632)
Conditions met - transferred to revenue - capital		(48 269 960)	(32 943 895)
Re-payment of unspent grant		(1 266 335)	(22 671)
Conditions still to be met - remain liabilities.		(9 495 775)	(12 732 523)

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cashier floats	3 880	3 880
Cash at bank	48 623 386	21 902 364
Short-term deposits	-	51 554 231
	48 627 266	73 460 475
Current assets	48 627 266	73 460 475

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
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		48 627 266	73 460 475
Non - current investments		-	9 107 254
Current investments		9 857 448	-
		58 484 714	82 567 728
Less:			
Unspent conditional grants		6 095 196	3 432 545
Unspent public contributions and donations		-	498 469
Secured Investments - DBSA (Nedbank)		5 243 673	5 243 673
Consumer deposits		9 848 007	9 013 287
Capital Replacement Reserve		18 550 009	102 000 000
Resources available for working capital requirements		18 747 829	(37 620 246)
The municipality had the following bank accounts as at 1 July: -			
Nedbank - current account number 1089911513 (Primary bank account)		9 574 069	79 155 702
Nedbank - current account number 1089913079 (Traffic account)		40 684	123 501
Nedbank - current account number 1089913974 (Direct deposits)		901 947	3 174 272
Standard bank - current account number 372884709 (Primary bank account)		11 190 274	-
The municipality had the following bank accounts as at 30 June: -			
Nedbank - current account number 1089911513 (Primary bank account)		1 975 173	9 574 069
Nedbank - current account number 1089913079 (Traffic account)		60 302	40 684
Nedbank - current account number 1089913974 (Direct deposits)		1 132 909	901 947
Standard bank - current account number 372884709 (Primary bank account)		19 464 330	11 190 274
Standard bank - current account number 372884741 (Bitou grants)		25 694 868	-
Cash book balance at beginning of year		21 902 364	82 625 526
Cash book balance at end of year		48 623 386	21 902 364
Bank statement balance at beginning of year		21 706 974	82 453 475
Bank statement balance at end of year		48 327 582	21 706 974



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
15 BORROWINGS			
At amortised cost			
Annuity loans			
Banks: ABSA			
ABSA - 2015/2016		10 525 495	12 545 192
ABSA - 2016/2017		15 529 786	17 822 873
		26 055 281	30 368 065
Banks: Nedbank			
Nedbank - 7831 033912 / 000 001		4 305 108	5 434 523
Nedbank - 2017/2018		22 134 392	24 670 938
		26 439 501	30 105 461
Banks: Standard Bank			
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)		7 273 289	9 206 096
Standard Bank - 282044426		(0)	(0)
Standard Bank - 282029087(old acc number)/ 000536658(new acc number)		(0)	1 177 863
Standard Bank - 251981282(old acc number)/ 000536894(new acc number)		0	1 142 997
Standard Bank - 282022589(old acc number)/ 000537648(new acc number)		1 888 488	3 583 814
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)		3 577 351	5 088 442
Standard Bank - 082602573		0	0
		12 739 129	20 199 213
Banks: Development Bank of South Africa			
DBSA - 11200/102		0	0
DBSA - 100225/1		412 000	1 236 000
DBSA - 103437/1		16 198 315	17 663 655
DBSA - 103437/2		682 438	971 764
		17 292 753	19 871 419
Annuity loans total		82 526 663	100 544 158
Borrowings total		82 526 663	100 544 158

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
--	------	-----------	-----------

Development Bank loans

Bitou Local Municipality currently has 3 active loans with the Development Bank of South Africa. The loans instalments are payable bi annually, during December and June, on a "fixed capital plus interest" basis as per loan agreements. Interest rates applicable on the loans vary from 10.86% to 11.4%. Maturity dates on the loans range from December 2022 to June 2029. All the loans are unsecured, apart from the sinking fund as mentioned in the note below. The 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

Bitou Local Municipality currently has 3 active loans with Standard bank. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10.94% to 11.45%. Maturity dates on the loans range from June 2023 to June 2025. The loans are unsecured. Two Standard bank loans, with references 000536658 and 000536894, were paid in full during the financial year. The loans are unsecured.

Nedbank loans

Bitou Local Municipality currently has 2 active loans with Nedbank. One of the loans are repayable in monthly instalments, while the second loan is payable bi annually, during December and June. Interest rates applicable on the loans vary from 10.54% to 11.81%. Maturity dates on the loans are June 2025 and June 2028 respectively. The loans are unsecured.

ABSA loans

Bitou Local Municipality currently has 2 active loans with ABSA. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10.04 % to 10.36%. Interest are compounded monthly on the Absa 2017/2018 loan (R20 million loan amount at 10,36% pa). Maturity dates on the loans are June 2026 and June 2027 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

Current liabilities

Total borrowings

65 547 008	82 498 638
16 979 655	18 045 519
82 526 663	100 544 158

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
15.1 The obligations under annuity loans are scheduled below:			
Amounts payable under annuity loans			
Within 1 year		25 357 752	28 306 266
Between 1 and 5 years		71 544 733	96 860 497
After 5 years		11 861 312	11 800 613
Less: Future finance obligations		(26 237 135)	(36 423 218)
Present value of annuity loans obligations		82 526 663	100 544 158

15.2 Utilisation of long-term liabilities reconciliation

Long-term borrowings	82 526 663	100 544 158
Used to finance property, plant and equipment	(82 526 663)	(100 544 158)

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

Refer to Appendix B for more detail on borrowings.

16 FINANCE LEASE LIABILITIES

At amortised cost

Standard Bank

Finance lease - SCM/2020/20/ENG

6 099 547	10 508 225
6 099 547	10 508 225

Standard bank

The municipality has entered into a vehicle finance lease agreement with Standard Bank. The lease repayment period are for 36 months, starting 30 August 2020. Lease instalments are payable monthly. No escalation is applicable.

The effective rate is fixed at 9.55%

The fair value of finance lease 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	1 250 915	6 674 592
Current liabilities	4 848 632	3 833 633
Total borrowings	6 099 547	10 508 225

16.1 The obligations under finance leases are scheduled below:

Amounts payable under finance leases		
Within 1 year	5 222 731	5 222 731
Between 1 and 5 years	1 272 881	6 495 612
Less: Future finance obligations	(396 065)	(1 210 118)
Present value of finance lease obligations	6 099 547	10 508 225



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
16.2 Utilisation of finance lease liabilities reconciliation			
Finance lease liabilities		6 099 547	10 508 225
Used to finance property, plant and equipment		(6 099 547)	(10 508 225)

Finance lease liabilities have been utilized in accordance with the Municipal Finance Management Act

Refer to Appendix B for more detail on finance leases.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
17 EMPLOYEE BENEFIT OBLIGATION			
Post-retirement benefits	17.1	70 208 890	67 005 000
Long service awards	17.2	13 663 513	12 184 000
Total non-current employee benefit liabilities		83 872 403	79 189 000
17.1 Post retirement benefits			
Opening balance		68 989 000	58 186 999
Current service cost		6 574 850	4 152 000
Interest cost		6 972 000	6 156 000
Actual employer benefit payments		(3 037 700)	(1 584 190)
Actuarial loss/ (gain) recognised in the year		(7 205 340)	2 078 191
Closing balance		72 292 810	68 989 000
Less: Transfer of current portion		(2 083 920)	(1 984 000)
Non-current portion		70 208 890	67 005 000
17.2 Long-service awards			
Opening balance		12 937 000	11 306 000
Contributions for the year		1 410 000	1 226 000
Interest cost for the year		1 209 000	839 000
Expenditure for the year		(602 475)	(1 216 593)
Actuarial loss/(gain)		430 473	782 593
Closing balance		15 383 998	12 937 000
Less: Transfer of current portion		(1 720 485)	(753 000)
Non-current portion		13 663 513	12 184 000



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
------	-----------	-----------

17.3 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	489	494
In-service (employee)- non members	49	54
Continuation members (e.g. Retirees, widows, orphans)	44	43
Total members	582	591

The liability in respect of past service has been estimated to be as follows:

	R	R
In-service (employee) members	48 402 724	46 853 000
In-service (employee)- non members	466 775	452 000
Continuation members (e.g. Retirees, widows, orphans)	23 423 311	21 684 000
Total liability - unfunded	72 292 810	68 989 000

The liability in respect of past service has been estimated to be as follows:

	2020 R	2019 R	2018 R	2017 R
In-service (employee) members	39 666 000	44 237 818	77 084 170	72 511 038
In-service (employee)- non members	365 000	391 250	2 579 704	3 009 265
Continuation members (e.g. Retirees, widows, orphans)	18 156 000	17 423 874	16 537 120	18 250 143
Total liability	58 187 000	62 052 942	96 200 994	93 770 446

Experience adjustments were calculated as follows:

	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Liabilities: (gain) / loss	(6 547)	(4 387)	1 200	(6 771)
Total liability	(6 547)	(4 387)	1 200	(6 771)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
<ul style="list-style-type: none">▪ Bonitas▪ LA Health▪ SAMWUMed▪ KeyHealth▪ Hosmed		
Key assumptions used		
i) Rate of interest		
Discount rates used	13.13%	10.25%
Health care cost inflation rate	9.65%	6.91%
Net discount rate	3.17%	3.12%
ii) Mortality rates		
The PA 90 ultimate table, adjusted down by 1 year of age was used by the actuaries		
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.		



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
The amount recognised in the statement of financial position is as follows:		
	R	R
Present value of fund obligations	2 083 920	1 984 000
Net liability - unfunded	2 083 920	1 984 000
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	68 989 000	58 186 999
Current service cost (Included in employee cost in the statement of financial performance)	6 574 850	4 152 000
Interest cost (Included in employee cost in the statement of financial performance)	6 972 000	6 156 000
Benefits paid	(3 037 700)	(1 584 190)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	(7 205 340)	2 078 191
Present value of fund obligation at the end of the year	72 292 810	68 989 000
Less: Transfer of current portion	(2 083 920)	(1 984 000)
Balance 30 June	70 208 890	67 005 000

The total liability has increased by 4.8% (or R 3.304 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

Sensitivity analysis on the accrued liability in (R millions) on 30 June 2022

Assumptions	In-service members liability R'000	In-service Non- members liability R'000	Continuation members liability R'000	Total liability R'000
Central Assumptions	48 403	467	23 423	72 293
	48 403	467	23 423	72 293



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
MEDICAL INFLATION AND DISCOUNT RATE		
Medical inflation Rate		
Employer's accrued liability	62 546 878	83 929 112
Employer's service cost (year following)	4 335 263	6 277 130
Employer's interest cost (year following)	8 091 183	10 897 560
Discount rate		
Employer's accrued liability	83 499 766	63 003 180
Employer's service cost (year following)	6 192 949	4 405 351
Employer's interest cost (year following)	8 907 062	7 685 638
AVERAGE RETIREMENT AGE		
Employer's accrued liability	72 292 810	77 527 432
Employer's service cost (year following)	5 209 350	5 394 239
Employer's interest cost (year following)	9 355 236	10 042 542
MORTALITY		
Employer's accrued liability	72 292 810	74 421 313
Employer's service cost (year following)	5 209 350	5 346 551
Employer's interest cost (year following)	9 355 236	9 649 495
CONTINUATION OF MEDICAL AID AT RETIREMENT		
Employer's accrued liability	72 292 810	65 813 371
Employer's service cost (year following)	5 209 350	2 610 970
Employer's interest cost (year following)	9 355 236	8 502 650



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
------	-----------	-----------

17.4 Long service bonuses

The post retirement benefit plan is a defined benefit plan, are made up as follows:

As at year end, the following number of employees were eligible for long service bonuses.

538	548
-----	-----

The current-service cost for the ensuing year is estimated to be R1.481 million, whereas the interest cost for the next year is estimated to be R1.587 million:

Key assumptions used

i) Rate of interest

Discount rates used

Salary Increase rate

Net Discount Rate

%	%
10.93%	9.62%
7.76%	5.91%
2.94%	3.50%

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

Net liability - unfunded

R	R
15 383 998	12 937 000
15 383 998	12 937 000

The liability in respect of periods commencing prior to the comparative year has been:

In-service (employee) members

Total liability

2020 R	2019 R	2018 R
11 306 000	10 952 070	6 572 956
11 306 000	10 952 070	6 572 956



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
Experience adjustments were calculated as follows:		
	2022 R	2021 R
Liabilities: (gain) / loss	36 084	999 593
Total liability	36 084	999 593

Reconciliation of present value of fund obligation:

	R	R
Present value of fund obligation at the beginning of the year	12 937 000	11 306 000
Current service cost (Included in employee cost in the statement of financial performance)	1 410 000	1 226 000
Interest cost (Included in employee cost in the statement of financial performance)	1 209 000	839 000
Benefits paid	(602 475)	(1 216 593)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	430 473	782 593
Present value of fund obligation at the end of the year	15 383 998	12 937 000
Less: Transfer of current portion	(1 720 485)	(753 000)
Balance 30 June	13 663 513	12 184 000

SALARY INCREASE AND DISCOUNT RATE

Salary Increase Rate

	1% decrease	30 June 2022 Valuation basis	1% increase
	R	R	R
Employer's accrued liability	14 421 765	15 383 998	16 450 833
Employer's current service cost	1 369 938	148 584	1 604 886
Employer's interest cost	1 482 274	1 587 446	1 704 052

Discount rate

	R	R	R
Employer's accrued liability	16 428 672	15 383 998	14 455 891
Employer's current service cost	1 602 287	148 584	1 373 838
Employer's interest cost	1 701 629	1 587 446	1 486 044



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022		2021
		R		R
AVERAGE RETIREMENT AGE		2-year decrease	30 June 2022 Valuation basis	2-year increase
		R	R	R
Employer's accrued liability		13 781 538	15 383 998	17 684 376
Employer's current service cost		1 327 988	148 584	1 642 542
Employer's expense cost		1 412 298	1 587 446	1 838 878
MORTALITY		30 June 2022 Valuation basis		SA85-90
		R	R	
Employer's accrued liability		15 383 998		15 451 014
Employer's current service cost		148 584		1 486 988
Employer's expense cost		1 587 446		1 594 771
WITHDRAWAL DECUREMENT		200% Withdrawal	30 June 2022 Valuation basis	50% Withdrawal
		R	R	R
Employer's accrued liability		12 227 818	15 383 998	17 570 073
Employer's current service cost		1 091 533	148 584	1 766 503
Employer's expense cost		1 242 476	1 587 446	1 826 385

17.5 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 financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
LA RETIREMENT FUND		
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund has a funding level of 104.9% (30 June 2021 -100%).		
Contributions paid recognised in the statement of financial performance	287 478	387 441
CAPE RETIREMENT FUND		
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund has a funding level of 133% (30 June 2021 -132.2%).		
Contributions paid recognised in the statement of financial performance	24 918 083	22 611 573
DEFINED CONTRIBUTION FUNDS		
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.	181 332	140 319



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note

18 PROVISIONS

18.1 Reconciliation of provisions - 2022

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Reduction due to remeasurement or settlement without cost to entity R	Total R
Legal proceedings	5 055 347	849 384	(4 738 453)	-	-	-	1 166 278
	5 055 347	849 384	(4 738 453)	-	-	-	1 166 278

18.2 Reconciliation of provisions - 2021

	Opening Balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Reduction due to remeasurement or settlement without cost to entity R	Total R
Environmental rehabilitation	23 422 749	-	-	(23 422 749)	-	-	-
Legal proceedings	4 486 755	3 161 627	(2 593 034)	-	-	-	5 055 347
Balance at the end of year	27 909 504	3 161 627	(2 593 034)	(23 422 749)	-	-	5 055 347

Current Liabilities
Total Provisions

2022 R	2021 R
1 166 278	5 055 347
1 166 278	5 055 347



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note

18.3 Legal proceedings provision

- a) Bitou Local 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.
- b) The Case against Bitou Local Municipality was settled in favour of the claimant. The municipality appealed the ruling and the outcome, but withdrew the appeal during January 2022. The amount is a best estimate.
- c) Due to an adjudication verdict in favour of the claimant, Bitou Local Municipality created a provision based on the outcome of the verdict.
- d) During the 2020-21 financial audit subsequent events were identified that spurred Bitou Local Municipality to create a provision for litigation.

19 LANDFILL SITE

Opening balance
Increases
Utilised during the year
Total current liabilities

2022 R	2021 R
15 322 375	-
-	23 422 749
(15 322 375)	(8 100 375)
-	15 322 375

19.1 Rehabilitation of landfill site - provision

The size (footprint) of the landfill site in Plettenberg bay cover an area of 41 327 m².

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 million.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
20 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Control, clearing and interface accounts	64 301	-
Other creditors	2 266 206	309 180
Payments received in advance	22 750 618	22 146 141
Prepaid electricity	472 897	465 374
Retention	2 194 172	1 933 005
Trade payables	49 341 809	39 981 525
Unclaimed deposits	3 765 726	6 379 982
Total	80 855 729	71 215 207

Payables are being recognised net of any discounts.

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

21 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Amounts paid in respect of fines withdrawn	-	633 701
Total	-	633 701

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
22 CONSUMER DEPOSITS			
Building plans		567 457	196 901
Electricity & water		9 223 457	8 764 014
Rental properties		57 093	52 372
Total		9 848 007	9 013 287
Guarantees held in lieu of electricity and water deposits		246 125	246 125

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.

23 EMPLOYEE BENEFIT OBLIGATION

Current portion of post retirement benefits	17.1	2 083 920	1 984 000
Current portion of long-service awards	17.2	1 720 485	753 000
Leave	23.1	25 882 448	25 422 808
Annual bonus	23.2	4 599 799	4 521 009
Performance bonus	23.3	2 483 134	2 483 134
Total current employee benefit liabilities		36 769 786	35 163 951

The movement in current employee benefits are reconciled as follows:

23.1 Leave

Opening balance	25 422 808	21 491 147
Increases	2 897 974	6 667 126
Reductions (outflow of economic benefits)	(2 438 334)	(2 735 466)
Closing balance	25 882 448	25 422 808

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.

23.2 Annual bonus

Opening balance	4 521 009	6 082 532
Increases	8 997 791	11 402 567
Reductions (outflow of economic benefits)	(11 331 294)	(10 551 797)
Reversals	2 412 292	-2 412 292
Closing balance	4 599 799	4 521 009

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.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
23.3 Performance bonus			
Opening balance		2 483 134	2 022 473
Increases		-	562 044
Reductions (outflow of economic benefits)		-	(101 383)
Closing balance		2 483 134	2 483 134

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

24 UNSPENT PUBLIC CONTRIBUTIONS AND DONATIONS

Operational

Unspent public contributions and donations (operational) - other

Nedbank	-	498 469
	-	498 469
Total operational	-	498 469
Total	-	498 469
Unspent public contributions and donations	-	498 469
	-	498 469

See below for reconciliation of public contributions and receipts. These amounts are invested in ring-fenced investment until utilised.

24.1 Operational

24.1.1 Unspent public contributions and donations (operational) - other

24.1.1.01 Nedbank

Opening balance	498 469	38 469
Receipts	-	460 000
Conditions met - transferred to revenue - operating	(498 469)	-
Conditions still to be met - remain liabilities.	-	498 469

To provide financial assistance to LED projects



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
24.1.1.02 Total operational public contributions and donations			
Opening Balance		498 469	38 469
Receipts		-	460 000
Conditions Met - Transferred to Revenue - Operating		(498 469)	-
Conditions still to be met - remain liabilities.		-	498 469
24.2 Total public contributions and donations			
Opening Balance		498 469	38 469
Receipts		-	460 000
Conditions Met - Transferred to Revenue - Operating		(498 469)	-
Conditions still to be met - remain liabilities.		-	498 469
25 RESERVES			
Capital Replacement Reserve		18 550 009	102 000 000
		18 550 009	102 000 000
25.01 CAPITAL REPLACEMENT RESERVE			
Opening balance		102 000 000	98 738 413
Restated opening balance		102 000 000	98 738 413
Transfers in		(51 672 624)	41 668 002
Transfers out		(31 777 367)	(38 406 415)
Closing balance		18 550 009	102 000 000
26 SERVICE CONCESSION ASSETS			
Bitou Local Municipality has no service concession assets			
27 SERVICE CHARGES (EXCHANGE)			
Refuse removal		33 408 870	42 604 945
Sale of electricity		200 312 999	167 289 977
Sale of water		80 732 462	75 277 615
Sewerage and sanitation charges		82 693 351	77 081 009
		397 147 683	362 253 546
28 RENDERING OF SERVICES			
Admission fees		53 444	403
Building/ town planning fees		5 219 781	3 596 798
Cemetery fees		47 842	54 119
Development charges		1 562 368	771 886
Escort/ road closure fees		5 824	5 222
Fire services		572 353	276 402
Housing (boarding services)		920 613	626 618
Other revenue from rendering of services		184 499	151 759
Parking and entrance fees		41 482	78 521
Photocopies, faxes and telephone charges		30 517	14 476
		8 638 723	5 576 205



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
29 CONSTRUCTION CONTRACTS AND RECEIVABLES			
At 30 June 2022, Bitou local municipality had no construction contracts in place			
30 RENTAL OF FACILITIES AND EQUIPMENT			
Premises			
Premises		838 272	479 894
		838 272	479 894
Facilities and equipment			
Rental of facilities		240 884	564 623
Rental of equipment		175 400	-
Airport hanger		-	104 340
		416 284	668 963
Total		1 254 556	1 148 857
31 INTEREST EARNED - CASH AND INVESTMENTS			
Bank accounts		2 507 679	1 468 886
Investments		1 239 096	5 131 924
		3 746 776	6 600 810
32 INTEREST CHARGED ON EXCHANGE TRANSACTIONS			
Electricity		908 271	823 503
Property rental debtors		50 718	32 092
Refuse removal		2 462 772	2 631 261
Waste water management		4 482 561	4 724 557
Water		4 226 478	4 509 105
Total		12 130 801	12 720 518
33 AGENCY SERVICES			
Vehicle registration		2 422 886	2 345 436
Total		2 422 886	2 345 436
34 LICENSES AND PERMITS (EXCHANGE)			
Boat		173 080	55 903
Road and transport		918 005	645 691
Trading		-	17 886
Total		1 091 085	719 480

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
35 OPERATIONAL REVENUE			
Administrative handling fees		306 401	363 562
Bad debts recovered		-	134 317
Breakages and losses recovered		1 706	1 332
Collection charges		26 591	540 106
Commision		244 685	139 302
Incidental cash surplus		3 878	148 195
Insurance refunds		1 003 327	313 966
Landing fees		162 029	135 332
Staff and councillors recoveries		333 483	353 225
Total		2 082 099	2 129 336

36 INVENTORIES REVERSAL TO NET REALISABLE VALUE

Inventories reversal to net realisable value	6 940 892	4 289 443
Total	6 940 892	4 289 443

37 PROPERTY RATES

37.1 Rates received

Residential	133 841 925	125 614 222
Commercial	17 367 301	16 420 018
State	1 914 810	3 928 470
Small holdings and farms	2 677 607	2 384 437
Industrial	1 316 685	940 453
Other	75 306	33 586
Total	157 193 635	149 321 185

37.2 Valuations

	R'000	R'000
Residential	25 721 447	21 953 042
Commercial	2 120 773	1 690 151
State	210 710	704 750
Municipal	647 982	1 718 760
Small holdings and farms	2 079 910	102 936
Industrial	129 860	585 757
Other	316 560	-
Total	31 227 242	26 755 396

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 2021.

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 instalments. 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.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
37.3 Basic rate		c / k	c / k
Residential		0.536	0.574
Commercial		0.894	0.959
Small holdings and farms		0.134	0.143
Industrial		0.894	0.959
38 AVAILABILITY CHARGES (NON-EXCHANGE)			
Electricity - availability		2 156 063	2 049 593
Refuse - availability		4 014 880	3 838 033
Waste Water - availability		5 315 554	1 649 380
Water - availability		4 845 151	4 835 526
		16 331 649	12 372 532
39 INTEREST CHARGED ON NON-EXCHANGE TRANSACTIONS			
Property rates		2 646 549	1 857 654
Total		2 646 549	1 857 654
40 GOVERNMENT GRANTS AND SUBSIDIES			
Operating grants			
National Government			
Energy Efficiency and Demand Side Management		4 159 000	-
Extended public works program (EPWP)		996 000	2 172 546
Local Government Financial Management		1 550 000	1 550 000
Municipal Disaster Relief		7	-
Equitable Share		111 953 000	121 667 671
		118 658 007	125 390 217
Provincial Government			
Human Settlement Development (Beneficiaries)		1 173 466	10 386 017
Community Development Workers (CDW)		3 384	5 073
Proclaimed Roads Maintenance		230 000	870 000
Local Government Graduate Internship		0	-
Thusong Services Centres		150 000	-
Community Library Services		1 329 000	2 156 277
Capacity building and other - grant 6		5 117 373	-
Western Cape Municipal Energy Resilience (WC MER)		750 000	-
Capacity building and other - grant 8		1 072 229	-
Electricity master plan		-	800 000
Municipal replacement funding		9 884 000	8 773 593
Capacity building and other - grant 13		634 076	-
Capacity building and other - grant 14		250 000	-
		20 593 529	22 990 960
Local Government, Water And Related Service SETA		276 057	756 325
		276 057	756 325
Total operating grants		139 527 593	149 137 502



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Capital grants			
National Government			
Integrated National Electrification Programme		4 234 836	3 943 707
Municipal Infrastructure		28 515 772	24 785 456
		32 750 608	28 729 163
Provincial Government			
Library Services Replacement Funding for most vulnerable		-	88 130
Regional Social Economic Projects (RSEP)		1 419 479	3 480 733
Human Settlement Development		13 822 948	-
Fire Services		-	734 000
Capacity building and other - grant 3		276 924	-
		15 519 351	4 302 863
Total capital grants		48 269 960	33 032 025
Total grants		187 797 553	182 169 528

41 PUBLIC CONTRIBUTIONS AND DONATIONS

Nedbank - LED Contribution	498 469	-
Total	498 469	-

42 FINES, PENALTIES AND FORFEITS

Court traffic fines	-	(7 054)
Disconnection fees penalties	40 006	111 626
Illegal connections fines	125 508	172 862
Municipal traffic fines	52 369 532	24 908 300
Overdue books fines	8 071	2 613
Retentions forfeits	445 150	2 416 234
Unclaimed money forfeits	1 442 196	2 241 173
Total	54 430 462	29 845 754

In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

42.1 MUNICIPAL TRAFFIC FINES REDUCED IN TERMS OF IGRAP 20

Fines reduced amount	827 425	225 950
----------------------	---------	---------

Reduced fines are requests that customers submit to either the local municipal office or court. It will state that the customers can't afford to pay the full fine issued therefore requesting for reduction formally.

For a 341 first notice the clients submit a letter to the traffic chief officer of the municipality who then decides whether the fine will be reduced or not, if approval is granted the traffic chief officer will indicate the reduced amount.

For summonses the letter is submitted to court where the public prosecutor decided on the reduced amount and/or decided whether the request for reduction is approved.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
43 EMPLOYEE RELATED COSTS			
Basic		171 777 206	151 671 685
Performance bonus		702 985	24 967
Medical aid - company contributions		17 881 636	18 508 667
UIF and pension - company contributions		26 432 743	24 016 359
Workman's compensation (WCA)		-	902 237
Skills development levy (SDL)		2 124 397	1 715 644
Leave pay		2 951 536	7 159 026
Travel, motor car, accommodation, subsistence and other allowances		10 813 982	10 019 535
Overtime payments		15 170 240	14 787 599
Long-service awards		2 895 595	2 847 593
13th cheques		10 800 946	11 092 830
Danger allowance		-	1 648 434
Housing benefits and allowances		886 960	1 197 925
Contribution to post employment medical		4 740 798	11 240 857
Group insurance - company contributions		5 445 325	4 475 686
Standby allowances		5 626 225	5 379 036
Cellphone allowances		1 898 474	1 729 852
Other benefits		75 444	70 993
Total		280 224 496	268 488 924

43.01 Remuneration of municipal manager - Adv. LMR Ngoqo

Basic	543 555	1 087 428
Travel, motor car, accommodation, subsistence and other allowances	254 887	515 774
UIF and pension - company contributions	1 063	1 813
Medical aid - company contributions	28 639	57 277
Cellphone allowances	30 000	60 000
	858 144	1 722 292

*Mr Ngoqo resigned on 31 December 2021.***43.02 Remuneration of municipal manager - RG Bosman**

Basic	166 573	-
Travel, motor car, accommodation, subsistence and other allowances	40 436	-
UIF and pension - company contributions	354	-
Cellphone allowances	10 000	-
	217 363	-

Mr RG Bosman was appointed on 1 December 2021 and resigned on 25 January 2022.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
43.03 Remuneration of municipal manager - NI Van Stade			
Basic		180 803	-
UIF and pension - company contributions		520	-
Cellphone allowances		7 500	-
Leave		11 075	-
		199 899	-

Mr NI Van Stade was appointed on 15 February 2022 and resigned on 1 April 2022.

43.04 Remuneration of municipal manager - M Memani

Basic	263 593	-
Travel, motor car, accommodation, subsistence and other allowances	30 000	-
UIF and pension - company contributions	48 750	-
Cellphone allowances	15 000	-
	357 342	-

Mr M Memani was appointed on 04 April 2022.

43.05 Remuneration of chief financial officer - Mr BV Mkhafa

Basic	-	379 890
Travel, motor car, accommodation, subsistence and other allowances	-	151 883
UIF and pension - company contributions	-	744
Cellphone allowances	-	25 000
13th cheques	-	75 966
	-	633 483

Mr. Mkhafa resigned on 30 November 2020

43.06 Remuneration of chief financial officer - Mr M Dyushu

Basic	891 560	297 187
Travel, motor car, accommodation, subsistence and other allowances	466 693	155 564
UIF and pension - company contributions	2 125	623
Cellphone allowances	60 000	20 000
Leave	90 677	-
	1 511 055	473 374

Mr. Dyushu was appointed on 01 March 2021. He resigned on 30 June 2022

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
43.07 Remuneration of director corporate services - Me MP Mpahlwa			
Basic		745 017	313 638
Travel, motor car, accommodation, subsistence and other allowances		428 293	178 455
UIF and pension - company contributions		136 365	44 356
Medical aid - company contributions		50 494	14 532
Cellphone allowances		60 000	25 000
		1 420 168	575 982

*Me. Mpahlwa was appointed on the 01 February 2021***43.08 Remuneration of director community services - Mr TM Sompani**

Basic	826 106	780 294
Travel, motor car, accommodation, subsistence and other allowances	363 347	436 016
UIF and pension - company contributions	1 771	1 813
Cellphone allowances	50 000	60 000
Leave	44 024	-
	1 285 248	1 278 124

*Mr TM Sompani past away on 26 April 2022***43.09 Remuneration of director community services - MJ Fourie**

Basic	223 049	-
UIF and pension - company contributions	531	-
Cellphone allowances	15 000	-
	238 581	-

*Mr. MJ Fourie's contract started on 1 March 2022 and ended on 31 May 2022***43.10 Remuneration of director economic planning and development - Mr D Friedman**

Basic	-	285 626
Travel, motor car, accommodation, subsistence and other allowances	-	193 346
UIF and pension - company contributions	-	595
Medical aid - company contributions	-	11 561
Cellphone allowances	-	29 700
Leave	-	145 083
	-	665 911

Mr. Friedman's contract ended at the end of October 2020

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
43.11 Remuneration of director economic planning and development - Mr L Gericke			
Basic		910 116	606 915
Travel, motor car, accommodation, subsistence and other allowances		226 693	151 128
UIF and pension - company contributions		165 999	110 467
Medical aid - company contributions		57 277	38 185
Cellphone allowances		60 000	40 000
		1 420 085	946 696

*Mr. Gericke was appointed on the 01 November 2020***43.12 Remuneration of director engineering services - Mr MJ Rhode**

Basic	-	257 662
Travel, motor car, accommodation, subsistence and other allowances	-	70 730
Performance bonus	-	101 383
UIF and pension - company contributions	-	446
Medical aid - company contributions	-	9 628
Cellphone allowances	-	15 000
	-	454 849

*Mr. Rhode was appointed as Senior Manager: PMU as of 01 October 2020***43.13 The aggregated effect of remuneration of key management personnel**

Basic	4 750 372	4 008 640
Travel, motor car, accommodation, subsistence and other allowances	1 810 348	1 852 896
Performance bonus	-	101 383
UIF and pension - company contributions	357 479	160 857
Medical aid - company contributions	136 410	131 183
Cellphone allowances	307 500	274 700
Leave	145 776	145 083
13th cheques	-	75 966
	7 507 884	6 750 709

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	2022	2021
	R	R
44 REMUNERATION OF COUNCILLORS		
44.1 List of councillors		
Councillor J. Kam Kam	546 746	394 018
Councillor D. Swart	680 140	316 830
Councillor T. Mhlana	202 819	-
Councillor CN. Terblanche	459 827	-
Councillor SA. Mangxaba	202 819	-
Councillor NT. Seti	202 819	-
Councillor AR. Olivier	472 337	316 830
Councillor X. Matyila	114 011	316 830
Councillor AS. Windvogel	114 010	316 830
Councillor MM. Mbali	248 312	690 046
Councillor MP. Busakwe	459 827	-
Councillor SE. Gcabayi	495 315	739 950
Councillor WJ. Nel	547 263	316 830
Councillor NS. Ndayi	316 830	316 830
Councillor MAM. Botha	202 819	-
Councillor NP. Kholwapi	244 768	-
Councillor PM . Lobese	61 206	784 899
Councillor EV. Wildeman	263 801	733 088
Councillor LM. Seyisi	248 312	690 046
Councillor VP . Van Rhyner	114 011	316 830
	6 197 993	6 249 856



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	2022							2021
	R							R
								2022
44.2 Remuneration paid to councillors can be summarised as follows:								
	Basic salary	Motor vehicle allowance	Cell phone and data allowances	Medical aid contributions	Pension contributions	Housing allowance	In-kind and other benefits and allowances	Total
	R	R	R	R	R	R	R	R
Executive mayor	447 623	-	29 600	11 520	85 788	-	-	574 530
Deputy executive mayor	537 378	71 738	51 800	10 080	70 466	-	-	741 462
Mayoral committee members	1 045 308	126 734	91 155	7 200	20 302	107 608	-	1 398 307
Speaker	587 565	57 391	44 400	-	34 272	-	-	723 628
Councillors	2 096 827	-	352 845	63 360	100 188	-	146 847	2 760 066
	4 714 702	255 863	569 799	92 160	311 015	107 608	146 847	6 197 993

The newly elected executive council was sworn in on 18 November 2021.

44.3 Remuneration paid to councillors can be summarised as follows:								2021
	Basic salary	Motor vehicle allowance	Cell phone and data allowances	Medical aid contributions	Pension contributions	Housing allowance	In-kind and other benefits and allowances	Total
	R	R	R	R	R	R	R	R
Executive mayor	460 155	190 697	44 400	17 280	72 367	-	-	784 899
Deputy executive mayor	440 980	172 172	44 400	17 280	65 118	-	-	739 950
Mayoral committee members	890 282	-	88 800	17 280	60 907	322 823	-	1 380 092
Speaker	437 725	172 172	44 400	-	78 791	-	-	733 088
Councillors	1 956 566	-	355 200	34 560	109 990	-	155 512	2 611 828
	4 185 708	535 041	577 200	86 400	387 172	322 823	155 512	6 249 856

Councillor Lobese MP was the executive mayor up until March 2021. Subsequently he was serving as ordinary councillor until 31 October 2021.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022
Notes to the Audited Annual Financial Statements

	2022	2021
	R	R

In-kind Benefits

The executive mayor, deputy executive mayor, speaker and mayoral committee members are full-time members. 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 and the use of a council owned vehicle for official duties.

The speaker has use of separate council owned vehicles for official duties.

The deputy mayor and speaker each has one full-time bodyguard.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
45 DEPRECIATION AND AMORTISATION			
Property, Plant and Equipment		36 222 643	34 941 938
Investment Property		538	538
		36 223 181	34 942 476
46 IMPAIRMENT			
Impairments			
Other receivables from non-exchange revenue		70 855 412	31 227 715
Property, Plant and Equipment		-	4 672 973
Trade and other receivables		182 085 621	(22 836 936)
		252 941 034	13 063 752
Reversal of impairments			
Investment Property		-	(3 000)
Other receivables from non-exchange revenue		(32 268 578)	-
Property, Plant and Equipment		-	(3 712 042)
Trade and other receivables		(187 531 313)	-
		(219 799 891)	(3 715 042)
Total impairment losses recognized / (reversed)		33 141 143	9 348 710
47 FINANCE COSTS			
Finance leases		814 044	880 475
Non-current borrowings		10 288 165	12 518 652
Total		11 102 209	13 399 128
48 OPERATING LEASES			
Premises			
Premises - contractual amounts		213 943	82 898
Motor vehicles			
Motor vehicles - contractual amounts		271 910	-
Equipment			
Equipment - contractual amounts		608 031	567 570
Lease rentals on operating lease - other			
Lease rentals on operating lease - other - contractual amounts		3 229 344	3 065 315
		4 323 228	3 715 783

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
49 BAD DEBTS WRITTEN OFF			
Exchange transactions			
Electricity		2 818 937	335 458
Water distribution		39 340 345	39 332 806
Sewerage		23 514 333	41 201 805
Solid waste removal		13 642 153	(432 051)
Sundries		2 096 581	581 978
		81 412 349	81 019 996
Non-exchange transactions			
Property rates		475 187	326 865
Fines		8 831 800	1 185 650
Electricity		1 007 905	24 874
Solid waste removal		11 958	24 723 965
Sewerage		17 358	711 790
Water distribution		1 978 377	585 185
		12 322 584	27 558 328
Total		93 734 933	108 578 324

50 BULK PURCHASES

Electricity - eskom	159 802 421	134 674 170
Water	535 538	634 399
	160 337 958	135 308 569

50.01 Electricity losses

	MWh	MWh
Units purchased	107 019	104 248
Units sold	(86 815)	(82 013)
Total loss	20 204	22 235

Comprising of:

	MWh	MWh
Technical + non-technical losses	14 300	16 981
Authorised consumption (metered)	4 801	4 158
Authorised consumption (unmetered)	1 103	1 097
Total	20 204	22 236

Percentage loss:

	%	%
Technical + non-technical losses	13.36%	16.29%
Authorised consumption (metered)	4.49%	3.99%
Authorised consumption (unmetered)	1.03%	1.05%
Total	18.88%	21.33%



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
50.02 Water losses			
		ML	ML
Units purchased		4 137	3 971
Units sold		(2 577)	(2 550)
Total Loss		1 560	1 421
Comprising of:		ML	ML
Technical + non-technical losses		1 560	1 421
Total		1 560	1 421
Percentage loss:		%	%
Technical + non-technical losses		37.71%	35.78%
Total		37.71%	35.78%

51 CONTRACTED SERVICES

Outsourced services

Alien vegetation control	100 519	183 200
Burial services	64 003	104 950
Business and advisory	346 922	640 406
Clearing and grass cutting services	1 610 889	1 371 983
Connection/dis-connection	341 800	275 080
Drivers licence cards	256 229	181 588
Electrical	1 932 848	113 254
Fire services	-	346 031
Hygiene services	13 026	598
Illegal dumping	2 940 779	2 544 959
Litter picking and street cleaning	716 106	373 727
Meter management	408 293	1 006 883
Organic and building refuse removal	454 948	740 483
Personnel and labour	-	2 291 659
Printing services	319 669	340 712
Removal of structures and illegal signs	-	55 583
Security services	18 573 767	18 072 562
Traffic fines management	913 710	875 833
Transport services	14 650	278 514
Water takers	-	1 389 729
	29 008 156	31 187 735

Consultants and professional services

Business and advisory	7 257 935	9 539 191
Infrastructure and planning	3 602 361	1 201 379
Laboratory services	72 890	119 577
Legal cost	16 572 367	17 630 305
	27 505 553	28 490 452

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Contractors			
Building		7 477 467	7 213 360
Catering services		951 858	1 363 917
Chipping		299 344	-
Electrical		3 620 080	261 745
Event promoters		-	552 065
Fire services		540 629	-
First aid		59 549	18 442
Haulage		581 606	-
Maintenance of buildings and facilities		6 189 598	6 541 760
Maintenance of equipment		5 427 667	3 889 523
Maintenance of unspecified assets		20 131 613	18 065 817
Pest control and fumigation		177 313	264 790
Removal of hazardous waste		270 900	19 600
Stage and sound crew		-	5 000
Stream cleaning and ditching		484 558	500 000
Transportation		-	249 999
		46 212 181	38 946 018
Total		102 725 891	98 624 205

52 GRANTS AND SUBSIDIES PAID**Other subsidies**

Tourism	3 400 000	2 400 000
Grant in aid	877 545	3 170 673
Monetary allocations	249 647	-
	4 527 192	5 570 673
Total	4 527 192	5 570 673

53 INVENTORY CONSUMED**Inventory consumed**

Standard rated	5 072 897	6 298 962
Materials and supplies	9 255 155	19 224 276
	14 328 052	25 523 238
Total	14 328 052	25 523 238



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
54 OPERATIONAL COST			
Advertising		556 022	365 347
Assessment rates & municipal charges		2 853 242	2 897 237
Assets expensed		87 629	133 621
Audit fees		4 808 607	4 267 280
Bank charges		1 781 007	1 318 057
Bursaries		394 498	527 406
Commission paid		1 973 268	2 777 759
Communication costs		1 649 491	1 841 685
Conferences and seminars		114 710	293 040
Contribution to provisions		(204 488)	-
Dumping fees (district council)		1 194 974	1 571 775
External computer service		5 768 750	5 088 586
Fuel and oil		8 877 741	6 911 833
Full time union representative		56 244	191 982
Hire		2 891 724	7 068 919
Insurance		3 213 501	3 049 716
Learnerships and internships		2 650 972	2 329 028
Licences		488 374	544 293
Motor vehicle expenses		305 281	502 811
Postage and courier		864 110	1 065 596
Printing and stationery		54 263	27 914
Promotions and sponsorships		9 000	19 306
Protective clothing and uniforms		2 445 077	1 812 620
Remuneration of committee members		352 500	365 500
Resettlement cost		52 658	-
Signage		645 173	100 776
Software expenses		3 446 917	3 361 559
Storage of files (archiving)		11 144	14 734
Subscriptions and membership fees		3 159 488	2 959 584
Title deed search fees		920	2 482
Transport provided as part of departmental activities		61 772	4 100
Travel - local		492 699	238 437
Total		51 057 269	51 652 981
55 LOSS ON THE DISPOSAL OF ASSETS			
Property, plant and equipment		1 687 302	1 455 668
Total		1 687 302	1 455 668
56 WATER LOSSES			
Water losses		6 851 853	4 273 990
Total		6 851 853	4 273 990
57 INVENTORIES LOSSES / WRITE-DOWNS			
Inventories losses/write-downs		125 496	-
Total		125 496	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
58 CASH (USED IN) GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		47 947 899	6 343 236
Adjustment for:-			
Depreciation and amortisation		36 223 181	34 942 476
(Gain) / loss on sale of assets and liabilities		1 687 302	1 455 668
Water losses		6 851 853	4 273 990
Inventories (losses)/write-downs/Inventories reversal to net realisable value		(6 815 396)	(4 289 443)
(Impairment loss) Reversal of impairment loss on exchange receivables		(5 445 692)	(22 836 936)
(Impairment loss) Reversal of impairment loss on non-exchange receivables		38 586 834	31 227 715
(Impairment loss) Reversal of impairment loss on fixed assets		-	957 930
Bad debts written off - exchange transactions		81 412 349	81 019 996
Bad debts written off - non-exchange transactions		12 322 584	27 558 328
Movement in unspent conditional grants and receipts		3 236 748	(11 855 371)
Movement in unspent public contributions		(498 469)	460 000
Movement in operating lease assets and accruals		(30 401)	61 864
Movement in employee benefits assets and liabilities		6 289 238	14 492 150
Movement in landfill site		(15 322 375)	15 322 375
Movement in provisions		(3 889 069)	(22 854 157)
Operating surplus before working capital changes:		202 556 585	156 279 822
(Increase)/decrease in inventories		(16 175)	(1 014 537)
(Increase)/decrease in receivables from exchange transactions		(78 440 547)	(49 431 173)
(Increase)/decrease in receivables from non-exchange transactions		(60 537 378)	(59 036 046)
(Decrease)/increase in consumer deposits		834 720	467 553
(Increase)/decrease in taxes		3 319 253	(2 768 024)
(Decrease)/increase in payables from exchange transactions		9 640 522	(6 718 166)
(Decrease)/increase in payables from non-exchange transactions		(633 701)	396 574
Changes in working capital:		(125 833 307)	(118 103 820)
Cash generated by/(utilised in) operations		76 723 278	38 176 001

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the audited annual financial statements

59 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality.

- a) Debtor journals done in terms of prior periods, is done throughout the financial year, but consolidated per month in terms of AFS. Details of the processed journals is in the correction of errors folder. A correction was made and the result was as follows. Service charges Ct. R 199 333.82, receivables from exchange transactions Dt. R 101 849.44 and accumulated surplus Dt. R 97 484.38.
- b) Correction of Performance Bonus Provision to increase potential provision and reverse unused provision. A correction was made and the result was as follows. Employee related cost Ct. R 547 876.01 Accumulated Surplus Ct. R 1 864 416.33 and Employee Benefit Obligations Dt. R 2 412 292.34.
- c) Correction of Danger Allowances paid as identified in COMAF 24. A correction was made and the result was as follows. Employee related cost Ct. R 2 636 066.10 Accumulated Surplus Dt. R 2 636 066.10 for the 2020-21 financial year
- d) A deposit was repaid in the 2021-22 financial year, which was recognized as forfeited revenue in the 2020-21 financial year. A correction was made and the result was as follows. Unclaimed monies Ct. R 1 607.41 and Fines, penalties and forfeits Dt. R 1 607.41.
- e) Correction of Leave Provision as identified in COMAF 30. A correction was made and the result was as follows. Employee related cost Dt. R 2 295 906.52 Leave Provision Ct. R 2 295 906.52
- f) Correction of Petty Cash and Cashier Opening Balances. A correction was made and the result was as follows. Cash and Cash Equivalents Ct. R 4 374.41 Accumulated Surplus Dt. R 4 374.41
- g) Correction of Interest calculation on Cashflow and a misplaced Accrued Interest paid.
- h) Reclassification of Operational cost to employee related cost
- i) Correction of Fines reduced and withdrawn in terms of COMAF 20. A correction was made and the result is as follows. Receivables from non-exchange transactions Ct. R 104 090.00 and accumulated surplus Dt. R 104 090.00.
- j) Correction of Fines reduced and withdrawn. A correction was made and the result is as follows. Receivables from non-exchange transactions Ct. R 750 500.00, fines, penalties and forfeits Dt. R 719 200.00 and accumulated surplus Dt. R 31 300.00.
- k) Correction of Department of Water Affairs Invoice received that relates to prior period consumption. A correction was made and the result is as follows. Bulk Purchases Dt. R 240 360.36, trade payables from exchange transactions Ct. R 912 618.93 and Accumulated Surplus Dt. R 672 258.57.
- l) Reversal of 2020-21 Financial year fines reduced and withdrawn journals as originally done. A correction was made and the result is as follows. Receivables from non-exchange transactions Dt. R 1 080 340.00 and Fines, penalties and forfeits Ct. R 1 080 340.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the audited annual financial statements

- m) First time recognition of municipal buildings and facilities. A correction was made and the result is as follows. Property, Plant and Equipment Dt. R 3 657 223.86, Accumulated Suplus Ct. R 3 872 094.44 and Depreciation and amortization Dt R 214 870.58.
- n) De-recognition of municipal buildings and facilities. A correction was made and the result is as follows. Property, Plant and Equipment Ct. R 868 025.67, Accumulated Suplus Dt. R 878 508.62 and Depreciation and amortization Ct R 10 482.95.
- o) Investment property was transferred to Property, Plant and Equipment. Vacant land held by the municipality amounting to R 573 457.00 could be used to develop housing or to expand the current infrastructure network to nearby housing development. Although a firm decision has not been taken by the municipality, the land is most likely to be used to fulfill its mandate. A correction was made and the result is as follows. Investment Property Ct. R 573 457.00 and Property, Plant and equipment Dt. R 573 457.00.
- Additional vacant properties were transferred to Property, Plant and Equipment due to it being owner occupied, and erroneously classified as Investment property. A correction was made and the result is as follows. Investment Property Ct. R 8 962 400.00 and Property, Plant and equipment Dt. R 8 962 400.00.
- p) Credit Leave Balance was found in the provision of the 2020-21 Leave provision when correcting COMAF 30 and due to that the Leave increases was reduced with R70 144.37 and Credit Leave Balances on the Debtors side (Receivables from Non-exchange transactions) was increased with R70 144.37.
- q) Reclassification of Availability Fees from Exchange to Non-Exchange.

	R	R	R	R	R
Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
The correction of the error(s) results in adjustments as follows:					

59.01 Statement of financial position - non current assets

2021

Property, plant and equipment	m, n, o	1 142 373 939	12 325 055	-	-	1 154 698 995
Investment property	o	22 228 508	(9 535 857)	-	-	12 692 651
Total		1 164 602 447	2 789 198	-	-	1 167 391 646



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
2020						
Property, plant and equipment	m, n, o	1 100 595 264	12 529 443	-	-	1 113 124 707
Investment property	o	22 226 046	(9 535 857)	-	-	12 690 189
Total		1 122 821 310	2 993 586	-	-	1 125 814 896

59.02 Statement of financial position - current assets

2021						
Receivables from exchange transactions	a, q	32 616 272	101 849	-	(2 036 254)	30 681 867
	i, j, l,					
Receivables from non-exchange transactions	p, q	23 597 355	(680 356)	-	2 036 254	24 953 253
Cash and cash equivalents	f	73 464 849	(4 374)	-	-	73 460 475
Total		129 678 476	(582 881)	-	-	129 095 595

2020						
Receivables from exchange transactions	a, q	41 559 244	(97 484)	-	(1 786 037)	39 675 722
Receivables from non-exchange transactions	i, j, q	23 050 996	(135 390)	-	1 786 037	24 701 643
Cash and cash equivalents	f	125 716 711	(4 374)	-	-	125 712 337
Total		190 326 951	(237 249)	-	-	190 089 702

59.03 Statement of financial position - current liabilities

2021						
Trade and other payables from exchange transactions	c, d, k	70 300 981	914 226	-	-	71 215 207
Current employee benefit obligation	b, e, p	35 210 192	(46 241)	-	-	35 163 951
Total		105 511 173	867 985	-	-	106 379 158

2020						
Trade and other payables from exchange transactions	c, k	77 501 475	3 308 325	-	-	80 809 800
Current employee benefit obligation	b	32 333 151	(1 864 416)	-	-	30 468 735
Total		109 834 627	1 443 908	-	-	111 278 535



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
59.04 Statement of financial position - net assets						
2021						
	a, b, c, f, i, j, k, m, n					
Accumulated surplus / (deficit)		912 303 833	1 338 333	-	-	913 642 165
Total		912 303 833	1 338 333	-	-	913 642 165
2020						
	a, b, f, i, m, n					
Accumulated surplus / (deficit)		909 248 088	1 312 429	-	-	910 560 517
Total		909 248 088	1 312 429	-	-	910 560 517
59.05 Statement of financial performance - revenue						
2021						
Service charges (Exchange)	a, q	374 426 744	199 334	-	(12 372 532)	362 253 546
Fines, penalties and forfeits	d, i, j, l	30 462 472	(616 717)	-	-	29 845 754
Availability charges (Non-Exchange)	q	-	-	-	12 372 532	12 372 532
Total		404 889 216	(417 384)	-	-	404 471 832
59.06 Statement of financial performance - expenditure						
2021						
	b, c, e, h					
Employee related costs		267 666 150	(888 036)	-	1 710 810	268 488 924
Operational Cost	h	53 363 791	-	-	(1 710 810)	51 652 981
Bulk purchases	k	135 068 208	240 360	-	-	135 308 569
Depreciation and amortisation	m, n	34 738 088	204 388	-	-	34 942 476
Total		490 836 238	(443 288)	-	-	490 392 950



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the audited annual financial statements

	R	R	R	R	R
	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
59.07 Cash flow statement - cash flows from operating activities					
2021					
Taxes, Levies and Fines	156 190 710	1 137 486	-	1 843 382	159 171 577
Goods and Services provided	301 491 991	1 852 956	-	7 995 439	311 340 387
Interest Income	21 178 983	(2 990 442)	-	-	18 188 540
Suppliers for Goods and Services	(334 351 627)	60 447	-	(9 189 723)	(343 480 903)
Employees	(252 356 108)	-	-	(649 098)	(253 005 206)
Finance Cost	(13 399 128)	(60 447)	-	-	(13 459 575)
Total	(121 245 179)	-	-	0	(121 245 179)

59.08 Cash and cash equivalents at the end of the year

2021

Cash and cash equivalent at the beginning of the year	125 716 711	(4 374)	-	-	125 712 337
Total	125 716 711	(4 374)	-	-	125 712 337



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
60 UNAUTHORISED EXPENDITURE			
Opening balance as previously reported		340 635 976	305 342 276
Correction of prior period error		5 680 230	-
Opening balance as restated		346 316 206	305 342 276
Add: Operating Expenditure identified		806 588 195	40 973 930
Add: Capital Expenditure identified		78 216 782	-
Closing balance		1 231 121 183	346 316 206

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Operating Expenditure identified -2021	None	-	40 973 930
Operating Expenditure identified -2022	None	806 588 195	-
Capital Expenditure identified -2022	None	78 216 782	-
		884 804 977	40 973 930

60.1 Operating Expenditure determination

Operating	Expenditure 2022 R'000	Budget 2022 R'000	Difference 2022 R'000	Unauthorized Expenditure 2022 R
Council And General	7 835		(7 835)	(7 835 495)
Office Of The Municipal Manager	23 300		(23 300)	(23 300 145)
Community Services	246 096		(246 096)	(246 095 581)
Corporate Services	67 025		(67 025)	(67 025 325)
Financial Services	38 896		(38 896)	(38 895 826)
Economic Development And Planning	23 677		(23 677)	(23 677 387)
Engineering Services	399 758		(399 758)	(399 758 436)
	806 588	-	(806 588)	(806 588 195)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note					2022	2021
					R	R
Operating	Expenditure	Budget	Difference	Unauthorized Expenditure		
	2021	2021	2021	2021		
	R'000	R'000	R'000	R		
Council And General	11 340	12 329	989	-		
Office Of The Municipal Manager	27 595	26 713	(882)	(881 850)		
Community Services	238 440	228 324	(10 116)	(10 116 177)		
Corporate Services	66 891	68 482	1 591	-		
Financial Services	44 966	68 559	23 593	-		
Economic Development And Planning	24 265	25 538	1 273	-		
Engineering Services	353 634	323 658	(29 976)	(29 975 903)		
	767 133	753 603	(13 529)	(40 973 930)		

60.2 Capital Expenditure determination

Capital	Expenditure	Budget	Difference	Unauthorized Expenditure
	2022	2022	2022	2022
	R'000	R'000	R'000	R
Community Services	8 978		(8 978)	(8 977 669)
Corporate Services	3 111		(3 111)	(3 111 368)
Financial Services	19		(19)	(19 402)
Engineering Services	66 108		(66 108)	(66 108 342)
	78 217	-	(78 217)	(78 216 782)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note					2022	2021
					R	R
Capital	Expenditure	Budget	Difference	Unauthorized Expenditure		
	2021 R'000	2021 R'000	2021 R'000	2021 R		
Council And General	115	130	15	-		
Community Services	15 334	17 436	2 102	-		
Corporate Services	2 298	3 457	1 159	-		
Financial Services	45	51	6	-		
Economic Development And Planning	75	202	127	-		
Engineering Services	61 337	63 487	2 150	-		
	79 203	84 763	5 560	-		

61 FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported

Add: Expenditure identified - Current

Closing balance

4 465 508	4 362 931
-	102 577
4 465 508	4 465 508

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Interest charged on Powerhouse Strategies account	Under investigation	-	38 019
Work done by Knysna Nissan on municipal vehicle	Under investigation	-	64 558
		-	102 577



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
62 IRREGULAR EXPENDITURE			
Opening balance as previously reported		226 162 103	182 082 055
Correction of prior period error		2 661 284	-
Opening balance as restated		228 823 388	182 082 055
Add: Expenditure identified - Current		70 573 758	42 729 038
Add: Expenditure identified - Prior Period		-	1 351 010
Less: Amounts written off - Prior Period		(72 584 081)	-
Closing balance		226 813 065	226 162 103

All Irregular Expenditure is disclosed exclusive of VAT

Incidents/Cases identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
SCM policy section 16- Processes for Written Price Quotations	To be reported to council	102 546	130 599
SCM policy section 17- Competitive bidding processes not followed	To be reported to council	485 036	52 820
	To be reported to council		
Non-compliance with Section 13(b) and Section 43 of the MSCMR		3 288 086	1 378 496
SCM policy section 13(c)(i): Supplier false declaration of interest	To be reported to council	413 641	-
SCM policy section 19- Competitive bidding processes not followed	To be reported to council	5 338 812	20 643 678
SCM policy section 38(1)(g): Cancel a contract awarded to a person	To be reported to council	19 633	432 634
SCM policy section 43: Prohibition on awards to person whose tax matters are not in order	To be reported to council	-	15 650
SCM policy Section 44: Prohibition on awards to persons in the service of state	To be reported to council	-	25 990
Non-compliance with Section 46(2) (e) and (f)	To be reported to council	286 487	331 424
SCM policy section 52(1)(iii)- Contract Implementation	As identified by AG during audit -to be reported to council	-	33 483
SCM policy section 29: Composition of the Bid Adjudication Committee	To be reported to council	26 257 549	5 708 520
Regulation 32	To be reported to council	-	46 841

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
Regulation 6(8)	As identified by AG during audit -to be reported to council	30 812	-
PPR 2017 section 4,5 & 9 - Non compliance	To be reported to council	-	367 666
SCM policy section 13 (1) (c) & 46(2)(e)	As identified by AG during audit -to be reported to council	35 749	-
SCM policy section 17(1)(c)	As identified by AG during audit -to be reported to council	232 458	-
SCM policy section 36 (1)(v)	As identified by AG during audit -to be reported to council	-	241 500
SCM policy section 13 (b) & 43	As identified by AG during audit -to be reported to council	-	1 934 454
PPR section 6(1) & 6(6)	As identified by AG during audit -to be reported to council	-	6 579 783
MFMA Sec 116(3)(a) & MSCMR 38(1)	As identified by AG during audit -to be reported to council	-	2 902 490
Regulation 12(3) & 19(a)	As identified by AG during audit -to be reported to council	-	30 000
Regulation 17(c)	As identified by AG during audit -to be reported to council	-	13 781
SCM policy section 29: Composition of the Bid Adjudication Committee	As identified by AG during audit -to be reported to council	-	1 859 229
MFMA Sec 116(3)(a) & MSCMR 38(1)	To be reported to council	28 187	-
Non-compliance with Section 6(1) and Section 6(6) of the PPR	To be reported to council	29 086 189	-
SCM policy section 52(1)(iii)- Contract Implementation	To be reported to council	4 968 576	-
		70 573 758	42 729 038

63 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

63.1 Contributions to organised local government

Council subscriptions
Amount paid - current

2 842 539	2 683 235
(2 842 539)	(2 683 235)

63.2 Audit fees

Current year audit fee
Amount paid - current year

5 529 898	4 915 302
(5 529 898)	(4 915 302)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
63.3 VAT			
VAT payable (output)		212 583 821	165 551 234
VAT receivable (input)		(207 998 680)	(157 646 840)
		4 585 141	7 904 394
Amount paid in relation to VAT for current year		(6 499 218)	(3 745 792)
Amount received in relation to VAT for current year		6 454 096	1 687 960
Amount received in relation to VAT for prior year		3 145 885	1 652 242

All VAT returns have been submitted by the due date throughout the year.

63.4 PAYE, UIF and SDL

Current year payroll deductions	42 767 619	38 869 054
Amount paid - current year	(42 767 619)	(38 869 054)

63.5 Pension and medical aid deductions

Current year payroll deductions and council contributions	70 379 780	64 555 774
Amount paid - current year	(70 379 780)	(64 555 774)

63.6 Councillor's arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days: -

as at 30 June 2021

Councillor D. Swart

Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
1 850	-	1 850
1 850	-	1 850



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
------	-----------	-----------

63.7 Supply chain management regulations

In terms of section 36 of the municipal supply chain management regulations any deviation from the supply chain management policy needs to be approved/condoned by the municipal manager and noted by council. The expenses incurred as listed hereunder have been condoned.

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)	3 182 490	1 490 309
Where it can be demonstrated that goods or services are produced or available from a single provider only	36(1)(a)(ii)	596 806	35 076
Exceptional case and it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	2 602 858	2 424 560
		6 382 154	3 949 945

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note					2022 R	2021 R
63.8 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the supply chain management policy).						
Company	Relation	Name	Designation	Organ of state	Amount	
Shelf Plett 40 T/A Isolomzi	Spouse	Yonn LB	SAPS officer	South African police service	17 805 487	
Kemanzi (Pty) Ltd	Spouse	Du Toit JN	Traffic Service: Inspector	City of Cape town	1 640 344	
Red Ants Security Group	Wife	Lesiela N	Organisation design and development practioner	Mogale City Metro Municipality	2 125 200	
Tolo N' Miles	Spouse	Bans A	Educator	Department of education	25 000	
	Spouse	Dliso N	Educator	Department of education		
Zutari (Pty) Ltd	Spouse	Ahlschlager HC	Legal representative	Special investigating unit	3 686 148	
	Spouse	Nadasen K	Director: Key account management	Department of public works		
	Son	Mncube T	Specialist category manager: Supply chain	Airports company South Africa		
Kuaco group	Wife	Mbali NA	Environmental inspector	Garden route district municipality	4 339 090	
Kibi Trading And Projects	Spouse	Mhlana T	Councillor	Bitou municipality	24 725	
Velisas Building Projects	Director	Jacobs SJ	Not stated	National Department: Correctional Services	26 650	
George Commercial Tyre Service	Director	Farndon S	Teacher	Western Cape: Department of Education	14 461	
					29 687 105	

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
------	-----------	-----------

64 RELATED PARTIES

64.1 Related party transactions

The following purchases were made during the year where councillors or staff have interest.

2022

Company	Description	Related name	Relation to company	Relation to official	Name of official	Designation	Organ of state	Amount
Kuaco group	Construction	Mbali M	Director	Brother	Mbali M	Councillor	Bitou municipality	
		Mbali M	Director	Wife	Mbali NA	Environmental inspector	Garden route district municipality	
								4 339 090
								4 339 090

The following purchases were made during the year where councillors or staff have interest.

2021

Company	Description	Related name	Relation to company	Relation to official	Name of official	Designation	Organ of state	Amount
Kuaco group	Construction	Mbali M	Director	Brother	Mbali M	Councillor	Bitou municipality	
		Mbali M	Director	Wife	Mbali NA	Environmental inspector	Garden route district municipality	
								2 227 786
								2 227 786



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R Rates and services billed	2021 R Outstanding balance as at 30 June 2022
64.2 Councilors - rates and services billed 01 July 2021 - 30 June 2022		R	R
Councillor J. Kam Kam		15 671	1 306
Councillor D. Swart		122 039	11 681
Councillor NT. Seti		10 471	1 306
Councillor AR. Olivier		17 431	1 306
Councillor X. Matyila		5 224	-
Councillor AS. Windvogel		5 255	-
Councillor MP. Busakwe		10 447	1 306
Councillor SE. Gcabayi		15 894	1 306
Councillor WJ. Nel		23 524	1 859
Councillor NS. Ndayi		10 543	1 306
Councillor PM . Lobese		11 634	5 630
Councillor VP . Van Rhyner		5 224	-
		253 356	27 005
64.3 Directors - rates and services billed 01 July 2021 - 30 June 2022		R	R
Adv. LMR Ngoqo		35 794	-
M Memani		2 010	503
Mr M Dyushu		6 655	3 584
Me MP Mpahlwa		14 774	234
MJ Fourie		13 652	-
Mr L Gericke		32 378	43 736
		105 263	48 057



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022	2021
	R Rates and services billed	R Outstanding balance as at 30 June 2021
64.4 Councillors - rates and services billed 01 July 2020 - 30 June 2021		
	R	R
Councillor J. Kam Kam	15 023	-
Councillor D. Swart	88 924	1 850
Councillor AR. Olivier	15 301	-
Councillor X. Matyila	15 053	-
Councillor AS. Windvogel	15 173	-
Councillor SE. Gcabayi	15 702	-
Councillor WJ. Nel	20 181	-
Councillor NS. Ndayi	15 053	-
Councillor PM . Lobese	32 424	-
Councillor VP . Van Rhyner	17 157	-
	249 991	1 850
64.5 Directors - rates and services billed 01 July 2020 - 30 June 2021		
	R	R
Adv. LMR Ngoqo	61 334	6 785
Mr D Friedman	29 998	-
	91 332	6 785

The remuneration of key management and councillors can be found on notes 43 & 44.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
------	-----------	-----------

65 FINANCIAL RISK MANAGEMENT

65.1 Liquidity risk

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

At 30 June 2022

Long-term liabilities
Financial lease obligation
Trade and other payables
Unspent conditional grant and receipts

Within 1 year	Between 1 and 5 years	After 5 years
R	R	R
25 357 752	71 544 733	11 861 312
5 222 731	1 272 881	-
57 632 214	-	-
6 095 196	-	-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022			2021		
		R			R		
		Within 1 year	Between 1 and 5	After 5 years	Within 1 year	Between 1 and 5	After 5 years
		R	R	R	R	R	R
At 30 June 2021							
Long-term liabilities		28 306 266	96 860 497	11 800 613			
Financial lease obligation		5 222 731	6 495 612	-			
Landfill site		15 322 375	-	-			
Trade and other payables		48 603 692	-	-			
Unspent conditional grant and receipts		3 432 545	-	-			

65.2 Credit risk

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
Balance past due not impaired:		
Non-exchange receivables	2022 %	2021 %
Rates	54.36%	78.05%
Electricity	0.00%	0.85%
Water	0.00%	2.86%
Waste water	0.00%	0.27%
Traffic fines	38.46%	11.33%
Sundries	7.18%	6.25%
	21 854 336	19 474 674
Exchange receivables	2022 %	2021 %
Electricity	48.68%	52.81%
Water	0.00%	13.34%
Waste water	0.00%	15.43%
Refuse removal	0.00%	9.92%
Housing rentals	0.00%	0.18%
Sundries	51.32%	8.32%
	1 708 248	21 448 287

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.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
The provision for bad debts could be allocated between the different classes of receivables as follow:		
Non-exchange receivables	2022 %	2021 %
Rates	27.19%	36.85%
Electricity	2.04%	3.26%
Water	3.51%	4.55%
Waste water	0.68%	0.64%
Refuse removal	2.66%	2.72%
Traffic fines	63.91%	51.97%
	117 733 284	87 563 730
Exchange Receivables	2022 %	2021 %
Electricity	4.87%	5.17%
Water	29.83%	33.63%
Waste water	40.14%	36.94%
Refuse removal	22.71%	20.95%
Housing rentals	0.42%	0.50%
Sundries	2.02%	2.81%
	209 398 465	205 876 819

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R 9 857 448 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.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Note	2022 R	2021 R
------	-----------	-----------

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:

	2022 R	2021 R
Receivables from exchange transactions	35 343 763	30 681 867
Receivables from non-exchange transactions	34 581 213	24 953 253
Non - current investments	-	9 107 254
Current investments	9 857 448	-
Long-term receivables	1 093	2 090
Cash and cash equivalents	48 627 266	73 460 475
	128 410 784	138 204 939

65.3 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.

	2022 R	2021 R
Sensitivity analysis		
1% (2021. 1%) Increase in interest rates	(660 116)	(562 331)
1% (2021. 1%) Decrease in interest rates	660 116	562 331



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
65.4 Foreign exchange risk			
The municipality does not engage in foreign exchange transactions.			
65.5 Price risk			
The municipality is not exposed to price risk.			



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
--	------	-----------	-----------

66 FINANCIAL INSTRUMENTS DISCLOSURE

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

66.1 Financial assets (at amortised cost)

Long-term receivables	-	1 093
Current portion of long-term receivables	1 093	997
Unpaid conditional grants	15 590 971	16 165 067
Non - current investments	-	9 107 254
Current investments	9 857 448	-
Receivables from exchange transactions	35 343 763	30 681 867
Other receivables from non-exchange	11 822 210	12 039 608
Cash and cash equivalents	48 627 266	73 460 475
	121 242 751	141 456 361

66.2 Financial liabilities (at amortised cost)

Long-term borrowings	65 547 008	82 498 638
Current portion of long-term borrowings	16 979 655	18 045 519
Finance lease liabilities	1 250 915	6 674 592
Current portion finance lease liabilities	4 848 632	3 833 633
Unspent conditional grants	6 095 196	3 432 545
Trade and other payables from exchange transactions	80 855 729	71 215 207
	175 577 136	185 700 135

67 STATUTORY RECEIVABLES

In accordance with the principles of GRAP108, statutory receivables are classified as follows:

VAT receivable	4 585 141	7 904 394
Consumer debtors - rates (non-exchange)	20 327 989	16 285 935
Fines (non-exchange)	11 334 909	4 888 448
	36 248 039	29 078 777

68 COVID-19 RELIEF NOTE

Bitou Local Municipality incurred the following expenditure related to COVID-19 in the respective financial years. No relief was offered in terms of outstanding debt thus Revenue was not affected

Expenditure for PPE	417 291	941 926
Fogging / disinfecting offices	103 073	34 072
Danger pay	-	1 648 434
	520 363	2 624 432

69 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
--	------	-----------	-----------

70 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

71 CAPITAL COMMITMENTS

71.1 Authorised capital expenditure

Already contracted for but not provided for

SCM/2020/45/ENG	-	27 910 171
SCM/2020/53/COMM	-	16 716 649
SCM/2020/68/ENG	-	6 058 335
SCM/2021/13/ENG	-	1 349 456
SCM/2021/35/ENG	-	824 025
SCM/2021/48/ENG	-	1 521 017
SCM/2020/30/ENG	-	2 499 701
	-	56 879 353

Total capital commitments

Already contracted for but not provided for	-	56 879 353
	-	56 879 353

Commitments as per class of PPE

Sanitation infrastructure	-	24 599 211
Roads infrastructure	-	17 568 474
Community Assets	-	4 571 877
Electrical infrastructure	-	2 499 701
Water infrastructure	-	7 640 090
	-	56 879 353

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	-	50 821 019
Own funds	-	6 058 335
	-	56 879 353

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
--	------	-----------	-----------

71.2 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

- in second to fifth year inclusive

1 213 334	3 095 030
45 000	1 168 334
1 258 334	4 263 364

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

71.3 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

- in second to fifth year inclusive

-later than five years

884 954	697 908
1 448 500	1 101 134
31	31
2 333 486	1 799 073

72 ACCOUNTING BY PRINCIPALS AND AGENTS

The municipality is a party to a principle-agent arrangement(s).

72.1 Municipality as agent

72.1.1 Details of the arrangement(s) is/are as follows:

The municipality undertakes to handle motor vehicle license issuing on behalf of the department of transport and province and collects a commission of 12% plus VAT.

72.1.2 Resources held on behalf of the principal(s), but recognised in the municipality's own financial

The resources regarding the licensing department, remain that of the department of transport and do not form part of the municipality's financial statements.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
--	------	-----------	-----------

72.1.3 Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R 2 422 885 (2021: R 2 345 435).

72.1.4 Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality as Liabilities incurred, have a net effect of R-643 01. 301 that is still owed to the municipality and will be paid over by the department of transport in the new financial year.

72.1.5 Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the

72.1.5.1 principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories

Licensing fees
Category of revenue 2
Category of revenue 3

Additional details

Income collected on behalf of DOT and
provincial transport for motor vehicle registration

Amount of revenue received on behalf of the principal during the reporting period

Licensing fees	15 799 041	15 201 390
	15 799 041	15 201 390

72.1.5.2 Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables/(payables)

Vehicle licensing

Opening balance
Revenue received on behalf of the principal
Amounts transferred to the principal

270 313	138 919
(15 799 041)	(15 201 390)
15 464 426	15 332 784
(64 301)	270 313

All Categories

Opening balance
Revenue received on behalf of the principal
Amounts transferred to the principal

270 313	138 919
(15 799 041)	(15 201 390)
15 464 426	15 332 784
(64 301)	270 313



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
--	------	-----------	-----------

72.2 Municipality as principle

72.2.1 Details of the arrangement(s) is/are as follows:

The municipality appointed TMT and Utilities world as agents to collect revenue on its behalf. TMT receives a fixed amount per fine closed and Utilities world receives a percentage of Electricity sales

72.2.2 Resources (including assets and liabilities) of the entity under the custodianship of the agent

No resources are under the agents custodianship .

72.2.3 Fees Paid

Fee paid as compensation to the agent

TMT	1 257 197	1 710 574
Utilities World	1 281 053	1 147 929
	2 538 250	2 858 503

72.2.3.1 Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

No implication on the Municipality as a new service provider would be appointed

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 2022, the municipality had an accumulated surplus of R 1 048 096 087 and that the municipality's total assets exceed its liabilities by R 1 066 646 096.

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.

The possible outflow of resources due to contingent liabilities is disclosed in note 77

74 LIVING AND NON-LIVING RESOURCES

The municipality has no living resources under its control

The non-living resources that the municipality have right to use via license agreements are rivers and boreholes, however a value cannot be determined since it is rivers and boreholes that is not disturbed in its natural state.



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Note	2022 R	2021 R
--	------	-----------	-----------

75 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.

76 EVENTS AFTER THE REPORTING DATE

No events or circumstances arising after the reporting date have come to the attention of management that would require adjustments to or disclosure in the financial statements.

77 CONTINGENT LIABILITIES

	2022 R	2021 R
Teniqua Wildfire rehabilitation and awareness	286 400	286 400

The Plaintiff issued summons against Bitou Local Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the regional court. The plaintiff is suing for R 286.4 thousand.

N Diaries vs Bitou municipality	-	300 000
--	---	---------

The Plaintiff lodged an application in the labour court challenging outcome of the recruitment process to a post he had applied for, the annual salary for the post is R 0.

Total	286 400	586 400
--------------	----------------	----------------

78 CONTINGENT ASSETS

	2022 R	2021 R
CANCOM vs Bitou municipality and others	5 500 000	5 500 000

Bitou Local Municipality is taken to court for blocking renewal of licence disks for cars of hiring companies for not redirecting outstanding fines on vehicles to the individuals, bitou is owed by Cancom for unpaid fines to the amount of R 5.5 million.

Total	5 500 000	5 500 000
--------------	------------------	------------------

79 EXPLANATIONS ON BUDGET COMPARISON STATEMENTS AND DIFFERENCES IN TERMS OF GRAP 24

The Annual Budget was not approved, thus the disclosures in terms of GRAP 24 is not applicable.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

Council	Office of the	Corporate Services	Community
R	Municipal Manager	R	Services
	R		R

80 SEGMENTAL REPORTING

80.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022

REVENUE

Revenue from exchange transactions

Sale of goods	-	-	-	-
Service Charges (Exchange)	-	-	-	33 408 870
Rendering of services	-	-	-	1 635 733
Rental of facilities and equipment	-	838 272	-	416 284
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	50 718	-	2 462 772
Agency services	-	-	-	2 422 886
Licences and permits	-	-	-	1 091 085
Operational revenue	-	367 547	1	692 046
Inventories Reversal To Net Realisable Value	-	-	-	-

Total revenue from exchange transactions

-	1 256 536	1	42 129 678
---	-----------	---	------------

Revenue from non-exchange transactions

Taxation revenue

Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	4 014 880
Interest charged on non-exchange transactions	-	-	-	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80 SEGMENTAL REPORTING

80.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022

Transfer revenue

Government grants & subsidies - monetary
Public Contributions and Donations
Fines, penalties and forfeits

Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
2 918 000	46 885 050	276 057	33 171 903
-	-	-	-
-	-	-	52 377 475

Total revenue from non-exchange transactions

2 918 000	46 885 050	276 057	89 564 258
-----------	------------	---------	------------

Total revenue

2 918 000	48 141 585	276 058	131 693 936
-----------	------------	---------	-------------

EXPENDITURE

Employee Related Costs
Remuneration of councillors
Depreciation And Amortisation
Impairment
Finance costs
Operating leases
Bad debts written off
Bulk purchases
Contracted services
Transfers and subsidies
Inventory Consumed
Operational Cost

77 230	20 412 199	31 200 828	113 352 762
6 197 993	-	-	-
49 465	62 567	741 751	7 210 093
-	-	-	34 224 210
-	-	-	3 364 456
271 910	-	561 881	3 398 287
-	-	-	24 582 491
-	-	-	-
108 770	1 277 210	17 416 310	43 369 808
-	877 545	-	249 647
100 864	59 295	457 693	4 378 915
1 027 514	605 656	16 587 342	11 839 480

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80 SEGMENTAL REPORTING

80.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Loss on disposal of assets and liabilities	1 749	5 673	59 521	125 431
Water losses	-	-	-	-
Inventories losses/write-downs	-	-	-	-
Default revenue	-	-	-	(1 978 161)
Total expenditure	7 835 495	23 300 145	67 025 325	244 117 420
Surplus / (deficit) for the year	(4 917 495)	24 841 440	(66 749 267)	(112 423 484)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80 SEGMENTAL REPORTING

80.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022

REVENUE

Revenue from exchange transactions

	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
Sale of goods	-	182 276	-	182 276
Service Charges (Exchange)	-	-	363 738 813	397 147 683
Rendering of services	5 219 781	217 340	1 565 868	8 638 723
Rental of facilities and equipment	-	-	-	1 254 556
Interest earned - cash and investments	-	3 746 776	-	3 746 776
Interest charged (trading)	-	-	9 617 311	12 130 801
Agency services	-	-	-	2 422 886
Licences and permits	-	-	-	1 091 085
Operational revenue	3 000	546 863	472 642	2 082 099
Inventories Reversal To Net Realisable Value	-	6 940 892	-	6 940 892
Total revenue from exchange transactions	5 222 781	11 634 147	375 394 634	435 637 777

Revenue from non-exchange transactions

Taxation revenue

Property rates	-	157 193 635	-	157 193 635
Availability charges (Non-Exchange)	-	-	12 316 769	16 331 649
Interest charged on non-exchange transactions	-	2 646 549	-	2 646 549

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80 SEGMENTAL REPORTING

80.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022

Transfer revenue

Government grants & subsidies - monetary

Public Contributions and Donations

Fines, penalties and forfeits

13 972 948	12 453 500	78 120 095	187 797 553
498 469	-	-	498 469
-	1 607 837	445 150	54 430 462

Total revenue from non-exchange transactions

14 471 418	173 901 521	90 882 013	418 898 317
------------	-------------	------------	-------------

Total revenue

19 694 199	185 535 669	466 276 647	854 536 094
------------	-------------	-------------	-------------

EXPENDITURE

Employee Related Costs

Remuneration of councillors

Depreciation And Amortisation

Impairment

Finance costs

Operating leases

Bad debts written off

Bulk purchases

Contracted services

Transfers and subsidies

Inventory Consumed

Operational Cost

16 003 449	31 090 163	68 087 865	280 224 496
-	-	-	6 197 993
64 090	1 052 185	27 043 029	36 223 181
-	(6 171 116)	5 088 048	33 141 143
-	-	7 737 753	11 102 209
-	-	91 150	4 323 228
-	475 187	68 677 256	93 734 933
-	-	160 337 958	160 337 958
763 453	2 070 860	37 719 480	102 725 891
3 400 000	-	-	4 527 192
64 139	301 801	8 965 344	14 328 052
3 382 159	9 928 716	7 686 403	51 057 269

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80 SEGMENTAL REPORTING

80.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022

	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
Loss on disposal of assets and liabilities	97	22 535	1 472 296	1 687 302
Water losses	-	-	6 851 853	6 851 853
Inventories losses/write-downs	-	125 496	-	125 496
Default revenue	-	-	1 978 161	(0)
Total expenditure	23 677 387	38 895 826	401 736 597	806 588 195
Surplus / (deficit) for the year	(3 983 188)	146 639 843	64 540 050	47 947 899



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2021

REVENUE

Revenue from exchange transactions

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Sale of goods	-	-	-	394
Service Charges (Exchange)	-	-	-	42 604 945
Rendering of services	-	-	-	1 036 064
Rental of facilities and equipment	-	479 894	-	668 963
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	32 092	-	2 631 261
Agency services	-	-	-	2 345 436
Licences and permits	-	17 886	-	701 594
Operational revenue	7 900	893 331	19 001	507 638
Inventories Reversal To Net Realisable Value	-	-	-	-

Total revenue from exchange transactions

7 900	1 423 203	19 001	50 496 294
-------	-----------	--------	------------

Revenue from non-exchange transactions

Taxation revenue

Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	3 838 033
Interest charged on non-exchange transactions	-	-	-	-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2021

Transfer revenue

Government grants & subsidies - monetary

Fines, penalties and forfeits

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Government grants & subsidies - monetary	2 804 000	43 663 059	756 325	34 328 130
Fines, penalties and forfeits	-	-	-	26 920 536
Total revenue from non-exchange transactions	2 804 000	43 663 059	756 325	65 086 699
Total revenue	2 811 900	45 086 262	775 326	115 582 993

EXPENDITURE

Employee Related Costs

Remuneration of councillors

Depreciation And Amortisation

Impairment

Finance costs

Operating leases

Bad debts written off

Bulk purchases

Contracted services

Transfers and subsidies

Inventory Consumed

Operational Cost

Employee Related Costs	-	21 281 225	29 326 746	109 101 956
Remuneration of councillors	6 249 856	-	-	-
Depreciation And Amortisation	37 845	69 443	1 085 454	7 147 201
Impairment	-	-	-	19 286 457
Finance costs	-	-	-	4 077 669
Operating leases	-	-	520 820	3 148 213
Bad debts written off	-	581 978	-	25 477 564
Bulk purchases	-	-	-	-
Contracted services	1 816 503	2 084 036	19 211 908	40 843 498
Transfers and subsidies	152 042	3 018 630	-	-
Inventory Consumed	979 304	25 428	855 854	16 138 135
Operational Cost	2 104 889	534 427	15 877 175	12 992 635

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2021

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Loss on disposal of assets and liabilities	-	-	13 253	226 349
Water losses	-	-	-	-
Default revenue	-	-	-	(1 004 710)
Total expenditure	11 340 441	27 595 167	66 891 209	237 434 969
Surplus / (deficit) for the year	(8 528 541)	17 491 095	(66 115 883)	(121 851 975)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
SEGMENTAL OF STATEMENT OF FINANCIAL				
80.02 PERFORMANCE (MUNICIPAL VOTES				
CLASSIFICATION) AT 30 JUNE 2021				
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	125 083	-	125 477
Service Charges (Exchange)	-	-	319 648 601	362 253 546
Rendering of services	3 596 798	171 458	771 886	5 576 205
Rental of facilities and equipment	-	-	-	1 148 857
Interest earned - cash and investments	-	6 600 810	-	6 600 810
Interest charged (trading)	-	-	10 057 165	12 720 518
Agency services	-	-	-	2 345 436
Licences and permits	-	-	-	719 480
Operational revenue	27 766	638 407	35 293	2 129 336
Inventories Reversal To Net Realisable Value	-	4 289 443	-	4 289 443
Total revenue from exchange transactions	3 624 564	11 825 201	330 512 945	397 909 107
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	149 321 185	-	149 321 185
Availability charges (Non-Exchange)	-	-	8 534 499	12 372 532
Interest charged on non-exchange transactions	-	1 857 654	-	1 857 654

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2021

Transfer revenue

Government grants & subsidies - monetary
Fines, penalties and forfeits

5 653 279	29 025 873	65 938 862	182 169 528
15 395	2 525 661	384 162	29 845 754

Total revenue from non-exchange transactions

5 668 674	182 730 374	74 857 523	375 566 654
-----------	-------------	------------	-------------

Total revenue

9 293 238	194 555 574	405 370 468	773 475 761
-----------	-------------	-------------	-------------

EXPENDITURE

Employee Related Costs
Remuneration of councillors
Depreciation And Amortisation
Impairment
Finance costs
Operating leases
Bad debts written off
Bulk purchases
Contracted services
Transfers and subsidies
Inventory Consumed
Operational Cost

15 413 138	29 750 461	63 615 398	268 488 924
-	-	-	6 249 856
78 353	461 118	26 063 062	34 942 476
-	(598 680)	(9 339 068)	9 348 710
-	-	9 321 459	13 399 128
-	-	46 750	3 715 783
-	326 865	82 191 917	108 578 324
-	-	135 308 569	135 308 569
3 203 006	4 934 590	26 530 663	98 624 205
2 400 000	-	-	5 570 673
75 632	240 551	7 208 335	25 523 238
3 093 835	10 120 261	6 929 758	51 652 981

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
80.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2021				
Loss on disposal of assets and liabilities	1 525	(268 824)	1 483 365	1 455 668
Water losses	-	-	4 273 990	4 273 990
Default revenue	-	-	1 004 710	0
Total expenditure	24 265 490	44 966 342	354 638 908	767 132 525
Surplus / (deficit) for the year	(14 972 252)	149 589 232	50 731 560	6 343 236



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
80.03 REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	-
Service Charges (Exchange)	-	200 312 999	-	-
Rendering of services	55 388	-	-	-
Rental of facilities and equipment	37 034	-	-	838 272
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	908 271	-	50 718
Agency services	-	-	-	-
Licences and permits	-	-	-	-
Operational revenue	6 036	288 372	-	367 547
Inventories Reversal To Net Realisable Value	-	-	-	-
Total revenue from exchange transactions	98 458	201 509 642	-	1 256 536
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	2 156 063	-	-
Interest charged on non-exchange transactions	-	-	-	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
Transfer revenue				
Government grants & subsidies - monetary	11 850 461	27 679 787	-	49 803 050
Public Contributions and Donations	-	-	-	-
Fines, penalties and forfeits	7 943	156 125	-	-
Total revenue from non-exchange transactions	11 858 404	29 991 975	-	49 803 050
Total revenue	11 956 862	231 501 617	-	51 059 585

EXPENDITURE

Employee Related Costs	21 711 112	19 617 385	-	14 359 389
Remuneration of councillors	-	-	-	6 197 993
Depreciation And Amortisation	1 161 460	5 101 895	-	139 809
Impairment	-	(789 932)	-	-
Finance costs	459 577	2 560 575	-	-
Operating leases	398 606	91 150	-	271 910
Bad debts written off	-	3 826 842	-	-
Bulk purchases	-	159 802 421	-	-
Contracted services	4 111 931	8 721 328	-	1 144 065
Transfers and subsidies	249 647	-	-	877 545
Inventory Consumed	822 487	3 717 562	-	206 758
Operational Cost	656 456	2 632 451	-	2 505 130

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
Loss on disposal of assets and liabilities	32 255	61 757	-	6 895
Water losses	-	-	-	-
Inventories losses/write-downs	-	-	-	-
Default revenue	342 566	(5 593 123)	-	-
Total expenditure	29 946 097	199 750 311	-	25 709 494
Surplus / (deficit) for the year	(17 989 235)	31 751 306	-	25 350 092



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Finance and Administration R	Housing R	Internal Audit R	Other R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
80.03 REVENUE				
Revenue from exchange transactions				
Sale of goods	182 276	-	-	-
Service Charges (Exchange)	-	-	-	-
Rendering of services	1 137 953	-	-	87 380
Rental of facilities and equipment	(10 121)	175 400	-	213 971
Interest earned - cash and investments	3 746 776	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	-	-	-
Licences and permits	-	-	-	-
Operational revenue	754 553	850	-	162 029
Inventories Reversal To Net Realisable Value	6 940 892	-	-	-
Total revenue from exchange transactions	12 752 329	176 250	-	463 381
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	157 193 635	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	2 646 549	-	-	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Finance and Administration R	Housing R	Internal Audit R	Other R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
Transfer revenue				
Government grants & subsidies - monetary	12 729 557	7 987 242	-	0
Public Contributions and Donations	-	-	-	-
Fines, penalties and forfeits	1 607 837	-	-	-
Total revenue from non-exchange transactions	174 177 578	7 987 242	-	0
Total revenue	186 929 907	8 163 492	-	463 381

EXPENDITURE

Employee Related Costs	68 665 640	7 820 463	4 182 559	1 727 190
Remuneration of councillors	-	-	-	-
Depreciation And Amortisation	4 418 580	79 195	23 594	326 182
Impairment	(72 788 450)	-	-	29 729 196
Finance costs	808 100	299 775	-	-
Operating leases	3 347 619	-	-	-
Bad debts written off	475 187	2 096 581	-	-
Bulk purchases	-	-	-	-
Contracted services	24 084 675	8 118 278	141 110	139 516
Transfers and subsidies	-	-	-	-
Inventory Consumed	1 086 831	1 431 886	13 049	78 432
Operational Cost	26 677 787	318 913	47 502	596 817



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Finance and Administration R	Housing R	Internal Audit R	Other R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
80.03				
Loss on disposal of assets and liabilities	183 815	3 359	527	-
Water losses	-	-	-	-
Inventories losses/write-downs	125 496	-	-	-
Default revenue	2 298 064	153 622	-	23 213
Total expenditure	59 383 343	20 322 072	4 408 341	32 620 546
Surplus / (deficit) for the year	127 546 564	(12 158 580)	(4 408 341)	(32 157 165)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
80.03 REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	-
Service Charges (Exchange)	-	-	-	-
Rendering of services	6 782 149	572 353	-	-
Rental of facilities and equipment	-	-	-	-
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	2 422 886	-	-
Licences and permits	-	918 005	-	173 080
Operational revenue	3 000	267 715	-	47 726
Inventories Reversal To Net Realisable Value	-	-	-	-
Total revenue from exchange transactions	6 785 149	4 180 958	-	220 807
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
SEGMENTAL OF STATEMENT OF FINANCIAL 80.03 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
Transfer revenue				
Government grants & subsidies - monetary	16 291 185	-	230 000	-
Public Contributions and Donations	498 469	-	-	-
Fines, penalties and forfeits	181 336	52 369 532	107 688	-
Total revenue from non-exchange transactions	16 970 991	52 369 532	337 688	-
Total revenue	23 756 141	56 550 490	337 688	220 807

EXPENDITURE

Employee Related Costs	27 635 370	41 086 787	7 987 503	17 041 083
Remuneration of councillors	-	-	-	-
Depreciation And Amortisation	94 988	1 120 908	7 901 896	1 722 428
Impairment	4 449 658	-	-	-
Finance costs	-	507 720	2 719 896	65 769
Operating leases	-	-	-	-
Bad debts written off	-	8 831 800	-	-
Bulk purchases	-	-	-	-
Contracted services	2 636 002	19 013 309	15 816 807	2 345 461
Transfers and subsidies	3 400 000	-	-	-
Inventory Consumed	98 255	638 087	709 586	533 217
Operational Cost	3 524 413	3 341 267	655 884	926 802



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
SEGMENTAL OF STATEMENT OF FINANCIAL 80.03 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
Loss on disposal of assets and liabilities	97	43 095	476	34 182
Water losses	-	-	-	-
Inventories losses/write-downs	-	-	-	-
Default revenue	-	169 729	(4 515 111)	(5 072 656)
Total expenditure	41 838 782	74 752 702	31 276 938	17 596 286
Surplus / (deficit) for the year	(18 082 642)	(18 202 211)	(30 939 250)	(17 375 479)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022

REVENUE

Revenue from exchange transactions

Sale of goods	-	-	-	182 276
Service Charges (Exchange)	33 408 870	82 693 351	80 732 462	397 147 683
Rendering of services	-	-	3 500	8 638 723
Rental of facilities and equipment	-	-	-	1 254 556
Interest earned - cash and investments	-	-	-	3 746 776
Interest charged (trading)	2 462 772	4 482 561	4 226 478	12 130 801
Agency services	-	-	-	2 422 886
Licences and permits	-	-	-	1 091 085
Operational revenue	-	184 270	-	2 082 099
Inventories Reversal To Net Realisable Value	-	-	-	6 940 892

Total revenue from exchange transactions	35 871 643	87 360 183	84 962 441	435 637 777
---	-------------------	-------------------	-------------------	--------------------

Revenue from non-exchange transactions

Taxation revenue

Property rates	-	-	-	157 193 635
Availability charges (Non-Exchange)	4 014 880	5 315 554	4 845 151	16 331 649
Interest charged on non-exchange transactions	-	-	-	2 646 549

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022

Transfer revenue

Government grants & subsidies - monetary
Public Contributions and Donations
Fines, penalties and forfeits

	Waste Management R	Waste Water Management R	Water Management R	Total R
Government grants & subsidies - monetary	13 084 200	8 722 799	39 419 272	187 797 553
Public Contributions and Donations	-	-	-	498 469
Fines, penalties and forfeits	-	-	-	54 430 462
Total revenue from non-exchange transactions	17 099 080	14 038 354	44 264 424	418 898 317
Total revenue	52 970 723	101 398 536	129 226 864	854 536 094

EXPENDITURE

Employee Related Costs
Remuneration of councillors
Depreciation And Amortisation
Impairment
Finance costs
Operating leases
Bad debts written off
Bulk purchases
Contracted services
Transfers and subsidies
Inventory Consumed
Operational Cost

Employee Related Costs	20 241 097	13 098 200	15 050 717	280 224 496
Remuneration of councillors	-	-	-	6 197 993
Depreciation And Amortisation	1 929 986	4 762 232	7 440 027	36 223 181
Impairment	4 495 014	73 796 853	(5 751 196)	33 141 143
Finance costs	1 586 902	850 686	1 243 209	11 102 209
Operating leases	213 943	-	-	4 323 228
Bad debts written off	13 654 110	23 531 691	41 318 723	93 734 933
Bulk purchases	-	-	535 538	160 337 958
Contracted services	6 078 754	2 900 287	7 474 367	102 725 891
Transfers and subsidies	-	-	-	4 527 192
Inventory Consumed	821 796	399 174	3 770 932	14 328 052
Operational Cost	5 525 851	2 536 230	1 111 766	51 057 269



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Waste Management R	Waste Water Management R	Water Management R	Total R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022				
Loss on disposal of assets and liabilities	824	1 255 898	64 123	1 687 302
Water losses	-	-	6 851 853	6 851 853
Inventories losses/write-downs	-	-	-	125 496
Default revenue	107 301	4 699 969	7 386 426	(0)
Total expenditure	54 655 580	127 831 220	86 496 485	806 588 195
Surplus / (deficit) for the year	(1 684 857)	(26 432 683)	42 730 380	47 947 899



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021				
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	-
Service Charges (Exchange)	-	167 289 977	-	-
Rendering of services	54 522	-	-	-
Rental of facilities and equipment	17 689	-	-	479 894
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	823 503	-	32 092
Agency services	-	-	-	-
Licences and permits	-	-	-	17 886
Operational revenue	1 332	10 421	-	901 231
Inventories Reversal To Net Realisable Value	-	-	-	-
Total revenue from exchange transactions	73 543	168 123 902	-	1 431 103
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	2 049 593	-	-
Interest charged on non-exchange transactions	-	-	-	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.04 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021

	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
Transfer revenue				
Government grants & subsidies - monetary	11 018 000	22 005 847	-	46 467 059
Fines, penalties and forfeits	2 613	113 370	-	-
Total revenue from non-exchange transactions	11 020 613	24 168 810	-	46 467 059
Revenue from exchange transactions	73 543	168 123 902	-	1 431 103
Revenue from non-exchange transactions	11 020 613	24 168 810	-	46 467 059
Total revenue	11 094 156	192 292 712	-	47 898 162

EXPENDITURE

Employee Related Costs	19 806 663	19 387 427	-	18 350 045
Remuneration of councillors	-	-	-	6 249 856
Depreciation And Amortisation	1 360 550	4 869 095	-	124 137
Impairment	-	2 646 222	-	-
Finance costs	547 763	3 080 711	-	-
Operating leases	380 432	46 750	-	-
Bad debts written off	-	360 332	-	581 978
Bulk purchases	-	134 674 170	-	-
Contracted services	3 484 830	2 948 954	-	4 690 835
Transfers and subsidies	-	-	-	3 170 673
Inventory Consumed	587 348	2 957 894	-	1 028 900
Operational Cost	585 121	2 289 631	-	3 689 828

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
SEGMENTAL OF STATEMENT OF FINANCIAL				
80.04 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30				
JUNE 2021				
Loss on disposal of assets and liabilities	-	773 463	-	-
Water losses	-	-	-	-
Default revenue	287 694	(4 944 445)	-	-
Total expenditure	27 040 401	169 090 204	-	37 886 252
Surplus / (deficit) for the year	(15 946 245)	23 202 508	-	10 011 910



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Finance and Administration R	Housing R	Internal Audit R	Other R
SEGMENTAL OF STATEMENT OF FINANCIAL 80.04 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021				
REVENUE				
Revenue from exchange transactions				
Sale of goods	125 083	-	-	394
Service Charges (Exchange)	-	-	-	-
Rendering of services	798 076	-	-	78 521
Rental of facilities and equipment	(3 802)	183 400	-	471 675
Interest earned - cash and investments	6 600 810	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	-	-	-
Licences and permits	-	-	-	-
Operational revenue	876 224	117 155	-	135 332
Inventories Reversal To Net Realisable Value	4 289 443	-	-	-
Total revenue from exchange transactions	12 685 834	300 555	-	685 922
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	149 321 185	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	1 857 654	-	-	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Finance and Administration R	Housing R	Internal Audit R	Other R
SEGMENTAL OF STATEMENT OF FINANCIAL				
80.04 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021				
Transfer revenue				
Government grants & subsidies - monetary	29 782 198	10 386 017	-	-
Fines, penalties and forfeits	2 525 661	2 016 677	-	-
Total revenue from non-exchange transactions	183 486 699	12 402 695	-	-
Revenue from exchange transactions	12 685 834	300 555	-	685 922
Revenue from non-exchange transactions	183 486 699	12 402 695	-	-
Total revenue	196 172 533	12 703 250	-	685 922
EXPENDITURE				
Employee Related Costs	59 877 511	6 999 399	3 532 340	1 604 562
Remuneration of councillors	-	-	-	-
Depreciation And Amortisation	2 574 644	93 585	25 669	333 493
Impairment	359 251	-	-	23 318 403
Finance costs	1 077 173	353 772	-	-
Operating leases	3 205 703	-	-	-
Bad debts written off	326 865	-	-	-
Bulk purchases	-	-	-	-
Contracted services	24 606 715	14 063 172	104 938	158 850
Transfers and subsidies	-	-	-	-
Inventory Consumed	1 422 962	12 918 634	9 256	58 277
Operational Cost	25 482 948	435 053	56 371	510 615



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Finance and Administration R	Housing R	Internal Audit R	Other R
SEGMENTAL OF STATEMENT OF FINANCIAL				
80.04 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30				
JUNE 2021				
Loss on disposal of assets and liabilities	(255 571)	-	-	-
Water losses	-	-	-	-
Default revenue	2 029 103	272 606	-	20 954
Total expenditure	120 707 303	35 136 222	3 728 573	26 005 154
Surplus / (deficit) for the year	75 465 230	(22 432 972)	(3 728 573)	(25 319 232)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
80.04 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021				
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	-
Service Charges (Exchange)	-	-	-	-
Rendering of services	4 368 684	276 402	-	-
Rental of facilities and equipment	-	-	-	-
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	2 345 436	-	-
Licences and permits	-	645 691	-	55 903
Operational revenue	27 766	7 332	-	25 333
Inventories Reversal To Net Realisable Value	-	-	-	-
Total revenue from exchange transactions	4 396 449	3 274 860	-	81 236
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.04 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021

	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
Transfer revenue				
Government grants & subsidies - monetary	5 658 352	734 000	870 000	-
Fines, penalties and forfeits	286 187	24 901 246	-	-
Total revenue from non-exchange transactions	5 944 538	25 635 246	870 000	-
Revenue from exchange transactions	4 396 449	3 274 860	-	81 236
Revenue from non-exchange transactions	5 944 538	25 635 246	870 000	-
Total revenue	10 340 988	28 910 106	870 000	81 236

EXPENDITURE

Employee Related Costs	25 818 606	39 462 585	7 474 684	17 155 487
Remuneration of councillors	-	-	-	-
Depreciation And Amortisation	113 916	1 150 839	8 990 879	1 703 679
Impairment	1 380 297	-	-	-
Finance costs	-	588 585	3 106 995	81 554
Operating leases	-	82 898	-	-
Bad debts written off	-	-	-	-
Bulk purchases	-	-	-	-
Contracted services	4 061 817	11 866 301	14 861 305	2 904 564
Transfers and subsidies	2 400 000	-	-	-
Inventory Consumed	120 606	786 749	119 288	578 967
Operational Cost	3 551 256	2 198 883	1 156 470	720 150

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
SEGMENTAL OF STATEMENT OF FINANCIAL				
80.04 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021				
Loss on disposal of assets and liabilities	1 525	1 663	-	224 686
Water losses	-	-	-	-
Default revenue	-	145 852	(2 731 928)	(3 678 067)
Total expenditure	37 448 023	56 284 355	32 977 693	19 691 020
Surplus / (deficit) for the year	(27 107 036)	(27 374 248)	(32 107 693)	(19 609 784)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.04 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021

REVENUE

Revenue from exchange transactions

Sale of goods	-	-	-	125 477
Service Charges (Exchange)	42 604 945	77 081 009	75 277 615	362 253 546
Rendering of services	-	-	-	5 576 205
Rental of facilities and equipment	-	-	-	1 148 857
Interest earned - cash and investments	-	-	-	6 600 810
Interest charged (trading)	2 631 261	4 724 557	4 509 105	12 720 518
Agency services	-	-	-	2 345 436
Licences and permits	-	-	-	719 480
Operational revenue	2 339	24 872	-	2 129 336
Inventories Reversal To Net Realisable Value	-	-	-	4 289 443

Total revenue from exchange transactions	45 238 545	81 830 438	79 786 720	397 909 107
---	-------------------	-------------------	-------------------	--------------------

Revenue from non-exchange transactions

Taxation revenue

Property rates	-	-	-	149 321 185
Availability charges (Non-Exchange)	3 838 033	1 649 380	4 835 526	12 372 532
Interest charged on non-exchange transactions	-	-	-	1 857 654



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

80.04 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2021

Transfer revenue

Government grants & subsidies - monetary
Fines, penalties and forfeits

	Waste Management R	Waste Water Management R	Water Management R	Total R
Government grants & subsidies - monetary	12 185 040	8 123 359	34 939 656	182 169 528
Fines, penalties and forfeits	-	-	-	29 845 754
Total revenue from non-exchange transactions	16 023 073	9 772 739	39 775 182	375 566 654
Revenue from exchange transactions	45 238 545	81 830 438	79 786 720	397 909 107
Revenue from non-exchange transactions	16 023 073	9 772 739	39 775 182	375 566 654
Total revenue	61 261 617	91 603 177	119 561 902	773 475 761

EXPENDITURE

Employee Related Costs
Remuneration of councillors
Depreciation And Amortisation
Impairment
Finance costs
Operating leases
Bad debts written off
Bulk purchases
Contracted services
Transfers and subsidies
Inventory Consumed
Operational Cost

Employee Related Costs	21 983 469	10 814 397	16 221 749	268 488 924
Remuneration of councillors	-	-	-	6 249 856
Depreciation And Amortisation	1 780 787	4 685 530	7 135 671	34 942 476
Impairment	(4 989 876)	(8 222 947)	(5 142 639)	9 348 710
Finance costs	1 827 686	1 074 090	1 660 798	13 399 128
Operating leases	-	-	-	3 715 783
Bad debts written off	25 477 564	41 913 595	39 917 991	108 578 324
Bulk purchases	-	-	634 399	135 308 569
Contracted services	6 929 794	2 341 808	5 600 322	98 624 205
Transfers and subsidies	-	-	-	5 570 673
Inventory Consumed	1 135 337	844 028	2 954 991	25 523 238
Operational Cost	8 043 553	1 205 685	1 727 417	51 652 981



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

Notes to the Audited Annual Financial Statements

	Waste Management R	Waste Water Management R	Water Management R	Total R
SEGMENTAL OF STATEMENT OF FINANCIAL				
80.04 PERFORMANCE (FUNCTION CLASSIFICATION) AT 30				
JUNE 2021				
Loss on disposal of assets and liabilities	-	138 387	571 515	1 455 668
Water losses	-	-	4 273 990	4 273 990
Default revenue	(82 851)	3 657 172	5 023 911	-
Total expenditure	62 105 464	58 451 745	80 580 114	767 132 525
Surplus / (deficit) for the year	(843 847)	33 151 431	38 981 788	6 343 236



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2022

Grant description	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R	Unspent grants R (Creditor)	Unpaid grants R (Debtor)
<u>Monetary allocations - other</u>								
Monetary allocations (operational) - other	-	-	-	-	-	-	-	-
Monetary Allocations - Other - Departmental Agencies And Accounts:National Departmental Agencies:Local Government, Water And Related Service SETA	351 844	420 756	-	(276 057)	-	496 544	496 544	-
Total monetary allocations - other	351 844	420 756	-	(276 057)	-	496 544	496 544	-
<u>Monetary Allocations:National Government</u>								
Integrated National Electrification Programme	56 293	4 250 000	(56 043)	-	(4 234 836)	15 414	15 414	-
Municipal Infrastructure	454 503	30 104 000	(454 503)	-	(28 515 772)	1 588 228	1 588 228	-
Energy Efficiency And Demand Side Management	-	4 159 000	-	(4 159 000)	-	-	-	-
Expanded Public Works Programme Integrated	454	996 000	(454)	(996 000)	-	-	-	-
Local Government Financial Management	-	1 550 000	-	(1 550 000)	-	-	-	-
National Government:Equitable Share	-	111 442 000	-	(111 442 000)	-	-	-	-
Total Monetary Allocations:National Government	511 250	152 501 000	(511 000)	(118 147 000)	(32 750 608)	1 603 642	1 603 642	-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2022

Grant description	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R	Unspent grants R	Unpaid grants R
<u>Monetary Allocations:Provincial Government</u>								
Informal Settlement Upgrading Partnership:								
Provinces (Beneficiaries)	-	7 954 369	-	(5 117 373)	-	2 836 996	2 836 996	-
Local Government Public Employment Support	-	1 200 000	-	(1 072 229)	-	127 771	127 771	-
Library Services Replacement Funding for most vulnerable B3 Municipalities	306 460	9 884 000	(306 460)	(9 884 000)	-	-	-	-
Local Government Graduate Internship	266 175	-	(266 175)	(0)	-	0	0	-
Financial Management Capacity Building	75 142	250 000	(75 142)	(250 000)	-	-	-	-
Community Development Workers (CDW)	51 894	19 000	(51 894)	(3 384)	-	15 616	15 616	-
Community Library Services	-	1 329 000	-	(1 329 000)	-	-	-	-
Human Settlement Development	(16 165 067)	15 570 510	-	(1 173 466)	(13 822 948)	(15 590 971)	-	(15 590 971)
Proclaimed Roads Maintenance	-	230 000	-	(230 000)	-	-	-	-
Disaster Management: Emergency Housing	0	-	-	(0)	-	-	-	-
Regional Social Economic Projects (RSEP)	1 869 771	500 000	(55 664)	-	(1 419 479)	894 628	894 628	-
Thusong Services Centres	-	150 000	-	(150 000)	-	-	-	-
Municipal Disaster	7	-	-	(7)	-	-	-	-
Western Cape Municipal Energy Resilience (WC MER)	-	750 000	-	(750 000)	-	-	-	-
Municipal Library Support	-	911 000	-	(634 076)	(276 924)	(0)	-	(0)
Total Monetary Allocations:Provincial Government	(13 595 617)	38 747 879	(755 335)	(20 593 537)	(15 519 351)	(11 715 961)	3 875 010	(15 590 971)



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2022

Grant description	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R	Unspent grants R	Unpaid grants R
<u>Monetary allocations: District municipalities</u>								
Safety Plans	-	120 000	-	-	-	120 000	120 000	-
Total monetary allocations: District municipalities	-	120 000	-	-	-	120 000	120 000	-
Total grants	(12 732 523)	191 789 636	(1 266 335)	(139 016 593)	(48 269 960)	(9 495 775)	6 095 196	(15 590 971)
<u>Public contributions and donations</u>								
Nedbank	498 469	-	-	(498 469)	-	-		
Total public contributions and donations	498 469	-	-	(498 469)	-	-	-	-
Grand total	(12 234 053)	191 789 636	(1 266 335)	(139 515 063)	(48 269 960)	(9 495 775)	6 095 196	(15 590 971)

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 financial statements for the year ended 30 June 2022

APPENDIX B**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022**

Description & account / vehicle reference	Opening balance R	Correction of error R	Restated opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
Annuity loans						
Banks: ABSA						
ABSA - 2015/2016	12 545 192	-	12 545 192	-	(2 019 697)	10 525 495
ABSA - 2016/2017	17 822 873	-	17 822 873	-	(2 293 088)	15 529 786
Banks: Nedbank						
Nedbank - 7831 033912 / 000 001	5 434 523	-	5 434 523	-	(1 129 414)	4 305 108
Nedbank - 2017/2018	24 670 938	-	24 670 938	-	(2 536 546)	22 134 392
Banks: Standard Bank						
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)	9 206 096	-	9 206 096	-	(1 932 807)	7 273 289
Standard Bank - 282044426	(0)	-	(0)	-	-	(0)
Standard Bank - 282029087(old acc number)/ 000536658(new acc number)	1 177 863	-	1 177 863	-	(1 177 863)	(0)
Standard Bank - 251981282(old acc number)/ 000536894(new acc number)	1 142 997	-	1 142 997	-	(1 142 997)	0
Standard Bank - 282022589(old acc number)/ 000537648(new acc number)	3 583 814	-	3 583 814	-	(1 695 327)	1 888 488
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)	5 088 442	-	5 088 442	-	(1 511 091)	3 577 351
Standard Bank - 082602573	0	-	0	-	-	0

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2022

APPENDIX B**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022**

Description & account / vehicle reference	Opening balance R	Correction of error R	Restated opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
Banks: Development Bank of South Africa						
DBSA - 11200/102	0	-	0	-	-	0
DBSA - 100225/1	1 236 000	-	1 236 000	-	(824 000)	412 000
DBSA - 103437/1	17 663 655	-	17 663 655	-	(1 465 340)	16 198 315
DBSA - 103437/2	971 764	-	971 764	-	(289 326)	682 438
Total annuity loans	100 544 158	-	100 544 158	-	(18 017 495)	82 526 663
Finance leases						
Standard Bank						
Finance lease - SCM/2020/20/ENG	-	10 508 225	10 508 225	-	(4 408 678)	6 099 547
Other						
Finance lease obligation 1	10 508 225	(10 508 225)	-	-	-	-
Total finance leases	10 508 225	-	10 508 225	-	(4 408 678)	6 099 547
Grand total	111 052 383	-	111 052 383	-	(22 426 173)	88 626 210



Bitou Municipality

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE **FOR THE YEAR ENDED 30 JUNE 2022**

We are pleased to present the report of the Audit and Performance Audit Committee (APAC) for the financial year ended 30 June 2022.

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 reviewed annually 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 Municipal Manager, all Directors, the Auditor-General of South Africa (AGSA) and the MPAC chairperson have standing invitations to all APAC meetings.

The APAC comprises of four independent external members. During the 2021/22 financial period, five hybrid meetings (one special and four ordinary committee meetings) were held. Below is a summary of the meeting attendance of the members for the financial period which ended 30 June 2022:

MEMBER	Appointment dates	Number of meetings attended out of five
Ms R Shaw (Chairperson)	11 March 2019	Five
Mr K Zono	11 March 2019	Two
Mr M Hennessy	1 January 2021	Five
Mr J Roux	1 January 2016	One
Mr M Brewis	1 January 2022	Four

Mr J Roux's second term as APAC member came to an end on 31 December 2021 after which he was replaced by Mr M Brewis with effect from 1 January 2022. Ms Shaw was appointed for a second 3 year term as chairperson which commenced on 1 March 2022.

Mr K Zono chaired the Risk Management Committee up till 30 April 2022 when Mr M Hennessy was appointed to take over the position as chairperson. The chairperson provides a report on Risk Management to the APAC at the quarterly meetings to keep the APAC abreast of matters relating to Risk Management within the municipality and to afford the APAC the opportunity to provide its oversight of the risk management process of the municipality as required by section 166(2)(a)(II) of the MFMA.

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 as the risk register underpins the internal audit plan.

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

From the internal audit reports presented to the APAC there are still too many repeat findings which is an indication that management doesn't take cognizance of Internal Audit's findings and recommendations to enhance the control environment. The culprits should be subject to appropriate consequence management to create an environment in which strong internal controls become a culture.

After the 2021/22 audit, the AG(SA) stated that

- in their opinion Internal Audit does provide assurance.
- the internal control unit played an important role in identifying internal control deficiencies and recommending corrective actions to effectively address those deficiencies.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The APAC

- reviewed the municipality's annual financial statements for the 2021/22 financial year
 - reviewed the draft annual performance report for the 2021/22 financial year
- before submission to AGSA for audit purposes.

The APAC furthermore took note of AGSA's management report and monitors management's response thereto.

The APAC concurs with and accepts AGSA's opinion and report on the municipality's Annual Financial Statements for the 2021/22 financial year. The municipality has sustained its unqualified audit opinion with findings.

RISK MANAGEMENT AND FRAUD

The municipality has a separate Risk Management Committee. The Chairperson of the Risk Management Committee reports to the APAC at the quarterly meetings to appraise the APAC of strategic and operational risks that may impact the long-term sustainability of the municipality.

THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Annual Internal Audit Plan had been prepared taking cognizance of the Risk Assessment Results supplied to the Internal Audit unit. Amendments to the audit plan are approved by the APAC as and when the need arises. APAC was presented with the Internal Audit Charter for its review.

The following internal audit work was completed during the year under review :

- Annual Stock take
- Division of Revenue Act
- Expenditure Management
- Surprise Cash Count
- HR Recruitment and Selection
- HR Occupational Health and Safety
- Proclaimed Roads
- Quarterly Reviews of Performance Information
- Quarterly Reviews of Risk Management
- Quarterly Reviews of Supply Chain Management
- Monitoring the Operation Clean Audit plan (OPCAR)

The Operation Clean Audit plan, which is intended to address prior year audit findings, was not adequately implemented. A lack of commitment by the administration to address findings raised by the AGSA will hamper the municipality's ability to obtain a clean audit report.

The Internal Audit Unit completed 100% of its planned audits for 2021/22 by year end.

The APAC is satisfied with Internal Audit's quarterly assurance reports together with the recommended remedial action. 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.

FINANCIAL REPORTING

Debtors Collection

Debt collection has remained a challenge throughout the year with the debt collection rate at the end of the year being at 84% of total billings, this despite the fact that a collection agency was appointed to assist with collections.

The poor collection rate would undoubtedly impact negatively on the municipality's medium to long-term financial sustainability and solvency. In an attempt to avert these potential negative consequences, a financial turnaround strategy has been proposed.

Traffic Fines

There was significant under-performance as far as traffic fines were concerned. The current way of dealing with traffic monitoring and collecting fines revenue has not been effective and generated very little income.

Overtime

Overtime remains a concern and little progress has been made in curbing the excessive overtime claims. The use of excessive overtime hours must be controlled to avoid incurring unauthorised expenditure.

Creditors

Creditors days outstanding at the year end were standing at 37% which is in excess of the regulated 30-days.

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.

Internal audit's significant findings were

- Quarterly performance targets were not achieved
- Inaccurate performance reported
- Insufficient supporting documentation

It appears as if Internal Audit's recommendations are not noted and implemented as the above findings have been raised time and time again without any positive results.

EFFECTIVE GOVERNANCE

The APAC was presented with a draft Governance and Compliance Register as well as a draft Consequence Management Policy & Framework.

MPAC was re-constituted and is functional. A Disciplinary Board has been appointed to deal decisively with any matters of potential financial misconduct.

CONCLUSION

The APAC would like to express its appreciation towards the officials and all other role players for their reports and participation at the APAC meetings.



R Shaw (CA(SA))

Chairperson, Audit and Performance Audit Committee
12 December 2022

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 5 to 165, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bitou Municipality as at 30 June 2022, 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 9 of 2021 (Dora).

Basis for opinion

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

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 59 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Material impairments

8. As disclosed in note 11 to the financial statements, the municipality provided for impairment of receivables from exchange and non-exchange transactions of R327,1 million (2020-21: R293,4 million).

Material losses

9. As disclosed in note 50.01 to the financial statements, material electricity losses of 18,88% (2020-21: 21,33%) was incurred.
10. As disclosed in note 50.02 to the financial statements, material water losses of 37,71% (2020-21: 35,78%) was incurred.
11. As disclosed in note 49 to the financial statements, the municipality wrote off bad debts of R93,7 million (2020-21: R108,6 million).

Other matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

13. 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. The 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

14. The supplementary information set out on pages 166 to 170 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

15. 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 financial statements that are free from material misstatement, whether due to fraud or error.
16. 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

17. 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.
18. 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

19. 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 the selected objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
20. 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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. 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 2022:

Objective	Pages in the annual performance report
Objective 5 – provision of basic services	18 – 20

22. 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.

23. The material findings on the reliability of the performance information of the selected objective are as follows:

Objective 5 – provision of basic services

Various indicators

24. The achievement reported in the annual performance report, materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
TL 9: 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	11 893
TL 11: number of residential properties with sanitation services which are connected to the municipal waste water as at 30 June 2022	11 857

Other matter

25. I draw attention to the matter below.

Achievement of planned targets

26. Refer to the annual performance report on pages 18 to 20 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 24 of this report.

Report on the audit of compliance with legislation

Introduction and scope

27. 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.
28. The material findings on compliance with specific matters in key legislation are as follows:

Consequence management

29. Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.

30. Some irregular expenditure incurred by the municipality were not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
31. Fruitless and wasteful 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.

Expenditure management

32. Reasonable steps were not taken to prevent irregular expenditure of R70,6 million disclosed in note 62 to the annual financial statements, as required by section 62(1)(d) of the MFMA.
33. Reasonable steps were not taken to prevent unauthorised expenditure R884,8 million, as disclosed in note 60 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by the budget not being approved by the majority of councillors.

Procurement and contract management

34. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulation 17(1)(a) and (c).

<h3>Other information</h3>

35. 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 have been specifically reported in this auditor's report.
36. 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.
37. 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.
38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract 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

39. 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 findings on the annual performance report and the findings on compliance with legislation included in this report.
40. Council did not appropriately perform their oversight role to approve the annual budget which resulted in unauthorised expenditure incurred.
41. Management did not comply with section 32(2) of the MFMA to ensure that unauthorised, irregular, and fruitless and wasteful expenditure were investigated by the municipal public account committee and that the investigations were concluded within a reasonable period of time.
42. Adequate reviews were not performed prior to the submission of the annual performance report, which resulted in material misstatements to the annual performance report not being detected by management.
43. Management's processes implemented for the review and monitoring of compliance with the applicable SCM policy were inadequate to prevent and detect a failure by the relevant officials to record and obtain the chief financial officer's approval for obtaining less than three quotation, as required by regulation 17(1) (c) of the Municipal Supply Chain Management Regulations.

Auditor - General

Cape Town

9 December 2022



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 and on the municipality 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's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Bitou 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters

that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.