

BITOU MUNICIPALITY



Annual Report

2019/20



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

1.1 MAYOR'S FOREWORD



It is my privilege to table the Annual Report of Bitou Municipality in respect of the 2019/2020 financial year.

The financial year under review was extremely difficult as a result of the Covid19 pandemic. It caused the municipality not to implement the 2019/2020 budget as planned, but also resulted in numerous transfers of amounts from budget line items to entertain unplanned expenditure as a result of the pandemic. Expenditure relating to Personal Protection Equipment and food parcels to the needy was not budgeted for but funds had to be made available. This unforeseen expenditure was further complimented by the payment of danger allowances to front line employees for which Council had to develop an applicable policy.

The normal prescribed SCM procedures could not always have been followed as a result of life threatening and emergency issues and the municipality was forced in some instances, to utilize Section 36 of the Supply Chain Management Regulations. (Deviation from, and ratification of minor breaches of procurement processes). It has to be stated that, Bitou Municipality has never been under suspicion of the maladministration of Covid related funds. The municipality had spent R 2 647 680.00 on COVID related matters.

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

The Minister of Finance, as a result of the COVID 19 pandemic, had however granted in terms of section 177(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) an extension of two (2) months for the completion of the Annual Financial Statements in respect of the 2019/2020 financial year. (Reference Government Notice No. 851 of 05 August 2020).

This extension also delayed the external audit procedures by the Auditor General.

The Annual Report is one of the most reliable mechanisms of government to assess the effectiveness of the Municipality and the impact it has on the community. It reflects an overview of the position of the financial affairs of the Municipality and the administrative and governance maturity levels of the institution, while it also provides a synopsis of the successes achieved and the challenges experienced.

The Annual Report not only reflects performance but renders valuable assistance to identify shortcomings.




The Annual Report in respect of 2019/2020 reflects that the municipality performed reasonably well under challenging circumstances.


The municipality had, notwithstanding the fact that the financial year was limited to nine months, succeeded to spend sixty-five (65%) of the total capital budget.

Major capital projects that were addressed, were the following:

Water Provision

A total amount of R18 340 308.98 of the capital budget in respect of a budgeted amount of R25 593 114.00 was spent. The following were some of the more important projects addressed:











-  Kranshoek upgrading of bulk water R7 031 046.58
-  Kranshoek upgrading of bulk water (additional)
R2 395 782.62
-  Kwanokuthula new water pipeline R3 810 733.28

-  Poortjies upgrade water pipeline R2 750 504.14

It is clear from the above mentioned that the Municipality had incurred extensive amounts to provide for the increase of the demand from Kwanokuthula and Kranshoek. Funds had also to be provided for the upgrading of the ageing water reticulation to Poortjies. The Municipality had, in addition to the aforementioned, spend excessive amounts for the maintenance of infrastructure.

Waste Water (Sanitation) Reticulation

A total amount of R7 638 784.06 of the capital budget in respect of a budgeted amount of R11 353 908.00 was spent. The following were some of the more important projects addressed:

-  Ebenhezer new bulk sewer service R 668 566.01
-  Bossiesgif: New Sewer (TRA) R 920 000.00
-  Kranshoek upgrading outfalls sewer R 722 153.52
-  Hobie Beach upgrade pump station 3 R 503 112.23
-  Central Beach upgrade pump station 4 R 536 466.54
-  Longships pumpstation 10 R 613 948.41
-  Keurbooms upgrade pump station 1 R 969 716.40
-  Gansvlei WWTW New screen R 505 813.40
-  Kurland upgrade pump station 1 R488 169.17
-  Security Key sites – CRR R 959 986.79

It has to be stated, that the Municipality had also in addition to the abovementioned, had to spend similar to that in the case of water reticulation, excessive amounts in respect of maintenance to improve and maintain service delivery of a high standard.

Electricity

A total amount of R16 447 479.66 of the capital budget in respect of a budgeted amount of R18 174 053.00 was spent. The following were some of the more important projects addressed:

📍 Plettenberg Bay Asset Replacement	R 1 586 8493.08
📍 Kwanokuthula upgrade bulk electrification	R 1 893 406.45
📍 Plettenberg Bay New Street Lights	R 1 137 301.68
📍 Plettenberg Bay Generators	R 1 137 575.26
📍 Kwanokuthula Electrification PH 4 C	R 661 175.75
📍 Kwanokuthula upgrade bulk electrification	R 5 158 760.29
📍 Bossiesgif new electrification	R 769 462.53
📍 Kranshoek New Street Lights	R 1 201 242.53
📍 Magistrates Court Metering unit	R 1 013 480.00

It has to be pointed out, that in addition to the abovementioned and normal maintenance exercises, that electricity was also provided to the Temporary Relocating Areas at Bossiesgif, Qolweni and other informal settlement areas.

The Electricity Section had also commenced to move from conventional street lighting to more energy efficient lighting technologies. (LED). Areas that were addressed are New Horizon, Wittedrift, Keurbooms, and the Central Business District.

Additional high mast lighting was also erected at Kurland, Bossiesgif, Qolweni and Kwanokuthula.

There was unfortunately also unforeseen expenditure as a result of periodic riots where infrastructure was damaged which had to be replaced.

The Municipality commenced in conjunction with the Department of Mineral Resources and Energy with the installation of solar geysers after the Department of Mineral Resources Energy donated 2700 solar geysers. The worrying factor here is the storage cost of approximately R66 000.00 per month. The Department had been requested to expedite the installations.

Waste Management Services

A total amount of R 2 004 458.43 of the capital budget in respect of a budgeted amount of R 10 114 302.00 was spent. The following were some of the more important projects addressed:

📍 Waste drop off facility	R 1 275 852.15
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The biggest problem this section had to manage is the very expensive transportation of waste from Plettenberg Bay to the landfill site at Mosselbay, which is the nearest landfill site that can be utilized. The Municipality had however introduced a recycling programme in an effort to reduce waste and transportation costs.

Good progress was made during the 2019/20 financial year with the rehabilitation of the previous land fill site.

Roads and Stormwater

A total amount of R1 804 819.73 of the capital budget in respect of a budgeted amount of R2 150 860.27 was spent. The following were some of the more important projects addressed:

📍 Kranshoek upgrade Gravel Road	R 499 286.48
📍 Ebenezer new roads	R 180 899.00

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🔊 Bossiesgif new roads R 1 050 794.35

A total amount of R18 281 189.95, which includes grant funding, was spent during the 2019/2020 financial year in respect of road / street maintenance.

Fleet and Equipment

The following schedule reflects the capital spending in respect of vehicles and major equipment per section:

Water Provision

🔊 Harkerville – Pressure Pump etc R 45 342.00
 🔊 Main Pumpstation equipment R468 330.33
 🔊 Water demand management press R 86 849.78
 🔊 Plettenberg Bay Water works Pump R 610 314.85
 🔊 Uplands – High Lift Pump R 420 000.00

Waste Water Reticulation

🔊 Pump station equipment R 456 308.25
 🔊 LDV R 322 455.32

Electricity

🔊 Generators R1 137 575.26
 🔊 Thunder struct metering unit R 360 000.00
 🔊 General asset replacement R1 586 849.08
 🔊 Security Key Site R 239 934.37
 🔊 HV and MV testing equipment R 86 956.53

Waste Management Services

🔊 Truck R R 418 506.28
 🔊 Skips R 310 000.00

Libraries

🔊 Air-conditioning R 283 608.71
 🔊 Computer equipment R 48 109.68
 🔊 Library detection system R 139 130.43
 🔊 Security Cameras R 97 508.36

Sport and Recreation

🔊 Floodlights R 198 337.20
 🔊 Parks R 218 758.10

Financial Services

🔊 Furniture and Equipment R 326 466.89

ICT Services

🔊 Generator Melvilles Corner R 544 270.42
 🔊 Main Building Generator R 450 432.00
 🔊 Laptops R 198 774.57
 🔊 UPS equipment R 141 613.00

Building Maintenance

🔊 Upgrade New Horizons Community Hall R 1 023 694.61

Housing

🔊 **Ebenezer** – A total amount of R1 196 964.01 was spent on planning and provision of services
 🔊 **Kurland** – A total amount of R147 679.79 was spent on planning for future housing projects
 🔊 **Qolweni (Transit Relocating Area)** – A total amount of R2 369 874.08 was spent on planning and services
 🔊 **Shell Ultra City Project** – This project could not be progressed with as a result of a lack of funding.

Sport Facilities

🔊 **New Horizons** – A total amount of R198 337.20 was spent on the upgrading of the sport facilities in New Horizons
 🔊 **Kurland** – A total amount of R352 823.99 was spent on the upgrading of sport facilities at Kurland

Tourism

The municipality, was as always, active in promoting the greater Plettenberg Bay. The Municipality has



contributed an amount of R2 400 000.00 to the Plettenberg Bay Tourism Association in respect of the marketing, destination management, product awareness and promotion of the greater Plettenberg Bay.

Local Economic Development

A total amount of R1 180 000.00 was spent on amongst others, SMME development in tourism, SMME development and training of SMME's through SEDA. This was further complimented by various training programmes through NHBRC, Department of Agriculture and the Department of Labour.

Social and Community Development Support

Grant in Aid

The Municipality had made R1 100 000.00 available to thirteen (13) organizations to assist the organizations with their functions

Bursaries

The Mayoral Bursary fund benefitted 13 applicants for tertiary studies at public and private academic institutions while 32 applicants were financially assisted with stationery and study material vouchers. The total financial assistance amounted to R262 000.00.

Indigent Funerals

The municipality had financially assisted the needy with R133 385.00 during the 2019/2020 financial year to bury their loved ones.

The 2019/2020 financial year, and more specifically from 27 March 2020 onwards, will however in the future be remembered for the devastating impact the Covid 19 pandemic had and still has. The pandemic not only changed the lives of every citizen, but also brought tremendous challenges to the effective functioning of municipalities.

Bitou Municipality had however succeeded to deliver all the basic services from the first total lockdown period from midnight 26 March 2020 to 30 April 2020. All other services were rendered throughout the remainder of the various alert level periods.

My sincere thanks and appreciation to all those employees who literally risked not only their health and lives, but also that of their families, to render services.

We had tragically also lost of our own as a result of the pandemic. Our condolences to their families and loved ones.

It has to be mentioned, that under the leadership of the Bitou Council, Bitou was one of the first municipalities in the Western Cape to establish a committee, specifically to deal with the pandemic.

The Bitou Covid 19 JOC consisted of the following members:

- 👤 Bitou Councillors
- 👤 Representatives from Plettenberg Bay Tourism Association

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- Representatives from Plettenberg Bay Business Chamber
- Representatives from SAPS Plettenberg Bay
- Representatives from Western Cape Health Department
- Representatives from Plettenberg Bay Hospice
- Representatives from Bitou Municipality
- Representatives from the Western Cape Education Department
- Representatives from the Department of Social Development
- Representatives from the Western Cape Traffic Department
- Representative from Garden Route District Council – Disaster Management
- Local medical practitioners

Our sincere thanks and appreciation to all the members of the committee who had scarified so much of their time to contribute.

In conclusion, I would like to thank my fellow-Councillors, particularly the members of the Mayoral Committee, as well as the Municipal Manager, Adv. Lonwabo Ngoqo, the management team of the Municipality and all municipal officials for their continual strive and initiative throughout the 2019/2020 financial year.

CLLR. M. P. LOBESE
EXECUTIVE MAYOR
BITOU LOCAL MUNICIPALITY



1.2 MUNICIPAL MANAGER'S OVERVIEW



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

OVERVIEW 2019/20

Report Auditor General 2019/20

The manner in which the annual audit was conducted by the Office of the Auditor General, was totally different from that of the previous years. The audit was mainly conducted remotely with few exceptions where the auditors were located in Plettenberg Bay. This was as a direct result of the Covid 19 pandemic and made it extremely difficult not only for the auditors, but also for the personnel of the municipality.

The municipality had received for the fourth year in succession an unqualified audit report with findings. It

is again necessary to place the standard of the finding in perspective, as the ordinary citizen would not understand the criteria.

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

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

Bitou municipality had therefore for the past seven years achieved three "clean audits" and four opinions which can be regarded as the second-best opinion.

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

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

Financial Viability

Expenditure Management

The creditor payment period had escalated from 29 days to 77 days which can be attributed to the fact that the country was placed under alert level 5 from 26 March 2020 to 30 April 2020, under alert level 4 from 01 May to 31 May 2020 and thereafter under alert level

3 for the remainder of the financial year. This situation had caused not only for municipal personnel not to be at work, but also for the personnel of service providers not to be at work which ultimately resulted in the late submission of invoices.

Revenue Management

The debtors impairment provision, as a percentage of accounts receivable had increased from 79% to 82% and in monetary value from R255 826 733.00 to R287 199 133. This is mainly as a result of the increase in indigent consumers and as a result of the difficult financial position of consumers caused by the Covid 19 pandemic.

Asset and Liability Management

The amount of the surplus had increased from R25 525 844 at 30 June

2019 to R44 297 545 at 30 June 2020.

Cash Management

The year- end bank balance had increased from R90 098 299 to R125 716 712.

The amount of creditors had increased from R 22 842 295 at 30 June 2019 to R52 014 631 at 30 June 2020.

The amount of current liabilities had also increased from R121 503 107 at 30 June 2019 to R169 194 014 as at 30 June 2020.

Conclusion

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

Governance

Council

The composition of the Council changed as a result of the untimely passing on of Cllr. Nomhiki Jacob on 18 March 2020. The following Councilors represented their political parties during 2019/2020:

AUF: The Executive Mayor Cllr. M. P. Lobese ;ANC: Deputy Executive Mayor Cllr. S. E. Gcabayi, The Speaker Cllr. E. V. Wildeman, Cllr. M. M. Mbali, Cllr. L. M. Seyisi, Cllr. X. Matyila, The late Cllr. N. C. Jacob and Cllr. V. van Rhyner (Filling the vacancy left by the late Cllr. N. Jacob.) DA: Cllr. J. N. Kamkam, Cllr. W. J. Nel, Cllr. N. Ndayi, Cllr. A. R. Olivier, Cllr. D. J. Swart, Cllr. A. S. M. Windvogel.

Council meetings

Ten (10) ordinary Council meetings, Five (5) Special Council meetings and Eight (8) In Committee meetings took place during 2019/2020.

Executive Mayoral Committee

There was no change in the composition of the Executive Mayoral Committee.

The following Councilors served on the Executive Mayoral Committee:

The Executive Mayor Cllr. M. P. Lobese, the Deputy Executive Mayor Cllr. S. E. Gcabayi, Cllr. M. M. Mbali and Cllr. L. M. Seyisi.

Executive Mayoral Committee meetings

Thirteen (13) Executive Mayoral Committee meetings took place during the 2018/2019 financial year.

Portfolio Committees

The Section 80 committees established by Council had regular monthly meetings during the 2019/2020 financial year. The following Councilors served on the section 80 Committees.

Finance and Engineering

Cllr. M. Mbali (Chairperson), Cllr. N. Ndayi, Cllr. J. Kamkam, Cllr. X. Matyila, the late Cllr. N. Jacob and Cllr. V. van Rhyner (Filling the vacancy of the late Cllr. N. Jacob).

Corporate Services and Community Services

Cllr. S. Gcabayi (Chairperson), Cllr. D. Swart, Cllr. A. Windvogel, the late Cllr. N. Jacob, Cllr. X. Matyila and Cllr. V. van Rhyner. (Filling the vacancy of the late Cllr. N. Jacob).

Strategic Services

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

Conclusion

The Governance component of the municipality is functioning well and informed resolutions are taken.

Municipal Manager

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

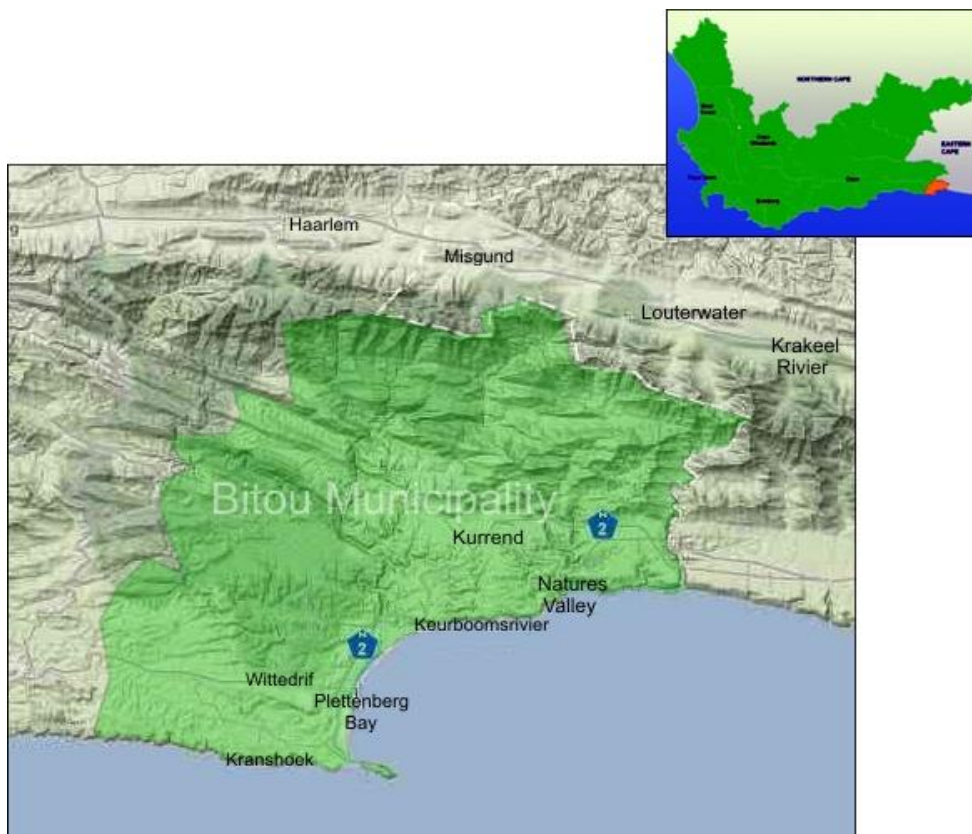
This report addresses the performance of the Bitou Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the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

The 2018/19 annual report reflects on the performance of the Bitou Municipality for the period 1 July 2017 to 30 June 2018. 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:



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 –
SobalaseleSonke*

Mission:

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

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

Strategic Objectives:

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

👤 Universal access to decent quality of services

1.4 MUNICIPAL FUNCTIONS, POPULATION AND ENVIROMENTAL OVERVIEW

1.4.1 Population

a) Total Population

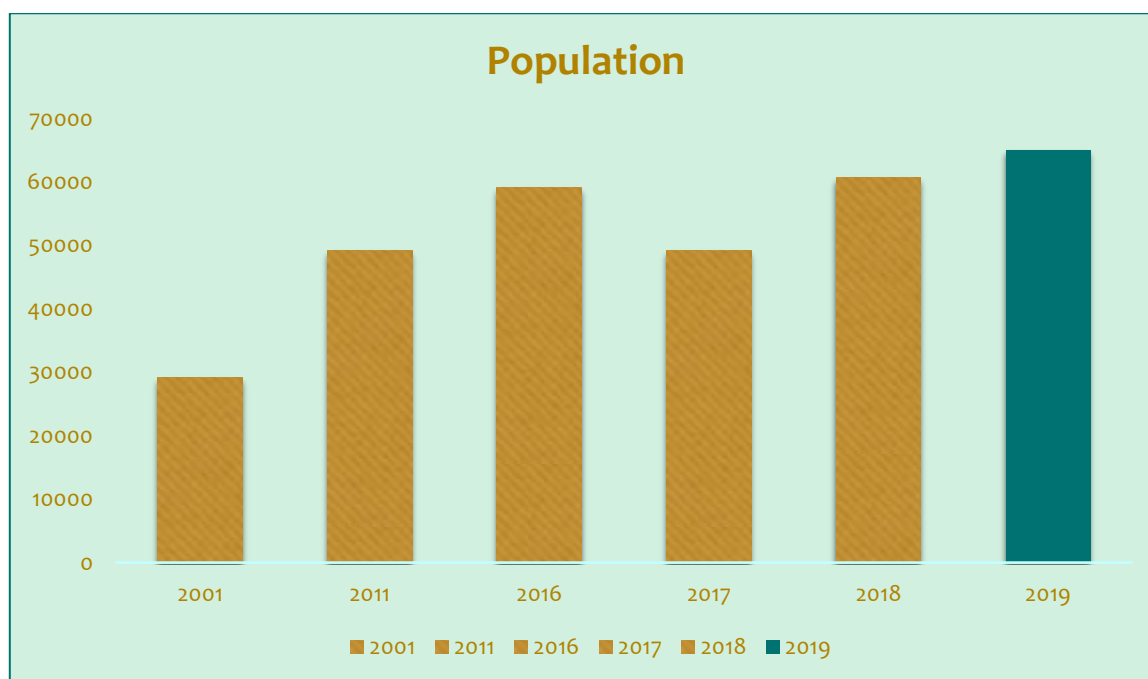
The table below indicates the total population within the municipal area:

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

Source: StatsSA

Table 1: Total Population

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



Graph 1.: Total Population

b) Population Profile

Population - Age	2011			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 4	2 394	2 247	4 641	2 621	2 418	5 039	3 208	3070	6 278
5 - 9	1 937	2 105	4 042	2 561	2 797	5 358	2 871	3 177	6 048
10 - 14	1 806	1 897	3 703	2 257	2 364	4 621	2 477	2 746	5 223

Population - Age	2011			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15 - 19	1 876	1 806	3 682	1 952	1 878	3 830	2 396	2 269	4 665
20 - 24	2 088	2 136	4 224	1 999	2 061	4 060	2 565	2 617	5 182
25 - 29	2 489	2 485	4 974	2 603	2 615	5 218	3 162	3 141	6 303
30 - 34	2 394	2 207	4 601	3 508	3 482	6 990	3 749	3 499	7 248
35 - 39	2 188	2 053	4 241	3 288	2 990	6 278	3 041	2 634	5 675
40 - 44	1 748	1 762	3 511	2 323	2 213	4 536	1 937	1 829	3 766
45 - 49	1 458	1 447	2 905	1 955	1 585	3 540	1 901	1 756	3 657
50 - 54	1 135	1 188	2 323	1 446	1 382	2 828	1 475	1 605	3 080
55 - 59	850	914	1 763	1 136	1 067	2 203	1 061	1 190	2 251
60 - 64	678	745	1 423	890	923	1 813	789	933	1 722
65 - 69	516	678	1 195	757	987	1 744	612	937	1 549
70 - 74	458	424	882	689	574	1 263	482	570	1 052
75 - 79	244	282	527	587	778	1 365	286	443	729
80 +	208	316	525	-	-	-	237	409	646
33 228	24 468	24 694	49 162	30 572	30 114	60 686	32 249	32 825	65 074
StatsSA									

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
StatsSA			

Table 3: Race Categories

1.4.2 Households

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

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

Households	2017/18	2018/19	2019/20
*Population Estimate: Community Survey 2016			
**Actual Indigents as per Bitou Indigent Register			

Table 4: Total Number of Households

1.4.3 Demographic Information

a) Municipal Geographical Information

Complex past, rich present

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

Stone Age

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

Explorers

Long before Van Riebeeck landed at the Cape, Portuguese explorers of the 15th and 16th centuries called in and charted the bay, the first being Bartholomew Dias in 1487. Ninety years later Manuel da Perestrelo aptly called it Bahia Formosa or the Bay Beautiful. The first white inhabitants were the 100 men stranded here for nine months when the San Gonzales sank in 1630. In 1763 the first white settlers in the Bay were stock farmers, hunters and frontiersmen from the Western Cape.

Griqua beginnings

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

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

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

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

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

History's roads

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

Nature's Valley

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

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

b) Wards

The Municipality is currently structured into the following 7 Wards:

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

Table 5: Municipal Wards

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

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

Table 6: Municipal Areas

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

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

🌳 Indigenous forest

🌳 Plantation

c) Key Economic Activities

Tourism is seen as the cornerstone of the Bitou economy. Construction and manufacturing should also be categorized as primary contributors to creation and economic growth. It is important to view these three sectors as 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.
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
Purchase and lease to buy vehicles and equipment for waste management	<p>The following vehicles and equipment were acquired:</p> <ul style="list-style-type: none"> 🚚 2 x Compactor trucks 🚚 1 x Tipper truck 10m³ 🚚 1 x Skip bin truck 🚚 14 x Skips

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Highlights	Description
	<ul style="list-style-type: none"> 2 x TLB's 1 x Chipper machine 1 x Sift truck
Kwanokuthula Bulk Water Rising Main (Phase 2) Project (commencement of the project)	<p>The Contract (Phase 2) provides for the further extension of a new 315mm rising main. The contract will involve the connection onto the existing 315mm rising main north of the N2 National Road, crossing the N2 and connection to the existing Phase 1 pipeline south of the N2 National Road. The contract includes the connection to the Phase 1 pipeline near the Kwanokuthula east reservoirs, the connection to reservoirs, as well as the installation of the 315mm rising main through the Kwanokuthula west reservoirs. This supply the newer phases of the area</p> <p>In addition, the old elevated steel tank/reservoir at the Eastern reservoir complex which has reached its lifespan will be replaced</p>
Reducing water losses in indigent communities	Water management devices (Pre-paid Water Meters) were purchased during the year and will be installed over the coming months. The process was delayed due to COVID-19, however will be restarted
Kranshoek Bulk Water Supply Project – Phase 1B	The Kranshoek area is prone to water supply interruptions and this project will alleviate the issues. The current contract covers the construction of a new water pump station, feed and delivery pipeline including tie-in to the existing Brakloof reservoir, access road and other associated structures. In addition, the lift pump station at Kranshoek reservoir will be reinstated. The rising main (pipeline) between Brakloof and Kranshoek was completed in the previous year. This phase (1B) is scheduled for completion in 2020/21. The project will bring relief to the challenges in terms of water supply to Kranshoek, but also to provide the necessary capacity in the infrastructure for future developments
Consistent 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 (SANS24) requirements, as recorded on the Department of Water and Sanitation website
Consistently high performance of Waste Water Treatment Plants	The treated effluent from the Waste Water Treatment Plants in Bitou Municipality consistently exceed the permit values (requirements set out by the Department of Water and Sanitation (DWS))
Decrease in the number of sewerage manhole blockages	There has been a significant decrease in the number of sewerage manhole blockages per month due to the efforts of the superintendent in the last quarter of 2019/20
Mechanical and Electrical Upgrades to five (5) sewerage pump stations	Five (5) Sewerage pump stations, three of which are located in beach areas, have had key equipment upgrades in order to have better reliability in the pump stations
Kwnokuthula Substation completion	Installation of a 20MVA transformer was installed. Funding from DMRE, as well as municipal funds to ensure completion of the project
EEDSM Grant Funds	Energy Efficiency and Demand Side Management funding were utilised to replace existing high consumption streetlights with more



Highlights	Description
	energy efficient Light-Emitting Diode (LED) lights. A total of 2 021 were purchased and are still being installed
Reduction in electrical losses	The non-technical and technical losses for 2019/20 was further reduced and then translates to savings in revenue that was previously lost
Maintenance Policy adopted in principle	A Maintenance Policy has been adopted by Council and will be circulated. This will enable the Municipality to work towards preventative maintenance and hopefully reduce downtimes
Small Scale Embedded Generation Policy (SSEGP) and tariffs were approved	SSEGP and tariff has been approved. This will allow residents who can install Solar PV on their roof tops, to link with the grid and be compensated for the energy that is exported into the grid

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
Illegal dumping of solid waste, green waste and bulky waste on open public spaces in all wards	Appointment of 16 SMME contractors in all wards
Accumulation of green waste at the Bitou transfer station	Purchase a chipper machine to minimize waste
Accumulation of bulk waste at the Bitou transfer station	Waste minimization programme must be implemented at the Bitou transfer station
Breakdown of vehicles	Budget should be adjusted accordingly
High number of sewer blockages and repeated blockages in certain areas	<p>Daily monitoring of "hotspots" for blockages is underway</p> <p>New plant (an additional Jetting truck) was procured and will enable preventative maintenance to be done more effectively.</p> <p>A dedicated maintenance team will be put in place to only conduct preventative maintenance.</p> <p>The Section will start with community awareness programmes in respect of disposal of waste into sewage systems, as there is still a large amount of foreign objects in the system</p>
Water losses	The Engineering Service Directorate set a target to limit real water losses to less than 19% by 30 June 2019. The current water losses, although less than the previous financial year, still exceed this target. A focus has been placed on addressing this
Impact of COVID-19 Pandemic	The COVID-19 pandemic lockdown meant that the post season and pre-Easter maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team
Load shedding by ESKOM	The extensive and higher level load-shedding by Eskom throughout the year meant that an operating plan had to be put in place to ensure that facilities (pump stations and Water and Waste Water Treatment Plants) remained in operation. This required back-up generating power to be installed at some key sites. This however

Description	Actions to address
	resulted in additional challenges for an already limited staff compliment and operating budget
Vandalism and security for key sites	Although good strides have been made in addressing the security of key sites, this remains a challenge and the Municipality's commitment to address this is ongoing. When sites are vandalised, equipment failures occur
Ingress of Foreign Objects into the Sewage system	The number of sewerage blockages reported and cleared on a monthly basis is high. Many foreign objects enter the sewerage system and lead to manhole blockages and even cause pipe breaks and blocked pumps
Power failures still occurs as a result of ageing infrastructure	Funding to be made available for replacement of critical assets
Metering queries are alarmingly high and many relates to the quality of meters supplied	A new supplier has been appointed. Existing infrastructure must be repaired and replaced where possible which has a financial implication
Resources are constraints within the department which leads to outsourcing of a lot of these activities	Organisational structure can be reviewed
Insufficient audits on bulk meters	Project has been launched in June 2020 to commence with meter audits and implementation of automated meter readings, which allows for much more accurate readings for billing purposes

Table 9: Basic Service Delivery Challenges

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

Description	2018/19	2019/20
Electricity service connections	14 932	18 246
Water - available within 200 m from dwelling	11 670	11 863
Sanitation - Households with at least VIP service	12 170	12 409
Waste collection - kerbside collection once a week	11 656	16 500
<i>*from billing reports; note that if a house is billed for sewage; then water born sanitation is provided to that household, thus water is available in that household, hence the same figure is used for water and sanitation</i>		

Table 10:Households with Minimum Level of Basic Services

1.6 FINANCIAL HEALTH OVERVIEW

1.6.1 Financial Viability Highlights

The municipality have reported a surplus in the 2018/2019 financial in line with previous performance. It important to also note that the municipalities income and expenditure have exceed the budget which have resulted into over expenditure. The liquidity ratio of the municipality is 1.6 as compared to 1.9 in the previous financial year.

The cash position of the municipality have also decreased from R90million in 2018/19 to R125 million in 2019/20.

The table below specifies the highlights for the year:

Highlights	Description
The Municipality has not regressed during the 2019/20 financial audit	The municipality hasn't regressed in its audit outcome for the 2019/20 under the extreme circumstances. This audit outcome has demonstrated the capability of both the political and administrative leadership towards the affairs of Bitou Municipality
In-house compilation of Annual Financial Statements (AFS)	For the second year in a row the municipality compiled and submitting the AFS without material misstatements. This is also a demonstration of the capability of personnel within the Bitou Municipality

Table 11: Financial Viability Highlights

1.6.2 Financial Viability Challenges

The table below specifies the challenges for the year:

Challenges	Action to address
Under-performance on revenue collection due to impact of Covid-19	The average debt collection for 2019/20 financial year is 85% which is below National Treasury's norms. COVID-19 has not only had a negative impact on municipal service collections but to other services as well. This also gave an increase on the debt impairment.

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	2018/19	2019/20
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2020 (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 2019	18%	22%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2020	% of outstanding service debtors as at 30 June 2019	58%	63%

Description	Basis of calculation	2018/19	2019/20
((Total outstanding service debtors/ revenue received for services) X100)			
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2020 ((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	3.47	2

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	154 371	158 621	148 881 540
Taxes, Levies and tariffs	540 608	509 523	499 360 313
Other	94 985	34 982	46 705 657
Sub Total	789 964	703 128	694 947 510
Less Expenditure	716 117	664 725	650 649 965
Net surplus/(deficit)	73 847	38 402	44 297 545

Table 14: Financial Overview

1.6.5 Total Capital Expenditure

Detail	2018/19	*2019/20
Original Budget	81 969	84 765 848
Adjustment Budget	130 342	79 046 972
Actual	118 641	51 981 619
% Spent	91.02%	65.76%
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>		

Table 15: Total Capital Expenditure

1.7 2019/20 IDP /BUDGET PROCESS

The table below provides details of the key deadlines for the 2020/21 IDP/Budget process, that was conducted within the 2019/20 financial year, as was approved by Council:

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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM ⁱⁱ	EM ⁱⁱⁱ		
PREPARATION	Preparation of the IDP, Budget Time Schedule							x	Sections 21, 53, MFMA	Draft time schedule
	District Framework Alignment Meeting	25 July 18	26 July 18	x	x	x			Section 27, MSA	District Framework
	Steering Committee Meeting to Review the previous year IDP process.	02 Aug 18	02 Aug 18						Best Practice	Minutes and attendance registers
	Review participation mechanisms and processes									Process report presented to the steering committee
	Receive comments from the MEC	August 18	Aug 18	x				x	Section 32 MFMA	MEC report presented to the Steering committee
	Review past performance	Sep 18	Sep 18	x		x			Section 34, 46 MSA	PMS presentation and discussion by steering committee
	Set-up budget committees	Sep 18	Sep 18							Resolution and acceptance letters
	Procurement of data set	Aug 18	Aug 18			x				Confirmation of receipt by the AG's office
	Public Participation	11 Sep 18	11 Oct 18							Attendance Registers
SITUATION ANALYSIS	Analysis of socio-economic data	Sep 18	Oct 18							Analysis Report
	Analysis of service provision									Service Gaps Report
	Analysis of municipal infrastructure services (Water, Roads, Electricity, Sewer, Waste)	01 Sep 18	11 Oct 18							Departments to submit analysis reports to the IDP office for consolidation.



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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID ^P	BUDGET	PMS	MM ⁱⁱ	EM ⁱⁱⁱ		
	Water treatment, Housing Demand, financial Services (revenue and expenditure), and Institutional Capacity etc.}									
	Comparison study of existing Data Sets	Sep 18	Sep 18							Data Gap Report
STRATEGY	Procure strategic session facilitation services	Sep 18	Oct 18							Appointment certificate
	Strategic planning workshop	Nov 18	Dec 18							Revised strategic objectives, indicators and targets
	Strategic priorities and budget recommendations	Nov 18	Dec 18							Strategic outcomes and reports
	Get feedback on progress on current priority catalytic projects									
PROJECTS	Design project template	Oct 18	Oct 18							Template
	Distribute community priorities to departments	Nov 18	Nov 18							Template
	Appointment of departmental mSCOA champions	Nov 18	Dec 18	x	x					List with names
	Loading of priorities on the web portal	Dec 18	Dec 18	x						MSCA Report
	Identification of Priority Projects	Jan 19	Feb 19	x	x				Section 127 MFMA	Draft capex and opex budgets
	Loading of projects to mSCOA portal	Feb 19	Mar 19	x	x					mSCOA report
INTEGRATION	Attend to the JPI Strategic alignment engagements									JPI Report and Attendance Register



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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM ⁱⁱ	EM ⁱⁱⁱ		
	Attend the second JPI and MGRO engagements									Attendance Register
	Receive summaries of Sector Plans from departments	Jan 19	Feb 19	x					Best Practice	Sector Plans Section in the IDP
	Add capex and OPEX MTREF budgets to the IDP	Jan 19	March 19	x	x				Best Practice	Budget Section in the IDP
	IDP Forum Meeting	25 Oct 88	25 Oct 18	x		x			Municipal Performance Regulations	Provincial, District and Non-governmental sector alignment, List of Priorities, First Quarter performance report
	Eden DM IDP Forum Meeting	Nov 18	Dec 18							Attendance Register
APPROVALS	Preliminary Meeting to discuss IDP and Budget Time Schedule	22 July 18	22 July 18	x	x		x			Resolution and Minutes
	Portfolio Committee to discuss IDP/Budget Time Schedule	8 Aug 18	8 Aug 18	x	x					Resolution and Minutes
	MAYCO to recommends IDP/Budget time schedule to Council	20 Aug 18	20 Aug 18	x	x			x		Resolution and Minutes
	Council Approves the IDP/ Budget Time Schedule	31 Aug 18	31 Aug 18	x	x			x	Section 34 MSA, Section 21, 22 & 24 MFMA	Council Resolution and Minutes
	Time Schedule is advertised	01 Sep 18	06 Sep 18	x	x				MFMA Guidance	New Paper advert
	Approval of the Adjustment Budget	Jan 2019	Jan 2019		x					Resolution and Minutes
	Council Approves Annual Report	Jan 2019	Jan 2019			x			Section 121 MFMA	Council Resolution
	Council adopts amendments to the revised IDP and Draft Budget	28 Mar 2019	28 Mar 18	x	x				Section 34	Council Resolution



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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM ⁱⁱ	EM ⁱⁱⁱ		
	Notice is placed in the local newspaper for 21 days	04 April 2019	04 April 18	x	x				Municipal Performance Regulations, Section 4 (ii) performance regulations.	Newspaper Advert
	IDP and Budget Road Shows	01 April 2019	25 April 2019	x	x				Chapter 4 MSA	Minutes and attendance Registers
	IDP Forum Meeting	May 19	May 19	x					Section 23 MFMA, chapter 4, MSA	Third Quart MS Report, IDP Presentation, attendance and minutes of meeting
	Preparing responses to respond to written submissions	26 April 19	03 May 19	x	x				Section 23 MFMA	Response Letter
	LGMTEC Engagements	May 19	May 19	x	x		x		Section 23 MFMA	IDP and Budget assessment report
	Amending IDP and Budget to incorporate provincial assessments	May 19	May 19	x	x				Section 23 MFMA	Revised Documents
	Council Approves IDP and Budget	31 May 19	31 May 19							Resolution and Minutes
	Send copies of IDP and Budget to the MEC for Local Government	1 June 19	10 June 19	x	x		x	x	Section 32, MSA, Section 24 MFMA	Confirmation of receipt
	Publish annual budget and IDP	1 June 19	05 June 19	x	x				Section 22, MFMA	Advert and web key
	Approval of SDBIP	June 19	June 19							Resolution and Minutes
IMPLEMENTATION	Rollout of SDBIP (2018/2019)	July 19	July 19						Section 69	Performance Agreements
	Submission of SDBIP to the MEC for Local Government								Section 69 MFMA	Council Resolution



PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM ⁱⁱ	EM ⁱⁱⁱ		
	Submit annual Performance Agreements to Mayor	June 19	14 July 19				x		Section 69, MFMA	Signed Performance Contracts
	Tabling of MID Term Report	Jan 19	Jan 19			x	x	x	Sections 36, 72 MFMA	Mid –year report, council resolution and council minutes
	Submission of annual report to AG	Jan 19	Jan 19			x	x		Section 72 MFMA	Confirmation Receipt
	Preparation of Oversight Report	Jan 19	Jan 19			x				Council Resolution
	Council adopts oversight report	Feb 19	Feb 19			x	x	x		Council Resolution

Table 16:2019/20 IDP/Budget Process

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

2.1 NATIONAL KEY PERFORMANCE INDICATORS -GOOD GOVERNANCE AND PUBLIC PARTICIPATION

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

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2018/19	2019/20
The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2019 ((Actual amount spent on capital projects /Total amount budgeted for capital projects) X100	93%	65%

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

2.2 PERFORMANCE HIGHLIGHTS – GOOD GOVERNANCE HIGHLIGHTS AND PUBLIC PARTICIPATION

The table below specifies the highlights for the year:

Highlight	Description
Filling in ward Committee vacancies	Vacancies due to death and changing of address
Policy reviewing	Ward Committee Policy
Local Reference Committee	Two ward committees from each ward participating in LRC (CWP)
Water and sanitation forum	Two ward committee members participating in the forum (DWS)
Ward Committee summit	Engagement with Governmental departments
Training for Ward Committees	Introduction to plumbing- fixing leakages to save water
Established ward 3 Ward Committees	There was no ward committees in ward 3 due to protest
COVID-9 programmes/ Awareness	Awareness done in all wards, initiated food gardens and feeding schemes during lock down

Table 18: Good Governance and Public Participation Performance Highlights

2.3 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the challenges for the year:

Description	Actions to address
COVID-19	This has become a major challenge throughout the Bitou municipal area. More awareness is required and stricter control measures must be implemented

Table 19: Good Governance and Public Participation Challenges

2.4 GOVERNANCE STRUCTURE

2.4.1 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, 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.

For the period 1 July 2019 to 30 June 2020, the Executive Mayoral Committee was made up of councillors drawn from the ANC and AUF alliance, where-after the coalition agreement was cancelled.

Councillor N C Jacob passed on the 18th of March 2020 and Councillor V P M van Rhyner was subsequently sworn in on 11 June 2020 as PR Councilor, representing the ANC party as per Council resolution C/3/156/06/20.

Councillor V P M van Rhyner also substituted the late councillor on all portfolio committees as from 11 June 2020 under resolution C/3/158/06/20.

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

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
M P Lobese	Executive Mayor	AUF	PR	Male
S E Gcabayi	Deputy Executive Mayor	ANC	Ward 6	Male
E V Wildeman	Speaker	ANC	PR	Male
M M Mbali	Member of Mayoral Committee	ANC	Ward 5	Male
L M Seyisi	Member of Mayoral Committee	ANC	PR	Female
X Matyila	Ordinary Councillor	ANC	Ward 3	Male
V P M van Rhyner	Ordinary Councillor	ANC	PR	Female
J N Kamkam	Ordinary Councillor	DA	Ward 1	Female
A S M Windvogel	Ordinary Councillor	DA	Ward 4	Female
D J Swart	Ordinary Councillor	DA	Ward 2	Male
A R Olivier	Ordinary Councillor	DA	Ward 7	Female
N Ndayi	Ordinary Councillor	DA	PR	Female
W J Nel	Ordinary Councillor	DA	PR	Male

Table 20:Council

Below is a table which indicates the Council meeting attendance for the 2019/20 financial year:

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
August 2019	5 August 2019		5 August 2019	12	1
	30 August 2019		30 August 2019	12	1
September 2019	30 September 2019		30 September 2019	12	1
November 2019	1 November 2019	8 November 2019	8 November 2019	13	none
	27 November 2019		27 November 2019	11	2
January 2020	31 January 2020		31 January 2020	10	3
February 2020		24 February 2020		12	1

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
March 2020	2 March 2020	23 March 2020	2 March 2020	12	1
	26 March 2020			12	none
May 2020	29 May 2020	21 May 2020		11	1
June 2020	30 June 2020	11 June 2020	11 June 2020	13	None

Table 21: Council Meetings

b) Executive Mayoral Committee

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

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

Executive Mayoral Committee

Name of member	Capacity
M P Lobese	Chairperson
L M Seyisi	Member of Mayoral Committee
S E Gcabayi	Member of Mayoral Committee
M M Mbali	Member of Mayoral Committee

Table 22: Executive Mayoral Committee

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2019/20 financial year:

Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
31 July 2019	22 July 2019	16
23 August 2019		18

Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
20 September 2019	16 September 2019	12
23 October 2019	17 October 2019 30 October 2019	8
8 November 2019		9
20 November 2019	None	14
28 January 2020	20 January 2020	15
20 February 2020	None	10
24 February 2020	None	1
26 March 2020	None	8
27 May 2020	None	7
11 June 2020	None	5
24 June 2020	None	6

Table 23: Executive Mayoral Committee Meetings

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

Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
July	Portfolio	0	1	0	3	2	2	6
	Mayco	0	0	0	1	0	0	1
	Council	2	1	0	0	0	2	5
August	Portfolio	0	0	0	0	0	0	0
	Mayco	5	0	0	1	0	1	7
	Council	5	5	2	3	2	3	20
September	Portfolio	0	0	0	1	6	0	7
	Mayco	0	1	0	0	0	0	1

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Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
	Council	3	2	1	2	2	1	11
October	Portfolio	0	4	0	0	0	1	5
	Mayco	0	0	0	1	0	0	1
	Council	1	5	1	1	0	2	10
November	Portfolio	0	0	0	0	0	0	0
	Mayco	0	3	2	0	3	6	14
	Council	0	3	4	0	3	6	16
December	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	0	0	0	0	0	0	0
January	Portfolio	0	0	1	4	0	0	5
	Mayco	0	0	0	0	0	0	0
	Council	3	6	2	1	6	1	19
February	Portfolio	0	0	0	0	0	0	0
	Mayco	0	1	0	0	0	0	1
	Council	1	2	4	1	0	0	8
March	Portfolio	0	0	2	0	2	0	4
	Mayco	0	0	0	0	0	0	0
	Council	4	1	0	0	0	0	5
April	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	0	0	0	0	0	0	0
May	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	2	1	3
	Council	2	7	3	1	4	0	17
June								
	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	4	6	0	0	0	0	10

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

c) Portfolio Committees

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



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

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

(i) Finance and Engineering

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

Table 25: Finance and Engineering Portfolio Committee members

(ii) Corporate Services and Community Services

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

Table 26: Corporate Services and Community Services Portfolio Committee members

(iii) Strategic Services

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

Table 27: Strategic Services Portfolio Committee

2.4.2 Administrative Governance Structure

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

Name of Official	Position	Period	Performance agreement signed
			(Yes/No)
LMR Ngoqo	Municipal Manager	01/03/2019 – and terminates one year after the next Local Government Elections as per Council Resolution C/1/116/02/19 dated 18 February 2019	Yes
V F Mkhefa	Director Financial Services (CFO)	01/05/2017 – 30/11/2020	Yes
T M Sompani	Director Community Services	01/08/2018 – 31/07/2023	Yes
M J Rhode	Director Engineering Services	01/06/2018 – 30/09/2020	Yes
D J Friedman	Director Economic Development and Planning	01/04/2015 – 30/03/2020	Yes
G J Groenewald	Director Corporate Services (Acting)	14/04/2018 – to date	N/A

Table 28: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTERGOVERNMENTAL RELATIONS

2.5.1 Intergovernmental Structures

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

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

Table 29: Intergovernmental Structures

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

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

2.6. Ward Committees

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

2.6.1 Frequency of meetings of ward committees:

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

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

Council approved that each ward committee member should receive a monthly stipend of R500 to cover transport and telephone expenditure, conditional that they attend the standing ward committee meetings that are held quarterly. With seven wards, the cost for Bitou Local Municipality will amount to R500 x 70 members, which will total R35 000 per month, totaling 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 2019/20 Annual Budget.

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

Name of representative	Capacity representing	Dates of meetings held during the year
Thebinkosi Faku	Block 1	02 July 2019
John Koopman	Block 2	03 September 2019

Name of representative	Capacity representing	Dates of meetings held during the year
Simon Jacobs	Block 3	13 January 2020
Rodney Juries	Block 4	
Betta Philander	Block 5	
Pieter Luttig	Keurbooms	
Penelope Bernado	Covie	
Francious Kruger	Natures Valley	
Lizette Van Huyssteen	The Craggs	
Thebinkosi Faku	Block 1	
John Koopman	Block 2	
Simon Jacobs	Block 3	
Rodney Juries	Block 4	
Betta Philander	Block 5	
Pieter Luttig	Keurbooms	
Penelope Bernado	Covie	
Francious Kruger	Natures Valley	
Lizette Van Huyssteen	The Craggs	

Table 30: Ward 1 Committee Meetings

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

Name of representative	Capacity representing	Dates of meetings held during the year
Thobeka Memani	Bossiesgif block	08 August 2019 10 September 2019 21 January 2020 11 February 2020 09 March 2020
Christo Vlok	Ratepayers Association	
Oliver Rissik	Ratepayers Association	
David Wilms	Business Chamber	
Paul Falla	Environmental Association	
Bruce Richardson	Safety	
Alison Bryant	Keep Plett clean	
Anton Muller	Youth	
Christiaan Viljoen	PAA	

Table 31: Ward 2 Committee Meetings

Ward 3: Bossiesgif, Qolweni

Name of representative	Capacity representing	Dates of meetings held during the year
Xolani Bangela	Block 1	28 January 2020
Nocicelo Silwana	Block 1	
Mlulameli Siphango	Block 2	
Ziyanda Rala	Block 2	
Hendreat Makinza	Block 3	
Natasha Nzuzo	Block 3	
Nomthandazo Mjuza	Block 4	
Mandla Gongxeka	Block 4	
Xolani Booth	Block 5	
Ayanda Dyanti	Block 5	

Table 32:Ward 3 Committee Meetings

Ward 4: New Horizons split voting district Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
David Kampher	Block 2	27 August 2019 19 September 2019 12 March 2020
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 33:Ward 4 Committee Meetings

Ward 5: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
Krabi Noxolo	Block 1	28 August 2019
Masixole Nyengane	Block 1	27 January 2020

Name of representative	Capacity representing	Dates of meetings held during the year
Mkululeki Konco	Block 2	
Nomhle Maku	Block 2	
Ncumisa Tabata	Block 3	
Nkosinathi Mbengashe	Block 3	
Hamilton Dunga	Block 4	
Thobeka Nogambula	Block 4	
Lulama Matroos	Block 5	
Chumani Nyabaza	Block 5	

Table 34: Ward 5 Committee Meetings

Ward 6: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
Nontombi Koliti	Block 1	<p>28 August 2019</p> <p>29 January 2020</p>
Thamsanqa Magwebu	Block 1	
Bulewa Nkwali	Block 2	
Malibongwe Botha	Block 2	
Christina Mjanyelwa	Block 3	
Khayaletu Tshembese	Block 3	
Bulelwa Seti	Block 4	
Justice Lose	Block 4	
Nosintu Mlungu	Block 5	
Ursula Fillis	Block 5	
Nontombi Koliti	Block 1	

Table 35: Ward 6 Committee Meetings

Ward 7: Kranshoek, Split voting districts Kwanokuthula and Harkerville

Name of representative	Capacity representing	Dates of meetings held during the year
Gerard Pepler	Wittedrift	<p>01 August 2019</p> <p>18 February 2020</p> <p>25 February 2020</p> <p>05 March 2020</p>
Sherel Pedro	Harkerville	
Francious De Villers	Harkerville	
Letucia Erasmus	Block 1	
Laban Links	Block 2	
Val Kidd	Airport	

Name of representative	Capacity representing	Dates of meetings held during the year
Jennifer Damonds	Block 3	
Charles Arrons	Block 4	
Johanna Smith	Block 5	

Table 36: Ward 7 Committee Meetings

2.6.3 Functionality of Ward Committee

The purpose of a ward committee is:

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

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

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

Ward Number	Committee established (Yes / No)	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
1	Yes	3	Yes	Council has resolved that a Geographical/Block representation system be implemented to ensure functioning as well as a monitoring tool to access and enhance fully functioning committees
2	Yes	5	Yes	
3	Yes	1	Yes	
4	Yes	3	Yes	
5	Yes	2	Yes	
6	Yes	2	Yes	
7	Yes	4	Yes	

Table 37: Functioning of Ward Committees

2.6.4 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour Forum for the 2019/20 financial year:

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

Table 38: Labour Forum

COMPONENT D: CORPORATE GOVERNANCE

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

2.7 RISK MANAGEMENT

2.7.1 Legislative Mandate

Section 62 (1)(c)(i) and Section 95(c)(i) of the MFMA, “the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control”.

The Municipality has an in-house Risk Management function which comprised three officials as per the organisational structure - the Chief Risk Officer (permanent placement from Finance section) and two (unfunded) Risk & Compliance Assistant - temporarily assisted by the seconded Assistant Internal Auditor and a Risk Management Intern until June 2020.

The Chief Risk Officer establishes and maintains the enterprise risk management (ERM) system and procedures, ethics management and monitors compliance within the Municipality and also, within risk management standards, plans, manages, coordinates and conducts risk assessments and facilitates special/fraud investigations, with support from the other officials. The first Risk Management Committee was established at the end of FY 2017-18 to assist the Accounting Officer / Municipal Manager to fulfil his risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles. The Executive Management Team Committee remains responsible for the management and mitigation of risks.

Risk management is an integral or natural part of the organizational processes and procedures. Risk management when embedded in the organization becomes an intrinsic part of business planning and decision-making. The Risk Management Committee is mandated to foster a culture within the organisation that emphasizes and demonstrates the benefits of a risk-based approach to internal controls and ethical management of the municipality and its resources. The Risk Management Committee has the requisite authority to request any official to appear before it to account for its delegated responsibility in respect of risk management. The Risk Management Committee undertakes a quarterly review of risks and updated mitigation actions. This review considers any changes to the key risks, to the probability of occurrence and its consequences.

2.7.2 Top Strategic Risk Themes for the Municipality

The table below indicates the top ten risks of the Municipality for 2019/20:

Ranking	Risk
1	Inadequate budget to deliver on municipal objectives
2	Ineffective expenditure management
3	Political Instability Delays in governance (Management Committees & Council) approval process
4	Non-alignment of ICT with municipal business strategy
5	Ineffective response to severe storms and fire disasters
6	Inability of the municipality to attract, build, nurture and retain scarce/critical skills

Ranking	Risk
7	Inability of the municipality to attract, build, nurture and retain scarce/critical skills
8	Strikes & Riots due to failure to meet increase demands of human settlement housing
9	Inappropriate municipal infrastructure to meet expected community needs
10	Ineffective municipal-wide service delivery value chain

Table 39:Top Ten Risks

2.7.3 Highlights: Risk Management

The table below indicates the highlights for the year.

Highlights	Description
During the 2019/2020 financial period, the Risk Management Toolkits were: Updated to incorporate the organisational structure changes Realigned to the 2019/2020 Strategic Goals of the Integrated Development Plan (IDP) and Top Layer Service Delivery and Budget Implementation Plan (SDBIP) Key Performance Indicators (KPIs)	Expanded by upload of current operational risk registers to BarnOwl risk management software with a vision to develop and integrate the application thereof into managers' day-to-day business activities
Risk Management Maturity level is evaluated by considering the inclusion of accountability for risks and associated mitigating controls in all risk owners' performance contracts	Western Cape Government concluded in the <i>2019/20 Technical Integrated Municipal Engagement (TIME) Report</i> that Bitou's Maturity with focus on Risk Management is at a developmental level

Table 40:Highlights: Risk Management

2.7.4 Challenges: Risk Management

Challenges	Corrective Actions
The first quarter of the 2019/20 financial year saw a rapid decline in risk management activities due to the vacant CRO post and subsequent redeployment of the experienced seconded risk assistant back to the internal audit unit, with only the intern left at risk unit	The newly appointed Chief Risk Officer resumed duties on the 01 October 2019, after the restructuring placement process was finalised and assisted by the seconded internal audit assistant and intern, could effectively provide an annual update to the operational risk registers for the compilation of the Risk Based Audit Plan
CRO appointment as COVID-19 Compliance Officer from 01 June 2020 aimed at ensuring compliance to the State of Disaster Workplace Regulations, while both assistants were still working from home	CRO assisted HR to develop COVID-19 workplace policies and plans, as well as training OHS reps and COVID-19 compliance champions, managers and employees in safety procedures, performing close contact screenings and ensuring early home isolation of persons under monitoring with strict adherence to safety regulations to curb

Challenges	Corrective Actions
under the national locked down regulations, until the workplace was prepared for phased return of employees – 18 June 2020	the spread. The seconded internal audit assistant and intern relocated to internal audit and revenue end of June 2020
The COVID-19 lockdown alert level 5 and 4 effectually abolished the risk management implementation plan actions from end March 2020, further impacted by CRO's concurrent 30-day loss of home Wi-Fi on the other side of the provincial border	As from February 2019 the Risk Management system, BarnOwl, was discontinued due to CRO resignation. During the lockdown in May 2020 this project to update software and current data to BarnOwl could be executed virtually to ensure some CRO productivity and risk software training in practical lines. This project coincided with GRDM BarnOwl rollout and by networking afforded Bitou's CRO, risk champions and unit managers virtual BarnOwl training at no cost

Table 41:Challenges: Risk Management

2.7.5 Functions of the Risk Management Unit

Below table indicates the functions of the Risk Management Unit that were performed during the 2019/20

Functions	Date
ERM Risk Universe and Risk Management Committee Terms of Reference reviewed and approved by the RM Committee	25 November 2019
A Risk Management Implementation Plan was developed for 2019/20, submitted to and approved by the Risk Management Committee (RMC) on 25 November 2019	November 2019 to June 2020
The Municipal Risk Profile was facilitated and reviewed for 2019/20, through workshops and updating of risk registers and action plans for all directorates until March 2020	January to March 2020
Quarterly reports of risk management activities were prepared and submitted to the Risk Management Committee	25 November 2019

Table 42: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	27 May 2015
No new strategies were developed		

Table 43:Strategies

2.9 AUDIT COMMITTEE (AC)

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

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

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

2.9.1 Functions of the AC

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

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

2.9.2 Members of the AC

Name of representative	Capacity	Meeting dates
Mrs. Ronel Shaw	Chairperson	<ul style="list-style-type: none"> 29 August 2019 (Special Meeting to review to Annual Financial Statements and Annual Performance Report) 03 September 2019 02 December 2019 10 March 2020 29 June 2020 (Virtual meeting - Disaster Management Regulations)
Mr. Johan Roux	Ordinary Member	
Mr. Kolly Zono	Ordinary Member	
Mr. John Welman	Ordinary Member (01/07/2019 – 17/02/2020)	

Table 44:Members of the AC

2.10 PERFORMANCE AND AUDIT COMMITTEE (PAC)

2.10.1 Functions of the PAC

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

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

2.10.2 Members of the Performance Audit Committee

Name of representative	Capacity	Meeting dates
Mrs. Ronel Shaw	Chairperson	Review of the quarterly Performance Management Reports and Annual Performance Report (APR): <ul style="list-style-type: none"> 29 August 2019 (Special Meeting to review to Annual Financial Statements (AFS) and APR) 03 September 2019
Mr. Johan Roux	Ordinary Member	
Mr. Kolly Zono	Ordinary Member	
Mr. John Welman	Ordinary Member (01/07/2019 – 17/02/2020)	





Name of representative	Capacity	Meeting dates
		 02 December 2019  10 March 2020  29 June 2020 (Virtual meeting – Disaster Management Regulations)
Mr. Kolly Zono	Ordinary Member delegated by the Chairperson to attend the Municipal Performance Review for the Section 57 Employees	 05 – 06 March 2020

Table 45: 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
"Generally Conformed" to the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal	The IIA standard in terms of Section 1312 required that an external assessment of the internal audit department be conducted at least

Highlights	Description
<p>Auditing ("Standards") Section 1312. The external assessment was done by an independent company, IA Professional Placements CC during November 2019, after being appointed following the normal SCM procedures</p> <p>The IIA' conformance rating system provides three levels of conformance to the standards. The best level is "Generally Conforms" the next level is "Partially Conforms" and the third level is "Does Not Conform."</p>	<p>once every five years by a qualified, independent assessor from outside the organisation, The external assessment evaluated the internal audit department's conformance with the Standards and assesses the efficiency and effectiveness of the internal audit department.</p>
<p>Assisted the Auditor General South Africa (AGSA) with the completion of their Working papers on:</p> <ul style="list-style-type: none"> 🔍 Stock Take; 🔍 Bad Debts; 🔍 Physical Verification of Staff; 🔍 Repairs and Maintenance <p>on the sample size as requested by the AGSA for the year ending 30 June 2019</p>	<p>The Municipality's Internal Audit Section provides direct assistance to AGSA with the regularity audit for the 2018/19 audit cycle</p>
<p>The Municipality has established an Audit Committee as an independent advisory body in terms of Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (MFMA)</p>	<p>A fully functional and established Audit Committee under the leadership of a very competent and experienced Chairperson</p>

Table 46: Highlights: Internal Audit

2.11.2 Challenges: Internal Audit

The table below indicates the challenges for the year.

Challenge	Corrective Actions
<p>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</p>	<p>Assistance from the Internal Audit Steering Committee, chaired by the Accounting Officer;</p> <p>Management being held accountable by a fully functional Audit Committee who reports to Council bi-annually</p>
<p>The hard lockdown and Disaster Management Regulations effected the physical execution of the 2019/20 Risk Based Annual Internal Audit Plan</p>	<p>The 2019/20 Annual Risk Based Internal Audit Plan was adjusted and approved by the Audit Committee on 3 June 2020, to include emerging risks and to reschedule the timing of the scheduled and approved audits</p>

Challenge	Corrective Actions
The Risk Management Unit was not capacitated or functioning effectively, and was periodically assisted by a member of the Internal Audit Unit with the Risk Management Intern	A Chief Risk Officer was appointed in terms of the Placement Process

Table 47:Challenges: Internal Audit

2.11.3 Annual Audit Plan

The table below provides detail on audits completed:

Audit Engagement	Departmental System	Detail	Date completed
Phase 1			
Updating of Municipal Risk profile			
Phase 2			
Compiling Risk based Audit Plan			
Phase 3			
Execution of the Risk based Audit Plan			
Office of the Municipal Manager	2018/19 Performance Management Systems – 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> <p><i>MSA, 2000, Sec 41(1);</i></p> <p><i>Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;</i></p> <p><i>Public Audit Act, Section 20(2)</i></p>	14 August 2019

Audit Engagement	Departmental System	Detail	Date completed
Office of the Municipal Manager	2018/19 Risk Management – Quarter 4	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system and governance.</p> <p><i>MFMA 56, 2003, Section 62(1);</i></p> <p><i>MFMA 56, 2003, Section 165(2)(b)(iv);</i></p> <p><i>Western Cape Provincial Treasury PGWC Risk Management Framework</i></p>	15 August 2019
Community Services	Housing Administration	<p>The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control including the following scope:</p> <ol style="list-style-type: none"> 1. Confirming Compliance and adherence to the Western Cape Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy project. 2. The Adequacy of the RDP Housing policy and the Standard Operating Procedure 3. Justify Housing awards 4. The Credibility of the Housing Database and qualifying applicants list 	22 November 2019
Office of the Municipal Manager	2019/20 Performance Management – Quarter 1	<p>Statutory obligation to provide reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise and to ensure that the performance management information reflects the true performance of the municipality.</p> <p><i>MSA, 2000, Sec 41(1);</i></p>	18 November 2019

Audit Engagement	Departmental System	Detail	Date completed
		<p><i>Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;</i></p> <p><i>Public Audit Act, Section 20(2)</i></p>	
Office of the Municipal Manager	2019/20 Risk Management Quarter 1&2 – Could not be executed as the Risk Management Unit was not functioning. A Chief Risk Officer was appointed on 1 September 2020		
Financial Services	2019/20 Implementation of the SCM Policy - 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 period 1 July 2019 – 30 September 2019. Included in the scope:</p> <ol style="list-style-type: none"> 1. Compliance to the Supply Chain Management Policy 2. Legitimate reasons for Deviations 3. Approval of deviations 4. Assess compliance to the SCM Regulations and SCM Policy 5. Accurate reporting to Council 6. Fair competitive bidding and cost effective awards 7. Tax Compliance 8. Bid Committees Processes <p><i>SCM Policy;</i></p> <p><i>Standard Operating Procedures;</i></p> <p><i>MFMA 56, 2003, Section 165(2)(b)(ii)</i></p>	22 November 2019
Office of the Municipal Manager	2019/20 Performance Management – Quarter 2	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	11 February 2020

Audit Engagement	Departmental System	Detail	Date completed
		<p>performance management information reflects the true performance of the municipality.</p> <p><i>MSA, 2000, Sec 41(1);</i></p> <p><i>Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;</i></p> <p><i>Public Audit Act, Section 20(2)</i></p>	
Financial Services	2019/20 Implementation of the SCM Policy - 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 period 1 October 2019 – 31 December 2019. Included in the scope:</p> <ol style="list-style-type: none"> 1. Compliance to the Supply Chain Management Policy 2. Legitimate reasons for Deviations 3. Approval of deviations 4. Assess compliance to the SCM Regulations and SCM Policy 5. Accurate reporting to Council 6. Fair competitive bidding and cost effective awards 7. Tax Compliance 8. Bid Committees Processes <p><i>SCM Policy;</i></p> <p><i>Standard Operating Procedures;</i></p> <p><i>MFMA 56, 2003, Section 165(2)(b)(ii)</i></p>	24 February 2020
Financial Services	Revenue Management – Indigent Processes	<p>The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control including the following scope:</p>	10 February 2020

Audit Engagement	Departmental System	Detail	Date completed
		<ol style="list-style-type: none"> 1. Compliance to relevant legislation and policies 2. Validity of the process 3. Completeness of the process 4. Approval of the application and changes to the system 5. Accuracy of the information 	
Financial Services	2019/20 Compliance to the Division of Revenue Act	<p>Provide reasonable assurance regarding the controls over grants allocated by National Treasury to Bitou Municipality through the Division of Revenue Act, in relation to the:</p> <ol style="list-style-type: none"> 1. Receipting and recording of allocated grants. 2. Completeness of grants received. 3. Submission of the required reports. 4. Expenditure of grants in accordance with set out conditions. <p><i>MFMA 56, 2003, Section 165(2)(b)(ii)</i></p>	30 June 2020
Office of the Municipal Manger	Operation Clean Audit Report (OPCAR) – Follow up on the implementation of the Action Plans by Management to address the findings raised by the AGSA	Evaluate the recorded implementation of the corrective action plans by Management to address the findings raised by the Auditor General SA during the 2019/2020.	22 June 2020
Engineering Services	Proclaimed Roads	Provide reasonable assurance regarding the controls over grants allocated by National Treasury to Bitou Municipality through the Division of Revenue Bill and the expenditure in terms of the purpose and subject to conditions	26 June 2020
Office of the Municipal Manager	2019/20 Performance Management – Quarter 3	Statutory obligation to provide reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise and to ensure that the performance management information	8 July 2020

Audit Engagement	Departmental System	Detail	Date completed
		<p>reflects the true performance of the municipality.</p> <p><i>MSA, 2000, Sec 41(1);</i></p> <p><i>Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)c;</i></p> <p><i>Public Audit Act, Section 20(2)</i></p>	
Office of the Municipal Manager	2019/20 Risk Management – Quarter 3	<p>Provide independent assurance services on the controls implemented to mitigate risk, the risk management system and governance.</p> <p><i>MFMA 56, 2003, Section 62(1);</i></p> <p><i>MFMA 56, 2003, Section 165(2)(b)(iv);</i></p> <p><i>Western Cape Provincial Treasury PGWC Risk Management Framework</i></p>	29 June 2020
Financial Services	2019/20 Implementation of the SCM Policy - Quarter 3	<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 for the period 1 January 2020 – 31 March 2020. Included in the scope:</p> <ol style="list-style-type: none"> 1. Compliance to the Supply Chain Management Policy 2. Legitimate reasons for Deviations 3. Approval of deviations 4. Assess compliance to the SCM Regulations and SCM Policy 5. Accurate reporting to Council 6. Fair competitive bidding and cost effective awards 7. Tax Compliance 8. Bid Committees Processes 	29 June 2020

Audit Engagement	Departmental System	Detail	Date completed
		<i>SCM Policy;</i> <i>Standard Operating Procedures;</i> <i>MFMA 56, 2003, Section 165(2)(b)(ii)</i>	
Financial Services	Annual Stock Count – 30 June 2020	Provide reasonable assurance regarding the adequacy and effectiveness of the system of internal controls surrounding the stock count procedure as well as the accuracy by comparing the results of a physical count against inventory records to achieve key business objectives as it relates to Stores management/Supply chain management.	22 July 2020
Financial Services	Technical Review – Annual Financial Statements as at 30 June 2020	Provide an independent review of 2019/2020 Annual Financial Statements. Provide management with a report that confirms whether the AFS are GRAP compliant. <i>Government Gazette No. 43582 Regulation No. 851 dated 5 August 2020, The Minister of Finance exempted municipalities for the 2019/20 financial year, from complying with the deadlines in sections 126(1) and (2), 127(1) and (2), 129(1) and 133(2) of the MFMA 56, 2003 for a period of two months after the deadline. (Submission due date 31 October 2020)</i>	Due date: 31 October 2020

Table 48: 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 to be approved by the Audit Committee on/before 30 June 2019	05 June 2019
Advise the accounting officer and report to the Audit Committee in terms of section 165 (2) (b) of the MFMA (Including the execution of the Risk based Internal Audit Plan)	Refer to audit report dates issued and Quarterly Audit Committee dates for

	Reporting
Facilitate Audit Committee meetings	Refer to meeting dates of Audit Committee

Table 49: Internal Audit Functions

2.12 BY-LAWS AND POLICIES

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

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

Policies developed/ revised	Council resolution	Date adopted
Policies reviewed and implemented		
Rules of Virtual Meetings and Sitzings	C/3/153/05/20	21 May 2020
Small Scale Embedded Generation Policy	C/5/108/05/20	29 May 2020
Maintenance Policy: Electrical Infrastructure (in principle)	C/5/109/05/20	29 May 2020
Electrification of Second dwellings	C/5/110/05/20	29 May 2020
Asset Management Policy	C/2/181/06/20	11 June 2020
Borrowing Policy and guidelines	C/2/181/06/20	11 June 2020
Budget Implementation and Monitoring Policy	C/2/181/06/20	11 June 2020
Credit Control and Debt Collection Policy	C/2/181/06/20	11 June 2020
Indigent Support Policy	C/2/181/06/20	11 June 2020
Infrastructure Procurement and Delivery Policy	C/2/181/06/20	11 June 2020
Investment & Cash Management Policy	C/2/181/06/20	11 June 2020
Liquidity, Funding and Reserves Policy	C/2/181/06/20	11 June 2020
Overtime Policy	C/2/181/06/20	11 June 2020
Petty Cash Policy	C/2/181/06/20	11 June 2020
Property Rates Policy	C/2/181/06/20	11 June 2020
Subsistence and Travel Allowance Policy	C/2/181/06/20	11 June 2020
Supply Chain Management Policy for Goods and Services	C/2/181/06/20	11 June 2020
Tariff Policy	C/2/181/06/20	11 June 2020
Travelling Allowance Policy	C/2/181/06/20	11 June 2020

Table 50: Policies

2.13 COMMUNICATION

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

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

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

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

Table 51:Communication Activities

2.13.1 Communication and Customer Care Unit

Communication Unit	Yes/No	Number of people in the Unit	Job titles
	Yes	12	Manager Communication and Customer Care (1)
			Snr Customer Care Officer (1)
			Acting Senior Communications Officer (1)
			Communications Intern/ EPWP x 4
			Customer Care Clerk (5)

Table 52:Communication and Customer Care Unit

2.13.3 Additional Communication Channels Utilised

Channel	Yes/No
Facebook	Yes
Twitter	Yes
Telegram	Yes
SMS system	Yes

Table 53:Additional Communication Channels Utilised

2.13.4 External Communication Forums

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

Table 54: 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	No External Newsletter was issued in the financial year
Radio	Yes	Information	Community	As the need arises	Effective when required, however limited due to budget constraints
Website	Yes	Information, to provide feedback and to interact	Community	Daily	Effective
Bulk SMS	Yes	Information	N/A	As the need arises	Effective
Local newspaper	Yes	Information, motivation and feedback	Community	Weekly	Effective
Press release	Yes	Information	Community	As the need arises	Effective
Posters	Yes	Information and motivation	Community, Staff	As the need arises	Effective
Loud Hailing	Yes	Information about event / meeting	Community	As the need arises	Costly in terms of overtime and availability of staff
Brochures	Yes	Information	Community, Staff	As the need arises	Effective
Pamphlets	Yes	Information	Community, Staff	As the need arises	Effective

Table 55: Communication Platforms Utilised

2.14 WEBSITE

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

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

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

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

Description of information and/or document	Yes/No and/or Date Published
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 2019/20	Yes
Adjusted Budget 2019/20	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 2019/20	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 2019/20	Yes
IDP Process Plan for 2019/20	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)	
List of capital assets that have been disposed	Yes

Description of information and/or document	Yes/No and/or Date Published
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 2018/19	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	No
Audit Committee Charter	No
Risk Management Policy	Yes

Table 56: Website Checklist

2.15 SCM

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

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

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

The contract management remains a challenge as the user departments continues not to have an SLA in place and renewing the contracts in time which this result into irregular expenditure. The municipality incurred irregular expenditure of R14 million in the current year adding to R16 million in the previous year.

The capacity challenges in the department remains a challenge as the two senior position including a manager in the division where vacant for the most part of the financial year. The various staff members in the department are not trained or qualified supply chain officials, there is a dire need for training and skills development of SCM officials.

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 90% in delivery of tenders listed
Human Resource	Appointment of the senior: SCM practitioner, demand and logistics
SCM centralization and accustoming user departments on SCM	The user departments are slowly grasping the centralisation of SCM and that SCM are the procurement champions within the organisation even though there are some internal stakeholders that still need reprimanding.

Table 57: Highlights: Supply Chain Management

2.15.2 Challenges: SCM

The table below specifies the challenges for the year:

Description	Actions to address
Human Resources	Two (2) contractual employees were appointed from former interns in the current vacant posts within this section. An Administration Clerk has also been transferred to SCM from Creditors. However, the SCM Manger felt ill and that has left a void once more to the senior level position. The Senior: SCM Practitioner is currently acting as the SCM: Manager
Training	It has been rather difficult to conduct any trainings planned for the second half of 2019/20 financial year due to the COVID-19 pandemic. Any training that could not be conducted will subsequently have to wait till later in the new financial year
COVID-19	SCM had to redirect and adopt to challenges provided by the COVID-19 lockdown. All bid committees were held via Skype sessions

Table 58: Challenges: Supply Chain Management

2.15.3 Competitive Bids in Excess of R200 000

a) Bid Committee Meetings

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

- That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
- To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and
- 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 2019/20 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
56	36	19

Table 59: Bid Committee Meetings

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

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

Committee	Percentage of meetings attended	Percentage attendance for quorum
Bid Specification Committee	70%	50 + 1

Table 60: Attendance of Bid Specification Committee

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

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

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

Committee	Percentage of meetings attended	Percentage attendance for quorum
Bid Evaluation Committee	80%	50 + 1

Table 61: Attendance of Members of Bid Evaluation Committee

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

Committee	Percentage of meetings attended	Percentage attendance for quorum
Bid Adjudication Committee	90%	50 + 1

Table 62: Attendance of Members of Bid Adjudication Committee

2.15.4 B-BBEE Compliance Performance Information

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

a) . Management Control

Category	Number	Race Classification	Gender	Disability
Senior Management	5	2 African 1 Coloured 1 White (Position of Director Corporate Services vacant)	4 Male	1

Table 63: Management Control

b). Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	545	African - 325 Coloured - 217 Indian - 3	BM- 203 BF- 122 CM- 138 CF- 79	0	

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
			IM- 3 IF - 0		
Black non-employees	35	White	F- 10 M- 25	0	
Black people on internships, apprenticeship, learnership	22	Blacks- 18 Coloureds- 4	FB- 12 MA- 6 CF- 3 CM- 1	0	R 1 226 672
Unemployed black people on any programme under the learning programme matrix	307	Coloured - 95 African - 192 White - 20	CF- 46 CM- 49 AF- 107 AM- 85 WM- 20	0	R 1 030 438
Black people absorbed at end of internships, apprenticeship, learnership	1	F	AF	0	R 60 000

Table 64: Skills Development

c) Enterprise and Supplier Development

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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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

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

3.1.1 Legislative Requirements

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

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

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

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

3.1.2 Organisation Performance

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

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

3.1.3 The Performance System Followed for 2019/20

a) The IDP and the budget

The reviewed IDP and the budget for 2019/20 was approved by Council on 31 May 2019. The IDP and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

b) The SDBIP

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

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

The Top Layer SDBIP was approved by the Executive Mayor on 13 June 2019.

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 2018/19 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the adjustments budget
- Oversight Committee Report on the Annual Report of 2018/19
- The risks identified by the Risk Management Unit during the municipal risk assessment

c) Actual performance

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

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

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

3.1.4 Performance Management

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

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 13 June 2019
- 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 2018/19 financial year was signed on the following dates:

• Director Economic Development and Planning:	27 June 2019
• Director Finance :	27 June 2019
• Director Engineering Services: :	27 June 2019
• Municipal Manager :	27 June 2019
• Director Community Services :	27 June 2019

The following agreement was not concluded due to the fact that this position was vacant:

- Director Corporate Services

Performance evaluations for the Senior Managers were conducted on 05 and 06 March 2020. This included the evaluations for 2016/17, 2017/18, 2018/19 respectively.

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

The formal evaluations for the 2019/20 financial year will therefore only take place after the audit of the Performance Report in the 2020/21 financial year.

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2019/20

3.2.1 Strategic SDBIP (Top Layer)

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

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

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

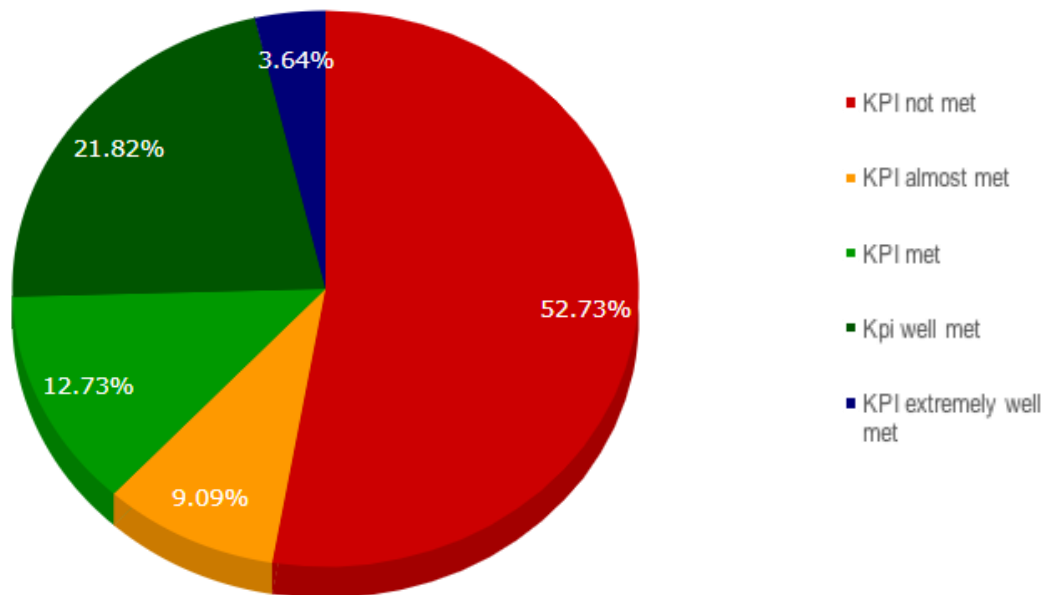
Category	Colour	Explanation
KPI Not Yet Measured	N/A	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target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

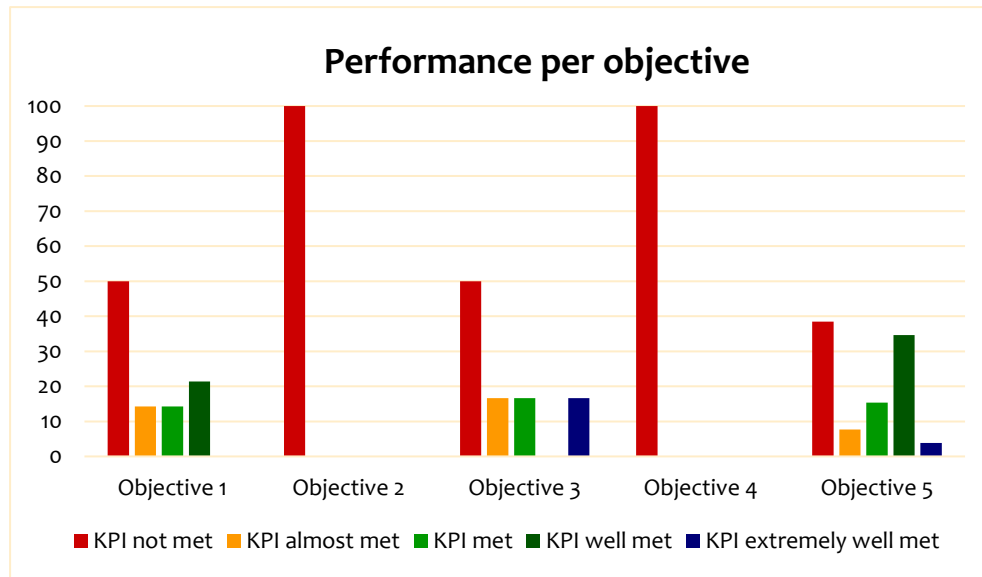
Figure 2.: SDBIP Measurement Categories

3.2.2 Overall performance

The graph below displays the overall performance per Strategic Objective for 2019/20:

Overall Performance





Graph 2.: Overall Performance per Strategic Objective 2019/20

Measurement Category	Objective 1 Build a capable, corruption-free administration that is able to deliver on developmental mandate	Objective 2 Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy	Objective 3 Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	Objective 4 Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities	Objective 5 Provision of basic services	Total
KPI Not Met	7	4	3	5	10	29
KPI Almost Met	2	0	1	0	2	5
KPI Met	2	0	1	0	4	7
KPI Well Met	3	0	0	0	9	12
KPI Extremely Well Met	0	0	1	0	1	2
Total	14	4	6	5	26	55

Figure 3.: Overall Performance Per Strategic Objective for 2019/20

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3.2.3 Actual strategic performance and corrective measures that will be implemented

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

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2020/21 financial year to the Audit Committee by 30 June 2020	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 2019/20 by 30 June 2020 (Actual audits completed divided by the audits scheduled for the year)x100	% of audits completed	All	88.75%	10%	40%	60%	80%	80%	89.47%	G2
TL3	Hold quarterly meetings of the Audit Committee	Number of meetings held	All	6	1	1	1	1	4	5	G2
TL4	Complete the annual risk assessment for 2019/20 and submit to the Audit Committee by 31 March 2020	Risk assessment submitted to the Audit Committee	All	0	0	0	1	0	1	0	R
Corrective Action		Due to the COVID-19 pandemic this exercise could not be done within the prescribed timeframe. The report was submitted to the Audit Committee on 29 June 2020									
TL5	Review the Performance Management Framework and submit to Council for approval by 31 March 2020	Performance Management Framework reviewed and submitted to Council	All	0	0	0	1	0	1	0	R
Corrective Action		Due to personnel shortage this could not be completed. This will be addressed during the 2020/21 financial year									
TL6	Achieve risk maturity (control level) by 30 June 2020	Risk maturity (control level) achieved	All	0	0	0	0	1	1	0	R
Corrective Action		Due to the COVID-19 pandemic this exercise could not be done. The Municipality will try to address this matter during the 2020/21 financial year									
TL7	Submit the reviewed final IDP for 2019/20 to Council by 31 May 2020	Reviewed IDP submitted to Council	All	1	0	0	0	1	1	1	G

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL8	Submit the Community Survey to Council by 30 June 2020	Community Survey submitted to Council	All	0	0	0	0	1	1	0	R
Corrective Action		Due to the COVID-19 pandemic this exercise could not be done. The Municipality will try to address this matter during the 2020/21 financial year									
TL34	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 2020 {(Number of people from employment equity target groups	% of people employed	All	75%	0%	0%	0%	70%	70%	66%	O
Corrective Action		Due to the COVID-19 pandemic the recruitment and selection process were halted. The Municipality will rectify this matter during the 2020/21 financial year									
TL35	Spent 0.10% of operational budget on training by 30 June 2020 {(Actual total training expenditure divided by total operational budget) x100}	% of budget spent	All	0.19%	0.10%	0.10%	0.10%	0.10%	0.10%	0.12%	G2
TL36	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2019	Customer Survey conducted	All	0	0	0	0	1	1	0	R
Corrective Action		Due to the COVID-19 pandemic this exercise could not be done. The Municipality will try to address this matter during the 2020/21 financial year									
TL37	Review 20 Human Resources policies, with the SALGA Policy Framework Scope as basis and submit to Council by 30 June 2020	Number of HR policies submitted to Council	All	0	5	5	5	5	20	0	R
Corrective Action		The Municipality will try to address this matter during the 2020/21 financial year									
TL38	Review the "System of operational delegations" and submit to Council for	"System of operational delegations" submitted to Council	All	0	0	1	0	0	1	0	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	approval by 31 December 2020										
Corrective Action		The Municipality will try to address this matter during the 2020/21 financial year									
TL39	Spend 90% of the approved capital budget for IT by 30 June 2020	% budget spent	All	New KPI for 2019/20. No comparative audited results available	0%	0%	0%	90%	90%	77%	O
Corrective Action		Due to the COVID-19 pandemic the IT capital budget could not be fully spent due to the availability of routers during the lockdown level 5 period. The Municipality will address this matter during the 2020/21 financial year									

Table 65: 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 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL46	Spend 90% of approved capital budget for the upgrade of the municipal library buildings by 30 June 2020	% budget spent	All	New KPI for 2019/20. No comparative audited results available	10%	40%	60%	90%	90%	35%	R
Corrective Action		Due to the COVID-19 pandemic the budget was underspent. The Municipality will address this matter during the 2020/21 financial year									
TL52	Develop a Bio-wise Implementation Strategy and submit to Council by 30 September 2019	Implementation Strategy submitted to Council	All	New KPI for 2019/20. No comparative audited results available	1	0	0	0	1	0	R
Corrective Action		The Municipality will address this matter during the 2020/21 financial year									
TL53	Spend 100% of the budget allocated for the upgrade of the Small, Medium and Micro-sized Enterprises (SMMEs) Shelters by 30 June 2020 (Actual	% of project budget spent	2	0%	10%	30%	60%	90%	90%	0%	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	expenditure divided by the total approved project budget)x100]										
Corrective Action		Funding reprioritized. The Municipality will spend the allocated budget accordingly during the 2020/21 financial year									
TL54	Spend 100% of the budget allocated for the upgrade of the Qolweni Cultural Village by 30 June 2020 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	3	0	10%	410%	60%	100%	100%	0%	R
Corrective Action		Funding reprioritized. The Municipality will spend the allocated budget accordingly during the 2020/21 financial year									

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

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

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL9	Spend 90% of the municipal capital budget on capital projects by 30 June 2020 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% budget spent	All	93%	10%	40%	60%	90%	90%	65%	R
Corrective Action		Due to the COVID-19 pandemic and the Disaster Management Regulations pertaining to the lockdown restrictions the capital budget could not be fully spent. This was out of the Municipality’s control. The Municipality will address this matter during the 2020/21 financial year									
TL10	Provide subsidies for free basic services to indigent households as at 30 June 2020	Number of indigent households receiving subsidies for free basic services as per Financial System	All	1 893	4 300	4 300	4 300	4 300	4 300	2 357	R
Corrective Action		The Municipality will intensify registration process for indigent consumers during the 2020/21 financial year									
TL11	Financial viability measured in terms of	% of debt coverage	All	25%	0%	0%	0%	45%	45%	22%	B

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	the municipality's ability to meet its service debt obligations as at 30 June 2020 (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100										
TL12	Financial viability measured in terms of the outstanding service debtors as at 30 June 2020 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors	All	59%	0%	0%	0%	12%	12%	63%	R
Corrective Action		Stricter measures will be implemented during the 2020/21 financial year									
TL13	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2020 ((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	2.29	0	0	0	2	2	2	G
TL14	Achieve a debtor payment percentage of 92% by 30 June 2020 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening	% debtor payment achieved	All	92%	85%	85%	85%	85%	85%	81%	O

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Balance - Bad Debts Written Off/Billed Revenue x 100										
Corrective Action		Debt collection strategy will be revised and intensified during the 2020/21 financial year									

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

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

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL47	Complete the project to upgrade of the Kurland Sport Facility by 30 June 2020	Project completed	1	New KPI for 2019/20. No comparative audited results available	0	0	0	1	1	0	R
Corrective Action		The project will be completed during the 2020/21 financial year									
TL48	Complete the project to upgrade of the New Horizons Sport Facility by 30 June 2020	Project completed	4	New KPI for 2019/20. No comparative audited results available	0	0	0	1	1	0	R
Corrective Action		The project will be completed during the 2020/21 financial year									
TL49	Complete the project to upgrade of the New Horizons Community Hall by 30 June 2020	Project completed	4	New KPI for 2019/20. No comparative audited results available	0	0	0	1	1	0	R
Corrective Action		The project will be completed during the 2020/21 financial year									
TL50	Spend 90% of the approved capital budget for the construction of the Harkerville Community Hall by 30 June 2020	% budget spent	7	New KPI for 2019/20. No comparative audited results available	10%	40%	60%	95%	95%	0.00%	R
Corrective Action		The project will be completed during the 2020/21 financial year									

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL55	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2020	Spatial Development Framework (SDF) submitted to Council	All	1	0	0	0	1	1	0	R
Corrective Action		The project will be completed during the 2020/21 financial year									

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

v) Provision of basic services

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL15	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2020	Number of properties that receive piped water	All	11 670	0	11 495	0	11 495	11 495	11 863	G 2
TL16	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2020	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)	All	14 932	0	14 285	0	14 285	14 285	14 917	G 2
*TL17	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2020	Number of residential properties which are billed for sewerage	All	12 170	0	12 111	0	12 111	12 111	12 409	G 2
*Note		Number also includes agricultural, industrial and business properties									
TL18	Limit non revenue water losses to less than 19% as at 30	% non-revenue water losses	All	5.47%	0%	0%	0%	19%	19%	28%	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	June 2020 {(System input- billed consumption (incl free basic water)/ system input)x100}										
Corrective Action		The Municipality will intensify the implementation of stricter control measures									
TL19	Limit unaccounted for electricity to less than 12% as at 30 June 2020 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	9.55%	0	0	0	12%	12%	6.42%	B
*TL20	Finalise 100% the SCM procurement planning of all approved capital projects for PMU (excluding housing and multi year) by 31 July 2019	% of SCM processes finalised	All	0	100%	0%	0%	0%	100%	100%	G
*Note		KPI was initially incorrectly recorded and will be reviewed for the 2020/21 financial year									
TL21	Spend 90% of the approved capital budget for Fleet services by 30 June 2020 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	87%	0%	10%	40%	90%	90%	54%	R
Corrective Action		Fleet purchases removed in adjustment budget process									
TL22	Spend 90% of the approved capital budget for Waste Water services by 30 June 2020 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	89%	0%	10%	40%	90%	90%	67%	R
Corrective Action		Due to the COVID-19 pandemic there were underspending of the budget. The matter will be addressed during the 2020/21 financial year									
TL23	Spend 90% of the approved capital budget for Electrical & Mechanical	% budget spent	All	99%	0%	10%	40%	90%	90%	90%	G

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	services by 30 June 2020 {(Total actual capital expenditure /Total capital amount budgeted)x100}										
TL24	Spend 90% of the approved capital budget for Water services by 30 June 2020 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%	0%	10%	40%	90%	90%	71%	O
Corrective Action		Due to the COVID-19 pandemic there were underspending of the budget. The matter will be addressed during the 2020/21 financial year									
TL25	Spend 100% of MIG Funding allocation by 30 June 2020 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	100%	10%	40%	70%	100%	100%	71.30%	R
Corrective Action		Due to the COVID-19 pandemic and the Disaster Management Regulations pertaining to the lockdown restrictions the capital budget could not be fully spent. This was out of the Municipality's control. The Municipality will address this matter during the 2020/21 financial year									
TL26	Spend 100% of INEP Funding allocation by 30 June 2020 {(Total actual INEP expenditure /Total INEP amount budgeted)x100}	% budget spent	All	98.50%	10%	40%	70%	100%	100%	101.27%	G 2
TL27	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2020 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	89%	10%	40%	70%	90%	90%	46%	R
Corrective Action		Due to the COVID-19 pandemic and the Disaster Management Regulations pertaining to the lockdown restrictions the capital budget could not be fully spent. This was out of the Municipality's control. The Municipality will address this matter during the 2020/21 financial year									
TL28	Spend 90% of the approved project budget for the upgrade of Kwano bulk electrical	% budget spent	All	112%	0%	10%	40%	90%	90%	101.27%	G 2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	network (PH4) by 30 June 2020 [(Actual expenditure divided by the total approved project budget) x100]										
TL29	Spend 90% of approved capital budget for the upgrading of the Kranshoek Bulk Water system by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% budget spent	All	New KPI for 2019/20 No comparative audited results available	0%	10%	40%	90%	90%	64%	R
Corrective Action		Due to the COVID-19 pandemic and the Disaster Management Regulations pertaining to the lockdown restrictions the capital budget could not be fully spent. This was out of the Municipality's control. The Municipality will address this matter during the 2020/21 financial year									
TL30	Spend 90% of the approved capital budget for new services (civil services) PH4A to Qolweni, Bossiesgiff by 30 June 2020	% budget spent	All	New KPI for 2019/20 No comparative audited results available	0%	10%	40%	90%	90%	102%	G 2
TL31	Spend 90% of the approved capital budget for new electrical services PH4A to Qolweni, Bossiesgiff by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% budget spent	All	New KPI for 2019/20 No comparative audited results available	0%	10%	40%	90%	90%	94%	G 2
TL32	Spend 100% of the EEDSM funding allocation by 30 June 2020 {(Total actual EEDSM expenditure /Total EEDSM amount budgeted)x100}	% budget spent	All	New KPI for 2019/20 No comparative audited results available	10%	40%	60%	100%	100%	88%	O
Corrective Action		Due to the COVID-19 pandemic and the Disaster Management Regulations pertaining to the lockdown restrictions the budget could not be fully spent. This was out of the Municipality's control. The Municipality will address this matter during the 2020/21 financial year									
TL33	Spend 95% of the budget allocated for	% budget spent	2;7	0%	0%	0%	0%	95%	95%	0%	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Mobile Camera Security for wards 2 and 7 by 30 June 2020 [(Actual expenditure divided by the total approved project budget)x100]										
Corrective Action		Due to the COVID-19 pandemic and the Disaster Management Regulations pertaining to the lockdown restrictions the capital budget could not be fully spent. This was out of the Municipality's control. The Municipality will address this matter during the 2020/21 financial year									
TL40	Complete 377 top structures in Kwanokuthula by 30 June 2020	Number of top structures completed	5;6	New KPI for 2019/20 No comparative audited results available	0	0	0	377	377	0	R
Corrective Action		The Department of Human Settlements have taken over the project.									
TL41	Submit funding application for the development in certain areas of Qolweni and Kurland to the Department of Human Settlements by 30 June 2020	Funding application completed and submitted to the Department of Human Settlements	3;4	0	0	0	0	1	1	1	G
TL42	Submit funding application for the development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2020	Funding application completed and submitted to the Department of Human Settlements	2	0	0	0	0	1	1	0	R
Corrective Action		The Municipality will finalise this matter during the 2020/21 financial year									
*TL43	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2020	Number of residential properties which are billed for refuse removal	All	11 656	0	14 700	0	14 700	14 700	14 890	G 2
*Note		Number also includes agricultural, industrial and business properties									
TL44	Complete the establishment of the new regional cemetery portion 33 of the Farm Hill View 437 by 30 June 2020	Portion 33 Hill View Cemetery establishment completed	All	0	0	0	0	1	1	0	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2019/20						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
Corrective Action		Target partially achieved the rezoning has been conducted as well as the designing and planning has been conducted. Status reports of the project were submitted to Council. Municipality will complete the project during the 2020/21 financial year									
TL45	Complete the drop-off facility (Old Nick) by 30 June 2020	Drop-off facility completed	All	0	0	0	0	1	1	1	G
TL51	Create 274 job opportunities in terms of the EPWP by 30 June 2020	Number of job opportunities created	All	184.1	0	0	0	274	274	277	G 2

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

3.2.4 Service Providers Strategic Performance

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

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

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

3.2.5 Municipal Functions

a) Analysis of Functions

The municipal functional areas are as indicated below:

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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
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

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Municipal Function	Municipal Function Yes / No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes
Airport	Yes

Table 70:Functional Areas

COMPONENT A: BASIC SERVICES RENDERED

3.3 Water Provision

3.3.1 Introduction to Water Provision

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

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

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

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

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

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

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

Sufficient water was required to supply an informal settlement of about 80 shacks located on Portion 22/422, Harkerville. The property is owned by the Municipality and two boreholes were drilled, each capable of meeting the water demand of the community. The total yield of these boreholes is 532 kℓ/day. These boreholes have been equipped and are now in operation. A chlorine dosing room was also constructed for the disinfection of the borehole water.

The only raw water source for the Kurland Water Treatment Works(WTW) was the Wit River and abstraction from the Wit River alone has proved insufficient to satisfy the projected peak month demand of 929 kℓ/d in 2032 (as per the Water Services Development Plan 2014/15). Two boreholes were drilled with a total yield of 8ℓ/s. These boreholes have augmented the existing water supply of the WTW to ca. 1291 kℓ/day and at present, the raw water supply volumes are being re-assessed ahead of the planned upgrade of the WTW.

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, reservoir and supply pipelines, which were more than 25 years old and had deteriorated in such a way that the water supply was not reliable and sustainable anymore. The 150 mm AC rising main was replaced with a 160mm HDPE rising main.

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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 existing deteriorated 0,6 Mℓ reservoir will be replaced with a new 1,5 Mℓ reservoir.

The vulnerability of the abstraction point in the river to salt water contamination remains a challenge, and in the longer term and alternative water source would need to be put in place.

3.3.2 Highlights: Water Provision

The table below specifies the highlights for the year:

Highlights	Description
Kwanokuthula Bulk Water Rising Main (Phase 2) Project (commencement of the project)	<ul style="list-style-type: none"> The Contract (Phase 2) provides for the further extension of a new 315 mm Ø rising main. The contract will involve the connection onto the existing 315 mm Ø rising main north of the N2 National Road, crossing the N2 and connection to the existing Phase 1 pipeline south of the N2 National Road. The contract includes the connection to the Phase 1 pipeline near the Kwanokuthula East Reservoirs; the connection to Reservoirs, as well as the installation of the 315 mm Ø rising main through the Kwanokuthula housing area to the Kwanokuthula West Reservoirs. This supply the newer phases of the area In addition, the old elevated steel tank/reservoir at the Eastern Reservoir complex which has reached its lifespan will be replaced
Kranshoek Bulk Water Supply Project – Phase 1B	<ul style="list-style-type: none"> This contract covers the construction of new water pump station, feed and delivery pipeline including tie-in to the existing Brakloof Reservoir, access road and other associated structures In addition, the lift pump station at Kranshoek Reservoir will be reinstated. The rising main (pipeline) between Brakloof and Kranshoek was completed in the previous year. This phase (1B) is scheduled for completion in 2020/21. The project will bring much relief to the challenges in terms of water supply to Kranshoek, but also to provide the necessary capacity in the infrastructure for future developments
Consistent 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 (SANS24) requirements, as recorded on the Department of Water and Sanitation's website

Table 71:Water Provisions Highlights

3.3.3 Challenges: Water Provision

The table below specifies the challenges for the year:

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Description	Actions to address
Pipe breaks/bursts	The aged asbestos cement (AC) reticulation pipes, some of which exceed 50 years in age, present an ongoing challenge in respect of pipe breaks. A pipeline replacement project is underway to address this matter
Water losses	The Engineering Services Directorate set a target to limit real water losses to less than 19% by 30 June 2019. The current water losses, although less than the previous financial year, still exceed this target. A focus has been placed on addressing this
Impact of COVID-19 Pandemic	The COVID-19 pandemic lockdown meant that the post season and pre-Easter maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team

Table 72:Water Provision Challenges

3.3.4 Water Provision Service Delivery Levels

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

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2018/19*	0	0	24 655	3 471 817
2019/20	0	0	18 865	2 401 415

**The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections*

Table 73:Total Use of Water by Sector

The following table specifies the different water service delivery levels per households for the financial years 2018/19 and 2019/20:

Description	*2018/19	2019/20
	Actual	Actual
Household		
<u>Water:</u> (above minimum level)		
Piped water inside dwelling	20 528	20 528
Piped water inside yard (but not in dwelling)	0	**30
Using public tap (within 200m from dwelling)	636	637
Other water supply (within 200m)	0	0
Minimum Service Level and Above Sub-total	21 164	21 195
Minimum Service Level and Above Percentage	100	100

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Description	*2018/19	2019/20
	Actual	Actual
Household		
<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)	21 164	21 195
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections		
<p><i>Include informal settlements</i></p> <p>*20 528 Households have access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the highest number recorded in the Billing Reports between 2018/19 and 2019/20, as the Water Services Section does not remove a connection to a house once it is connected. A disconnection actually constitutes a flow restriction and not a removal of piping etc.</p> <p>**2207 household have connections to their houses – these are unauthorised connections made from communal tap stands.</p> <p>** Community Services conducted full enumeration of informal settlements in the latter part of 2019/20, this is the most correct/updated figure.</p> <p>***11 478 water meters are recorded in the Database at the Revenue Services Section.</p>		

Table 74: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#
*2018/19	582	20 528	1 891
2019/20	**2 844	***20 528	2 357
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections			
Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute; # 6 000 litres of potable water supplied per formal connection per month			
<p>** Community Services conducted full enumeration of informal settlements in the latter part of 2019/20, this is the most correct/updated figure</p> <p>***20 528 Households have access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the highest number recorded in the Billing Reports between 2018/19 and 2019/20, as the Water Services Section does not remove a connection to a house once it is connected; a disconnection actually constitutes a flow restriction and not a removal of piping etc</p>			

Table 75:Access to Water

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3.3.5 Employees: Water Provision

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	14	10	4	28.57
4 - 6	17	14	14	0	0.00
7 - 9	4	10	3	7	70.00
10 - 12	5	6	3	3	50.00
13 - 15	1	2	2	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	39	47	33	14	29.78

Table 76: Employees: Water Provision

3.3.6 Capital: Water Provision

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Kranshoek upgrade bulk water	11 921 437.00	11 921 437.00	7 031 046.58	4 890 390.42	11 921 437.00
Kranshoek upgrade bulk water	600 000.00	2 700 000.00	2 395 728.62	304 271.38	2 700 000.00
Poortjies upgrade water pipeline	3 000 000.00	2 800 000.00	2 750 504.14	49 495.86	2 800 000.00
Kwano new water pipeline	2 475 781.00	4 346 639.00	3 810 733.28	535 905.72	4 346 639.00
Harkerville: Pressure pump and pipework	120 000.00	223 000.00	45 342.00	177 658.00	223 000.00
Kurland: New water	5000 000.00	25 000.00	24 613.30	386.70	25 000.00
Pump station equipment	500 000.00	635 000.00	468 330.33	166 669.67	635 000.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Water demand management press	500 000.00	440 000.00	86 849.78	353 150.22	440 000.00
Bossiesgif: New water (TRA)	500 000.00	400 000.00	399 079.73	920.27	400 000.00
Tools and equipment	100 000.00	100 000.00	70 866.70	29 133.30	100 000.00
Plettenberg bay Water Works: New highlight pump	800 000.00	697 000.00	610 314.85	86 685.15	697 000.00
Ebenezer: New bulk water	0.00	385 038.00	166 600.00	218 438.00	385 038.00
Ebenezer PTN 20: New water	0.00	500 000.00	60 299.67	439 700.33	500 000.00
Uplands: New high lift pump	0.00	420 000.00	420 000.00	0.00	420 000.00
Total	21 017 218.00	25 593 114.00	18 340 308.98	7 252 805.02	25 593 114.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 77:Capital Expenditure 2019/20: 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 needs 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.

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The hilly topography, combined with low-lying areas along the coast, presents numerous obstacles to the sewerage drainage system. Many pump stations are necessary, with an extensive bulk sewerage transfer system to convey sewerage to the Waste Water Treatment Works (WWTW).

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

3.4.2 Highlights: Waste Water (Sanitation) Reticulation

The table below specifies the highlights for the year:

Highlights	Description
Consistently high performance of Waste Water Treatment Plants	The treated effluent from the Waste Water Treatment Plants in Bitou Municipality consistently exceed the permit values (requirements set out by the Department of Water and Sanitation (DWS))
Decrease in the number of sewerage manhole blockages	There has been a significant decrease in the number of sewerage manhole blockages per month due to the efforts of the superintendent in the last quarter of 2019/20
Mechanical and Electrical Upgrades to five (5) sewerage pump stations	Five (5) Sewerage pump stations, three of which are located in beach areas, have had key equipment upgrades in order to have better reliability in the pump stations

Table 78:Waste Water (Sanitation) Reticulation Highlights

3.4.3 Challenges: Waste Water (Sanitation) Reticulation

The table below specifies the challenges for the year:

Description	Action to address
Load shedding by Eskom	The extensive and higher level load-shedding by Eskom throughout the year meant that an operating plan had to be put in place to ensure that facilities (pump stations and Water and Waste Water Treatment Plants) remained in operation. This required back-up generating power to be installed at some key sites. This however resulted in additional challenges for an already limited staff compliment and operating budget
Vandalism and security for key sites	Although good strides have been made in addressing the security of key sites, this remains a challenge and the Municipality's commitment to address this is ongoing. When sites are vandalised, equipment failures occur

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Description	Action to address
Ingress of Foreign Objects into the Sewage system	The number of sewerage blockages reported and cleared on a monthly basis is high. Many foreign objects enter the sewerage system and lead to manhole blockages and even cause pipe breaks and blocked pumps
Impact of COVID-19 pandemic	The COVID-19 pandemic lockdown meant that the post season and pre-Easter maintenance activities were placed on hold. This has had an adverse effect on the operations of the Water Services team

Table 79:Waste Water (Sanitation) Reticulation Challenges

3.4.4 Waste Water (Sanitation) Reticulation Service delivery levels

Below is a table that specifies the different sanitation service delivery levels per household for the financial years 2018/19 and 2019/20:

Description	*2018/19	2019/20
	Actual	Actual
Household		
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	19 800	**20 528
Flush toilet (with septic tank)	2 174	2 174
Chemical toilet	28	28
Pit toilet (ventilated)	35	35
Other toilet provisions (above minimum service level)	0	0
Minimum Service Level and Above Sub-total	22 037	22 765**
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	22 037	22 765
*The actuals of the 2018/19 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2018/19 financial year and does not take into account prior period corrections		
**20 528 Households have access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the highest number recorded in the Billing Reports between 2018/19 and 2019/20, as the Water Services Section does not remove a connection to a house once it is connected; a disconnection actually constitutes a flow restriction and not a removal of piping etc.		

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Table 80:Waste Water (Sanitation) Service Delivery Levels

3.4.5 Employees: Waste Water (Sanitation) Reticulation

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	11	11	0	0.00
4 - 6	14	16	13	3	18.75
7 - 9	8	9	9	0	0.00
10 - 12	3	2	2	0	0.00
13 - 15	0	1	1	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	34	39	36	3	7.69

Table 81:Employees Waste Water (Sanitation) Reticulation

3.4.6 Capital: Waste Water (Sanitation) Reticulation

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Ebenhezer new bulk sewer service	4 000 000.00	1 000 000.00	668 566.01	331 433.99	1 000 000.00
Security for keys on sites -CRR	1 000 000.00	0.00	0.00	0.00	0.00
Bossiesgif: New sewer (TRA)	1 000 000.00	920 000.00	920 000.00	0.00	920 000.00
Kurland: New sewer	1 000 000.00	50 000.00	49 226.59	773.41	50 000.00
Kranshoek: Upgrade outfalls sewer	1 000 000.00	800 000.00	722 153.52	77 846.48.48	800 000.00
Hobie Beach: Upgrade PS3	500 000.00	504 000.00	503 112.23	887.77	504 000.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Central Beach: Upgrade PS4	500 000.00	700 000.00	536 466.54	163 533.46	700 000.00
Tools and equipment	100 000.00	100 000.00	75 262.00	24 738.00	100 000.00
Pump station equipment	500 000.00	500 000.00	456 308.25	43 691.75	500 000.00
Longships: PS10	800 000.00	614 000.00	613 948.41	51.59	614 000.00
Keurbooms: Upgrade PS1	500 000.00	679 000.00	969 716.40	(17 716.40)	679 000.00
Gansvlei WWTW: New screen	550 000.00	608 000.00	505 813.40	102 186.60	608 000.00
Replace LDV: water	375 000.00	322 455.00	322 455.42	(0.42)	322 455.00
Kurland: Upgrade pump station 1	500 000.00	489 000.00	488 169.17	830.83	489 000.00
Security key sites-CRR	0.00	1 000 000.00	959 986.79	40 013.21	1 000 000.00
Ebenezer PTN 20: New sewer	0.00	1 000 000.00	120 599.33	879 400.67	1 000 000.00
Precast toilets	0.00	75 000.00	0.00	75 000.00	75 000.00
New digger loader: water	900 000.00	973 660.00	0.00	973 660.00	973 660.00
New jetting machine: water	1 300 000.00	1 018 793.00	0.00	1 018 793.00	1 018 793.00
Total	14 525 000.00	11 353 908.00	7 638 784.06	3 715 123.94	11 353 908.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 82:Capital Expenditure 2019/20: 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

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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 endeavored 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 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. Successes achieved are securing of funds with the Department of Energy (DOE) in terms of their Integrated National Electrification Programme and the third phase of upgrading the electrical infrastructure to Kwanokuthulakuthula under difficult circumstances. The DOE has however supported the Municipality in funding some of the projects. Keeping good relations with DOE and ensuring all grant funds are spent, will result in more financial support from DOE.

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, the Municipality is responsible for all other townships within the municipal area.

3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Kwanokuthula Substation completion	Installation of a 20MVA power transformer was installed. Funding from DMRE, as well as municipal funds to ensure completion of the project
EEDSM Grant funds	Energy Efficiency and Demand Side Management funding were utilised to replace existing high consumption streetlights with more energy efficient Light-Emitting Diode (LED) lights. A total of 2021 were purchased and are still being installed
Reduction in electrical losses	The non-technical and technical losses for 2019/20 was further reduced from 9.55% to 6.42% which translates to savings in revenue that was previously lost
Maintenance Policy adopted in principle	A Maintenance Policy has been adopted by Council and will be circulated. This will enable the Municipality to work towards preventative maintenance and hopefully reduce downtimes

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Highlights	Description
Small Scale Embedded Generation Policy (SSEGP) and tariffs were approved	SSEGP and tariff has been approved. This will allow residents who can install Solar PV on their roof tops, to link with the grid and be compensated for the energy that is exported into the grid

Table 83:Electricity Highlights

3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Power failures still occurs as a result of ageing infrastructure	Funding to be made available for replacement of critical assets
Metering queries are alarmingly high and many relates to the quality of meters supplied	A new supplier has been appointed. Existing infrastructure must be repaired and replaced where possible which has a financial implication
Resources are constraints within the department, which leads to outsourcing of a lot of these activities	Organisational structure can be reviewed to ensure
Insufficient audits on bulk meters	Project has been launched in June 2020 to commence with meter audits and implementation of automated meter readings, which allows for much more accurate readings for billing purposes

Table 84:Electricity Challenges

3.5.4 Electricity Service Delivery Levels

The table below indicates the electricity notified maximum demand:

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Plettenberg Bay	15 500kVA	(7.68%)	13 099kVA
Wittedrift	400kVA	(8.86%)	296.91kVA
Keurboomstrand	1 700kVA	(10.21%)	1 984.82kVA
Natures Valley	1 000kVA	15.10%	764.45kVA
Kwanokuthulakuthula	4 000kVA	(2.8%)	3 964.09kVA
Brakloof	9 500kVA	5,59%	7 751.61kVA

Table 85:Electricity Notified Maximum Demand

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

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Description	*2018/19	2019/20
	Actual	Actual
Household		
<u>Energy:</u> (above minimum level)		
Minimum Service Level and Above Sub-total	17 762	18 105
Minimum Service Level and Above Percentage	100	100
<u>Energy:</u> (below minimum level)		
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	17 862	18 205
*The actuals of the 2018/19 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2018/19 financial year and does not take into account prior period corrections		

Table 86:Electricity Service Delivery Levels

3.5.6 Employees Electricity

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

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	8	4	4	50.00
4 - 6	13	18	12	6	33.33
7 - 9	4	4	2	2	50.00
10 - 12	11	17	11	6	35.29
13 - 15	4	4	4	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	37	52	34	18	34.61

Table 87:Employees: Electricity

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3.5.7 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Plettenberg Bay new streetlights	500 000.00	1 145 000.00	1 137 301.68	7 698.32	1 145 000.00
Plettenberg Bay generators	500 000.00	1 408 000.00	1 137 575.26	270 424.74	1 408 000.00
Bossiesgif: upgrade network	600 000.00	600 000.00	294 229.23	305 770.77	600 000.00
Kwano electrification PH4C	669 565.00	669 565.00	661 175.75	8 389.25	669 565.00
New Horizon: upgrade MV cable (LIB)	216 000.00	0.00	0.00	0.00	0.00
Kwano: upgrade bulk electrification PH5	5 267 826.00	5 267 826.00	5 158 760.29	109 065.71	5 267 826.00
Bossiesgif: new electrification	1 442 000.00	815 000.00	769 462.53	45 537.47	815 000.00
Upgrade of streetlights	500 000.00	60 000.00	56 417.31	3 582.69	60 000.00
Kranshoek: new streetlights PH2	1 273 662.00	1 273 662.00	1 201 242.53	72 419.47	1 273 662.00
Magistrate court metering unit	2 051 140.00	1 000 000.00	1 013 480.00	(13 480.00)	1 000 000.00
New Horizon: replace faulty cable	720 000.00	0.00	0.00	0.00	0.00
New Horizon: 11KV switching station	240 000.00	0.00	0.00	0.00	0.00
Qolweni: new electrification	500 000.00	0.00	0.00	0.00	0.00
Pinetrees: new electrification	1 419 000.00	0.00	0.00	0.00	0.00
Thunderstruck HV metering unit	550 000.00	550 000.00	360 000.00	190 000.00	550 000.00
Kurland: new electrification	2 089 000.00	0.00	0.00	0.00	0.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Plettenberg Bay: Asset replacement	1 750 000.00	1 750 000.00	1 586 849.08	163 150.92	1 750 000.00
Kwano: upgrade bulk electrification PH5	0.00	2 200 000.00	1 893 406.45	306 593.55	2 200 000.00
Greenvalley streetlights	0.00	220 000.00	149 177.16	70 822.84	220 000.00
Security key site - CRR	200 000.00	200 000.00	239 934.37	(39 934.37)	200 000.00
Tools and equipment	0.00	100 000.00	94 021.50	5 978.50	100 000.00
Ebenezer	0.00	315 000.00	211 041.29	103 958.71	315 000.00
Keurboom: upgrade network	500 000.00	500 000.00	396 448.70	103 551.30	500 000.00
HV and MV test and safe equipment	100 000.00	100 000.00	86 956.53	13 043.47	100 000.00
Total	21 088 193.00	18 174 053.00	16 447 479.66	1 726 573.34	18 174 053.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 88: Capital Expenditure 2019/20: Electricity Services

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

3.6.1 Introduction to Waste Management

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

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

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

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

The Municipality had only one landfill site, namely the Plettenberg Bay Landfill Site. This Landfill Site closed on the 15 December 2018 for rehabilitation. The Bitou Municipality's transfer station is the only Waste Disposal Facility (WDF) that is operational.

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

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

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Plettenberg Bay Landfill Site Status	
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
Estimated cost for closure	+/- R31 000 000

Table 89: Plettenberg Bay Landfill Site Status

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

3.6.2 Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
Decommissioning and rehabilitation of the Plettenberg Bay landfill site	The Plettenberg Bay landfill site was closed on 15 December 2018 because it reached the full capacity
Construction of the new drop-off facility (Old Nick)	The new drop-off facility will help the Municipality with the chipping of the green waste and building rubble
Procurement of plant and equipment for the Bitou Municipality Transfer Station	<p>The Bitou Municipality have purchased/leased plant and equipment for Waste Management Services at an approximate value of R11million, which includes:</p> <ul style="list-style-type: none"> 🚛 TLB's 🚛 Compactor Trucks 🚛 Skip Trucks 🚛 Skipbins 🚛 Chipping Machine 🚛 Tipper Truck

Table 90: Waste Management Highlights

3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Illegal dumping	Awareness programme will be rolled-out to address Illegal dumping sites in all 7 wards in the Bitou Municipality
Bulky waste	Minimization of waste at the transfer station is earmarked for the 2020/21 financial year

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Description	Actions to address
More drop-off facilities in other wards	Planning is earmarked for the 2021/22 financial year

Table 91:Waste Management Challenges

3.6.4 Waste Management Services Delivery Levels

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

Description	*2018/19	2019/20
	Actual	Actual
Household		
Refuse Removal: (Minimum level)		
Removed at least once a week	11 656	12 998
Minimum Service Level and Above sub-total	23 000	23 000
Minimum Service Level and Above percentage	130	130
<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	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level percentage	0	0
Total number of households	16 656	12 998
<i>*The actuals of the 2018/19 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2018/19 financial year and does not take into account prior period corrections</i>		

Table 92:Waste Management Service Delivery Levels

3.6.5 Employees: Waste Management Services

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	40	53	42	11	20.75

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Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	2	4	3	1	25.00
7 - 9	11	16	11	5	31.25
10 - 12	2	3	3	0	0.00
13 - 15	0	1	0	1	100.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	56	78	60	18	23.07

Table 93: Employees: Waste Management Services

3.6.6 Capital: Waste Management Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Replacement truck: Waste	490 000.00	418 506.00	418 506.28	(0.28)	418 506.00
Waste drop-off facility extern.	1 300 000.00	1 300 000.00	1 275 852.15	24 147.85	1 300 000.00
New skips x15	400 000.00	400 000.00	310 100.00	89 900.00	400 000.00
New refuse truck	3 000 000.00	2 751 094.00	0.00	2 751 094.00	2 751 094.00
New truck-skip	1 100 000.00	1 001 693.00	0.00	1 001 693.00	1 001 693.00
New tipper truck 10cube	1 240 000.00	1 307 839.00	0.00	1 307 839.00	1 307 839.00
New TLB-waste x2	1 800 000.00	1 947 320.00	0.00	1 947 320.00	1 947 320.00
New chipping machine	800 000.00	987 850.00	0.00	987 850.00	987 850.00
Total	10 130 000.00	10 114 302.00	2 004 458.43	8 109 843.57	10 114 302.00

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

Table 94: Capital Expenditure 2019/20: Waste Management Services

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3.7 Housing

3.7.1 Introduction to Housing

The multi-year development plan illustrates the projected housing projects for at least the next 10 years. The current housing provincial approved beneficiary waiting list is **8 200**. The current approved registered waiting list together with unregistered households and backyard dwellers are **±10 250**.

The table below indicates the priority housing sites:

Site	Units
Subsidy: Priority 1	
Kwanokuthulakuthula Phase 4	441
Subsidy Priority 2	
Qolweni Temporary Relocation Area (TRA)	164
Subsidy Priority 3	
Qolweni Phase 3A	169
Kurland TRA and Civil services	224

Table 95: Prioritised Housing Sites

3.7.2 Highlights: Housing

The table below specify the highlight for the year:

Highlights	Description
The donation of Erf 562 Kurland from the Department of Rural Development and Land Affairs to the Bitou Municipality	Erf 562 is ±84 ha in extend, of which 50 ha can be developed for housing purposes. An application for a housing project for 1000 units is in the process of being submitted to the Department of Human Settlements (DoHS)

Table 96: Housing Highlights

3.7.3 Challenges: Housing

The table below specify the challenge for the year:

Description	Actions to address
Budget constraints: The budget for 2020/21 has been cut down to R35 466 000 from R52 640 000. This means that less projects on the pipeline can be achieved and the possible creation of more unrest within communities	Application will be made for more funding in order to address more projects and to try to calm the unrest in the various communities

Table 97: Housing Challenges

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3.7.4 Housing Service Delivery Levels and Statistics

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

Number of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements (%)
*2018/19	26 951	21 110	78.30
2019/20	27 371	21 530	78.65
*The actuals of the 2018/19 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2018/19 financial year and does not take into account prior period corrections			

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 8 200 housing beneficiaries registered on the provincial housing waiting list compared to the 7 899 in 2018/19.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2018/19	7 899	3.81
2019/20	8 200	3.67
*The actuals of the 2018/19 financial year remain as originally reported and signed-off on the Annual Financial Statements for the 2018/19 financial year and does not take into account prior period corrections		

Table 99:Housing Waiting List

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
*2018/19	84 127	70 151	83.30	71	Land purchased R 59 622 396
2019/20	47 061	2 500	5.3	0	164
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections					

Table 100: Houses Built

3.7.5 Employees: Housing

The following table indicates the staff composition for this division:

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Employees: Housing					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	1	1	50.00
4 - 6	1	1	1	0	0.00
7 - 9	8	23	14	9	39.13
10 - 12	1	2	2	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	12	30	20	10	33.33

Table 101: Employees: Housing

3.7.6 Capital Expenditure – Housing

No capital budget was allocated for the 2019/20 financial year.

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:

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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	%
*2018/19	19 172	7 574	39.50	1 891	0.09	1 891	0.09	1 891	0.09
2019/20	19 638	7 430	37.83	2 357	12.00	2 357	12.00	2 357	12.00
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections									

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
*2018/19	1 891	50	962	5 683	50	2 892.00	2 734	50	1391
2019/20	2 357	50	1 356	5 009	50	2 881.00	2 714	50	1 561
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections									

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
*2018/19	1 891	6	1 089	0	0	0
2019/20	2 357	6	1 418	0	0	0
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections						

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
*2018/19	1 891	415.33	9 424	0	0	0
2019/20	2 357	438.83	12 412	0	0	0

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Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections						

Table 105: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
*2018/19	1 891	1	5 417	0	0	0
2019/20	2 357	1	7 135	0	0	0
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections						

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

Financial Performance 2019/20: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	*2018/19	2019/20			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'000			R	
Water	0	0	0	0	0
Waste Water (Sanitation)	4 576	0	11 191	11 227	-36
Electricity	1 146	0	3 475	3 429	46
Waste Management (Solid Waste)	2 842	0	6 261	6 282	-21
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections					

Table 107: Financial Performance 2019/20: Cost to Municipality of Free Basic Services Delivered

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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 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:

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- 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.

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;

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- underground water seepage; and
- alterations to the sidewalks, which hamper stormwater discharge.

Gravel Roads

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

Visual Gravel Index

A condition index has several useful applications, including the following:

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

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

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

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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
- 🌱 Regravelling to occur every 5-years for streets with ADT > 50 and 9 years for streets with ADT ≤ 50, however spot regravelling 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 40km dirt roads. The average condition of the unpaved network can be rated as good to fair with only 16% of the roads in the poor to very poor category. The total replacement value of the entire municipal area's gravel road network is in the region of R26.8 million.

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

Upgrading network

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

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3.9.2 Highlights: Roads

The table below specifies the highlights for the year:

Highlights	Description
Rehabilitation of roads in poor condition - Kurland	Rehabilitation of Swarthout and Stinkhout Streets
U TFC resurfacing of Marine Way/Strand Street	Resurface of Marine Way to Main Street

Table 108: Roads Highlights

3.9.3 Challenges: Roads

The table below specify the challenges for the year:

Description	Actions to address
COVID- 19 delayed normal scheduled maintenance	Due to reduced funding this would not be recovered
Gravel road maintenance are done with hired plant but the budget for plant hire were reduced	A request for an increase in the budget will be submitted for the 2020/21 financial year

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
*2018/19	35.80	0	0.48	35.80
2019/20	40.00	0	0.00	40.00
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections				

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
2018/19	144.10	0.48	3.19	0	144.10
2019/20	142.70	0	9.10	1.66	142.70
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections					

Table 111: Tarred Road Infrastructure

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

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Financial year	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
*2018/19	0	4 800	1 552	0	4 500	7 141
2019/20	0	0	2 000	0	4 294	8 450
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections						

Table 112: Cost of Construction/Maintenance of Roads

3.9.5 Employees: Roads and Stormwater

The following table indicates the staff composition for this division:

Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	20	8	12	60.00
4 - 6	5	16	5	11	68.75
7 - 9	3	5	3	2	40.00
10 - 12	2	2	1	1	50.00
13 - 15	1	2	1	1	50.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	21	46	19	27	58.69

Table 113: Employees: Roads

3.9.6 Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Kranshoek upgrade gravel road	500 000.00	500 000.00	499 286.48	713.52	500 000.00
Ebenezer: new roads	0	1 500 000.00	180 899.00	1 319 101.00	1 500 000.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Kurland: new roads	1 500 000.00	75 000.00	73 839.90	1 160.10	75 000.00
Bossiesgif: new roads (TRA)	1 500 000.00	1 000 000.00	1 050 794.35	(50 794.35)	1 000 000.00
Speedhumps	300 000.00	0.00	0.00	0.00	0.00
Replace truck: roads	1 500 000.00	880 680.00	0.00	880 680.00	880 680.00
Total	5 300 000.00	3 955 680.00	1 804 819.73	2 150 860.27	3 955 680.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 114: Capital Expenditure 2019/20: Roads and Stormwater

3.9.7 Capital: Fleet Management

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Tools and equipment	50 000.00	50 000.00	26 990.45	23 009.55	50 000.00
Total	50 000.00	50 000.00	26 990.45	23 009.55	50 000.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 115: Capital Expenditure 2019/20: Fleet Management

3.10 Waste Water (Stormwater Drainage)

3.10.1 Introduction to Waste Water (Stormwater Drainage)

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.

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

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

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

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

The stormwater management philosophy encourages the following:

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

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

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

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

Table 116: 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

3.10.3 Challenges: Waste Water (Stormwater Drainage)

The table below specify the challenge for the year:

Description	Actions to address
Implementation of the Stormwater Master Plan	Funding is required

Table 117: Waste Water (Stormwater Drainage) Challenges

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3.10.4 Waste Water (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
*2018/19	82.00	0.05	0	82.00
2019/20	82.00	0.00	0	82.00
<i>*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections</i>				

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
*2018/19	150	0	550
2019/20	0	0	1 500
<i>*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections</i>			

Table 119: Cost of Construction/Maintenance of Stormwater Systems

3.10.5 Capital: Waste Water (Stormwater Drainage)

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Ebenezer new bulk sewer service	4 000 000.00	1 000 000.00	668 566.01	331 433.99	1 000 000.00
Security for keys on site -CRR	1 000 000.00	0.00	0.00	0.00	0.00
Bossiesgif: new sewer (TRA)	1 000 000.00	920 000.00	920 000.00	0.00	920 000.00
Kurland: new sewer	1 000 000.00	50 000.00	49 226.59	773.41	50 000.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Kranshoek: upgrade outfalls sewer	1 000 000.00	800 000.00	722 153.52	77 846.48	800 000.00
Hobie beach: upgrade PS3	500 000.00	504 000.00	503 112.23	887.77	504 000.00
Central Beach: upgrade PS4	500 000.00	700 000.00	536 466.54	163 533.46	700 000.00
Tools and equipment	100 000.00	100 000.00	75 262.00	24 738.00	100 000.00
Pump station equipment	500 000.00	500 000.00	456 308.25	43 691.75	500 000.00
Longships: PS10	800 000.00	614 000.00	613 948.41	51.59	614 000.00
Keurboom: upgrade PS1	500 000.00	679 000.00	696 716.40	(17 716.40)	679 000.00
Gansvallei WWTW: new screen	550 000.00	608 000.00	505 813.40	102 186.60	608 000.00
Relace LDV: water	375 000.00	322 455.00	322 455.42	(0.42)	322 455.00
Kurland: upgrade pump station 1	500 000.00	489 000.00	488 169.17	830.83	489 000.00
Security key site – CRR	0.00	1 000 000.00	959 986.79	40 013.21	1 000 000.00
Ebenezer PTN: new sewer	0.00	1 000 000.00	120 599.33	879 400.67	1 000 000.00
Precast toilets	0.00	75 000.00	0.00	75 000.00	75 000.00
New digger loader: water	900 000.00	973 660.00	0.00	973 660.00	973 660.00
New jetting machine: water	1 300 000.00	1 018 793.00	0.00	1 018 793.00	1 018 793.00
Total	14 525 000.00	11 353 908.00	7 638 784.06	3 715 123.94	11 353 908.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 120: Capital Expenditure 2019/20: Waste Water (Stormwater Drainage)

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COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.11 Planning

3.11.1 Introduction to Planning

The Landuse Management and Environmental Management Section experienced a successful year with very welcomed input made by the Environmental Management Official in the evaluation of development proposals. The implementation of the Spatial Planning Land Use Management Act (SPLUMA), 16 of 2013), the Western Cape: Land Use Planning Act (LUPA), 3 of 2014 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. It is proposed to bring about amendments to the Municipal Planning By-law after having used the By-law for some time. Also, the Bitou Zoning Scheme By-law has been nearly completed which will serve and integrate the current three zoning schemes applicable to properties in the municipal area, which will greatly simplify land use management. The Bitou Planning Tribunal sat regularly to deliberate on planning applications submitted in terms of the Planning By-law in the municipal area and is functioning well. Covid impacted on the functionality of the Section (as it did elsewhere) but some of the staff were able to work from home initially. There were administrative challenges due to the post office and other Sector Departments not being operational but these challenges were overcome by making use of electronic / remote communication (e-mails, skype calls etc) and service delivery could continue as best possible under the circumstances.

The Environmental Management Officer underwent Environmental Management Inspectorate training, also known as “Green Scorpion” training, during October of 2019. An Environmental Management Inspector is a designated official in terms of the National Environmental Management Act (NEMA) and its associated Specific EMA’s who is able to undertake compliance and monitoring with the relevant legislation. EMI training is only available to state officials employed in a national, provincial or local organ of state. An EMI may be designated in terms of all or specific EMA’s and will be able to monitor compliance and enforce compliance with the environmental legislation that falls within their mandate.

The Bitou Municipality have drafted an Alien Invasive Management Control, Eradication and Management Plan (AIMCEP) which specify and prioritise the management of alien invasive plant species across all land that is under control of the Municipality. The plan describes that extent of alien invasive infestation, the methods required to manage and clear these areas per plant type as well as the estimated budget and work force that will be required. Municipal properties and management units have been prioritized using a priority matrix which ranks management

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units based on the fire risk from alien infestation, specifically to human life and infrastructure as well as the risk to Biodiversity from alien infestation, specifically to Critical Biodiversity Areas as specified in the Western Cape Biodiversity Spatial Plan, 2017 (WCBSP). The AIMCEP will be used to generate contracts for the clearing and management of alien invasive species from Municipal controlled land.

Chapter 3 of the National Environmental Management: Air Quality Act (Act 39 of 2004, NEM:AQA) necessitates the creation of an Air Quality Management Plan which is to guide the Municipality in all air quality management activities. The Air Quality Management Plan (AQMP) for the Garden Route District was reviewed in 2019 resulting in the finalisation of a third Generation Air Quality Management Plan for Bitou Municipality. The AQMP underwent a comprehensive public participation process during July 2019 before finalisation.

Bitou is currently experiencing pronounced Baboon/human conflict issues within the urban area, which is escalating daily. Complaints started in December of 2019 and have increased in volume and severity. There are three troops within the Municipal boundaries, two of which are continually testing the boundaries and moving past the wild-urban interface into the residential areas of Plettenberg Bay and Nature's Valley, raiding rubbish bins and gardens. There are numerous, daily sightings and an increase in home invasions. Baboon Management is not the inherent function of a municipality in an urban area but rather a multi-focal, complex issue that requires the inputs by all three governmental bodies. Council is to engage with Cape Nature, Overstrand Local Municipality and the Department of Environmental Affairs and Development Planning to work out cooperative/ intergovernmental management strategies that suit the Bitou Municipal area specifically.

The Bitou Municipal SDF 2017 is in the process of being amended to ensure compliance with the Spatial Planning and Land Use Management Act (SPLUMA, Act 16 of 2013) in terms of process and content, and to bring the long-term strategic planning vision and objectives of the Municipality in line with that of the current generation Municipal Integrated Development Plan (IDP).

The SDF has undergone a second round of public participation during December 2019 to February 2020, after the Municipal Council requested several changes to the first draft. Subsequently, a significant number of comments and objections were received on the updated SDF from the public and sector departments. A response to such comments, with recommendations on required changes, is currently being compiled and will be tabled to Council for consideration alongside the original comments. After Council has resolved on the recommendations, the final SDF will be prepared and tabled to Council before the end of 2020.

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3.11.2 Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
AIMCEP (Study)	Being able to quantify the degree of invasion alien vegetation and the impact thereof on the water sources
Air Quality Management Plan (AQMP)	Finalisation of a third Generation AQMP for Bitou Municipality
EMI Training	Successful completion of the Green Scorpion Training in order to enforce environmental legislation
Near completion of the SDF and Zoning By-law	Both will serve to guide land use management

Table 121: Planning Highlights

3.11.3 Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
Compliance with environmental legislation	Create awareness campaign
Operational budget for alien clearing, air quality, etc.	Parks and waste services to be allocated sufficient budget to be able to undertake necessary works

Table 122: Planning Challenges

3.11.4 Planning Service Delivery Levels

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

Applications for Land Use Development		
Detail	Built Environment	
	2018/19	2019/20
Planning application received	115	126
Determination made in year of receipt	43	36
Determination made in following year	12	20
Applications withdrawn	2	6
Applications closed	32	42
Applications outstanding at year end	60	66
Awaiting DEA and DP design	0	0

Table 123: Applications for Land Use Development

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Type of service	2018/19	2019/20
Building plan applications processed	391	374
Total surface (m ²)	69 900.81	78 520.95
Approximate value (Rand)	500 528 541	465 187 051
Residential extensions	253	245
Land use applications processed	93	126
Rural applications	39	51

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	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	1	1	1	0	0.00
7 - 9	0	0	0	0	0.00
10 - 12	2	2	2	0	0.00
13 - 15	4	5	4	1	20.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	8	9	8	1	11.11

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.

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3.12.2 Highlights: LED

The table below specifies the highlights for the year:

Highlights	Description
Bitou Incubator Programme	Successfully completed
Contractor Development Programme	Support given to contractors with other government departments

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
Availability of land for the small business's development	Investigations into possible alternative options are earmarked for the 2020/21 financial year
Lack of statistical information	Submitted a proposal for a research unit at Plettenberg Bay Tourism

Table 127: Challenges LED

3.12.4 Employees: LED

The following table indicates the staff composition for this division:

Job Level (T-grade)	2018/19	2019/20			
	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	2	2	0	0.00
7 – 9	1	1	1	0	0.00
10 - 12	2	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	4	8	8	0	0.00

Table 128: Employees: LED

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3.13 Tourism

3.13.1 Introduction to Tourism

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

3.13.2 Highlights: Tourism

The table below specifies the highlights for the year:

Highlights	Description
South African Senior Open Golf Tournament	Primary destination marketing exercise
Inaugural History Festival	Created niche events to increase revenue generation through creating tourism events
Inaugural Bitou Boxing Tournament	Utilising sport as a catalyst for tourism

Table 129: Tourism Highlight

3.13.3 Challenges: Tourism

The table below specifies the challenges for the year:




Description	Actions to address
Tourism infrastructure	 Asses all access roads and assets in townships to be upgraded and made safe and sensible for tourism initiatives
Tourism safety (loss of smaller goods like cell phones, wallets, etc.)	 Tourism monitors were deployed during peak season  Law enforcement will manage tourism safety on beaches via a “lock and go” system

Table 130: Challenges Tourism

PERFORMANCE REPORT

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
Budget allocation – 2019/20	 Municipal Replacement Funding – R9 089 000 for library staffing costs  Conditional Grant – R2 022 000: Operational budget for libraries
Kurland and Kranshoek Library upgrades	Closed-off the existing veranda's at Kurland and Kranshoek Library. Project was completed successfully. Final touch-ups will commence in the 2020/21 financial year
Kurland Library -installation of complete ICT network cabinet and computer desks	 Complete network setup done at Kurland Library  Computer desks installed to accommodate 8 additional computers that will be procured in 2020/21
Installation of IP camera's	Kurland, Kwanokuthula and New Horizon Libraries had IP camera's installed to help monitor and detect any malicious or suspicious activity
New Horizon Library – faulty geyser	200(l) Geyser at New Horizon Central Library was replaced and 2 x leaking taps in ladies' bathroom was fixed
Installation of air conditioning units	Kurland, Kwanokuthula and New Horizon Library all have air-conditioning units installed
Construction of Kwanokuthula staff toilet	Kwanokuthula workroom had a toilet and basin installed for the use of staff members
Kwanokuthula Library - Repairs on public toilets	Old toilets were removed and replaced with new toilets

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Highlights	Description
RLCP computer refresher	All ICT devices have been received but could not be deployed due to the COVID-19 pandemic
Mzansi Online Library Project and technology tables	<ul style="list-style-type: none"> New Horizon Library was selected as a pilot test site for Mzansi Online Project 10 x Gaming computers was received 9 x Mobile tablets installed on desks to allow patrons to access online information whilst sitting inside the library
Kwanokuthula Library - Installation of Library Book Detection System	Decommissioned and replaced old Book Detection System at Kwanokuthula Library with new 2019 system
Replacement of New Horizon Central Library – Front door	The front door at New Horizon was replaced with a fully automated door. The previous door posed a health and safety risk to staff and patrons and therefore required replacement
Partnerships, collaboration and networking	<p>Partnerships:</p> <ul style="list-style-type: none"> Cape Access (ICT) UNISA (student support) Correctional Services (community services in libraries) <p>Collaboration/Networking:</p> <ul style="list-style-type: none"> Knysna and Kwanokuthula Libraries (Spelling Bee Competition 2019) SAPS – Child safety projects Field Band – introducing children to musical instruments (New Horizons) Knysna Education Trust/Home of Angels Edu Centre assisted slow learners to read/physical exercises at Kwanokuthula Library. (Ongoing)
Job shadowing	Allowing learners to do job shadowing as part of career guidance to expose them in the work environment (Ongoing)
Installation of UPS Systems – Library Book Detection System	Installed UPS Systems to act as backup power for the Library Book Detection Systems in-case of power outages
ICT usage	ICT usage for February 2020 was 2 869 for Bitou public libraries and is constantly growing

Table 131: Libraries Highlights

3.14.3 Challenges: Libraries

The table below specifies the challenges for the year:

Description	Action to address
Fixed term contract employees	Getting employees on a fixed term contract to be permanent employed by Bitou Municipality
Supply Chain Management processes	The delays in SCM processes hugely impact our delivery/implementation of projects. Libraries and SCM to form a good relationship moving forward

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Description	Action to address
Unfilled vacancies	Address grant vacancies to ensure that it is not restricted by moratoriums etc.
High humidity levels inside libraries	Air-conditioner units were installed in aid to cool the air for patrons
Repair Plettenberg Bay “Library Book Detection System”	This is currently posing a high risk. Once maintenance tender is awarded, the service provider will replace the damaged components
High book loss	Ensure all library assets are tagged and the Book Detection System is functioning optimally
Load-shedding	Procure UPS systems that will be used to power “Library Book Detection Systems” during power outages
Poor staff morale	 Organise team building sessions  Hold weekly or monthly staff meetings
Outstanding library materials	Collection of outstanding materials should be more vigilant
Vandalism of library property during working hours	Security (warm bodies) and security cameras are required

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	2018/19	2019/20
Number of libraries	6 Library Services	6 Library Services
Library members	16 067	22 457
Books circulated	393 093	120 000
Exhibitions held	227	216
Internet access points	6 Libraries	6 Libraries
Children’s programmes	266	216
Visits by school groups	1 656	1 501
Book group meetings for adults	12	16
Primary and secondary book education sessions	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, private schools, South Cape College, ECD, UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, private schools, South Cape College, ECD, UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups

Table 133: Service Statistics for Libraries

3.14.5 Libraries Outreach programmes:

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

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Type of programme	Description	Library
Teenager reading clubs	Weekly reading clubs were held	Kurland New Horizon Kranshoek
Computer literacy programmes	None – Due to COVID-19 Lockdown Regulations	
Recycling projects	None – Due to COVID-19 Lockdown Regulations	
Weekly aerobics classes	None – Due to COVID-19 Lockdown Regulations	
Story hour	Pre-schools and Primary Schools	15
Weekly arts classes	None – Due to COVID-19 Lockdown Regulations	
Student support	None – Due to COVID-19 Lockdown Regulations	

Table 134: Outreach Programmes Libraries

3.14.6 Employees: Libraries

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	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	16	20	19	1	5.00
7 - 9	1	5	2	3	60.00
10 - 12	5	5	5	0	0.00
13 - 15	1	2	1	1	50.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	24	33	28	5	15.15

Table 135: Employees: Libraries

3.14.6 Capital: Libraries

The following table indicates the capital expenditure for this division:

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Green Valley: upgrade library	500 000.00	0.00	0.00	0.00	0.00
Branding	0.00	200 000.00	16 220.52	183 779.48	200 000.00
Furniture	60 000.00	60 000.00	11 645.00	48 355.00	60 000.00
Airconditioning	100 000.00	320 000.00	283 608.71	36 391.29	320 000.00
Computer equipment and accessories	0.00	60 000.00	48 109.68	11 890.32	60 000.00
Upgrade of municipal buildings	0.00	606 227.00	213 593.30	392 633.70	606 227.00
New library detection system	160 000.00	160 000.00	139 130.43	20 869.57	160 000.00
Security cameras	100 000.00	100 000.00	97 508.36	2 491.64	100 000.00
Upgrade of municipal building (Kurland closing veranda)	0.00	93 773.00	55 180.00	38 593.00	93 773.00
Total	920 000.00	1 600 000.00	864 996.00	735 004.00	1 600 000.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 136: Capital Expenditure 2019/20: Libraries

3.15 Cemeteries

3.15.1 Introduction to: Cemeteries

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

3.15.2 Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
Construction of Kwanokuthula extension	Eskom approval to slack in servitude from 22 to 9 metres
Kwanokuthula extension	Entrance road constructed

Table 137: Cemeteries Highlights

3.15.3 Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Vandalism to infrastructure (gates and fencing)	Intensify security

PERFORMANCE REPORT

Description	Actions to address
Theft of graves in Kwanokuthula	Intensify security
New cemetery in Ebenezer should be constructed as a matter of urgency	Geotech studies delay

Table 138: Cemeteries Challenges

3.15.4 Service Statistics for Cemeteries

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

Type of service	2018/19	2019/20
Pauper burials	25	40

Table 139: Service Statistics for Cemeteries

3.15.5 Capital: Cemeteries

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Extension of Kwanokuthula cemetery	550 000.00	0.00	0.00	0.00	0.00
Total	550 000.00	0.00	0.00	0.00	0.00

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

Table 140: Capital Expenditure 2019/20: Cemeteries

3.16 Building Maintenance

3.16.1 Capital: Office Building Maintenance

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Furniture – 70 tables	30 000.00	30 000.00	29 000.00	1 000.00	30 000.00
New: upgrade of municipal buildings	1 500 000.00	0.00	(54 000.00)	54 000.00	0.00
New: upgrade of municipal buildings	1 600 000.00	0.00	0.00	0.00	0.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Upgrade of municipal buildings	0.00	311 820.00	5 611.00	306 209.00	311 820.00
Upgrade of New Horizons community hall	0.00	1 500 000.00	1 023 694.61	476 305.39	1 500 000.00
Total	3 130 000.00	1 841 820.00	1 004 305.61	837 514.39	1 841 820.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 141: Capital Expenditure 2019/20: Office Building Maintenance

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
Student festival	Student festival is an annual event and we pride ourselves in participating and playing an integral part in this prestigious national wide celebration
Liquor By-laws	Six (6) liquor licenses and extension liquor trading hours handled and premises visited in conjunction with Plettenberg Bay South African Police Services and Kwano SAPS
Stray animals	Law enforcement attended to 91 stray animals in total. Stray animals are problematic in all the wards. Most of the time it is on the N2 near Rasta in Qolweni, Kwano entrance, Kranshoek Road, Sasol Harkerville and Craggs
Riots/Protest	Law enforcement were faced with the same challenges as during 2016 New Horizon Riots. Only this time we had to fight riots on three

PERFORMANCE REPORT

Highlights	Description
	different fronts (Craggs Riots, Qolweni, as well as New Horizons). Law enforcement had to maintain order until the public order police arrived on the scene. It normally takes up to 2 hours to arrive as they come from Oudtshoorn
Safety equipment	Safety equipment like bulletproof vests is required, in order for us to do the job properly and to ensure our officials safety
Joint crime prevention operations with SAPS	The section conducts monthly crime prevention operations with SAPS and this have proven to be a huge success as the members of the community appreciates this extra effort from the Municipality's Law Enforcement Unit
100% staff complement during the COVID-19 Regulation	During this period Law enforcement staff were assisting SAPS, Department of Health and Disaster Management to enforcing the COVID-19 Regulation
Chief inspection	The Law Enforcement segment were able to prove that as Public Safety members we were ready to address the festive season influx
Establishment of Crime Prevention and River By-law Unit	Law Enforcement was able to be involved in most crime prevention operation with SAPS and Plettenberg Bay Crime Prevention Association (PBCPA). We made sure of the River By-laws as well as enforcement there of that make it conducive to tourism

Table 142: Law Enforcement Highlights

3.17.3 Challenges: Law Enforcement

The table below specifies the challenges for the year:

Description	Actions to address
Dog trailer	A dog trailer is required in order to continue with dog operations in all areas
Shortage of personnel	The unit consists of only 10 permanent employees. Better budgeting initiatives are required to ensure that the vacant positions on the organogram be filled
Animal loading rails	The Municipality does have an animal trailer and animal loading rails is required
Impounding facilities	The Municipality has no impounding facility and subsequently relies on the Society for the Prevention of Cruelty to Animals (SPCA) for assistance who relies on the impounding facility in George
No capital budget allocation	The division has no capital budget allocated for the purchase of equipment. Better budget allocations are required to address these needs

Table 143: Law Enforcement Challenges

3.17.4 Service statistics for Law Enforcement

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

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Details	2018/19	2019/20
Animals impounded	228	91
Complaints attended to by traffic officers	465	305
Special functions – Escorts	4	±10
Awareness initiatives on public safety	3	0
Notice of compliance	72	55
Section 341 fines	1 515	801
Section 56	65	10
Toxic operation	0	0
Arrests	81	±150 Contravening COVID-19 Regulations
Joint crime prevention operation	(12) once a month	(12) once a month
Illegal Immigrants with Department of Home Affairs	20 Kurland only	0
Vagrants/Bush dwellers operations and car guards	165 Too many to count, it's a daily activity	±96 during the lockdown period

Table 144: Law Enforcement Data

3.17.5 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	0.00
4-6	4	4	4	0	0.00
7-9	8	15	7	8	53.33
10-12	2	2	2	0	0.00
13-15	1	1	1	0	0.00
16-18	0	0	0	0	0.00
19-20	0	0	0	0	0.00
Total	15	22	14	8	36.36

Table 145: Employees: Law Enforcement

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3.18 Traffic Services

3.18.1 Introduction to Traffic Services

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

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

- 🚧 Engineering
- 🎓 Education
- 🚔 Enforcement
- 📊 Evaluation

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

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

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

3.18.2 Highlights: Traffic Services

The table below specifies the highlights for the year:

Highlights	Description
Festive season	The successful Plettenberg Bay Rage without incidents
Driving license test increase	Since the opening of the Driving License Testing Yard in March 2019, the department noticed an increase in members of the applications to do the driving test in Bitou, resulting in a significant decrease in applicants going to Knysna
Fatal accidents	During the festive period of 2018/19, 4 people were fatally injured due to motor vehicle accidents. This however decreased significantly in the 2019/20 festive period, where only one (1) person lost his life in a motor vehicle accident. Even though it is being flagged as a highlight it is not what the department envisaged as any one (1) life lost is one (1) too many

Table 146: Traffic Services Highlights

PERFORMANCE REPORT

3.18.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

Description	Actions to address
Vacant administrative position	Administrative assistant position to be filled at the Traffic and Law Enforcement Administrative Office
Shortage of patrol vehicles	Assistant Superintendents to be placed on essential user scheme which would allow for their patrol vehicles to be utilised by the officers
Budget	The budget that the department submits for capital items to be considered
Service provider contract ending	With the end of the contract of the service provider for the provision of speed enforcement equipment and administration of our back office, it had a major impact on revenue collection for traffic fines. The tender process was initiated and an award was made on 27 January 2020. This will significantly increase our revenue collection on traffic fines

Table 147: 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	2018/19	2019/20
Motor vehicle licenses processed	24 614	22507
R- value for Motor Vehicle Licenses	10 714 327.80	10 335 301.60
Driving License transactions processed	No audited comparative	6850
R- value for Driving License transactions processed	No audited comparative	644 211
Fines issued for traffic offenses	715 489	3 721
R-value of fines collected	9 676 800	1 404 530
Roadblocks held	13	10
Complaints attended to by traffic officers	107	90
Awareness initiatives on public safety	0	6
Number of road traffic accidents during the year	109	95
Number of officers in the field on an average day	11 (2x Officers currently on VIP detail, 2x Officers stationed at DLTC)	13 (2x Officers stationed at DLTC)
Number of officers on duty on an average day	13	15

Table 148: Additional Performance Service Statistics for Traffic Services

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3.18.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	12	12	12	0	0.00
7 - 9	1	2	1	1	50.00
10 - 12	12	16	14	2	12.50
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	27	32	29	3	9.37

Table 149: Employees: Traffic Services

3.19 Fire Services and Disaster Management



3.19.1 Introduction to Fire Services and Disaster Management

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

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

3.19.2 Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
Aerial firefighting	 Award of tender completed  Activation made directly with service provider

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Highlights	Description
Provincial grant funding approved	Fire Service Capacity Building: contribution to replace tanker in 2020/21
Capital budget	Municipal top up of R600 000 for grant funding of R734 000 to replace 1 of 4 redundant vehicles
Organisational Structure	Review of Public Safety Organisational Structure highlighting staffing needs particularly fire, as well as Disaster Management

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
Staffing levels	Raised via proposal to review and prioritise critical posts
Replacement of redundant fleet	Business plan submitted to Provincial Fire and Disaster Services. Grant funding made available to contribute towards replacing 1 of 4 units
Infrastructure	Maintenance and completion of specific projects of Main Station, Kurland Fire Sub Station and the Airport/Kranshoek Fire Sub Station
Disaster Management Plan / By-laws/ Policy	Items and process need to be completed for public participation

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	2018/19		2019/20	
Operational call-outs	361		454	
Reservists and volunteers trained	0		0	
Awareness initiatives on fire safety	94		206	
Total fires attended in the year	216		359	
Total of other incidents attended in the year	143		95	
Average turnout time - urban areas	Urban 2 min	7.3 min Avg	Urban 2 min	7.2 min Avg
Average turnout time - rural areas	Rural 13 min		Rural 13 min	
Fire fighters in post at year end	1 Chief Fire Officer		1 Chief Fire Officer	
	3 Seniors		3 Seniors	
	8 Fire Fighters		9 Fire Fighters	
	12 Learners (7 of 12 qualified)		11 Learners (8 of 11 qualified)	

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Details	2018/19	2019/20
	5 Control Room	5 Control Room

Table 152: Fire Services and Disaster Management Data

3.19.5 Employees: Fire Services and Disaster Management

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	3	4	3	1	25.00
7 - 9	17	24	17	7	29.16
10 - 12	4	8	4	4	50.00
13 - 15	1	1	1	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	25	37	25	12	32.43

Table 153: Employees: Fire Services and Disaster Management

3.20 Coronavirus pandemic 2019 (COVID-19)

3.20.1 Introduction to COVID-19

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

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).)

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

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

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

3.20.2 COVID-19 Committee

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

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

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

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

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

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Name of representative	Representative forum	Meeting dates
Mr. Kenneth Mazaleni	Department Social Services	Meetings were held every Tuesday and Thursday from the 19 March 2020
Ms. Lee-Ann Joubert	GRDM Disaster Management	
Mr. Marius Venter	Plettenberg Bay Tourism	
Ms. Suzette De Villiers	Department of Education	
Dr. Andries Brink	Department of Health	
Dr. Berning	Private Medical Practitioners	
Dr. Nicola Whitemann	Private Medical Practitioners	
Colonel Solomon	SA Police Services	
Mr. Mike Scholtz	Plettenberg Business Chambers	
Executive Mayor Cllr Peter Lobese	Bitou Municipality	
Cllr. Dave Swart	Bitou Municipality	
Cllr. Mphakamisi Mbali	Bitou Municipality	
Mr. Andile Namntu	Bitou Municipality	
Mr. Andile Sakati	Bitou Municipality Law enforcement	
Mr. Hedley Venter	Bitou Municipality Law Enforcement	

Table 154: COVID-19 Committee Members and Meeting Dates

3.20.4 COVID-19 Statistical Information

The table below indicates the documented statistical information for COVID-19 within the Bitou area from 26 March 2020 – 30 June 2020.

	March 2020	April 2020	May 2020	June 2020
Infections	0	5	10	63
Deaths	0	0	0	1
Recoveries	0	5	6	23

Table 155: COVID-19 Statistical Information

3.20.5 Challenges: COVID-19

The table below gives a brief description of the COVID-19 challenge during the 2019/20 financial year:

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Challenge	Corrective action
Lack of compliance to regulations	Constant communication to create awareness programs on regulations, as well as enforcement of the regulations
Politicization of the COVID-19 support programs	Ensure programs are driven through partners like Hospice and other NGOs and volunteer groups with councillors and senior officials playing an oversight role
Unemployment and poverty	Providing humanitarian relief and feeding schemes through soup kitchens and the likes
Meetings under lockdown was difficult	The use of virtual meetings assisted

Table 156: Challenges: COVID-19

3.20.6 Action Plan to address COVID-19 associated Risks

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

Risk	Action implementation
<ul style="list-style-type: none"> 👤 Vulnerable Groups of People (aged, chronic disease, pregnant workers, smokers, etc.) 👤 Cleaners or maintenance staff might come into contact with coronavirus 👤 No warning or safety signage displayed 👤 Workers that might not understand the language used on awareness posters or reminders 👤 No medical or health surveillance conducted 	<ul style="list-style-type: none"> 👤 Conduct daily pre-screening of employees / contractors / cleaners 👤 Inform and train employees about possible risk or hazards of coronavirus and how to prevent exposure to the virus and chain of infection. 👤 Give vulnerable groups of people more attention. 👤 Providing/implement flu vaccinations (if available) for employees when necessary 👤 Training employees on how to use personal protective equipment and safety signage 👤 Ensure adequate facilities (Pre-screening areas, isolation room, PPE, cleaning and disinfection supplies, medical supplies, etc.) 👤 Ensure proper disposal of health care risk waste and ensure cleaners are trained to handle this type of waste. 👤 Providing information in different languages and/or with many illustrations 👤 Inform employees/cleaners about medical and health surveillance and inform them of the results

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Risk	Action implementation
<ul style="list-style-type: none"> Proper waste disposal procedures not followed Areas not cleaned and disinfected daily Social distancing not practiced No ventilation (natural or mechanical) No sanitizers provided Difficulty to access ablution areas 	<ul style="list-style-type: none"> Train employees/cleaners on proper waste disposal of health care risk waste and general waste Daily cleaning and disinfection of rooms especially after they have been used Keep records of cleaning activities Install and ensure adequate ventilation (natural or mechanical) Inspect and regularly clean local exhaust ventilation systems to maintain maximum efficiency to decontaminate Ensure video conferencing and avoid face to face meetings
<ul style="list-style-type: none"> Employees/cleaners/service providers not provided with or wearing mandatory PPE 	<ul style="list-style-type: none"> Provide all employees / cleaners / security with mandatory PPE and ensure that they are wearing them at all times Train employees / cleaners /security on the correct use, maintenance and disposal of PPE Provide face shields/visors or safety glasses
<ul style="list-style-type: none"> Hand washing limited or no facilities provided to wash hands Social distancing in communal areas 	<ul style="list-style-type: none"> Providing adequate (hand) washing facilities (with soap, running water and if necessary disinfectants) Ensuring that all employees / cleaners /security have easy access to (hand) washing facilities
<ul style="list-style-type: none"> Pandemic Response Team (PRT) not formulated Pre-screening not conducted Isolation Room not identified 	<ul style="list-style-type: none"> Formulate a PRT Train the team on the Pre-screening procedure Identify Pre-screening and Isolation Rooms PRT to keep order at Pre-screening area and ensure that all employees / cleaners / security comply with mandatory PPE and COVID-19 Workplace Preparedness Plan PRT to review Workplace plan regularly to ensure alignment with government publications
<ul style="list-style-type: none"> Exchanging of drivers Not wearing a mask when there is more than one in vehicles Not sanitizing vehicle when it's exchanged 	<ul style="list-style-type: none"> To sanitize vehicles, pen and keys when drivers exchange Wearing mask at all times in the vehicles when driving To see that vehicle are sanitize at all times when exchange
<ul style="list-style-type: none"> Exchanges of tools and machinery between employees Using of the same tools on site 	<ul style="list-style-type: none"> To sanitize tools and machinery when exchange between employees To see that employees have their own tools if its affordable
<ul style="list-style-type: none"> Working under no supervision in large groups No Ablution Facilities and running water 	<ul style="list-style-type: none"> To see that workers that work in large groups are under supervision

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Risk	Action implementation
<ul style="list-style-type: none"> Not wearing PPE when working No screen dividers between staff desks 	<ul style="list-style-type: none"> To see that there is social distance at all time To see that there is portable ablution facilities on site Workers bring their own water to work Supervisors must see to it that workers wear their PPE while working
<ul style="list-style-type: none"> Exchanging pen and pencils to the public they service or with colleagues Receiving money and documents from the public Using of same telephones 	<ul style="list-style-type: none"> To sanitize their counters, keyboards and telephones regularly To sanitize the pen and pencils when it was used by public or give it to them if it is affordable To sanitize the money and wear PPE(gloves/mask) at all times
<ul style="list-style-type: none"> Unavoidable close contact with infected persons 	<ul style="list-style-type: none"> To sanitize all workstations and common areas; reception areas and surfaces, pen and keys when exchanging documents and or equipment Wearing mask at all times in the workplace To ensure and enforce 1.5m social distance at all times To refuse entry of all persons not wearing properly fitted cloth masks over nose and mouth and/or refuse hand sanitation To implement visitor registers with minimum screening of fever, cough, runny nose and sore throat and refuse entry to any person who has any symptom
<ul style="list-style-type: none"> Unavoidable contact with contaminated goods and equipment as well as surfaces 	<ul style="list-style-type: none"> To sanitize all goods, equipment and surface Wash hands with soap and running water for 20 seconds or more Deep clean stores frequently

Table 157: COVID-19 Risk Action Plan

3.20.7 COVID-19 Communication / Awareness

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

Communication/ Awareness campaign	Platform/ channel utilised	Date
Stores/ Fleet/ Roads Workshops & Engineering Offices Toolbox Talks	Observational Interactive Walkabouts	11 June 2020
Finance Offices Toolbox Talks	Observational Interactive Walkabouts	11 June 2020
Engineering/Workshops Info Session and Screening 1 st Index Case	WC DoH Covid-19 Response Team Dr Giddy(George) to Group	22 June 2020
Finance Offices Toolbox Talks	Observational Interactive Walkabouts	24 June 2020

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Communication/ Awareness campaign	Platform/ channel utilised	Date
Signed Memorandum_Return to Work Protocols	Email to Managers & Senior Managers / Directors	30 June 2020

Table 158: 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
Mayoral Golf Day	Fundraiser for bursaries and grant and aid
Kranshoek Rugby Team	The Kranshoek Rugby Team reached 6 th place in the SWD games
Kranshoek Netball Team	The Kranshoek Netball Team was established and registered with the Eden District League
The Dolphins outreach programmes	The Dolphins have provided transport and food for the primary school sport. They also coach at the primary school. They have sponsored the under 9 scholars with sporting gear namely jersey's, shorts and socks at the Kranshoek Primary School
Wittedrift Soccer Team	The Wittedrift Soccer Team ended in 3 rd place in the semi-finals for the SWD coast region
Boxing	They are happy and appreciative for the contributions made by the Municipality, as well as the opportunity provided to have a boxing matches on 07 December 2019 at the Piesang Valley Community Hall
Plettenberg Bay Pioneers CC Women's Cricket Team – runners-up in the Southwestern Division (SWD) Women's T20 Competition	Plettenberg Bay Pioneers CC established the 1 st Women's Cricket Team, in Plettenberg Bay. In their 1 st season, they reached the final of the SWD Cricket Woman's Reserve League T20 Tournament
Under 11 and 13 teams identified and coached at various schools	As a requirement from Cricket South Africa – the Municipality started with the establishment of Under 11 and 13 teams
Plettenberg Bay Pioneers CC "B" team – Semi-finalists of the 50 over Reserve League Competition	Plettenberg Bay Pioneers CC "B" team reached the semi-final of the Reserve League Competition

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Highlights	Description
SWD Cricket Premier League status retained	As the smallest and youngest club in the Premier League Competition, the "A" team managed to retain its status as a premier league club since being promoted in 2017

Table 159: Sport and Recreation Highlights

3.21.2 Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Funding constraints for equipment, attire and transport, due to the CSA requirements to establish a women's team, C team and junior cricket	<ul style="list-style-type: none"> Municipal grant-in-aid request submitted Club fundraisers Request for sponsorships or assistance from local businesses and organisations
Inadequate practice facilities in previously disadvantaged communities	Discussions with the local authority to assist with providing adequate practice facilities and security
Transport constraints and logistics for practicing, as a result of players from different communities all over Plettenberg Bay	<ul style="list-style-type: none"> Requests will be made to local transport providers to provide transport for these players Other municipal intervention or assistance might be required
One municipal turf, cricket pitch has recently been constructed in New Horizon, however the outfield is not at a required standard for premier league cricket, soccer and rugby	The Municipality should address and ensure that sport field maintenance is of a required and good standard – discussion will be held with the responsible department
Upgrading of sports facilities required	The sports facilities require lights, pavilions, soccer posts, rugby posts, the netball and cricket pitches as well as the clubrooms (dressing rooms and showers) require upgrades and funding should be sourced to address these matters
Sports Council	Due to the fact that the Sports Council receives the funding and utilises it for the Mayoral Easter Tournament there is minimal left for other sports development. An urgent AGM will be called in order to address this matter and to ensure better budget allocation can be done by the Sport's Council in order to address other sporting matters
Boxing	Facilities are required, as well assistance with coaching and workshops. The Municipality is trying to aid this sport by seeking alternative mechanisms to address these matters

Table 160: 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	2018/19	2019/20
Number of sport grounds/fields	24	8
Number of events hosted on fields	66	38 (As a result of the COVID-19 pandemic)

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Type of service	2018/19	2019/20
Number of parks with play park equipment	8	8
Number of wards with community parks	7	6
Number of wards with sport fields	7	7

Table 161: 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	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	43	26	17	39.53
4 - 6	17	43	31	12	27.90
7 - 9	3	13	8	5	38.46
10 - 12	1	2	2	0	0.00
13 - 15	1	4	3	1	25.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	28	105	70	35	33.33

Table 162: Employees: Sport and Recreation

3.21.5 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Sport field: Floodlights	790 747.00	0.00	198 337.20	(198 337.20)	0.00
Bossiesgif upgrade sports facility	1 080 111.00	0.00	352 823.99	(352 823.99)	0.00
New: Kurland upgrade sport facility	0.00	550 000.00	289 882.00	260 118.00	550 000.00
Qolweni culture village	0.00	500 000.00	288 900.00	211 100.00	500 000.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Upgrade of parks	2 600 000.00	2 260 870.00	218 758.10	2 042 111.90	2 260 870.00
Total	4 470 858.00	3 310 870.00	1 348 701.29	1 962 168.71	3 310 870.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					

Table 163: Capital Expenditure 2019/20: Sport and Recreation

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.22 Financial Services

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

3.22.1 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Positive liquidity position of the municipality	The liquidity position of the municipality remains positive and in line with projections
30 Days payment period for creditors	The Municipality was able to pay all the invoices due within the prescribed timeframe of 30 days
Budget fully funded	The budget for the financial year was fully funded
Financial sustainability	The Municipality was financial sustainable even during the COVID-19 level 5 lockdown

Table 164: Financial Services Highlights

3.22.2 Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Delays in filling critical funded vacancies in the department	The Municipal Manager should prioritise the filling of vacancies
Increasing irregular expenditure	The Municipal Manager should implement financial misconduct regulation and consequences management

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Description	Actions to address
The changes made to the credit control policy have an impact in the decrease to the collection rate	The council should improve the policy and ensure that it make collection of outstanding debt possible
The economic lockdown due to COVID-19 also contributed to the decrease in the collection rate	The opening of the economy will have a positive impact on stabilising the revenue stream of the Municipality
The revenue section continues to be under resourced and the Loss Control sections in Engineering do not operate as expected to protect revenue streams	Improved capacity in revenue and loss control sections

Table 165: Financial Services Challenges

3.22.3 Financial Services

Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	*2018/19			2019/20			2019/20		
	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	145 672	145 672	100	123 795	117 590	95	150 897	143 352	95
Electricity	176 946	179 946	100	148 584	146 759	99	153 655	153 655	100
Water	87 961	87 961	100	81 244	55 424	68	92 375	78 519	85
Sanitation	88 840	88 840	100	75 339	50 379	67	82 618	70 225	85
Refuse	51 876	51 876	100	43 875	29 392	67	49 511	42 084	85
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections									

Table 166: Debt Recovery

3.22.4 Employees: Financial Services

The following table indicates the staff composition for this division:

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Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50.00
4 - 6	30	29	27	2	6.89
7 - 9	6	12	9	3	25.00
10 - 12	16	21	17	4	19.04
13 - 15	4	1	1	0	0.00
16 - 18	3	6	6	0	0.00
19 - 20	0	0	0	0	0.00
Total	60	71	61	10	14.08

Table 167: Employees: Financial Services

3.22.5 Capital: Financial Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Furniture and equipment	629 000.00	429 000.00	326 466.89	102 533.11	429 000.00
Total	629 000.00	429 000.00	326 466.89	102 533.11	429 000.00

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

Table 168: Capital Expenditure 2019/20: Financial services

3.23 Corporate Services

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

3.24 Human Resources Management (HR)

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

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The Human Resources Management Services branch provides the following functions:

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

3.24.1 Highlights: HR

The table below specify the highlight for the year:

Highlights	Description
Reduce the period in filling vacancies	The recruitment processes were expedited
Reduce labour related matters	Intensified consultation procedures
Manage the effects of the COVID-19 pandemic	Ensured that all protocols were implemented

Table 169: HR Highlights

3.24.2 Challenges: HR

The table below specifies the challenges for the year:

Description	Actions to address
Manage the effects of the COVID-19 pandemic	Strict adherence to the protocols that were set in place
Personnel shortages as a result of the COVID-19 pandemic	Rotate and manage personnel effectively

Table 170: HR Challenges

3.24.3 Employees: HR

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	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	2	2	0	0.00
7 - 9	2	4	2	2	50.00

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Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	4	7	6	1	14.28
13 - 15	3	2	2	0	0.00
16 - 18	1	1	0	1	100.00
19 - 20	0	0	0	0	0.00
Total	13	16	12	4	25

Table 171: Employees: HR Services

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	Provision of two new fit for purpose generators were procured, enabling emergency power for our service delivery offices to the Main Civic Building, Melville's Corner, Income and Licensing Office
Fibre connectivity	The first phase of interconnecting key service delivery offices through high-speed fibre, stretching between key service delivery offices were made
Internal governance	The internal and external audit report shows incremental improvement and continued promise

Table 172: ICT Services Highlights

3.25.3 Challenges: ICT Services

The table below specifies the challenges for the year:

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Description	Actions to address
Internal capacitation	Lobby to capacitate the application team, with the express intention of providing proactive support, planning, consultation and development for the digital transformation agenda
Organisational change management	Work closely with stakeholders to foster a culture that can embrace change through an understanding of the benefits they can bring
ICT Disaster Recover and Business Continuity	Through our governance's structures lobby to gain buy-in for formal testing

Table 173: ICT Services Challenges

3.25.4 Employees: ICT Services

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	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	2	0	0.00
10 - 12	1	6	3	3	50.00
13 - 15	1	2	1	1	50.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	5	12	8	4	33.33

Table 174: Employees: ICT Services

3.25.5 Capital: ICT Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
New users	497 604.00	497 604.00	257 360.72	240 243.28	497 604.00
General spares	210 425.00	210 425.00	208 321.88	2 103.12	210 425.00
High security upgrades	22 000.00	0.00	0.00	0.00	0.00

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Capital Projects/	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total project value
Mobile camera security for each 7 and 2 wards	276 360.00	26 414.00	0.00	26 414.00	26 414.00
Mellvilles corner	363 246.00	598 166.00	544 270.42	53 895.58	598 166.00
Computer operational spares and loans	90 725.00	90 725.00	57 240.62	33 484.38	90 725.00
Laptop replacement	238 193.00	238 193.00	198 774.57	39 418.43	238 193.00
Main building generator	363 246.00	453 226.00	450 432.00	2 794.00	453 226.00
DR generator	324 900.00	0.00	0.00	0.00	0.00
Tools and equipment	16 555.00	16 555.00	11 029.30	5 525.70	16 555.00
DR site aircon	20 000.00	20 000.00	17 000.01	2 999.99	20 000.00
Mobile radios	32 125.00	32 125.00	27 700.00	4 425.00	32 125.00
Mobile device	89 500.00	89 500.00	0.00	89 500.00	89 500.00
Fibre connectivity between sites	269 087.00	84 679.00	81 603.87	3 075.13	84 679.00
UPS replacement	141 613.00	141 613.00	125 550.00	16 063.00	141 613.00
Routers	0.00	75 000.00	0.00	75 000.00	75 000.00
Total	2 955 579.00	2 574 225.00	1 979 283.39	594 941.61	2 574 225.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate)</i>					


Table 175: Capital Expenditure 2019/20: 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.

3.26.1 Highlights: Legal Services

The table below specify the highlight for the year:

Highlights	Description
Various successes and finalisation of court cases	All matters were expeditiously attended to  Law reports from the High/ Labour Court

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Table 176: Legal Services Highlights

3.26.2 Challenges: Legal Services

The table below specifies the challenges for the year:

Description	Actions to address
Continuous litigations by various external institutions	Enter into dialogue to resolve differences
Continuous legal expenditure	Enter into dialogue to resolve differences

Table 177: Legal Services Challenges

3.26.3 Employees: Legal Services

The following table indicates the staff composition for this division:

Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	0	0	0	0	0.00
7 - 9	0	1	0	1	100.00
10 - 12	0	0	0	0	0.00
13 - 15	1	1	0	1	0.00
16 - 18	0	1	1	0	100.00
19 - 20	0	0	0	0	0.00
Total	1	3	1	2	66.66

Table 178: Employees: Legal Services

3.27 Procurement Services

3.27.1 Supply Chain Management (SCM) Policy

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

The SCM Policy, as well as the Infrastructure Procurement and Delivery Management Policy, were reviewed during the 2017/18 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.

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The amended Bitou Municipality SCM Policy for 2019/20 was approved on 31 May 2019. The SCM Policy focus on the procurement of goods and services. Council also approved a policy on the procurement of construction-related services, the Infrastructure Procurement and Delivery Management Policy, on 31 May 2019.

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

Delegation of SCM Powers and Duties

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

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

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

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

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

3.27.2 SCM Unit

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

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

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

3.27.3 Demand Management

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

The demand management system must –

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

Include the following demand management considerations –

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

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

The stability brought on by the appointment of Senior Managers should address some of the inefficiencies during 2019/20. The new financial year will see the development of a comprehensive Demand Management Plan, which takes into account all procurement processes required to spend the capital budget for the year and timeous planning for

any contracts, which might end. The analysis of ad hoc expenditure and procurement thereof will form part of the Demand Management Plan.

3.27.4 Acquisition Management

The Municipality's system of acquisition management must ensure:

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

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

3.27.5 Accredited Prospective Providers

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

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

The Municipality must at least once a year through newspapers circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers. The municipality could not comply with the advertisement as required as per aforementioned

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clause and section (14)(1)(c) of the SCM Policy however SCM has ensured that CSD was approached as per National Treasury Circular 81 on Web based Central Supplier Database whenever procurement process has been carried-out. That National Treasury Circular 81 requires that municipalities can only do business with suppliers registered on CSD.

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

3.27.6 Formal Quotations valued less than R10 000

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

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

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

3.27.8 Competitive Bidding for Contracts valued more than R200 000

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

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

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

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No	Committee	Number of Meetings 2018/19	Attendance for Quorum
1	Specifications	56	50 +1
2	Evaluation	36	50 +1
3	Adjudication	19	50 +1

Table 179: Compliance with Council's SCM Policy

The bid committees processed 42 tenders for awards valued in excess of R87 895 013.22:

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

Table 180: 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/2020/18/ENG	Resurfacing of Roads in Plettenberg Bay: PART A: Pavement Failure Repairs, Resurfacing, Crack Sealing, Slurry and Rejuvenation and Construction of Speed humps	Actophambili Roads (Pty) Ltd	R26 177 839.38
SCM/2020/18/ENG	Resurfacing of Roads in Plettenberg Bay: PART B: Rehabilitation of Roads	Entsha Henra (Pty) Ltd	R4 601 584.70
SCM/2020/18/ENG	Resurfacing of Roads in Plettenberg Bay: PART C: Automated Pothole Repair & Patching (Ranking: 1)	Tau Pele Construction (Pty) Ltd	R2 735 707.76
SCM/2020/18/ENG	Resurfacing of Roads in Plettenberg Bay: PART C: Automated Pothole Repair & Patching (Ranking: 2)	WTW Civil (Pty) Ltd	R2 765 062.70
SCM/2019/94/ENG	Supply & Delivery of Electrical Inventory Materials	Actom Electrical Products a division of Actom (Pty) Ltd	R4 731 951.22
SCM/2019/94/ENG	Supply & Delivery of Electrical Inventory Materials	Aberdare Cables (Pty) Ltd	R1 670 788.28
SCM/2020/30/ENG	Construction of MV Electrical Engineering Reticulation Works for New Horizons Switching Station	AM Engineering Consulting (Pty) Ltd	R4 667 855.75

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Tender No	Tender Description	Awarded To	Estimated T0tal Amount (Vat Included) R
SCM/2020/17/ENG	Kranshoek Bulk Water Supply Phase 1. Braakkloof Reservoir	Techni Civils (Pty) Ltd t/a Ikhono Projects	R4 438 957.00
SCM/2020/19/ENG	Resurfacing of Roads UTFC	Roadmac Surfacing Cape (Pty) Ltd	R4 203 000.00
SCM/2020/64/COMM	Upgrading of Kurland and New Horizons Sport Facilities – Phase 3	Ezamaqhinebe CC	R2 135 362.55
SCM/2019/133/COMM	Supply & Delivery of Fire Fighting Foams	Arctilex (Pty) Ltd t/a Phoenix Fire Sales & Service	R1 470 562.50
SCM/2020/38/CORP	Provision of Licensing, Maintenance and Support Services for our Internal Audit and Risk Management System for Period ending 30 June 2022	IDI Technology Solutions (Pty) Ltd	R1 145 078.00
SCM/2020/29/ENG	Electrification of Low Cost Housing- Electrification of Minnaar ERF 9834 TRA	MDL Engineering Company (Pty) Ltd t/a MDL Electrical	R1 443 785.56
SCM/2020/48/COMM	Maintenance of Public Access Areas: Grass Cutting And Clearing of Illegal Dumpsites - Town/CBD	Mabala Trading Enterprise (Pty) Ltd	R1 093 290.00
SCM/2020/67/FIN	Supply & Delivery of Multi-Functional Office Paper: Section 1:Multi-Functional Office Paper- White ; Section 3: Eye Line Paper	Ithunam Holdings (Pty) Ltd	R1 043 184.00
SCM/2020/20/ENG	Lease to own of Vehicles & Plant for a period of 36 months	Standard Bank of South Africa Limited	R13 241 268.00

Table 181: Ten Highest Bids Awarded

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

Tender Number	Tender Description	Awarded To	Estimated T0tal Amount (Vat Included) R
SCM/2020/18/ENG	Resurfacing of Roads in Plettenberg Bay: PART A: Pavement Failure Repairs, Resurfacing, Crack Sealing, Slurry and Rejuvenation and Construction of Speed humps	Actophambili Roads (Pty) Ltd	R 26 177 839.38
SCM/2020/20/ENG	Lease to own of Vehicles & Plant for a period of 36 months	Standard Bank of South Africa Limited	R 13 241 268.00

Table 182: Tenders Awarded in Excess of R10 million

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

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

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

No	Description	2018/19	2019/20
1.	Tenders awarded	41 (add RFQ's -116)	42 (add RFQ's- 45)
2.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	37	37
3.	Estimated value of tenders awarded	R132 138 517.20	R87 895 013.22
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	45	72
8.	Value of contracts awarded to B-BBEE Enterprises	R108 215 362.62	R31 558 530.08
9.	% of contracts awarded to B-BBEE Enterprises	81.90%	35.90%
10.	Number of contracts awarded to enterprises based in the Bitou Municipality Area	14	29
11.	Value of contracts awarded to enterprises based in the Bitou Municipality Area	R9 243 467.35	R8 992 743.89
12.	% of contracts awarded to enterprises based in the Bitou Municipality Area vs All Contracts	8.54%	10.23%
13.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	14	29
14.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	R9 243 467.35	R8 992 743.89
15.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	8.54%	10.23%
16.	Sub-Contracts to Local SMME's	R15 659 080.53	R3 908 155.23
17.	% of sub-contracts awarded to SMME Enterprises based in the Bitou Municipality Area vs all contracts	11.85%	4.45%

Table 183: Comparing Schedule

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3.27.9 Deviations from the SCM Policy

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes. Deviations to the value of **R1 265 297.79** were considered and approved and compares as follows to the previous financial years:

Description	2019/20	2018/19	2017/18	2016/17	2015/16
Value of Deviations	R1 265 297.79	R1 854 192.94	R4 206 953.45	R8 655 101.00	R12 149 319.00
Number of Deviations	25	27	34	109	155

Table 184: Value of Deviations

The decrease in the value of deviations and in the number of deviations are both indications 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 2019/20 financial year:

Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2018/19		2019/20		2018/19		2019/20	
	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	5	19.23	4	16	R1 418 252.55	76.49	R941 730.01	74.43
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	11	42.31	5	64	R276 915.36	14.93	R282 716.54	22.34
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

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Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2018/19		2019/20		2018/19		2019/20	
	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	10	38.46	16	20	R153 594.21	8.28	R40 851.24	3.23
Total	26	100.00	25	100.00	R1 854 192.94	100.00	R1 265 297.79	100.00

Table 185: Categories Deviations

COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2020/21

The main development and service delivery priorities for 2019/20 forms part of the Municipality's Top Layer SDBIP for 2020/21 and are indicated in the tables below:

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

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2021/22 financial year to the Audit Committee by 30 June 2021	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1
TL2	Complete 80% of audits as scheduled in the RBAP applicable for 2020/21 by 30 June 2021 (Actual audits completed divided by the audits scheduled for the year)x100	% of audits completed	All	80%
TL3	Hold quarterly meetings of the Audit Committee	Number of meetings held	All	4
TL4	Complete the annual risk assessment for 2020/21 and submit to the Audit Committee by 31 March 2021	Risk assessment submitted to the Audit Committee	All	1
TL5	Review the Performance Management Framework and submit to Council for approval by 31 March 2021	Performance Management Framework reviewed and submitted to Council	All	1
TL6	Achieve risk maturity (control level) by 30 June 2021	Risk maturity (control level) achieved	All	1

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL7	Submit the reviewed final IDP for 2021/22 to Council by 31 May 2021	Reviewed IDP submitted to Council	All	1
TL8	Submit the Community Survey to Council by 30 June 2021	Community Survey submitted to Council	All	1
TL36	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 2021 {(Number of people from employment equity target groups	% of people employed	All	70%
TL37	Spent 0.10% of operational budget on training by 30 June 2021 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.10%
TL38	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2021	Customer survey conducted	All	1
TL39	Review 20 human resources policies, with the SALGA Policy Framework Scope as basis and submit to Council by 30 June 2021	Number of human resource policies submitted to Council	All	20
TL40	Review the "System of Operational Delegations" and submit to Council by 31 March 2021	System of operational delegations submitted to Council	All	1
TL41	Spend 90% of the approved capital budget for IT by 30 June 2021	% budget spent	1	90%

Table 186: An active and engaged citizenry, able to engage with and shape the municipality's programme

3.29 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
TL32	Spend 100% of the budget allocated for the upgrade of the Small, Medium and Micro-sized Enterprises (SMMEs) Shelters by 30 June 2020 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	All	100%
TL33	Spend 90% of the budget allocated for the upgrade of the Qolweni Cultural Village by 30 June 2021 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	All	90%

Table 187: Build a capable, corruption-free administration that is able to deliver on developmental mandate

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3.30 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
TL9	Spend 90% of the municipal capital budget on capital projects by 30 June 2021 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% budget spent	All	90%
TL10	Provide subsidies for free basic services to indigent households as at 30 June 2021	Number of indigent households receiving subsidies for free basic services as per Financial System	All	4 300
TL14	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2021 (Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage	All	45%
TL15	Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	11.80
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	All	2
TL17	Achieve a debtor payment percentage of 85% by 30 June 2021 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved	All	85%

Table 188: Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy

3.31 Provision of basic services

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL11	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2021	Number of properties that receive piped water	All	11 495

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL12	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2021	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)	All	14 285
TL13	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2021	Number of residential properties which are billed for sewerage	All	12 111
TL18	Limit bulk water handling losses to less than 5% as at 30 June 2021 $\{(System\ input - billed\ consumption\ (incl\ free\ basic\ water) / system\ input) \times 100\}$	% bulk water handling losses	All	5%
TL19	Limit unaccounted for electricity to less than 12% as at 30 June 2021 $\{(Number\ of\ units\ purchased - Number\ of\ units\ Sold\ (incl\ free\ basic\ electricity) / Number\ of\ units\ purchased) \times 100\}$	% unaccounted electricity	All	12%
TL20	Finalise 100% the SCM procurement planning of all approved capital projects for PMU (excluding housing and multi year) by 31 July 2020	% of SCM processes finalised	All	100%
TL21	Spend 90% of the approved capital budget for Fleet services by 30 June 2021 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90%
TL22	Spend 90% of the approved capital budget for Waste Water services by 30 June 2021 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90%
TL23	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2021 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90%
TL24	Spend 90% of the approved capital budget for Water services by 30 June 2021 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90%
TL25	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2021 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% budget spent	All	90%
TL26	Spend 100% of MIG Funding allocation by 30 June 2021 $\{(Total\ actual\ MIG\ expenditure / Total\ MIG\ amount\ budgeted) \times 100\}$	% budget spent	All	100%
TL27	Conduct 240 potential electricity theft investigations annually	Report from Electrical and Mechanical department	2.7	90%
TL28	Spend 90% of the approved budget for the upgrade of the Kranshoek sewer reticulation by 30 June 2021	% budget spent	All	90%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL29	Spend 90% of the approved budget for the Qolweni new electrification by 30 June 2021	% budget spent	All	90%
TL30	Spend 90% of the approved budget for the Kwano upgrade tank by 30 June 2021	% budget spent	All	90%
TL31	Create 97 job opportunities in terms of the EPWP by 30 June 2021	Number of job opportunities created	All	90%
TL35	Spend 90% of the budget allocated for Mobile Camera Security for wards 2 and 7 by 30 June 2021 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent	All	90%
TL42	Submit funding application for the development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2021	Funding application completed and submitted to the Department of Human Settlements	4	1
TL43	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2021	Number of residential properties which are billed for refuse removal	All	14 700
TL44	Complete the establishment of the new regional cemetery portion 33 of the Farm Hill View 437 by 30 June 2021	Portion 33 Hill View Cemetery establishment completed	4	1

Table 189: Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

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

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL45	Complete the project to upgrade of the Kurland Sport Facility by 30 June 2021	Project completed	1	1
TL46	Complete the project to upgrade of the New Horizons Sport Facility by 30 June 2021	Project completed	4	1
TL47	Complete the project to upgrade of the New Horizons Community Hall by 30 June 2021	Project completed	4	1
TL48	Spend 90% of the approved capital budget for the construction of the Harkerville Community Hall by 30 June 2021	% budget spent	7	95%
TL49	Complete the upgrade of the sports facility (building of new cloakrooms) at Bossiesgif by 30 June 2021	Completed cloakrooms at Bossiesgif	2	1
TL50	Complete 169 Top Structures at Qolweni/ Bossiesgif (phase 3A) by 30 June 2021	Number of Top Structures completed	2	169

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL52	Complete 164 Temporary Relocating Areas (TRA's) at Qolweni	Number of TRA's completed	2	164
TL53	Complete 441 Top Structures at the housing project in Kwanokuthula by 30 June 2021	Number of Top Structures completed at Kwanokuthula	5	441
TL54	Complete the Temporary Relocating Ablution facility at Qolweni by 30 June 2021	Number of Temporary Relocating Ablution facilities completed	2	1
TL55	Complete the planning of 1500 erven at Kurland by 30 June 2021	Number of erven planned at Kurland	1	1 500

Table 190: Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

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CHAPTER 4: ORGANISATIONAL DEVELOPMENT PROGRAMME

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

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

KPA & Indicators	Municipal Achievement	
	2018/19	2019/20
Spent 0.1% of operational budget on training by 30 June 2020 {(Actual total training expenditure divided by total operational budget) x100}	0.19%	12%

Table 191: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **556** (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

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Description	African	Coloured	Indian	White	Other	Total
% Population	45%	31%	1%	17%	6%	100%
Number for positions filled	314	208	3	31	0	556
% for Positions filled	56.47%	37.41%	0.53%	5.57%	0%	100%

Table 192: EE Population 2019/20

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	3	1	0	0	0	0	0	0	4
Senior management	0	0	0	3	0	0	0	0	3
Professionally qualified and experienced specialists and mid- management	11	11	1	6	3	4	0	4	40
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	35	37	2	11	44	17	0	2	148
Semi-skilled and discretionary decision making	101	65	0	2	52	46	0	3	269
Unskilled and defined decision making	36	18	0	0	29	9	0	0	92
Total permanent	186	132	3	22	128	75	0	9	556
Non- permanent employees	8	2	0	1	5	4	0	0	20
Total	194	138	3	23	133	79	0	9	576

Table 193: Occupational Levels

2.4.4 Departments - Race

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

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	9	3	0	2	12	3	0	2	31
Corporate Services	8	10	1	2	14	15	0	0	50
Financial Services	11	12	0	2	20	13	0	1	59

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Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Community Services	91	50	0	7	63	37	0	2	250
Municipal Services and Infrastructure Development	64	52	2	5	13	4	0	0	140
Planning & Strategic Services	3	5	0	4	6	4	0	4	26
Total permanent	186	132	3	22	128	75	0	9	556
Non- permanent	8	2	0	1	5	4	0	0	20
Grand total	194	134	3	22	133	79	0	9	576

Table 194: Department - Race

4.2.5 Vacancy Rate

The Municipality had **616** budgeted positions approved for the 2019/20 financial year. **61** Budgeted posts were vacant at the end of 2019/20, resulting in a vacancy rate of **9.90%**. A total number of **576** positions are filled of which **556** are permanent and **20** positions temporarily.

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

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	4	2
Middle management (T14-T19)	40	7
Admin Officers (T4-T13)	353	43
General Workers (T3)	159	8
Total	556	61
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	33	0
Corporate Services	48	5
Financial Services	61	9
Community Services	253	21
Municipal Services and Infrastructure Development	138	23
Planning & Strategic Services	23	3
Total	556	208

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Table 195: Vacancy Rate Per Post and Functional Level

4.2.6 Turnover Rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the Municipality. The staff turnover rate shows an decrease from **2.88%** in 2019/20 compared to the **4.67%** in 2018/19.

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
2018/19	546	54	26	4.76%
2019/20	555	29	16	2.87%

Table 196: 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 2018/19 financial year shows that 61 employees (11%) of 550 employees were injured against 51 (9%) employees of 556 employees in the 2019/20 financial year.

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

Directorates	2018/19	2019/20
Municipal Manager	1	0
Corporate Services	7	2
Financial Services	7	3
Community Services	27	31
Municipal Services and Infrastructure Development	19	15

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Directorates	2018/19	2019/20
Planning & Strategic Services	0	0
Total	61	51

Table 197: 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 2019/20 financial year shows an increase when compared to the 2018/19 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2018/19	2019/20
Municipal Manager	352	53
Corporate Services	631	168
Financial Services	594	124
Community Services	2 950	929
Municipal Services and Infrastructure Development	1 880	704
Planning & Strategic Services	337	79
Total	6 744	2 057

Table 198: Sick Leave

4.3.3 HR Policies and Plans

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

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

Approved policies	
Name of Policy	Date approved/ revised
Recruitment & Selection Policy	27 June 2013 (Revised & Approved)
Employment Equity	27 March 2013 (Revised & Approved)
Dress Code Policy	27 June 2013 (Revised & Approved)
Employee Study Aid Policy	27 June 2013 (Approved)

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Approved policies	
Name of Policy	Date approved/ revised
Scarce Skills Policy	27 June 2013 (Approved)
Leave Policy	27 June 2013 (Revised & Approved)
Substance Abuse: Alcohol & Drug Policy & Procedure	27 June 2013 (Revised & Approved)
Placement Policy	27 June 2013 (Approved)
Cellular Policy	27 June 2013 (Revised & Approved)
Overtime Policy	26 September 2013 (Revised & Approved)
Sexual Harassment	26 March 2009 (Revised & Approved)
Uniform Protective Clothing Policy	27 March 2013 (Revised & Approved)
HIV/AIDS	26 March 2009
Training and Skills Development Policy	27 June 2013 (Approved)
Policies still to be developed	
Name of policy	Name of policy
Organisational Management Policy	Fire and Rescue Training Academy Policy
Individual Performance Management Policy	EAP Policy
Removal Expenses Policy	Education Training and Development Policy
Recruitment and Selection Policy	Induction Policy
Internal and Functional Transfer Policy	Mentor and Coaching Policy
Non-Pensionable Accommodation Allowance Policy	Employee Study Aid and Leave Policy
Termination of Service Policy	Substance Abuse
Leave of Absence Policy	Incapacity Policy
HR Records System Policy	OHS Policy
Gifts Policy	HIV Aids Policy
Office Ethics Policy	Smoking Policy
Acting Arrangements Policy	Bereavement Policy
Private Work Policy	EE Policy Framework
External Communication Policy	Gender Policy
Confidentiality Policy	Sexual Harassment Policy
Legal Aid Policy	Disability Policy
Medical Funds Administration Policy	LLF Proceedings Policy

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Approved policies	
Name of Policy	Date approved/ revised
Overtime Policy	Experiential Training Policy
Education Training and Development Policy	Employee Driving License Assistance Policy
Induction Policy	Mayoral Bursary Fund Policy
Mentor and Coaching Policy	Internship Policy
Employee Study Aid and Leave Policy	Learnership Policy
Succession Planning and Career Pathing Policy	

Table 199: HR Policies and Plans

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

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

4.4.1 Skills Matrix

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

Management level	Gender	Number of employees identified for training at start of the year (2019/20)	Number of Employees that received training (2019/20)
Top Management	Female	0	0
	Male	1	1
Senior management	Female	0	0
	Male	0	0
Professionally qualified and experienced specialists and mid- management	Female	15	8
	Male	15	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Female	47	27
	Male	60	46
Semi-skilled and discretionary decision making	Female	30	15
	Male	44	38
Unskilled and defined decision making	Female	18	7
	Male	16	8

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Management level	Gender	Number of employees identified for training at start of the year (2019/20)	Number of Employees that received training (2019/20)
Sub total	Female	110	57
	Male	141	103
Total		251	160

Table 200: Skills Matrix

4.4.2 Skills Development – Training Provided

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

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
Top Management	Female	0	0	0	0	0	0	0
	Male	0	0	1	1	1	1	200
Senior management	Female	0	0	0	0	0	0	100
	Male	0	0	0	0	0	0	100
Professionally qualified and experienced specialists and mid- management	Female	3	3	5	12	8	15	346
	Male	2	5	8	10	10	15	333
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Female	5	8	22	39	27	47	131
	Male	4	8	42	57	46	65	149
Semi-skilled and discretionary decision making	Female	3	6	12	24	15	30	172
	Male	3	3	35	41	38	44	209
Unskilled and defined decision making	Female	3	6	4	12	7	18	39
	Male	2	6	6	10	8	16	50
Sub total	Female	14	23	43	87	57	110	158
	Male	11	22	92	119	103	141	173
Total		25	45	135	206	160	251	331

Table 201: Skills Development

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4.4.3 Skills Development - Budget Allocation

The table below indicates that a total amount of R2.324 million were allocated to the workplace skills plan and that 50.75% of the total amount was spent in the 2019/20 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2018/19	208 170	1 727	1 153	66.75
2019/20	664 726	2 324	1 179	50.75

Table 202: 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:

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

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

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

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

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers (Sec. 56)	2	2	2	2
Any other financial officials	10	10	0	10
Supply Chain Management Officials				
Heads of supply chain management units	0	0	0	0
Supply chain management senior managers	1	0	0	0
Total	15	14	4	14

Table 203: Budget Allocated and Spent for Skills Development

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4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

4.5.1 Personnel Expenditure

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

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		%
2018/19*	177 420	802 462	22.11
2019/20	245 576	665 424	36.91
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections			

Table 204: Total Personnel Expenditure

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

Financial year	2018/19*	2019/20		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers Plus Other)				
Salary	4 462	4 661	4 398	4 171
Pension Contributions	433	470	452	402
Medical Aid Contributions	104	292	270	99
Motor vehicle allowance	743	869	536	707
Cell phone allowance	577	471	498	570
Housing allowance	77	208	208	51
In-kind benefits	0	0	0	0
Sub Total	6 150	6 971	6 363	6 000

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Financial year	2018/19*	2019/20		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
% increase/(decrease)	5.95	13.4	3.8	(5.7)
Senior Managers of the Municipality				
Basic Salaries and Wages	6 505	13 747	12 526	9 130
Motor vehicle allowance	966	2 017	1 426	951
Cell phone allowance	839	370	350	332
Performance Bonus	0	1 024	764	764
Contributions to UIF, Medical and Pension Fund	59	2026	1 165	116
Other benefits or allowances (Acting)	0	1 546	1 047	1 490
In-kind benefits	0	0	0	0
Sub Total	8 545	20 730	17 278	12 783
% increase/(decrease)	21.66	142.6	102.2	49.6
Other Municipal Staff				
Basic Salaries and Wages	123 980	121 514	123 740	127 877
Contributions to UIF, Medical and Pension	6 221	36 915	37 835	38 284
Motor vehicle allowance	7 825	6 956	7 599	8 425
Housing allowance	1 062	1 408	1 386	1 462
Overtime	10 896	13 408	13 989	17 817
Other benefits or allowances	12 739	35 265	36 760	37 546
Sub Total	162 723	215 466	221 308	232 794
% increase/(decrease)	(14.83)	32.4	36	43
Total Municipality	177 418	243 167	244 949	251 576
% increase/(decrease)	(12.98)	37.05	38.06	41.8
*The actuals of the 2018/19 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2018/19 financial year, and therefore does not take into account prior period corrections				

Table 205: Analysis of Personnel Expenditure

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CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

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

5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2019/20 financial year:

Financial Summary						
R'000						
Description	2018/19	*2019/20			*2019/20 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	129 516	145 672	141 720	137 416	(6.01)	(3.13)
Service charges	355 914	394 936	367 804	361 944	(9.12)	(1.62)
Investment revenue	11 592	8 089	8 842	10 308	21.53	14.22
Transfers recognised operational	141 296	118 770	121 421	122 695	3.20	1.04
Other own revenue	73 279	86 896	26 140	36 397	(138.74)	28.18
Total Revenue (excluding capital transfers and contributions)	711 598	754 363	665 927	668 760	(12.80)	(0.42)
Employee costs	171 270	236 196	238 586	227 660	(3.75)	(4.80)
Remuneration of councillors	6 150	6 971	6 363	6303	(10.59)	(0.95)
Depreciation & asset impairment	31 327	32 893	35 367	31 925	(3.03)	(10.78)
Finance charges	18 417	14 798	15 130	14 825	0.18	(2.06)
Bulk purchases	126 964	141 457	134 401	136 804	(3.40)	1.76
Transfers and grants	6 645	6 750	5 515	5 848	(15.43)	5.69
Other expenditure (Remaining)	60 333	277 053	229 363	227 286	(21.90)	(0.91)
Total Expenditure	421 0106	716 117	664 726	650 650	(10.06)	(2.16)
Surplus/(Deficit)	290 492	38 246	1 201	18 111	(111.18)	93.37

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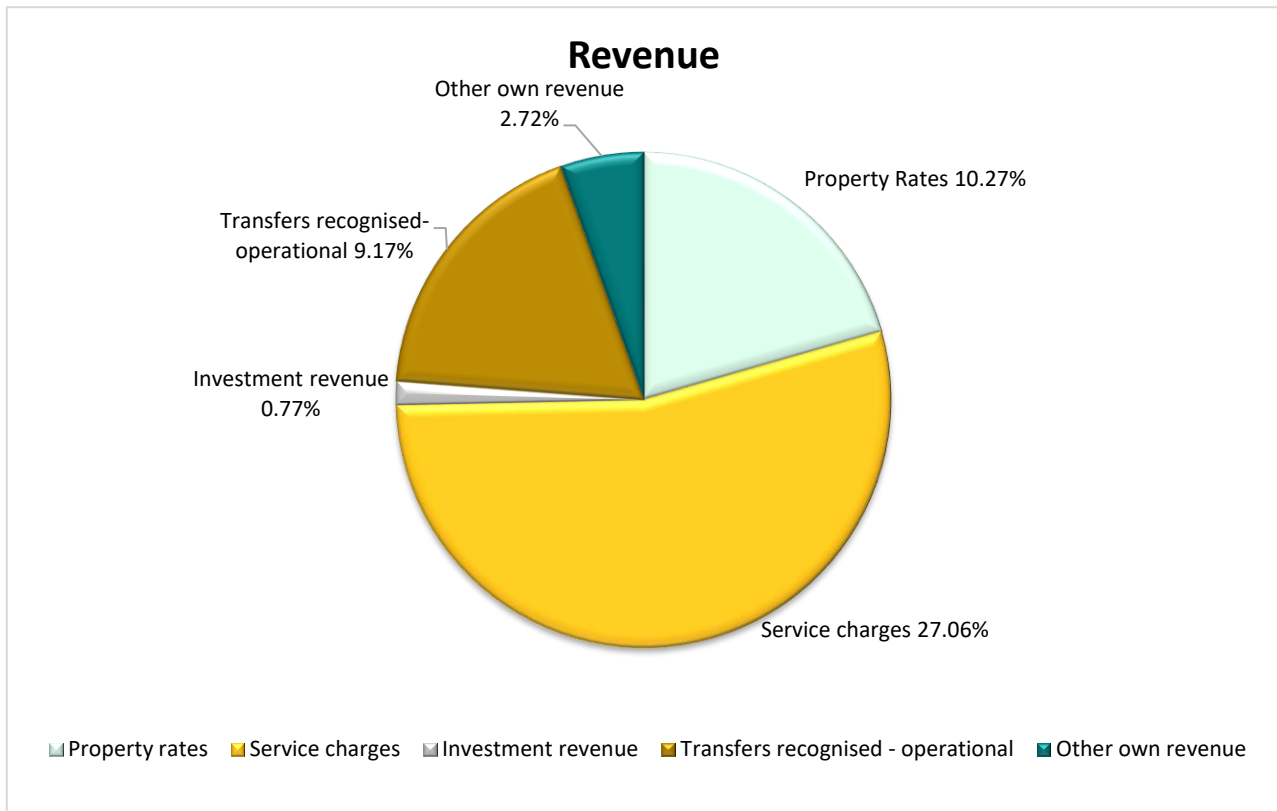
Financial Summary						
R'000						
Description	2018/19	*2019/20			*2019/20 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Transfers recognised - capital	116 390	35 601	37 201	26 187	(35.95)	(42.06)
Surplus/(Deficit) after capital transfers & contributions	116 390	35 601	37 201	26 187	(35.95)	(42.06)
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	116 390	35 601	37 201	26 187	(35.95)	(42.06)
Public contributions and donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	0	0	0	0	0	0
Total sources of capital funds	116 390	35 601	37 201	26 187	(35.95)	(42.06)
Financial position						
Total current assets	198 577	354 288	417 097	221 564	(59.90)	(88.25)
Total non-current assets	1 110 363	1 147 437	1 225 176	1 131 214	(1.43)	(8.31)
Total current liabilities	121 503	101 427	56 177	169 194	40.05	66.80
Total non-current liabilities	215 750	248 093	261 707	173 216	(43.23)	(51.09)
Community wealth/Equity	946 181	1 152 205	971 706	1 007 209	(14.40)	3.52
Cash flows						
Net cash from (used) operating	59 083	65 982	0	106 762	38.20	100.00
Net cash from (used) investing	(90 724)	(84 766)	(79 047)	(51 330)	(65.14)	(54.00)
Net cash from (used) financing	(19 083)	0	0	(19 805)	100.00	100.00
Cash/cash equivalents at the year end	(50 724)	(18 783)	(79 047)	35 627	152.72	321.87
Cash backing/ surplus reconciliation						
Cash and investments available	0	168 236	(303 785)	125 717	(33.82)	341.64
Application of cash and investments	0	55 378	783 891	0	0	0
Balance -surplus (shortfall)	0	223 613	480 106	125 717	(77.87)	(281.89)
Asset management						
Asset register summary (WDV)	1 102 776	32 893	35 367	31 925	(3.03)	(10.78)
Renewal of Existing Assets	0	862	142	0	0	0

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Financial Summary						
R'000						
Description	2018/19	*2019/20			*2019/20 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Repairs and Maintenance	33 301	60 406	50 373	44 601	(35.44)	(12.94)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
* The actuals of the 2019/20 financial year are currently unaudited figures						

Table 206: Financial Performance 2019/20

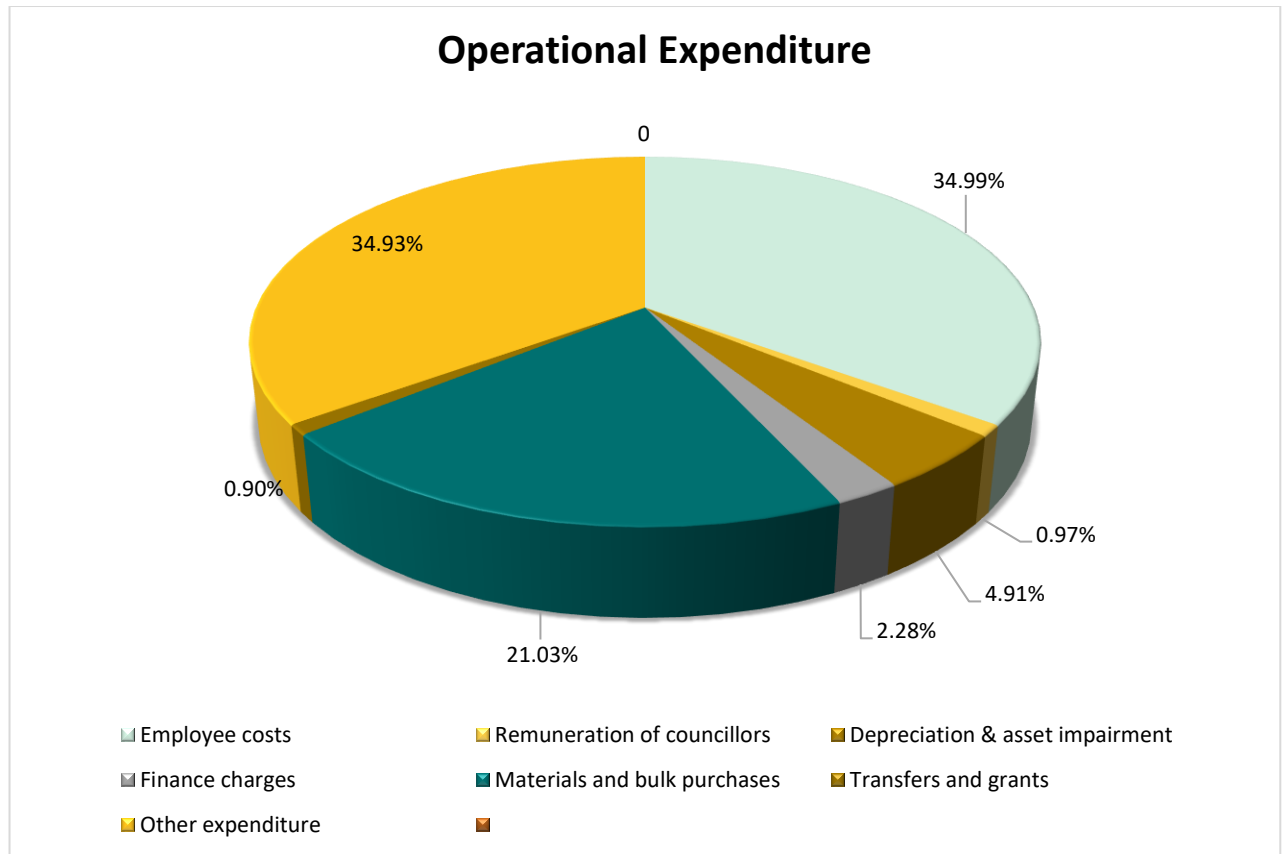
The following graph indicates the various types of revenue items in the municipal budget for 2019/20



Graph 3.: Revenue

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The following graph indicates the various types of operational expenditure items in the municipality budget for 2019/20



Graph 4.: Operating Expenditure

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The table below shows a summary of performance against budgets:

Financial Year	Operating Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2018/19	770 231	827 933	57 701	7	602 265	802 462	(198 071)	(33)
*2019/20	703 128	694 948	(8 181)	(1)	664 726	650 650	14 076	2
* The actuals of the 2019/20 financial year are currently unaudited figures								

Table 207: Performance Against Budgets

5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2018/19	*2019/20			2019/20 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 – Council General	1 930	3 724	3 721	7	(50606.95)	(50563.62)
Vote 2 – Municipal Manager	56 275	40 246	39 715	94 836	57.56	58.12
Vote 3 – Strategic Support Services	3 456	6 399	4 962	2 956	(116.45)	(67.85)
Vote 4 – Financial Services	151 379	208 455	207 219	155 260	(34.26)	(33.47)
Vote 5 – Community Services	233 124	141 110	74 744	78 914	(78.82)	(5.28)
Vote 6 Technical Services	381 140	389 635	371 947	362 571	(7.46)	(2.59)
Total Revenue by Vote	827 304	789 570	702 309	694 545	(13.68)	(1.12)
* The actuals of the 2019/20 financial year are currently unaudited figures						

Table 208: Revenue by Vote

5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2019/20 financial year:

Description	2018/19	*2019/20			2019/20 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	129 516	145 672	141 720	137 416	(6.01)	(3.13)
Property rates – penalties and collection charges	2 652	0	1 577	1 703	0.00	0.00

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Description	2018/19	*2019/20			2019/20 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Service Charges – electricity revenue	154 388	172 591	165 758	162 483	(6.22)	(2.02)
Service Charges – water revenue	80 846	87 057	83 919	82 154	(5.97)	(2.15)
Service Charges – sanitation revenue	76 337	85 498	74 378	73 742	(15.94)	(0.86)
Service Charges – refuse revenue	44 342	49 790	43 748	43 566	(14.29)	(0.42)
Services charges - other	0	0	0	0	0.00	0.00
Rentals of facilities and equipment	825	1 654	1 256	1 224	(35.17)	(2.64)
Interest earned - external investments	11 592	8 089	8 842	10 308	21.53	14.22
Interest earned - outstanding debtors and other fines	10 876	11 159	13 679	13 628	18.12	(0.38)
Fines	0	0	0	0	0.00	0.00
Licences and permits	44 665	61 513	1 628	8 778	(600.78)	81.46
Agency services	731	683	887	700	2.34	(26.69)
Transfers recognised - operational	1 780	1 995	1 495	1 785	0.00	0.00
Public Contributions and Donations	141 296	118 770	121 421	122 521	3.06	0.90
Other revenue	9 165	9 067	4 794	8 754	(3.58)	45.24
Gains on disposal of PPE	476	826	826	0	0.00	0.00
Total Revenue	709 488	754 363	665 927	668 760	(12.80)	0.42
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>						

Table 209: Revenue by Source

5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2019/20 financial year:

Financial Performance of Operational Services						
R'000						
Description	2018/19	*2019/20			2019/20 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Governance and administration	(16 527)	(73 395)	(74 618)	(5 670)	(1194.33)	(1215.90)

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Financial Performance of Operational Services						
R'000						
Description	2018/19	*2019/20			2019/20 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Executive and council	29 752	2 640	(1 921)	57 898	95.44	103.32
Budget and treasury office	(8 449)	(20 178)	(14 920)	(11 996)	(68.21)	(24.38)
Corporate services	(37 829)	(55 857)	(57 777)	(51 573)	(8.31)	(12.03)
Community and Public Safety	(138 569)	(26 661)	(80 509)	(123 020)	78.33	34.56
Community and social services	(17 421)	(19 599)	(20 704)	(16 193)	(21.03)	(27.86)
Sport and recreation	(17 411)	(24 970)	(23 653)	(2 217)	(7.55)	(1.88)
Public safety	(117 780)	19 957	(36 450)	(79 581)	125.08	54.20
Housing	14 042	(2 050)	298	(4 029)	49.14	107.39
Health	0	0	0	0	0	0
Economic and environmental services	(61 615)	(90 100)	(79 257)	(81 174)	(11.00)	2.36
Planning and development	(28 044)	(43 868)	(41 621)	(43 708)	(0.37)	(4.77)
Road transport	(33 571)	(46 232)	(37 636)	(37 466)	(23.40)	(0.45)
Environmental protection	0	0	0	0	0	0
Trading services	127 742	125 303	112 445	81 039	(54.62)	(38.75)
Electricity	22 073	9 728	15 633	10 620	8.40	(47.21)
Water	58 866	61 217	62 060	45 863	(33.48)	(35.32)
Waste water management	39 198	48 336	30 794	21 468	(125.16)	(43.44)
Waste management	7 604	6 023	3 958	3 089	(94.98)	(28.13)
Other	(13 320)	(47 794)	(19 356)	27 998	270.71	169.13
Total Expenditure	(102 062)	(112 646)	(141 296)	(100 827)	(11.2)	(40.14)
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>						

Table 210: Operational Services Performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 Water Services

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	115 411	110 584	107 446	101 648	(8.79)
Expenditure					
Employees	10 491	14 737	15 245	14 815	0.53
Repairs and Maintenance	2 558	1 959	1 308	800	(144.76)
Other	43 496	32 671	28 833	40 169	18.67
Total Operational Expenditure	56 545	49 367	45 386	55 784	11.50
Net Operational (Service) Expenditure	58 866	61 217	62 060	45 863	(33.48)
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>					

Table 211: Financial Performance: Water services

5.2.2 Waste Water (Sanitation)

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	84 166	89 621	79 618	78 865	(13.64)
Expenditure					
Employees	4 744	6 401	6 401	6 966	8.11
Repairs and Maintenance	726	1 720	1 778	1 469	(17.06)
Other	39 498	33 164	40 645	48 962	32.27
Total Operational Expenditure	44 968	41 285	48 824	57 397	28.07
Net Operational (Service) Expenditure	39 198	48 336	30 794	21 468	(125.16)
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>					

Table 212: Financial Performance: Waste Water (Sanitation) services

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5.2.3 Electricity

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	172 005	186 723	179 765	176 864	(5.57)
Expenditure					
Employees	13 445	17 749	19 553	17 964	1.20
Repairs and Maintenance	4 294	13 285	9 633	8 210	(61.81)
Other	132 193	145 961	134 947	140 070	(4.21)
Total Operational Expenditure	149 932	176 995	164 132	166 245	(6.47)
Net Operational (Service) Expenditure	22 073	9 728	15 633	10 620	8.40
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 213: Financial Performance: Electricity

5.2.4 Waste Management

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	52 369	52 164	47 575	46 446	(12.31)
Expenditure					
Employees	11 619	15 392	15 815	19 777	22.17
Repairs and Maintenance	360	550	903	(10 470)	105.25
Other	32 786	30 200	26 899	34 051	11.31
Total Operational Expenditure	44 765	46 141	43 617	43 357	(6.42)
Net Operational (Service) Expenditure	6047	6 023	3 958	3 089	(94.98)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 214: Financial Performance: Waste Management

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5.2.5 Housing

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	93 056	9 035	9 044	6 838	(32.13)
Expenditure					
Employees	5 076	6 629	6 629	6 056	(9.45)
Repairs and Maintenance	14	326	215	175	(86.14)
Other	73 923	4 130	1 903	4 637	10.92
Total Operational Expenditure	79 013	11 085	8 746	10 868	(2.00)
Net Operational (Service) Expenditure	14 042	(2 050)	298	(4 029)	49.14
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 215: Financial Performance: Housing

5.2.6 Roads and Stormwater

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	25	129	2 489	2 499	94.84
Expenditure					
Employees	6 706	6 016	6 416	6 223	3.33
Repairs and Maintenance	7 870	25 679	19 041	18 399	(39.57)
Other	19 020	14 665	14 668	15 343	4.42
Total Operational Expenditure	33 596	46 361	40 125	39 965	(16)
Net Operational (Service) Expenditure	(33 571)	(46 232)	(37 636)	(37 466)	(23.40)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 216: Financial Performance: Roads and Stormwater

5.2.8 Planning and Development

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	2 671	9 072	7 723	3 481	(160.65)
Expenditure					
Employees	13 157	34 068	34 935	33 633	(1.30)
Repairs and Maintenance	834	306	467	338	9.43
Other	16 724	18 565	13 942	13 217	(40.46)
Total Operational Expenditure	30 714	52 940	49 344	47 188	(12.19)
Net Operational (Service) Expenditure	(28 044)	(43 868)	(41 621)	(43 708)	(0.37)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 217: Financial Performance: Planning and Development

5.2.11 Aerodrome

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	3 047	3 133	726	1 435	(118.29)
Expenditure					
Employees	1 872	2 610	2 610	1 290	(102.33)
Repairs and Maintenance	823	316	308	230	(102.33)
Other	2 536	2 963	851	839	(1.38)
Total Operational Expenditure	5 231	5 889	3 768	2 359	(149.62)
Net Operational (Service) Expenditure	(2 184)	(2 755)	(3 042)	(924)	(198.31)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 218: Financial Performance: Cemeteries

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5.2.12 Sport, Parks and Recreation

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	383	599	386	94	(533.91)
Expenditure					
Employees	12 995	17 227	17 473	17 441	1.23
Repairs and Maintenance	1 377	2 615	2 263	1 911	(36.80)
Other	3 421	5 727	4 303	3 959	(44.65)
Total Operational Expenditure	17 794	25 568	24 039	23 312	(9.68)
Net Operational (Service) Expenditure	(17 411)	(24 970)	(23 653)	(23 217)	(7.55)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 219: Financial Performance: Sport, Parks and Recreation

5.2.13 Public Safety

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	1 962	63 912	3 740	7 824	(716.86)
Expenditure					
Employees	22 435	31 881	32 231	32 308	337.04
Repairs and Maintenance	129	426	550	433	1.54
Other	97 178	11 647	7 409	54 663	78.69
Total Operational Expenditure	119 742	43 955	40 190	87 405	49.71
Net Operational (Service) Expenditure	(117 780)	19 957	(36 450)	(79 581)	125.08
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 220: Financial Performance: Tourism

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5.2.14 Budget and Treasury

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	1 941	1 880	1 880	1 829	(2.81)
Expenditure					
Employees	23 393	28 343	26 792	18 792	8 000
Repairs and Maintenance	30	54	30	19	11
Other	13 166	21 801	19 292	7 049	12 243
Total Operational Expenditure	36 589	50 198	46 114	25 860	20 254
Net Operational (Service) Expenditure	109 044	100 603	111 121	125 519	(14 398)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 221: Financial Performance: Financial Services

5.2.15 Community and Social

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	12 353	11 506	12 474	12 353	6.86
Expenditure					
Employees	19 968	22 146	21 827	16 968	(30.52)
Repairs and Maintenance	1 784	2 115	2 007	1 784	(18.54)
Other	8 022	6 844	9 345	9 794	30.12
Total Operational Expenditure	29 774	31 105	33 178	28 546	(8.96)
Net Operational (Service) Expenditure	(17 421)	(19 599)	(20 704)	(16 193)	(21.03)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 222: Financial Performance: Human Resources

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5.2.16 Executive Council

Description	*2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	58 204	43 970	43 437	94 844	53.64
Expenditure					
Employees	20 101	26 715	28 497	25 376	(12.30)
Repairs and Maintenance	0	65	21	7	(806.43)
Other	8 352	14 550	16 840	11 563	(25.84)
Total Operational Expenditure	28 453	41 330	45 358	36 946	(11.87)
Net Operational (Service) Expenditure	29 752	2 640	(1 921)	57 898	95.44
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 223: Financial Performance: Executive Council

5.2.17 Corporate Services

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	227	395	819	404	2.23
Expenditure					
Employees	18 721	23 062	22 261	20 724	(11.28)
Repairs and Maintenance	0	10 353	10 410	8 718	(18.76)
Other	19 108	22 836	25 925	22 534	(1.34)
Total Operational Expenditure	37 829	56 252	58 596	51 976	(8.23)
Net Operational (Service) Expenditure	(37 829)	(55 857)	(57 777)	(51 573)	(8.31)
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 224: Financial Performance: Executive Council

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5.2.7 Other

Description	2018/19	*2019/20			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	7 353	761	761	2 775	72.57
Expenditure					
Employees	6 636	7 023	7 023	7 133	1.55
Repairs and Maintenance	3 408	963	1 839	1 827	(0.67)
Other	10 628	40 570	11 256	(34 183)	132.93
Total Operational Expenditure	20 673	48 555	20 117	(25 223)	292.50
Net Operational (Service) Expenditure	(13 320)	(47 794)	(19 356)	27 998	270.71
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>					

Table 225: Financial Performance: Other

5.3 GRANTS

5.3.1 Grant Performance

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

Grant Performance						
R'000						
Description	2018/19	*2019/20			*2019/20 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Capital Transfers and Grants						
National Government:	95 196	104 648	105 154	105 028	0.36	(0.12)
Equitable Share	83 031	93 691	93 691	93 565	(0.13)	(0.13)
Extended Public Works Program	2 615	2 579	2 579	2 579	0.00	0.00
Finance Management Grant	1 550	1 550	1 550	1 550	0.00	0.00
Integrated National Electrification Program	8 000	6 828	6 858	6 828	0.00	0.00
National Disaster Management Grant	0	0	506	506	100.00	0.00
Provincial Government:	75 397	23 550	26 023	30 301	22.28	14.12
Housing	64 191	9 000	9 000	13 386	32.77	32.77

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Grant Performance						
R'000						
Description	2018/19	*2019/20			*2019/20 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Proclaimed Roads	0	129	2 489	2 489	94.82	0.00
Department Sport and Culture	0	0	0	0	0.00	0.00
Community Development Workers Operating Grant	0	0	38	0	0.00	0.00
Library Grant	10 876	11 111	11 111	11 116	0.04	0.04
Shadow Center Traffic	0	0	0	0	0.00	0.00
Financial Management Support Grant	330	330	330	330	0.00	0.00
Integrated Public Transport Grant	0	0	0	0	0.00	0.00
Management Support Grant	0	380	455	380	0.00	(19.77)
Thusong Centre	0	0	0	0	0.00	0.00
RSEP Projects	0	2 600	2 600	2 600	0.00	0.00
Other grant providers:	535	0	197	387	100.00	49.06
SETA	535	0	197	387	100.00	49.06
Total Operating Transfers and Grants	171 128	128 198	131 374	135 716	5.54	3.20
<i>*The actuals of the 2019/20 Financial Year are unaudited figures</i>						

Table 226: Grant Performance for 2019/20

5.3.2 Conditional Grants

Conditional Grants						
R'000						
Details	2018/19	*2019/20			*2019/20 % Variance	
	Audited Actual	Budget	Adjusted Budget	Actual	Budget	Adjusted Budget
Equitable share	83 031	93 691	93 691	93 565	(0.13)	(0.13)
Municipal Systems Improvement	0	0	0	0	0.00	0.00
RBIG	0	0	0	0	0.00	0.00
Expanded Public Works Programme	2 615	2 579	2 579	2 579	0.00	0.00

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Conditional Grants						
R'000						
Details	2018/19	*2019/20			*2019/20 % Variance	
	Audited Actual	Budget	Adjusted Budget	Actual	Budget	Adjusted Budget
EPWP: Social Sector	0	0	0	0	0.00	0.00
Electricity Integrated National electrification project	8 000	0	0	0	0.00	0.00
Disaster Fund:	8 575	0	506	506	100.00	0.00
Municipal Infrastructure Grant	26 642	20 173	20 173	20 173	0.00	0.00
Finance Management Grant	1 550	1 550	1 550	1 550	0.00	0.00
Housing	53 664	9 000	9 000	13 386	32.77	32.77
Proclaimed roads	0	129	2 489	0	0.00	0.00
Dept Sport and culture	0	0	0	0	0.00	0.00
Community Development Workers Operating Grant	0	0	38	0	0.00	0.00
Library Grant	10 876	11 111	11 111	11 111	0.00	0.00
Shadow Centre traffic	0	0	0	0	0.00	0.00
Financial Management Support Grant	330	330	330	330	0.00	0.00
Integrated Pubic Transport Grant	0	0	0	0	0.00	0.00
Management Support Grant	294	380	455	380	0.00	(19.77)
Thusong Centre	100					
RSEP Projects	0	2 600	2 600	2 600	0.00	0.00
SETA	535	0	197	387	100.00	49.06
Total	193 596	141 543	144 719	14 567	3.43	1.26
<i>*The actuals of the 2019/20 financial year are currently unaudited figures</i>						

Table 227: Conditional Grant

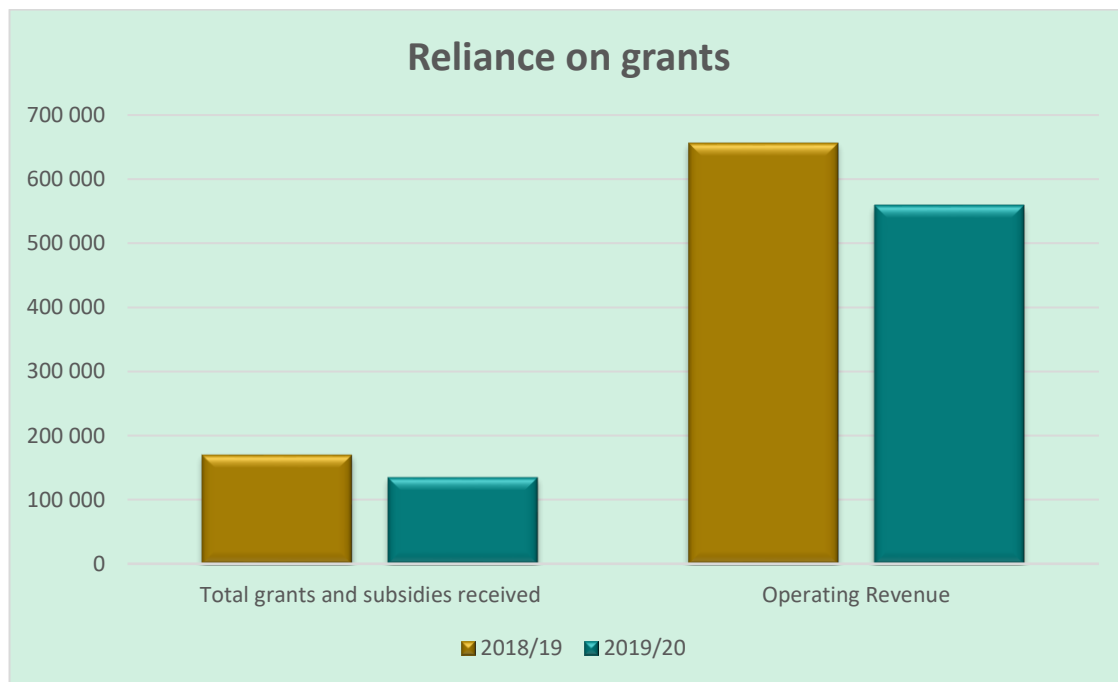
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5.3.3 Level of Reliance on Grants and Subsidies

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	
2018/19	171 128	656 805	26.05
*2019/20	135 716	559 232	24.27
*The actuals of the 2019/20 financial year are currently unaudited figures			

Table 228: 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

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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 2014	2018/19 R million	2019/20 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 229: 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	

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Asset 2		
Asset Value as at 30 June 2014	2018/19 R million	2019/20 R million
	17 163	17 163
Future Purpose of Asset	Leased for Recreational purposes	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 230: Treatment of the three largest assets: Asset 2

Asset 2		
Name	Erf 4117, Beacon Island (Plettenberg Bay) (Asset ID 22950)	
Description	Desalination Plant	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2018/19 R million	2019/20 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 231: Treatment of the three largest assets: Asset

5.4.2 Repairs and Maintenance

Description	2018/19	*2019/20			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and maintenance expenditure	37 766	60 406	50 373	44 601	(11.46)
*The actuals of the 2019/20 financial year are currently unaudited figures					

Table 232: Repairs & Maintenance Expenditure

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 Liquidity Ratio

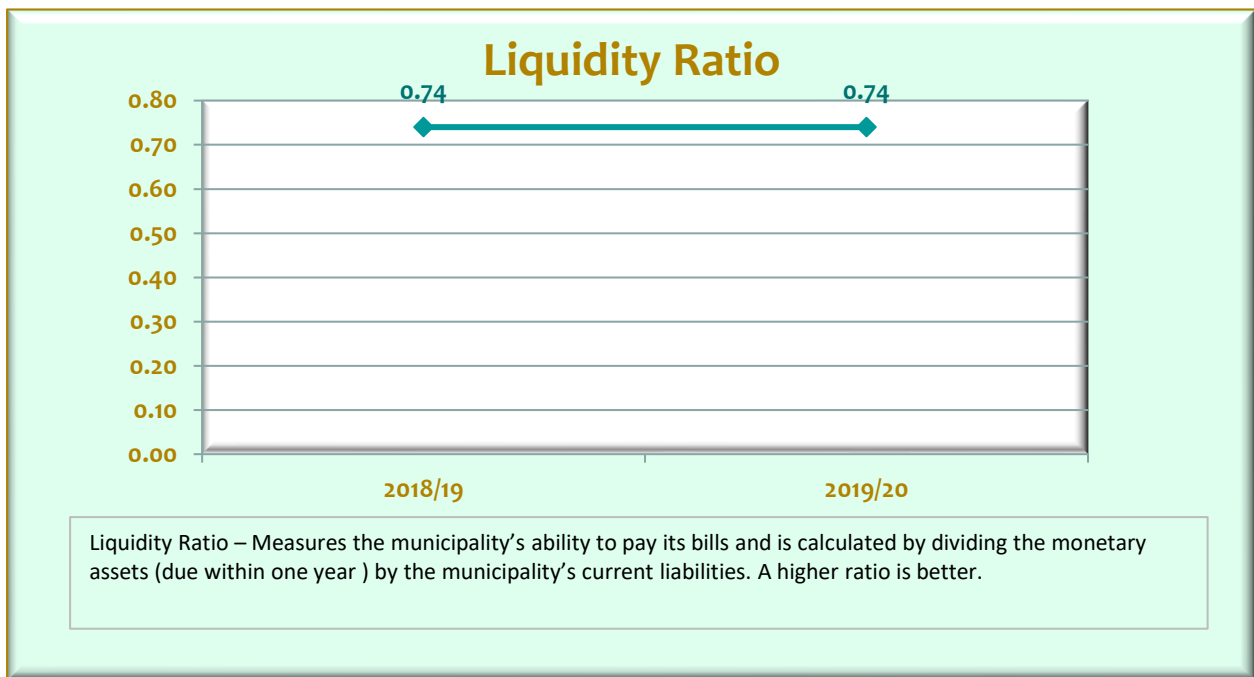
Description	Basis of calculation	*2018/19	2019/20
		Actual	Actual
Current Ratio	Current assets/current liabilities	1.63	1.31
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.39	-0.36

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Description	Basis of calculation	*2018/19	2019/20
		Actual	Actual
Liquidity Ratio	Monetary Assets/Current Liabilities	0.74	0.74
* The actuals of the 2019/20 financial year are currently unaudited figures			

Table 233: Liquidity Financial Ratio

The following graph indicates the liquidity financial ratio for 2019/20:



5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2018/19	*2019/20
		Actual	Actual
Cost Coverage	(Available cash + Investments-Unspent Grants)/monthly fixed operational expenditure	142.93%	214.63%
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	58.44%	62.85%
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	274%	2 566.28%
* The actuals of the 2019/20 financial year are currently unaudited figures			

Table 234: Financial Viability National KPAs

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5.5.3 Borrowing Management

Description	Basis of calculation	2018/19	*2019/20
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.05%	0.053%
* The actuals of the 2019/20 financial year are currently unaudited figures			

Table 235: Borrowing Management

5.5.4 Employee Costs

Description	Basis of calculation	2018/19	*2019/20
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.24%	0.34%
* The actuals of the 2019/20 financial year are currently unaudited figures			

Table 236: Employee Costs

5.5.5 Repairs and Maintenance

Description	Basis of calculation	2018/19	*2019/20
		Audited outcome	Pre-audit outcome
Repairs and Maintenance	R&M/(Total Revenue excluding capital revenue)	0.05	0.07
* The actuals of the 2019/20 financial year are currently unaudited figures			

Table 237: Repairs and Maintenance

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COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2018/19	*2019/20			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
R'000							
<u>Capital expenditure by Asset Class</u>							
Infrastructure - Total	62 067	60 676	55 445	41 803	67 708	81 945	65 835
Infrastructure: Road transport - Total	9 287	3 800	3 075	1 805	13 615	27 100	12 488
<i>Roads, Pavements & Bridges</i>	0	0	0	0	0	0	0
<i>Stormwater</i>	9 287	3 800	3 075	1 805	13 615	27 100	12 488
Infrastructure: Electricity - Total	12 959	19 038	16 024	14 445	13 557	19 017	20 774
<i>Generation</i>	0	0	0	0	0	0	0
<i>Transmission and Reticulation</i>	0	0	0	0	0	0	0
<i>Street Lighting</i>	12 959	19 038	16 024	14 445	13 557	19 017	20 774
Infrastructure: Water - Total	30 020	22 017	25 593	18 224	12 441	20 173	12 550
<i>Dams & Reservoirs</i>	0	0	0	0	0	0	0
<i>Water Purification</i>	30 020	22 017	25 593	18 224	12 441	20 173	12 550
<i>Reticulation</i>	0	0	0	0	0	0	0
Infrastructure: Sanitation - Total	2 231	9 000	6 142	4 705	19 614	14 355	17 460
<i>Reticulation</i>	0	0	0	0	0	0	0
<i>Sewerage purification</i>	2 231	9 000	6 142	4 705	19 614	14 355	17 460
Infrastructure: Other - Total	21	1 300	1 300	1 276	0	1 300	0
<i>Waste Management</i>	21	1 300	1 300	1 276	0	1 300	0
<i>Transportation</i>	0	0	0	0	0	0	0
<i>Other</i>	0	0	0	0	0	0	0
Community - Total	7 549	5 521	3 311	1 349	8 480	0	2 564
<i>Parks and gardens</i>	0	0	0	0	0	0	0
<i>Sports fields& stadia</i>	0	0	0	0	0	0	0

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Description	2018/19	*2019/20			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
Swimming pools	0	0	0	0	0	0	0
Community halls	0	0	0	0	0	0	0
Libraries	546	500	0	0	0	0	0
Recreational facilities	4 660	1 871	500	840	8 480	0	2 404
Fire, safety & emergency	0	0	0	0	0	0	0
Security and policing	0	0	0	0	0	0	0
Buses	0	0	0	0	0	0	0
Cemeteries	0	550	550	290	0	0	0
Social rental housing	0	0	0	0	0	0	160
Other	2 342	2 600	2 261	219	0	0	0
Other assets	30 028	24 090	23 602	10 178	8 026	8 910	18 277
General vehicles	8 880	12 505	11 610	741	1 816	1 175	8 138
Specialised vehicles	0	0	0	0	0	0	0
Plant & equipment	1 906	4 743	5 100	4 519	2 261	4 913	4 473
Computers - hardware/equipment	1 111	2 852	2 491	1 814	2 191	2 658	2 408
Furniture and other office equipment	247	689	689	354	979	165	170
Other Buildings	15 690	0	0	0	0	0	0
Other	2 195	3 300	3 712	1 750	779	0	3 088
Intangibles	0	0	0	0	0	0	0
Computers - software & programming	0	0	0	0	0	0	0
Total Capital Expenditure on new assets	99 644	84 766	79 047	51 982	75 734	90 855	84 112
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>							

Table 238: Analysis of Capital and Operating Expenditure

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5.7 SOURCE OF FINANCE

The table below indicates the capital expenditure by funding source for the 2019/20 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2018/19	*2019/20				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
External loans	0	11 640	10 869	0	(6.62)	(93.38)
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	50 479	32 999	32 810	22 575	(0.57)	(31.01)
Own funding	41 616	40 127	35 368	29 406	(11.86)	(14.86)
Total	92 095	84 766	79 047	51 982	(6.75)	(31.93)
Percentage of finance						
External loans	0%	14%	14%	0%		
Public contributions and donations	0%	0%	0%	0%		
Grants and subsidies	55%	39%	42%	43%		
Own funding	45%	47%	45%	57%		
Capital expenditure						
Water and sanitation	32 373	35 542	36 947	25 863	3.95	(31.19)
Electricity	13 087	21 088	18 174	16 453	(13.82)	(8.16)
Housing	15 690	0	0	0	0.00	0.00
Roads and Stormwater	9 471	5 300	3 956	1 805	(25.36)	(40.58)
Other	21 474	22 835	19 970	7 861	(12.55)	(53.03)
Total	92 095	84 766	79 047	51 982	(6.75)	(31.93)
Percentage of expenditure						
Water and sanitation	35%	42%	47%	50%		
Electricity	14%	25%	23%	32%		
Housing	17%	0%	0%	0%		
Roads and stormwater	10%	6%	5%	3%		

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Capital Expenditure: Funding Sources						
R'000						
Details	2018/19	*2019/20				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Other	23%	27%	25%	15%		
* The actuals of the 2019/20 financial year are currently unaudited figures						

Table 239: Capital expenditure by Asset Program

5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2019/20.

Name of Project*	*2019/20			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Kwano: Upgrade Bulk Electr. PH5	5 268	5 268	5 349	1.53	1.53
Kranshoek upgrade bulk water	11 921	11 921	7 031	(41.02)	(41.02)
Poortjies upgrade water pipeline	3 000	2 800	2 751	(8.32)	(1.77)
Kwano new water pipeline	2 476	4 347	3 811	53.92	(12.33)
New refuse truck	0	2 751	0	0	(100.00)
Projects with the highest capital expenditure in 2019/20					
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 240: Capital Expenditure on the 5 Largest Projects

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

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5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2018/19	*2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	415 076	496 326	509 555	432 945
Government - operating	206 877	118 770	40 109	146 527
Government - capital	0	27 480	0	0
Interest	0	0	0	0
Payments				
Suppliers and employees	(562 924)	(564 809)	(529 018)	(476 876)
Finance charges	(6 645)	(6 750)	(5 515)	(5 248)
Transfers and Grants	(18 417)	(14 798)	(15 130)	(14 825)
Net cash from/(used) operating activities	59 083	65 982	0	108 162
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	2 428	0	0	1 400
Decrease (Increase) in non-current debtors	358	0	0	192
Decrease (Increase) other non-current receivables	4	0	0	4
Decrease (increase) in non-current investments	(750)	0	0	(752)
Payments				
Capital assets	(92 406)	(84 766)	(79 047)	(51 982)
Net cash from/(used) investing activities	(90 366)	(84 766)	(79 047)	(51 138)
Cash flows from financing activities				
Receipts				
Movement in agreements	0	0	0	0
Net Movement in Consumer Deposits	0	0	0	0
Payments				
Repayment of borrowing	(19 441)	0	0	(19 996)
Net cash from/(used) financing activities	(19 441)	0	0	(19 996)

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Cash Flow Outcomes				
R'000				
Description	2018/19	*2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Net increase/ (decrease) in cash held	(50 724)	(18 783)	(79 047)	37 027
Cash/cash equivalents at the year begin:	140 813	128 542	360 357	90 089
Cash/cash equivalents at the year-end:	90 089	109 759	281 310	125 717
* The actuals of the 2019/20 financial year are currently unaudited figures				

Table 241: Cashflow

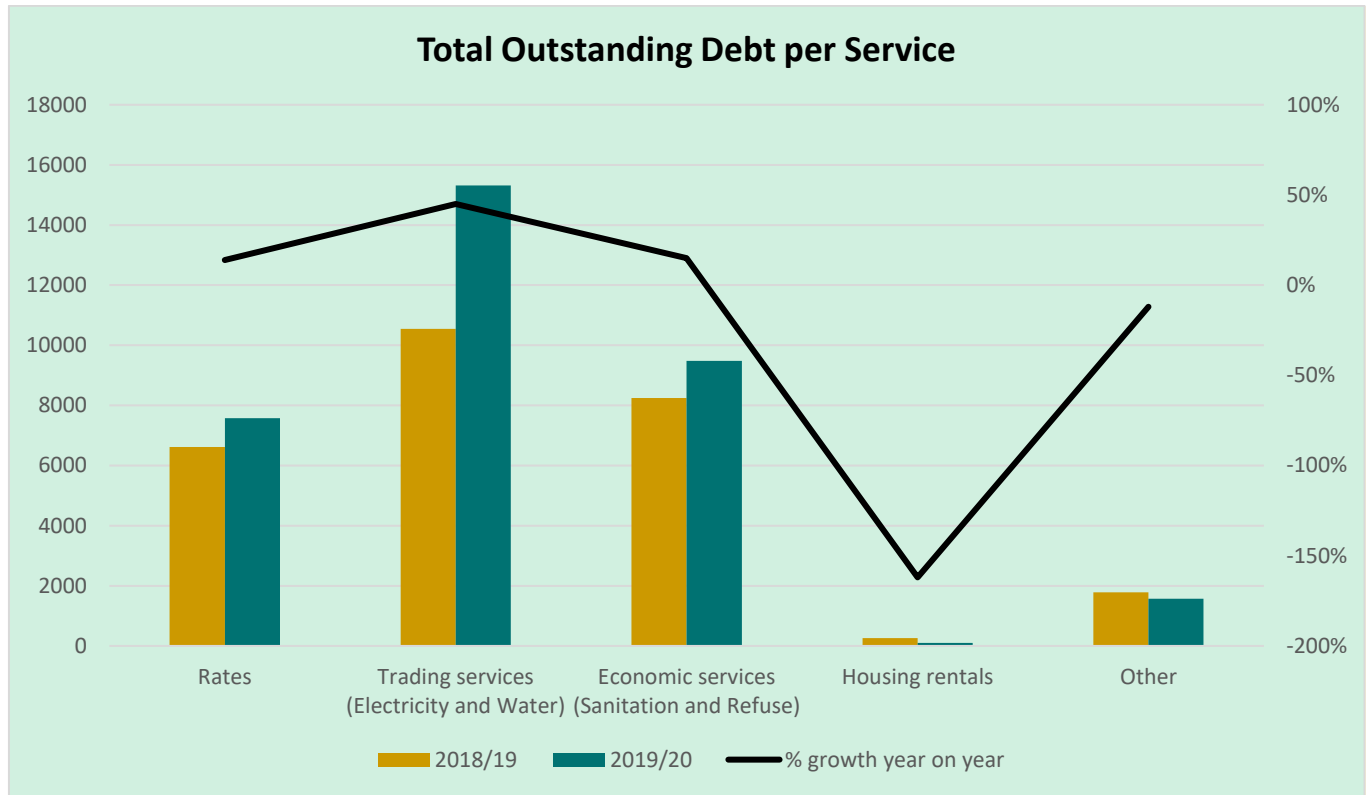
5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
2018/19	41 894	89 907	108 794	1 023	80 495	322 112
*2019/20	48 154	119 854	153 612	1 437	35 739	358 797
Difference	6 261	29 946	44 819	414	(44 756)	36 684
% growth year on year	15	33	41	0	(56)	11
* The actuals of the 2019/20 financial year are currently unaudited figures						

Table 242: Gross Outstanding Debtors per Service

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The following graph indicates the total outstanding debt per type of service for 2019/20



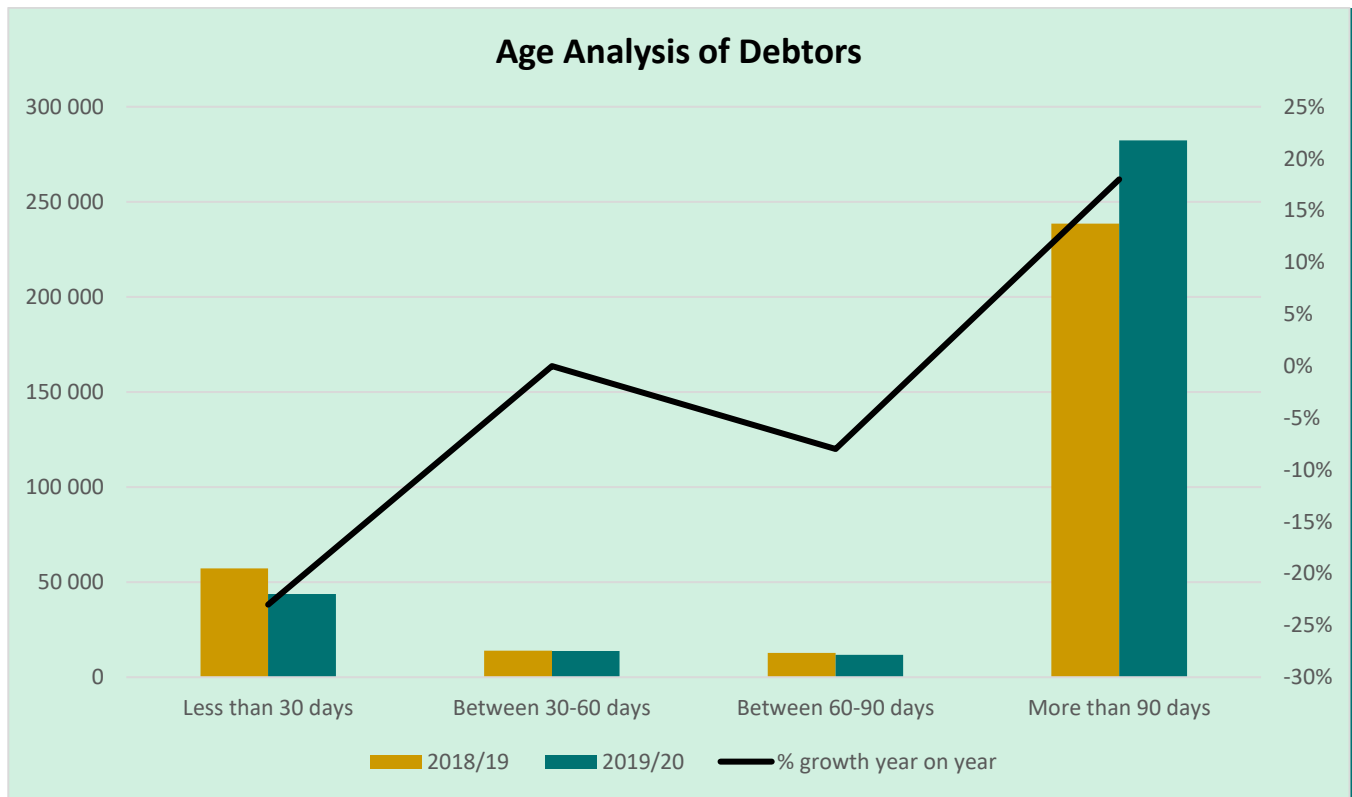
Graph 6.: Outstanding Debtors per Service

5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
2018/19	57 164	13 929	12 756	238 627	322 476
*2019/20	43 846	13 869	11 798	282 296	351 809
Difference	(13 318)	(60)	(959)	43 669	29 333
% growth year on year	(23)	0	(8)	18	9
Note: Figures exclude provision for bad debt					
* The actuals of the 2019/20 financial year are currently unaudited figures					

Table 243: Service Debtor Age Analysis

The following graph indicates the age analysis of debtors and the increase/decrease from 2018/19 to 2019/20:



Graph 7.: Total Debtors Age Analysis

5.12 MUNICIPAL COST CONTAINMENT MEASURES

5.12.1 MUNICIPAL COST CONTAINMENT REGULATIONS (MCCR)

National Treasury first published the draft MCCR for public comment on 16 February 2018, with the closing date being 31 March 2018. Comments were received, from the Department of Cooperative Governance and Traditional Affairs, SALGA, municipalities and other stakeholders. After extensive consultation and consideration of all comments received, the MCCR were finalised and promulgated on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

5.12.2 MUNICIPAL COST CONTAINMENT POLICY

The MCCR do not apply retrospectively, therefore will not impact on contracts concluded before 1 July 2019. If municipalities and municipal entities decided to extend current contracts, such contracts should have been aligned with the principles outlined in the MCCR and SCM regulations.

Regulation 4(1) of the MCCR requires municipalities and municipal entities to either develop or review their cost containment policies. The MCCR require municipalities to adopt the cost containment policies as part of their budget related policies prior to 30 September 2019. The Bitou Municipality adopted cost containment policies on **29 January 2021**.

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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:

Cost Containment			
Cost Containment Measure	Budget	Total Expenditure	Savings
	R'000	R'000	R'000
Use of consultants	95,786,823.00	38,451,846.65	10,182,602.52
Vehicles used for political office -bearers	1,207,331.00	275,102.72	63,318.66
Travel and subsistence	498,841.00	15,508.33	(314,265.38)
Domestic accommodation	752,138.00	6,031.94	(207,565.42)
Sponsorships, events and catering	2,089,800.00	85,429.00	(398,475.78)
Communication	3,265,715.00	375,934.15	(127,430.24)
Other related expenditure items	561,125,183.00	135,111,032.16	(45,812,065.99)
Total	664,725,831.00	174,320,884.95	(36,613,881.63)

Table 244: Cost containment

5.13 BORROWING AND INVESTMENTS

5.13.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2018/19	*2019/20
Long-Term Loans (annuity/reducing balance)	141 793	121 797
Financial Leases	0	0
Total	141 793	121 797
<i>* The actuals of the 2019/20 financial year are currently unaudited figures</i>		

Table 245: Actual Borrowings

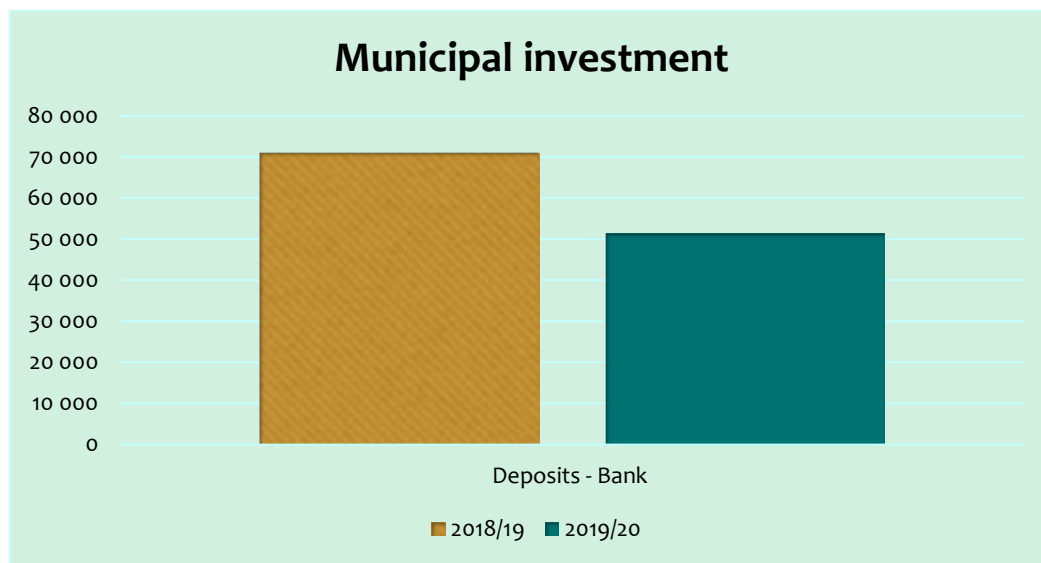
5.12.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2018/19	*2019/20
	Actual	
Deposits - Bank	70 910	51 428

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Actual Investments		
R'000		
Investment type	2018/19	*2019/20
	Actual	
Total	70 910	51 428
* The actuals of the 2019/20 financial year are currently unaudited figures		

Table 246: Municipal Investments



Graph 8.: Municipal investment

5.12.3 Grants made by the Municipality

All organisations or persons in receipt of grants from the Municipality	Value 2019/20
Plett Tourism Association	2 700
Grant in Aid	2 548

Table 247: Grants made by the Municipality

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CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDIT OUTCOMES 2018/19

6.1 FINANCIAL PERFORMANCE: 2018/19

Auditor-General Report on Financial Performance 2018/19	
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 18 to the financial statements the municipality provided R165,6 million (2017-18: R89,3 million) for the impairment of receivables from exchange transactions.	Municipality to implement credit control procedures to ensure debt is collectable.
As disclosed in note 19 to the financial statements the municipality provided R90,2 million (2017-18: R59,9 million) for the impairment of receivables from non-exchange transactions.	
As disclosed in not 30 to the financial statements, the municipality wrote off bad debts of R70,7 million (2017-18: R31,3 million) as irrecoverable.	
Restatement and reclassification of corresponding figures	
As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.	Municipality to ensure in the AFS Preparation Plan that there is ample time to properly review AFS, before submission.
Significant uncertainties	
With reference to note 43 to the financial statements, the municipality is the defendant in a number of lawsuits with third parties. The outcomes of these matters cannot currently be determined and no provision for any liability that may result has been made in the financial statements.	Municipality to ensure provision is made for liabilities in regards to lawsuits with third parties.

Table 248: AG Report 2018/19

6.2 SERVICE DELIVERY PERFORMANCE: 2018/19

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

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COMPONENT B: AUDIT OUTCOMES 2019/20

6.1 FINANCIAL PERFORMANCE: 2019/20

Auditor-General Report on Financial Performance 2019/20	
Audit report status	Unqualified
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material losses/impairments	
As disclosed in the statements of comparison of budget and actual amounts, the municipality materially underspent their operating budget by R14 million	This is mainly as a result of COVID-19 however the Municipality will implement stricture processes and measures in order to ensure optimal expenditure is being done
Material losses/impairments	
As disclosed in note 11 to the financial statements, the municipality provided for impairment of consumer debtors of R287,2 million (2018-19: R255,8 million)	Municipality to implement credit control procedures to ensure debt is collectable
As disclosed in note 11 to the financial statements, the municipality suffered an estimated loss of R28 million from the non-issuing of fines due to it not appointing a service provider	This was due to contractual dispute which has since been rectified
As disclosed in note 49 to the financial statements, the municipality incurred material losses of R76,6 million (2018-19: R70,7 million) as a result of the writing-off of bad debts as irrecoverable	Debt collection will be prioritized in an effort to increase debt collection
Restatement and reclassification of corresponding figures	
As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020	Municipality to ensure in the AFS Preparation Plan that there is ample time to properly review AFS, before submission
Significant uncertainties	
With reference to note 69 to the financial statements, the municipality is the defendant in various ongoing litigation and claims. The outcome of these cannot presently be determined and no provision for any liability that may result, has been made in the financial statements	Municipality to ensure provision is made for liabilities in regards to lawsuits with third parties

Table 249: AG Report 2019/20

6.2 SERVICE DELIVERY PERFORMANCE: 2019/20

The Auditor-General in its audit report identified material misstatements on the annual performance report concerning the usefulness and reliability of the information. Management subsequently corrected these misstatements. The Auditor-General did not raise any material findings on the usefulness and reliability of the reported performance information

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List of Abbreviations

AG	Auditor-General	MMC	Member of Mayoral Committee
CAPEX	Capital Expenditure	MSA	Municipal Systems Act No. 32 of 2000
CBP	Community Based Planning	MTECH	Medium Term Expenditure Committee
CFO	Chief Financial Officer	NGO	Non-governmental organisation
DPLG	Department of Provincial and Local Government	NT	National Treasury
DWAF	Department of Water Affairs and Forestry	OPEX	Operating expenditure
DoRA	Division of Revenue Act	PMS	Performance Management System
DOE	Department of Energy	PT	Provincial Treasury
DOHS	Department of Human Settlements	SALGA	South African Local Government
EE	Employment Equity		Organisation
EEDSM	Energy Efficiency and Demand Side Management	SAMDI	South African Management Development Institute
EPWP	Extended Public Works Programme	SCM	Supply Chain Management
GAMAP	Generally Accepted Municipal Accounting Practice	SDBIP	Service Delivery and Budget Implementation Plan
GRAP	Generally Recognised Accounting Practice	SDF	Spatial Development Framework
HR	Human Resources	SSEG	Small Scale Embedded Generation
IDP	Integrated Development Plan	TRA	Temporary Relocation Area
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		

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PERFORMANCE REPORT

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**Bitou Local Municipality
Audited Annual Financial Statements
for the year ended 30 June 2020**

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

General Information

Country of Origin and Legal Form

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

Nature of business and principal activities

Bitou Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996) This in effect means that the municipality provide services like water, electricity, sewerage and sanitation to the community. Bitou Municipality also serves as an agent to Provincial Government in providing Housing to the community.

Jurisdiction

Plettenberg Bay
Nature's Valley
Wittedrift
Keurbooms
Kranshoek
Harkerville
Kwanokuthula

Mayoral committee

Executive Mayor
Deputy Executive Mayor
Speaker
Mayoral Committee Members

Councillor M.P. Lobese
Councillor S.E. Gcabayi
Councillor E.V Wildeman
Councillor M. M. Mbali
Councillor L. M. Seyisi

Ordinary Councillors

Councillor J Kam Kam
Councillor A.R. Olivier
Councillor W.J. Nel
Councillor V.P Van Rhyner
Councillor N.S. Ndayi
Councillor AS Windvogel
Councillor D Swarts
Councillor X Matyila

Chief Finance Officer (CFO)

Mr VB Mkhafa

Accounting Officer

Adv LMR Ngoqo

Registered office

4 Sewell Street
Plettenberg Bay
6600

Business address

4 Sewell Street
Plettenberg Bay
6600

Postal address

Private Bag X1002
Plettenberg Bay
6600

Bankers

Nedbank, Plettenberg Bay

Auditors

The Auditor General South Africa

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

General Information

Attorneys

Mosdall, Pama & Cox
Nandi Bulabula
Hutchinson
Regan Brown Incorporated
Kemp & Associates Incorporated
MS Shaik
Lulama Prince & Associates

Relevant Legislation

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Housing Act (Act no 107 of 1997)
Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Index

The reports and statements set out below comprise the audited annual financial statements presented to the provincial legislature:

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Bitou Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2020

Members of the Bitou Local Municipality

Ward	Ward Description	Councillor
1	Wittedrift / Kurland / Natures Valley / Keurbooms / Cowie / Uplands	Councillor J Kam Kam
2	Plettenberg Bay South & North	Councillor D Swarts
3	Qolweni / Bossiesgif / Pinetrees / Portion of New Horizons	Councillor X Matyila
4	Portion of New Horizons / Portion of Kwanokuthula	Councillor AS Windvogel
5	Kwanokuthula	Councillor M M Mbali
6	Kwanokuthula	Councillor S E Gcabayi
7	Kranshoek / Harkerville / portion of Kwanokuthula	Councillor A R Olivier
Proportional		Councillor P.M Lobese Councillor E.V Wildeman Councillor LM Seyisi Councillor W.J Nel Councillor V.P Van Rhyner Councillor N.S Ndayi

Approval of Financial Statements

The accounting officer is responsible for the preparation of these annual unaudited annual financial statements for the year ending 30 June 2020, which are set out on pages 229 to 353, in terms of Section 126 (1) of the Municipal Finance Management Act (Act 56 of 2003), and which the accounting officer have signed on behalf of the municipality.

The annual unaudited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP)

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and that the system of internal control provides reasonable assurance that the financial records can be relied on.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and is satisfied that the municipality can continue in operational existence as a going concern for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


Adv LMR Ngqo
Municipal Manager

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

	Note(s)	2020 R	2019 Restated* R
Assets			
Non-Current Assets			
Investment property	3	22 226 046	22 226 585
Property, plant and equipment	4	1 100 595 267	1 082 453 408
Intangible assets	5	(8)	(8)
Heritage assets	6	35 193	35 193
Investment	7	8 355 004	7 602 754
Long-term Receivables	8	2 090	3 916
		1 131 213 592	1 112 321 848
Current Assets			
Inventories	9	15 436 927	15 702 745
Operating lease asset	10	440 391	326 972
Receivables from exchange transactions	11	41 559 244	42 188 911
Receivables from non-exchange transactions	11	23 050 995	24 096 683
VAT receivable	12	5 136 369	1 913 644
Current portion of Long-term Receivables	8	1 825	3 939
Unpaid Grants	13&39	10 221 196	16 678 640
Cash and cash equivalents	14	125 716 712	90 089 299
		221 563 659	191 000 833
Total Assets		1 352 777 251	1 303 322 681
Liabilities			
Non-Current Liabilities			
Current Portion of Long-Term Borrowings	15	100 511 797	121 823 094
Employee benefit obligation	16	66 755 999	70 431 823
Provisions	17	5 948 467	23 495 225
		173 216 263	215 750 142
Current Liabilities			
Current Portion of Long-Term Borrowings	15	21 285 200	19 970 279
Operating lease liability	10	328 245	344 346
Trade and other Payables from exchange transactions	18	77 435 536	51 052 502
Payables from non-exchange	19	237 127	-
Consumer deposits	21	8 545 735	8 354 079
Employee benefit obligation	16&22	32 611 653	27 491 535
Unspent Conditional grants and receipts	39&13	9 344 045	1 903 075
Provisions	17	19 368 004	12 175 561
Unspent Public Contributions and Donations	23	38 469	211 730
		169 194 014	121 503 107
Total Liabilities		342 410 277	337 253 249
Net Assets		1 010 366 974	966 069 432
Reserves			
Capital Replacement Reserve	24	93 000 001	81 000 000
Accumulated surplus		917 366 973	885 069 432
Total Net Assets		1 010 366 974	966 069 432

* See Note 58

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

	Note(s)	2020	2019
	Note(s)	R	Restated* R
Revenue			
Revenue from exchange transactions			
Sale of goods		125 893	2 461 049
Service charges	27	361 944 386	355 914 083
Rendering of services	28	3 352 807	3 446 605
Construction contracts		-	31 449 368
Rental of facilities and equipment	29	1 223 532	824 943
Agency services	31	1 784 517	1 779 694
Licences and permits	32	699 849	730 795
Gains on disposal of assets	33	-	476 070
Operational Revenue	34	1 965 166	3 257 330
Interest received - Cash and Investments	35	10 308 474	11 591 757
Interest charged on trade and other receivables	36	13 627 708	10 872 559
Inventories reversal to Net Realisable Value		3 136 534	1 884 834
Total revenue from exchange transactions		398 168 866	424 689 087
Revenue from non-exchange transactions			
Taxation revenue			
Property Rates	37	137 415 927	129 516 474
Interest charged on Non-Exchange Transactions	38	1 703 418	2 652 221
Transfer revenue			
Government grants & subsidies	39	148 708 280	199 846 260
Contributed Assets	40	-	26 235 243
Public contributions and donations	41	173 260	228 270
Fines, Penalties and Forfeits	42	8 777 759	44 665 098
Total revenue from non-exchange transactions		296 778 644	403 143 566
Total revenue		694 947 510	827 832 653
Expenditure			
Employee related costs	43	(227 659 764)	(171 269 644)
Remuneration of councillors	44	(6 303 194)	(6 150 376)
Depreciation and amortisation	45	(31 924 531)	(31 264 535)
Impairment	46	(22 689 997)	(119 019 288)
Finance costs	47	(14 824 812)	(18 417 388)
Operating leases	48	(2 821 830)	(3 991 749)
Bad Debts Written Off	49	(76 663 235)	(70 705 763)
Bulk purchases	50	(127 552 295)	(117 655 105)
Contracted services	51	(92 705 975)	(103 412 484)
Transfers and Subsidies	52	(5 847 556)	(6 644 730)
Loss on disposal of assets	53	(515 775)	(47 469 782)
Water Losses	54	(3 112 320)	(2 179 425)
Inventory Consumed	55	(9 251 484)	(9 309 046)
Operational Cost	56	(28 777 197)	(60 332 893)
Land Earmarked for Housing		-	(32 514 092)
Total expenditure		(650 649 965)	(800 336 300)
Surplus for the year		44 297 545	27 496 353

* See Note 58

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

	Note(s)	Capital replacement reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported		48 854 892	897 325 687	946 180 579
Adjustments				
Correction of errors	58	-	(7 607 500)	(7 607 500)
Balance at 01 July 2018 as restated*		48 854 892	889 718 187	938 573 079
Changes in net assets				
Surplus for the year		-	27 496 353	27 496 353
Transfer from		(41 616 036)	(73 761 144)	(115 377 180)
Transfer to		73 761 144	41 616 036	115 377 180
Total changes		32 145 108	(4 648 755)	27 496 353
Correction of errors	58	-	-	-
Restated* Balance at 01 July 2019		81 000 000	885 069 429	966 069 429
Changes in net assets				
Surplus for the year		-	44 297 545	44 297 545
Transfer from		(29 406 196)	(41 406 197)	(70 812 393)
Transfer to		41 406 197	29 406 196	70 812 393
Total changes		12 000 001	32 297 544	44 297 545
Balance at 30 June 2020		93 000 001	917 366 973	1 010 366 974
Note(s)		24		

* See Note 58

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

	Note(s)	2020	2019
	Note(s)	R	Restated* R
Cash flows from operating activities			
Receipts			
Ratepayers and other		430 271 546	415 075 888
Government Grants		148 708 280	206 876 968
Interest income		25 639 600	25 116 538
		604 619 426	647 069 394
Payments			
Suppliers and Employees		(477 184 998)	(560 861 118)
Transfers and Grants		(5 847 556)	(6 644 730)
Finance costs		(14 824 812)	(18 417 388)
		(497 857 366)	(585 923 236)
Net cash flows from operating activities	59	106 762 060	61 146 158
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(51 981 618)	(94 469 129)
Proceeds from sale of property, plant and equipment	4	1 400 001	2 428 000
Net Movement in Non-Current Investments		(752 250)	(750 195)
Net Movement in Non-Current Receivables		3 940	4 307
Net cash flows from investing activities		(51 329 927)	(92 787 017)
Cash flows from financing activities			
Repayment of current portion of long-term borrowings		(19 996 376)	(19 440 725)
Net Movement in Consumer Deposits		191 656	357 691
Net cash flows from financing activities		(19 804 720)	(19 083 034)
Net increase/(decrease) in cash and cash equivalents		35 627 413	(50 723 893)
Cash and cash equivalents at the beginning of the year		90 089 299	140 813 192
Cash and cash equivalents at the end of the year	14	125 716 712	90 089 299

* See Note 58

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
	R	R	R	R	R	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sale of goods	3 016 755	(2 542 814)	473 941	125 893	(348 048)	A1
Service charges	394 936 146	(27 132 561)	367 803 585	361 944 386	(5 859 199)	A2
Rendering of services	3 980 444	(1 420 013)	2 560 431	3 352 807	792 376	A3
Rental of facilities and equipment	1 653 810	(398 000)	1 255 810	1 223 532	(32 278)	A4
Agency services	1 994 768	(500 002)	1 494 766	1 784 517	289 751	A5
Licences and permits	683 440	203 190	886 630	699 849	(186 781)	A6
Operational Revenue	2 069 658	(310 140)	1 759 518	1 965 166	205 648	A7
Gain on disposal of assets	825 792	-	825 792	-	(825 792)	A8
Interest received - Cash and Investments	8 089 042	753 439	8 842 481	10 308 474	1 465 993	A9
Interest charged on trade and other receivables	11 158 734	2 520 125	13 678 859	13 627 708	(51 151)	A10
Inventory Net-Realisable Value	-	-	-	3 136 534	3 136 534	A11
Total revenue from exchange transactions	428 408 589	(28 826 776)	399 581 813	398 168 866	(1 412 947)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	145 672 034	(3 952 039)	141 719 995	137 415 927	(4 304 068)	B1
Interest, Dividends and Rent on Land	-	1 576 883	1 576 883	1 703 418	126 535	B2

Transfer revenue

Government grants & subsidies	154 371 000	4 250 928	158 621 928	148 708 280	(9 913 648)	C1
Fines, Penalties and Forfeits	61 512 845	(59 885 181)	1 627 664	8 777 759	7 150 095	C2
Public contributions and donations	-	-	-	173 260	173 260	C3

Total revenue from non-exchange transactions	361 555 879	(58 009 409)	303 546 470	296 778 644	(6 767 826)	
Total revenue	789 964 468	(86 836 185)	703 128 283	694 947 510	(8 180 773)	

Expenditure

Employee related costs	(236 220 606)	(4 390 471)	(240 611 077)	(227 659 764)	12 951 313	D1
Remuneration of councillors	(6 970 599)	607 246	(6 363 353)	(6 303 194)	60 159	D2
Depreciation and amortisation	(32 892 875)	(2 474 135)	(35 367 010)	(31 924 531)	3 442 479	D3
Impairment	(88 505 216)	27 743 327	(60 761 889)	(22 689 997)	38 071 892	D4
Bad Debts Written Off	(18 933 795)	-	(18 933 795)	(76 663 235)	(57 729 440)	D5
Finance costs	(14 797 976)	(331 863)	(15 129 839)	(14 824 812)	305 027	D6
Operating leases	(2 470 838)	(609 711)	(3 080 549)	(2 821 830)	258 719	D7
Bulk purchases	(134 085 648)	10 710 000	(123 375 648)	(127 552 295)	(4 176 647)	D8
Contracted Services	(112 595 239)	15 850 888	(96 744 351)	(92 705 975)	4 038 376	D9
Transfers and Subsidies	(6 750 000)	635 000	(6 115 000)	(5 847 556)	267 444	D10
Inventory Consumed	(7 371 566)	(3 054 028)	(10 425 594)	(9 251 484)	1 174 110	D11
Inventories Losses/ Write downs	-	-	-	(3 112 320)	(3 112 320)	D12

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
Operational Cost	(54 522 766)	6 705 040	(47 817 726)	(28 777 197)	19 040 529	D13
Loss on disposal of assets	-	-	-	(515 775)	(515 775)	D14
Total expenditure	(716 117 124)	51 391 293	(664 725 831)	(650 649 965)	14 075 866	
Surplus before taxation	73 847 344	(35 444 892)	38 402 452	44 297 545	5 895 093	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	73 847 344	(35 444 892)	38 402 452	44 297 545	5 895 093	

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
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Statement of Financial Position

Assets

Current Assets

Inventories	15 702 745	15 702 745	31 405 490	15 436 927	(15 968 56)	E1
Operating lease asset	326 972	(326 972)	-	440 391	440 391	E2
Receivables from exchange transactions	370 353 726	(123 460 771)	246 892 955	41 559 244	(205 333 711)	E3
Receivables from non-exchange transactions	157 630 533	(52 523 267)	105 107 266	23 050 995	(82 056 271)	E4
Current portion of Long-term Receivables	-	-	-	1 825	1 825	E5
VAT receivable	-	-	-	5 136 369	5 136 369	E6
Unpaid Grants	77 584 316	(77 584 316)	-	10 221 196	10 221 196	E7
Cash and cash equivalents	-	132 046 612	132 046 612	125 716 712	(6 329 900)	E8
	621 598 292	(106 145 969)	515 452 323	221 563 659	(293 888 664)	

Non-Current Assets

Investment property	23 052 377	22 226 586	45 278 963	22 226 046	(23 052 917)	F1
Property, plant and equipment	1 139 770 068	31 835 135	1 171 605 203	1 100 595 267	(71 009 936)	F2
Intangible assets	(8 271 171)	1 317 856	(6 953 315)	(8)	6 953 307	F3
Heritage assets	35 193	35 193	70 386	35 193	(35 193)	F4
Investment	7 602 754	7 602 754	15 205 508	8 355 004	(6 850 504)	F5
Long-term Receivables	7 855	(38 432)	(30 577)	2 090	32 667	F6

	1 162 197 076	62 979 092	1 225 176 168	1 131 213 592	(93 962 576)	
--	----------------------	-------------------	----------------------	----------------------	---------------------	--

Total Assets	1 783 795 368	(43 166 877)	1 740 628 491	1 352 777 251	(387 851 240)	
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Liabilities

Current Liabilities

Operating lease liability	880 340	(880 340)	-	328 245	328 245	G1
Trade and other Payables from exchange transactions	51 540 820	(1 339 152)	50 201 668	77 435 534	27 233 866	G2
Taxes and transfers payable (non-exchange)	(51 797 171)	51 797 171	-	237 127	237 127	G3
VAT payable	-	91 965 363	91 965 363	-	(91 965 363)	G4
Consumer deposits	8 354 079	-	8 354 079	8 545 735	191 656	G5
Employee benefit obligation	24 918 347	8 602 785	33 521 132	32 611 653	(909 479)	G6
Unspent Conditional grants and receipts	881 612	(129 369 899)	(128 488 287)	9 344 045	137 832 332	G7
Provisions	623 470	-	623 470	19 368 004	18 744 534	G8
Unspent Public Contributions and Donations	211 730	(211 730)	-	38 469	38 469	G9
Bank overdraft	432 113 236	18 924 086	451 037 322	-	(451 037 322)	G10
Current Portion of Long-Term Borrowings	-	-	-	21 285 200	21 285 200	G14
	467 726 463	39 488 284	507 214 747	169 194 012	(338 020 735)	

Non-Current Liabilities

Current Portion of Long-Term Borrowings	153 889 877	(1 140 182)	152 749 695	100 511 797	(52 237 898)	H1
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Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
Employee benefit obligation	81 577 950	(8 572 938)	73 005 012	66 755 999	(6 249 013)	H2
Provisions	35 047 316	-	35 047 316	5 948 467	(29 098 849)	H3
Finance lease obligation	-	905 301	905 301	-	(905 301)	H8
	270 515 143	(8 807 819)	261 707 324	173 216 263	(88 491 061)	
Total Liabilities	738 241 606	30 680 465	768 922 071	342 410 275	(426 511 796)	
Net Assets	1 045 553 762	(73 847 342)	971 706 420	1 010 366 976	38 660 556	
Net Assets						
Capital replacement reserve	81 000 000	-	81 000 000	93 000 001	12 000 001	I1
Accumulated surplus	964 553 762	(73 847 342)	890 706 420	917 366 975	26 660 555	I2
Total Net Assets	1 045 553 762	(73 847 342)	971 706 420	1 010 366 976	38 660 556	

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual outcome	Reference
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Cash Flow Statement

Cash flows from operating activities

Receipts

Ratepayers and other	434 282 680	61 907 000	496 189 680	430 271 546	(65 918 134)	J1
Government Grants	70 373 940	82 750 057	153 123 997	148 708 280	(4 415 717)	J2
Interest income	10 493 546	(1 968 149)	8 525 397	25 639 600	17 114 203	J3
	515 150 166	142 688 908	657 839 074	604 619 426	(53 219 648)	

Payments

Suppliers and Employees	(554 237 262)	1 841 000	(552 396 262)	(477 184 998)	75 211 264	J4
Transfers and Grants	(6 750 000)	1 235 000	(5 515 000)	(5 847 556)	(332 556)	J5
Finance costs	(14 797 976)	(332 000)	(15 129 976)	(14 824 812)	305 164	J6
	(575 785 238)	2 744 000	(573 041 238)	(497 857 366)	75 183 872	

Net cash flows from operating activities	(60 635 072)	145 432 908	84 797 836	106 762 060	21 964 224	
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Cash flows from investing activities

Purchase of property, plant and equipment	(84 765 848)	11 640 000	(73 125 848)	(51 981 618)	21 144 230	K1
Proceeds from sale of property, plant and equipment	-	-	-	1 400 001	1 400 001	K2
Net Movement in Non-Current Investments	-	-	-	(752 250)	(752 250)	K7
Net cash flows from investing activities	(84 765 848)	11 640 000	(73 125 848)	(51 333 867)	21 791 981	

Cash flows from financing activities

Proceeds from current portion of long-term borrowings	(11 640 000)	11 640 000	-	-	-	L1
Repayment of current portion of long-term borrowings	-	(19 440 725)	(19 440 725)	(19 996 376)	(555 651)	L2
Net Movement in Consumer Deposits	-	(314 000)	(314 000)	191 656	505 656	L3

Net cash flows from financing activities	(11 640 000)	(8 114 725)	(19 754 725)	(19 804 720)	(49 995)	
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Net increase/(decrease) in cash and cash equivalents	(157 040 920)	148 958 183	(8 082 737)	35 623 473	43 706 210	
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Cash and cash equivalents at the beginning of the year	-	90 089 299	90 089 299	90 089 299	-	
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Cash and cash equivalents at the end of the year	(157 040 920)	239 047 482	82 006 562	125 712 772	43 706 210	
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Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

	Note(s)	2020	2019
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1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied, except where an exemption has been granted, are disclosed below.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.1 Presentation currency

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.2 Going concern assumption

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

1.3 Comparative Information

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.4 Amended Disclosure Policy

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.5 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.6 Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e 2019/07/01 to 2020/06/30.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.7 Internal reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

1.8 Leases

Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 13 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.10 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor

- Unspent conditional grants are recognised as a liability when the grant is received
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

1.11 Provisions

Provisions are recognised when:

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

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.12 Employee benefits

Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.12 Employee benefits (continued)

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

Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.13 Borrowing costs

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

In accordance with GRAP 5, the municipality has opted to apply the Benchmark Treatment when accounting for Borrowing Costs. Under the benchmark treatment, borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowings are applied.

1.14 Property, plant and equipment

Initial Recognition

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.14 Property, plant and equipment (continued)

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives (in years):

Item	Depreciation method	Expected useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	8-100
Infrastructure	Straight-line	
• Electricity reticulation		8-101
• Refuse Sites		5-100
• Roads, Pavements, Bridges & Storm Water		6-100
• Sewerage Purification		9-100
• Water Reservoirs & reticulation		8-100
Community	Straight-line	
• Cemeteries		10-100
• Community Halls		5-100
• Libraries		5-100
• Sports grounds		5-100
• Parks		5-100

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.14 Property, plant and equipment (continued)

Other Assets	Straight-line	
• Office Equipment		3-30
• Other Land & Buildings		10.15
• Other Motor Vehicles		4-30
• Plant and Equipment		5-30
• Security Measures		5-30
• Specialised Vehicles		8-30
Leased Assets	Straight-line	3-6

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17) and Intangible Assets (GRAP 31). If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- b) The use of the asset has changed, because of the following:
 - The entity has changed the manner in which the asset is used.
 - The entity has changed the utilisation rate of the asset
 - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.14 Property, plant and equipment (continued)

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

De-recognition

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

Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.15 Intangible assets

Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation and Impairment

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.15 Intangible assets (continued)

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Expected useful life
Computer software, other	Straight-line	5-10

De-recognition

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

Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.16 Investment property

Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

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

Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.16 Investment property (continued)

Cost model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- h) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- i) The use of the asset has changed, because of the following:
 - The entity has changed the manner in which the asset is used.
 - The entity has changed the utilisation rate of the asset.
 - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- j) The asset is approaching the end of its previously expected life.
- k) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- l) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- m) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- n) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

Item	Expected Useful life
Property - buildings	30-120 years

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1.16 Investment property (continued)

De-recognition

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

Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.17 Heritage assets

Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

Subsequent measurement - Cost Model

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

Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

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1.18 Recognition and De-recognition of Land – IGRAP18

The municipality applies this interpretation to the initial recognition and de-recognition of land in its financial statements. This interpretation also considers joint control of land by more than one entity.

When the municipality concludes that it controls the land after applying the principles in this Interpretation, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined.

An entity also applies the applicable Standards of GRAP to the de-recognition of land when it concludes that it does not control the land after applying the principles in this Interpretation.

1.19 Impairment of cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

o) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

p) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

Accounting Policies

1.19 Impairment of cash-generating assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

q) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

r) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

Accounting Policies

1.20 Impairment of non-cash-generating assets (continued)

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

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

1.21 Inventories

Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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Accounting Policies

1.21 Inventories (continued)

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

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

Fuel held for sale is measured annually at the reporting date by way of a dip reading.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22 Financial instruments

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

Initial recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

Subsequent measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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Accounting Policies

1.22 Financial instruments (continued)

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.4. Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

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

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

Derecognition of Financial Instruments

1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

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Accounting Policies

1.22 Financial instruments (continued)

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23 Statutory receivables

Identification

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

Derecognition

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Accounting Policies

1.23 Statutory receivables (continued)

The municipality derecognises a statutory receivable, or a part thereof, when:

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

1.24 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability. When 3 years has expired, then all unclaimed deposits made into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Unclaimed deposits are recognised as revenue after 3 years, the Municipality still keeps record of these unclaimed deposits in the event that a party should submit a claim, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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Accounting Policies

1.25 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month may be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

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Accounting Policies

1.25 Revenue from exchange transactions (continued)

The prevailing rate for a similar instrument of an issuer with a similar credit rating:

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.26 Transfer of function (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- s) identifying the acquirer (Municipality);
- t) determining the acquisition date;
- u) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- v) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.27 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

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Accounting Policies

1.27 Construction contracts and receivables (continued)

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.28 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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Accounting Policies

1.28 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.29 Related parties

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 - "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

w) The following are regarded as related parties of the Municipality: A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

x) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.

Bitou Local Municipality

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Accounting Policies

1.29 Related parties (continued)

- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- a) are married or live together in a relationship similar to a marriage; or
- b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- a) all members of the governing body of the Municipality;
- b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.30 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Bitou Local Municipality

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Accounting Policies

1.31 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgment is required when recognising and measuring contingent liabilities.

1.34 Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and, Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 16 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.34 Significant judgements and sources of estimation uncertainty (continued)

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time, as well as a review of historic sales/disposal data.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

De-recognition of Land (IGRAP18)

In order to measure/calculate the portion of land to be classified as inventory or expensed, the total housing development size (excl portions that will vest with the municipality) is expressed as a percentage of the total land size. This percentage or factor is then used to calculate the land value to be expensed or re-classified as inventory, depending on the respective de-recognition criteria.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.34 Significant judgements and sources of estimation uncertainty (continued)

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgment is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.24 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgment, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- The current CPI rate will be used to calculate the effect of the passage of time to determine the retrospective effect of the change in estimate.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

Bitou Local Municipality

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Accounting Policies

1.34 Significant judgements and sources of estimation uncertainty (continued)

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.35 Taxes - Value Added Tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.36 Capital Commitments

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

1.37 Events after reporting date

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

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

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

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

1.38 Service concession arrangements: Entity as grantor

Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

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

Recognition of asset and liability

Accounting Policies

1.38 Service concession arrangements: Entity as grantor (continued)

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

Financial liability model

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities and contingent assets

Accounting Policies

1.38 Service concession arrangements: Entity as grantor (continued)

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

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

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

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

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 01 April 2020.

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

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

A municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2020.

The impact of the amendment is set out in note Changes in Accounting Policy.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

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

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgments and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

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

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

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

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

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

GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2020.

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

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

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

IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgment based on past experience and current facts and circumstances.

Notes to the Audited Annual Financial Statements**2. New standards and interpretations (continued)**

The effective date of the amendment is for years beginning on or after 01 April 2020.

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

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2020

The municipality expects to adopt the standard for the first time in the 2020/2020 audited annual financial statements.

The impact of this standard is currently being assessed.

3. Investment property

	2020 R			2019 R		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	27 733 089	(5 507 043)	22 226 046	27 733 089	(5 506 504)	22 226 585

Reconciliation of investment property - 2020

	Opening balance	Depreciation	Total
Investment property	22 226 585	(539)	22 226 046

Reconciliation of investment property - 2019

	Opening balance	Impairments	Depreciation	Total
Investment property	26 619 617	(4 392 494)	(538)	22 226 585

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

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

Bitou Local Municipality

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Notes to the Audited Annual Financial Statements

	2020	2019
	R	R

3. Investment property (continued)

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	289 809	289 809
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Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

4. Property, plant and equipment

	2020 R			2019 R		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	307 781 181	(25 071 085)	282 710 096	309 181 181	(25 071 085)	284 110 096
Machinery and Equipment	10 641 332	(6 499 879)	4 141 453	10 183 489	(5 399 912)	4 783 577
Furniture and Office Equipment	9 109 009	(6 162 227)	2 946 782	8 579 590	(5 496 575)	3 083 015
Transport Assets	42 595 335	(17 727 264)	24 868 071	42 813 172	(15 181 077)	27 632 095
Computer equipment	12 899 744	(7 722 834)	5 176 910	12 379 966	(6 522 592)	5 857 374
Infrastructure	917 283 644	(228 602 619)	688 681 025	873 017 140	(206 944 407)	666 072 733
Community	77 097 223	(20 574 641)	56 522 582	75 332 285	(18 594 290)	56 737 995
Other property, plant and equipment	65 699 319	(30 150 971)	35 548 348	63 672 644	(29 496 121)	34 176 523
Total	1 443 106 787	(342 511 520)	1 100 595 267	1 395 159 467	(312 706 059)	1 082 453 408

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	284 110 096	-	(1 400 000)	-	282 710 096
Machinery and Equipment	4 783 577	514 632	(6 986)	(1 149 770)	4 141 453
Furniture and Office Equipment	3 083 015	564 941	(9 165)	(692 009)	2 946 782
Transport Assets	27 632 095	722 516	(76 391)	(3 410 149)	24 868 071
Computer equipment	5 857 374	735 477	(65 247)	(1 350 694)	5 176 910
Infrastructure	666 072 733	45 117 861	(239 108)	(22 270 461)	688 681 025
Community	56 737 995	2 299 521	(118 879)	(2 396 055)	56 522 582
Other property, plant and equipment	34 176 523	2 026 675	-	(654 850)	35 548 348
	1 082 453 408	51 981 623	(1 915 776)	(31 923 988)	1 100 595 267

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	304 898 085	40 636 169	-	(43 412 554)	-	-	-	(18 011 604)	284 110 096
Machinery and Equipment	3 923 995	2 116 719	5 175	(87 855)	(3 325)	(1)	(1 171 131)	-	4 783 577
Furniture and Office Equipment	3 545 428	347 520	-	(40 523)	-	(2 505)	(766 905)	-	3 083 015
Transport Assets	23 027 756	9 331 000	-	(1 388 711)	-	-	(3 337 950)	-	27 632 095
Computer equipment	7 011 565	719 156	-	(232 311)	-	(5 133)	(1 635 903)	-	5 857 374
Infrastructure	636 225 976	55 468 238	-	(3 953 765)	-	7 639	(21 675 355)	-	666 072 733
Community	51 070 640	8 093 685	-	(305 994)	-	-	(2 120 336)	-	56 737 995
Other property, plant and equipment	30 742 902	3 986 712	-	-	3 325	-	(556 416)	-	34 176 523
	1 060 446 347	120 699 199	5 175	(49 421 713)	-	-	(31 263 996)	(18 011 604)	1 082 453 408

Capital Commitments

	2020	2019
Capital commitments applicable	14 988 325	22 675 946

See Note 71

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
4. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Electrical Infrastructure	3 308 556	1 783 077
Sanitation Infrastructure	278 380	3 003 454
Network and Communication	81 604	-
Water Supply Infrastructure	-	11 685 088
Community Assets	-	935 665
	3 668 540	17 407 284

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

Infrastructure Assets	64 885 198	35 077 432
Community Assets	2 119 459	4 004 827
Other Assets	1 031 182	1 094 502
	68 035 839	40 176 761

Reasons for delay:

- Budgeting/Funding Constraints
- Delays with EIA Approvals
- Delays with SCM Processes
- COVID-19 Lockdown

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

Electricity Reticulation	-	1 162 526
Roads, Pavements, Bridges & Storm water	-	51 750
	-	1 214 276

Reasons for delay:

- Litigation matter relating to the Small Boat Harbour
- Awaiting Electrical Master Plan

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
4. Property, plant and equipment (continued)		
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	2 918 309	5 064 265
Contracted services	39 197 264	22 248 612
Materials	2 286 136	5 765 169
Other expenses	155 752	222 839
	44 557 461	33 300 885

Change in estimates in terms of GRAP 3

Depreciation after adjustments:

Community Assets	3 786	-
Computer Equipment	157 309	-
Electrical Infrastructure	628	-
Furniture and Office Equipment	85 251	-
Machinery and Equipment	80 718	-
Network and Communication	170	-
Other Assets	8 448	-
Roads Infrastructure	65 564	-
Sanitation Infrastructure	60 552	-
Transport Assets	340 200	-
Water Supply Infrastructure	57 492	-
	860 118	-

Change in estimates in terms of GRAP 3

Depreciation before adjustments:

Community Assets	5 677	-
Computer Equipment	378 855	-
Electrical Infrastructure	942	-
Furniture and Office Equipment	170 626	-
Machinery and Equipment	163 677	-
Network and Communication	206	-
Other Assets	23 225	-
Roads Infrastructure	98 351	-
Sanitation Infrastructure	90 834	-
Transport Assets	533 530	-
Water Supply Infrastructure	86 240	-
	1 552 163	-

The useful life's of the assets were adjusted for further periods, due to these assets reaching their expected useful life's. The changes remains the same for the next two years

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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4. Property, plant and equipment (continued)

Land De-Recognized - IGRAP 18

Land De-recognised - IGRAP 18	-	26 167 012
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Following control assessments performed on land, it was established that substantive control linked to various parcels of land relating to the respective Housing Programmes, vests with the Department of Human Settlements. These portions of land were de-recognised, in accordance with IGRAP18.

Land Recognised - IGRAP18

Land Recognised - IGRAP 18	-	25 897 243
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Following control assessments performed on land, it was established that substantive control linked to various parcels of land, vests with the municipality. These included Public Places, registered at the deeds office in the names of private entities, but vests with the municipality in accordance with Spatial Planning and Land Use Management Act 16 of 23.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

5. Intangible assets

	2020 R			2019 R		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	(8)	-	(8)	(8)	-	(8)

Reconciliation of intangible assets - 2020

	Opening balance	Total
Computer software, other	(8)	(8)

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

5. Intangible assets (continued)

Reconciliation of intangible assets - 2019

	Opening balance	Total
Computer software, other	(8)	(8)

Description

Microsoft Office and Windows Software

**Remaining
Amortization
Period**
5 - 10 Years

No intangible asset has an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

Bitou Local Municipality

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Notes to the Audited Annual Financial Statements

6. Heritage assets

	2020 R			2019 R		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	16 512	-	16 512	16 512	-	16 512
Other	18 681	-	18 681	18 681	-	18 681
Total	35 193	-	35 193	35 193	-	35 193

Reconciliation of heritage assets 2020

	Opening balance	Total
Historical buildings	16 512	16 512
Other	18 681	18 681
	35 193	35 193

Reconciliation of heritage assets 2019

	Opening balance	Total
Historical buildings	16 512	16 512
Other	18 681	18 681
	35 193	35 193

Age and/or condition of heritage assets

Heritage Assets consist of historical land and the Mayoral chain.

The assets were measured at cost.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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6. Heritage assets (continued)

Restrictions on heritage assets

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

Pledged as security

There are no Heritage assets pledged as security for liabilities.

Contractual commitments for the acquisition, maintenance and restoration of heritage assets

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

Heritage assets used for more than one purpose

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

7. Investment

Total Non-Current Investments

Fixed Deposits	8 355 004	7 602 754
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A non-current investment to establish a Sinking Fund, amounted to R5,243,673.32 was re-invested with Nedbank Ltd to serve as a contractual collateral on loan accounts WC 13665 and WC 100225 from Development Bank of Southern Africa.

Interest accrued on the investment is capitalized annually.

8. Long-term Receivables

Housing Selling Schemes - At amortised cost	3 915	7 855
Less: Current portion transferred to Receivables from Non-Exchange Transactions	(1 825)	(3 939)
	2 090	3 916

Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.

The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.

The terms granted applicable to these loans are not more favourable that would be expected in market terms

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
9. Inventories		
Consumable stores at Cost	13 072 644	13 745 373
Water for distribution	129 053	104 829
Unsold Properties Held for Resale / Housing Inventory	2 235 230	1 852 543
	15 436 927	15 702 745

Consumable stores materials increase / (write down) due to losses as identified during the annual stores counts. - (17 886)

Consumable stores materials increase / (write down) due to obsolete stock identified. - (182 858)

Consumable stores Value Increase / (Write-down) due to Net Realisable Value as at 30 June - 2 098

Inventories recognised as an expense during the year 4 730 265 8 586 364

Inventory pledged as security

No inventory assets were pledged as security for liabilities.

Water for distribution

Opening balance		104 829	160 943
Water losses	Note 50	24 224	(56 114)
Closing balance		129 053	104 829

10. Operating lease (accrual)

Current assets	440 391	326 972
Current liabilities	(328 245)	(344 346)
	112 146	(17 374)

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

11. Debtors disclosure

Gross balances

Consumer debtors - Electricity	29 652 114	27 827 453
Consumer debtors - Water	87 899 605	62 079 704
Consumer debtors - Sewerage	93 097 997	68 137 513
Consumer debtors - Refuse	55 138 920	40 656 149
Consumer debtors - Housing Rentals	1 428 831	1 022 768
Consumer debtors - Sundries (Exchange)	6 481 073	8 039 692
Consumer debtors - Rates	48 098 158	41 893 900
Fines	29 386 790	72 529 280
Consumer debtors - Sundries (Non-Exchange)	625 864	(74 132)
	351 809 352	322 112 327

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
11. Debtors disclosure (continued)		
Less: Allowance for impairment		
Consumer debtors - Electricity	(10 460 645)	(8 446 475)
Consumer debtors - Water	(79 137 859)	(53 349 255)
Consumer debtors - Sewerage	(86 066 323)	(62 231 056)
Consumer debtors - Refuse	(51 258 384)	(37 124 010)
Consumer debtors - Housing Rentals	(1 113 970)	(895 124)
Consumer debtors - Sundries (Exchange)	(4 102 115)	(3 528 448)
Consumer debtors - Rates	(32 867 258)	(25 703 757)
Fines	(22 192 559)	(64 548 608)
	(287 199 113)	(255 826 733)
Net balance		
Consumer debtors - Electricity	19 191 469	19 380 978
Consumer debtors - Water	8 761 746	8 730 449
Consumer debtors - Sewerage	7 031 674	5 906 457
Consumer debtors - Refuse	3 880 536	3 532 139
Consumer debtors - Housing Rentals	314 861	127 644
Consumer debtors - Sundries (Exchange)	2 378 958	4 511 244
Consumer debtors - Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
Consumer debtors - Sundries (Non-Exchange)	625 864	(74 132)
	64 610 239	66 285 594
Statutory receivables included in consumer debtors above are as follows:		
Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
	22 425 131	24 170 815
Financial asset receivables included in consumer debtors above	42 185 108	42 114 779
Total debtors	64 610 239	66 285 594
Included in above is receivables from exchange transactions		
Electricity	19 191 469	19 380 978
Water	8 761 746	8 730 449
Sewerage	7 031 674	5 906 457
Refuse	3 880 536	3 532 139
Housing Rentals	314 861	127 644
Sundries (Exchange)	2 378 958	4 511 244
	41 559 244	42 188 911
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
Sundries (Non-Exchange)	625 864	(74 132)
	23 050 995	24 096 683

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
11. Debtors disclosure (continued)		
Net balance	64 610 239	66 285 594
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.		
Electricity		
Current (0 -30 days)	12 128 878	15 119 773
31 - 60 days	2 280 514	1 165 634
61 - 90 days	1 607 210	958 335
+90 days	13 635 512	10 583 711
	29 652 114	27 827 453
Water		
Current (0 -30 days)	7 422 336	11 439 195
31 - 60 days	3 145 455	3 267 631
61 - 90 days	2 865 203	3 147 094
+90 days	74 466 611	44 225 784
	87 899 605	62 079 704
Sewerage		
Current (0 -30 days)	7 038 134	9 695 789
31 - 60 days	3 318 546	3 053 592
61 - 90 days	3 157 200	2 897 759
+90 days	79 584 117	52 490 373
	93 097 997	68 137 513
Refuse		
Current (0 -30 days)	4 078 668	5 690 416
31 - 60 days	1 951 881	1 785 764
61 - 90 days	1 848 372	1 694 132
+90 days	47 259 999	31 485 837
	55 138 920	40 656 149
Housing Rentals		
Current (0 -30 days)	171 722	79 087
31 - 60 days	29 109	22 566
61 - 90 days	29 127	22 455
+90 days	1 198 873	898 660
	1 428 831	1 022 768
Sundries (Exchange)		
Current (0 -30 days)	1 171 188	2 415 769
31 - 60 days	21 255	34 395
61 - 90 days	20 904	29 540
+90 days	5 267 726	5 559 988
	6 481 073	8 039 692

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
11. Debtors disclosure (continued)		
Rates		
Current (0 -30 days)	7 952 582	9 778 802
31 - 60 days	2 519 878	1 539 363
61 - 90 days	1 937 637	1 389 831
+90 days	35 688 061	29 185 904
	48 098 158	41 893 900
Fines		
Current (0 -30 days)	3 422 500	3 239 100
31 - 60 days	602 700	3 060 100
61 - 90 days	324 800	2 617 100
+90 days	25 036 790	63 612 980
	29 386 790	72 529 280
Sundries (Non-Exchange)		
Current (0 -30 days)	54 085	(188 004)
61 - 90 days	7 275	-
+90 days	564 504	113 872
	625 864	(74 132)

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
11. Debtors disclosure (continued)		
Summary of debtors by customer classification		
Residential		
Current (0 -30 days)	41 585 909	48 339 788
31 - 60 days	12 095 888	12 814 054
61 - 90 days	10 375 289	11 872 740
+90 days	270 175 581	222 241 134
	334 232 667	295 267 716
Less: Allowance for impairment	(278 274 639)	(244 860 823)
	55 958 028	50 406 893
Industrial/ commercial		
Current (0 -30 days)	2 834 100	8 416 264
31 - 60 days	1 546 005	951 780
61 - 90 days	1 241 237	733 391
+90 days	10 668 962	12 529 418
	16 290 304	22 630 853
Less: Allowance for impairment	(7 988 473)	(9 488 316)
	8 301 831	13 142 537
National and provincial government		
Current (0 -30 days)	(573 877)	408 033
31 - 60 days	227 444	163 211
61 - 90 days	181 202	150 114
+90 days	1 451 611	3 492 400
	1 286 380	4 213 758
Less: Allowance for impairment	(936 000)	(1 477 594)
	350 380	2 736 164
Total		
Current (0 -30 days)	43 846 132	57 164 085
31 - 60 days	13 869 337	13 929 045
61 - 90 days	11 797 728	12 756 245
+90 days	282 296 154	238 262 952
	351 809 351	322 112 327
Less: Allowance for impairment	(287 199 112)	(255 826 733)
	64 610 239	66 285 594

Material Losses

The contract of the service provider responsible for traffic fines came to end on 30 June 2019. A new service provider was only appointed, with effect 01 February 2020. For the interim period, no traffic fines were issued

Furthermore, due to the lockdown restrictions of COVID-19 (27 March 2020 until 01 June 2020), another two months were experienced, where no traffic fines were issued. No estimate was done for this period because individuals were not allowed to drive during the lockdown period and traffic services were not classified as essential services during the lockdown, therefore no revenue from fines was expected

The estimated loss resulting from the non-issuing of fines for the period of seven months is estimated at R 28 061 043

Trade and other receivables pledged as security

No Receivables are pledged as security for financial liabilities

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
11. Debtors disclosure (continued)		
<u>Fair value of trade and other receivables</u>		
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.		
Reconciliation of allowance for impairment		
Balance at beginning of the year	255 826 733	149 272 346
Provision for Impairment	31 372 380	106 554 387
	287 199 113	255 826 733

The total amount of this provision consists of:

Electricity	10 460 645	8 446 475
Water	79 137 859	53 349 255
Refuse	51 258 384	37 124 010
Sewerage	86 066 323	62 231 056
Housing Rentals	1 113 970	895 124
Sundries (Exchange)	4 102 115	3 528 448
Rates	32 867 258	25 703 757
Fines	22 192 559	64 548 608
	287 199 113	255 826 733

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. The provision for impairment is based on current and past collection rates applicable to fines.

12. VAT receivable

VAT	5 136 369	1 913 644
Net VAT Receivable		
VAT Payable (Output)	(144 054 440)	(99 075 730)
VAT Receivable (Input)	149 190 809	100 989 374
	5 136 369	1 913 644

VAT is payable on the receipts basis. VAT is paid over to SARS after payment received from debtors.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
13. Unspent Conditional grants and receipts		
Detailed explanation contained in disclosure Note 39		
Conditional grants and receipts comprises of:		
Conditional grants and receipts		
Provincial Housing	(10 065 796)	(16 622 921)
Municipal Infrastructure (MIG)	5 422 959	38 065
Regional Social Economic Projects	2 350 504	-
Integrated National Electrification Program (INEP)	-	86 872
LG SETA	706 759	319 866
Financial Management Support - mSCOA	-	(51 469)
Financial Management Capacity Building	75 142	75 142
Community Development Workers (CDW)	37 967	(33)
Local Government Graduate Internship	266 175	202 024
Municipal Replacement Funding (MRF)	306 461	983 399
Proclaimed Roads Maintenance	-	(4 219)
Neighbourhood Development	-	1
Energy Efficiency and Demand Side Management	22 671	-
Municipal Disaster: Provincial	7	197 708
	(877 151)	(14 775 565)

See note 39 and Appendix D for reconciliation of grants from National/Provincial Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	18 180	18 180
Bank balances	82 625 527	26 763 811
Short-term deposits	43 073 005	63 307 308
	125 716 712	90 089 299

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

Reconciliation of Available Cash and Investment Resources

The Following are Cash and Investment Resources held that are held by the Municipality but may not be used for other than the intended purposes as stated below:

Cash and cash equivalents	125 716 712	90 089 299
Long Term Deposits / Investments	8 355 004	7 602 754
	134 071 716	97 692 053
Less:		
Unspent Transfers and Subsidies	(9 344 045)	(1 903 075)
Unspent public contributions and donations	(38 469)	(211 730)
Secured Investments - DBSA NedBank	(5 244 000)	(5 244 000)
Consumer deposits	(8 545 735)	(8 354 079)
Capital Replacement Reserve	(93 000 001)	(81 000 000)
Resources Available for Working Capital Requirements	17 899 466	979 169

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R			2019 R		
14. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
Nedbank- Account Number 1089911513 (Primary Bank Account)	79 155 702	26 183 315	58 494 923	-	-	-
Nedbank- Account Number 1089913079 (Traffic Account)	123 501	84 072	72 571	-	-	-
Nedbank- Account Number 1089913974 (Direct Deposits)	3 174 272	345 858	1 190 080	-	-	-
Cash Book	-	-	-	82 625 526	26 763 810	59 483 835
Total	82 453 475	26 613 245	59 757 574	82 625 526	26 763 810	59 483 835

15. Long-Term Borrowings

At amortised cost

DBSA - 11200/102	-	185 000
DBSA - 13665/101	196 842	590 526
DBSA - 100225/1	2 060 000	2 884 000
DBSA - 103437/1	18 978 199	20 151 602
DBSA - 103437/2	1 231 119	1 463 178
STANDARD BANK - 282023631	-	456 037
STANDARD BANK - 282024913(Old Acc Number)/ 000537504(New Acc number)	10 935 248	12 478 912
STANDARD BANK - 282044426	2 566 169	4 869 857
STANDARD BANK - 282029087(Old Acc Number)/ 000536658(New Acc number)	3 357 493	5 320 026
STANDARD BANK - 251981282(Old Acc Number)/ 000536894(New Acc number)	3 255 878	5 155 589
STANDARD BANK - 282022589(Old Acc Number)/ 000537648(New Acc number)	5 107 851	6 476 340
STANDARD BANK - 082602247(Old Acc Number)/ 000536665(New Acc number)	6 440 569	7 643 950
NEDBANK - 7831 033912 / 000 001	6 438 843	7 324 889
NEDBANK - 2017/2018	26 959 874	29 026 027
ABSA - 2015/2016	14 366 933	15 996 972
ABSA - 2016/2017	19 901 979	21 770 468
	121 796 997	141 793 373

Total other financial liabilities	121 796 997	141 793 373
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Development Bank Loans

- Various structured loans have been taken up with DBSA, with an original value totaling R75.289m. All the loans are paid 6 monthly on a "Fixed capital plus interest" basis which varies between 15-20 year periods with maturity dates ranging from 31/12/2019 - 30/06/2029 respectively. Interest rates applicable on all loans vary from 9.14% to 11.24% . Apart from the below mentioned loan all other loans are unsecured.
- A non current investment to establish a Sinking Fund, amounted to R 5, 244m has been invested with Nedbank to serve as a contractual collateral on loans (loan WC 13665 and WC 100225) from Development Bank of Southern Africa.

Standard Bank Loans

- Seven loans originally amounting to a total of R94,38m had been taken up from Standard bank. These loans will be paid back 6 monthly on a "fixed capital plus interest" basis over a period which varies between 5 and 10 years, with maturity dates from 30/06/2018 to 30/06/2025 respectively. Interest rates applicable to these loans varying between 10.00% and 11.45% respectively. The loans are unsecured.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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15. Long-Term Borrowings (continued)

NedBank Loans

- Two loans originally amounting R40.88m have been taken up from NEDBANK. The one loan will be paid monthly and the other bi-annually, on equal installments, based on fixed interest rates of 11.81% and 10.54% respectively over 10 year periods. The loans mature on 30/06/2025 and 30/06/2028. The loans are unsecured.

ABSA Loans

- Two loans originally amounting to R44.99m have been taken up from ABSA. The loans will be paid 6-monthly on equal installments based on a fixed interest rate over a ten year period with maturity date of 30/06/2026 and 30/06/2027 respectively. Interest rates applicable to these loans vary between 10.04% and 10.36% respectively. The loans are unsecured.

The fair value of Long-Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Non-current liabilities

At amortised cost	100 511 797	121 823 094
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Current liabilities

At amortised cost	21 285 200	19 970 279
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The obligations under annuity loans are scheduled below:

Amounts Payable under annuity loans:

Within One year	33 831 938	34 679 497
Within Two to Five years	96 982 780	110 291 077
After Five years	39 991 657	60 199 813
Less: Future Finance obligations	(49 009 378)	(63 377 015)

Present Value of annuity loans obligations	121 796 997	141 793 372
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Utilisation of Long-term Liabilities Reconciliation

Long-term Liabilities raised	121 796 997	141 793 373
Used to finance property, plant and equipment	(121 796 997)	(139 649 924)
	-	2 143 449

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

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
16. Employee benefit obligations		
Post-Retirement Benefits	56 408 999	60 560 398
Long Service Awards	10 347 000	9 871 425
	66 755 999	70 431 823
Post-Retirement Benefits		
Balance 1 July	60 560 398	94 770 719
Contributions for the year	10 642 517	17 667 446
Expenditure for the year	(1 438 282)	(1 419 507)
Actuarial Loss/(Gain)	(13 070 178)	(50 395 991)
Transfer of Current portion	(285 456)	(62 269)
Balance at 30 June	56 408 999	60 560 398
Long Service Awards		
Balance 1 July	9 871 425	5 166 567
Contributions for the year	2 055 957	1 175 085
Expenditure for the year	(1 041 598)	(1 370 928)
Actuarial Loss/(Gain)	(660 429)	4 574 957
Transfer of Current portion	121 645	325 744
Balance at 30 June	10 347 000	9 871 425

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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16. Employee benefit obligations (continued)

Post-Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	505	490
In-service (employee)- non-members	41	29
Continuation members (e.g. Retirees, widows, orphans)	39	34
Total Members	585	553

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

	R	R
In-service (employee) members	39 666 000	44 237 818
In-service (employee)- non-members	365 000	391 250
Continuation members (e.g. Retirees, widows, orphans)	18 156 000	17 423 874
Total Liability - unfunded	58 187 000	62 052 942

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

	2018	2017	2016	2015
In-service (employee) members	77 084 170	72 511 038	68 218 893	64 887 127
In-service (employee)- non-members	2 579 704	3 009 265	2 450 618	-
Continuation members (e.g. Retirees, widows, orphans)	16 537 120	18 250 143	17 094 650	16 180 839
Total Liability	96 200 994	93 770 446	87 764 161	81 067 966

Experience adjustments were calculated as follows:

	2020 (R'000)	2019 (R'000)	2018 (R'000)	2017 (R'000)
Liabilities (Gains)/Loss	1 200	(6 771)	(6 577)	4 979

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonita's
- LAHealth
- Samwu
- Keyhealth
- Hosmed

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
16. Employee benefit obligations (continued)		
Key assumptions used		
i) Rate of interest		
Discount rate	10,74 %	9,60 %
Health Care Cost Inflation Rate	6,75 %	7,02 %
Expected rate of return on assets	3,74 %	2,41 %
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries t		
The SA 85-90 table was used by the actuaries for current employees		
iii) Normal Retirement Age		
It has been assumed that in-service members will retire at an average age of 62 years, which then implicitly allows for expected rates of early and ill-health retirement. In 2018 it was 57 years.		
The amount recognised in the Statement of Financial Position is as follows		
Present value of fund obligations	58 187 000	62 052 942
Net liability-unfunded	58 187 000	62 052 942
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	62 052 942	96 200 994
Current Service Cost (Included in Employee Cost in the Statement of Financial Performance)	4 755 435	8 327 298
Interest Cost (Included in Employee Cost in the Statement of Financial Performance)	5 887 082	9 340 148
Benefits Paid	(1 438 281)	(1 419 507)
Actuarial Gain/(losses) (included in Employee Cost in the statement of Financial Performance)	(13 070 178)	(50 395 991)
Present Value of fund obligation at the end of the year	58 187 000	62 052 942
Less: Transfer of current portion	(1 778 000)	(1 492 544)
Balance 30 June	56 409 000	60 560 398

The total liability has decreased by 6% (or R 3.866 million) since the last valuation. The main reasons for the actual movement in the liability are:

- an increase in the average age which means members are closer to retirement (less discounting) and less likely before retirement
- an increase in the average past service
- an increase in the average post-employment subsidy
- an increase in the net discount rate
- a decrease in the average age

Sensitivity Analysis on the Accrued Liability in (R millions) on 30 June 2020

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
16. Employee benefit obligations (continued)		
Assumptions	In-service members liability (R'000)	Continuation members liability (R'000)
Central Assumptions	39 666	18 156
		Total liability (R'000)
		58 187

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
Health care inflation	1,0 %	48 240	19 809	68 049	17,00 %
Health care inflation	(1,0)%	33 519	16 718	50 237	(14,00)%
Discount Rate	1,0 %	33 782	16 778	50 560	(13,00)%
Discount Rate	(1,0)%	47 991	19 761	67 752	16,00 %
Post-retirement mortality	+ 1 Year	39 033	17 537	56 570	(3,00)%
Post-retirement mortality	- 1 Year	41 016	18 780	59 796	3,00 %
Average retirement age	- 1 Year	43 824	18 156	61 980	7,00 %
Membership after retirement	(10,0)%	34 959	18 156	53 115	(9,00)%

Current service:

Assumption	Change	Current Service Cost (R'000)	Interest Cost (R'000)	Total liability (R'000)	% change
Health care inflation	1,0 %	5 965	7 025	12 990	22,00 %
Health care inflation	(1,0)%	3 831	4 987	8 818	(17,00)%
Discount Rate	1,0 %	3 892	5 535	9 427	(11,00)%
Discount Rate	(1,0)%	5 891	6 277	12 168	14,00 %
Post-retirement mortality	- 1 Year	4 889	6 071	10 960	3,00 %
Average retirement age	- 1 Year	5 170	6 260	11 430	7,00 %
Withdrawal Rate	(10,0)%	4 164	5 349	9 513	(11,00)%

Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	546	519
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The Current-service Cost for the ensuing year is estimated to be R1 226 000 whereas the Interest Cost for the next year is estimated to be R839 000..

Key assumptions used

Discount rate	7,74 %	8,27 %
General Salary Inflation (long-term)	4,21 %	5,61 %
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3,39 %	2,52 %

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amount recognised in the Statement of Financial Position is as follows

Present value of fund obligations	11 306 000	10 952 070
Net liability-unfunded	11 306 000	10 952 070

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

		2020 R	2019 R
16. Employee benefit obligations (continued)			
The Liability in respect of periods commencing prior to the comparative year has been:			
Total Liability-unfunded		2018 6 572 956	2017 6 065 154
		2016 3 378 046	
Experience adjustments were calculated as follows			
Liabilities (Gain)/loss	2020	2019	2018
	33 571	439 434	283 625
		2017	
		2 581 119	
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year		10 952 070	6 572 956
Current Service Cost (Included in Employee Cost in the Statement of Financial Performance)		1 194 018	680 244
Interest Cost (Included in Employee Cost in the Statement of Financial Performance)		861 939	494 841
Benefits Paid		(1 041 598)	(1 370 928)
Actuarial (Gain)/ losses (included in Employee Cost in the statement of Financial Performance)		(660 429)	4 574 957
Present Value of fund obligation at the end of the year		11 306 000	10 952 070
Less: Transfer of current portion		(959 000)	(1 080 645)
Balance 30 June		10 347 000	9 871 425

Sensitivity Analysis on the Unfunded Accrued Liability (in Rmillions) on 30 June 2020

Assumption	Change	Liability (R'000)	% change
Central assumptions	- %	11 306	- %
General Salary Inflation	(1,0)%	10 562	(7,00)%
General Salary Inflation	1,0 %	12 132	7,00 %
Discount Rate	1,0 %	10 543	(7,00)%
Discount Rate	(1,0)%	12 170	8,00 %
Average retirement age	- 2 years	9 948	(12,00)%
Average retirement age	+ 2 years	12 825	13,00 %
Withdrawal Rate	x2	8 756	(23,00)%
Withdrawal Rate	x0,5	13 112	16,00 %

Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
16. Employee benefit obligations (continued)		
CAPE JOINT PENSION FUND		
The contribution rate payable is 9% by members and 26.77% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund has a funding level of 100.7% (30 June 2018 -103.7%).		
Contributions paid recognised in the Statement of Financial Performance	476 558	446 281
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 2019 revealed that the fund is in a sound financial position with a funding level of 124.9 %.		
Contributions paid recognised in the Statement of Financial Performance	20 565 808	18 491 261
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	132 395	123 295
	21 174 761	19 060 837

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R			
17. Provisions					
Reconciliation of provisions - 2020					
	Opening Balance	Additions	Utilised during the year	Reduction due to re- measurement or settlement without cost to entity	Total
Environmental rehabilitation	35 047 316	-	(520 064)	(11 104 502)	23 422 750
Legal proceedings	623 470	1 270 251	-	-	1 893 721
Reconciliation of provisions - 2019					
	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	34 188 376	-	(679 537)	1 538 477	35 047 316
Legal proceedings	-	623 470	-	-	623 470
	34 188 376	623 470	(679 537)	1 538 477	35 670 786
Non-current liabilities					
				5 948 467	23 495 225
Current liabilities					
				19 368 004	12 175 561
				25 316 471	35 670 786

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 24 622 351.21

Legal proceedings provisions

Bitou Municipality's legal council advised that the Municipality settle out of court with the claimant. The amount provided for is a best estimate as advised.

The Case against Bitou Municipality was settled in favour of the claimant. The Municipality appealed the ruling and the outcome is still unknown. The amount is a best estimate.

18. Trade and other Payables from exchange transactions

Trade payables	52 014 629	22 842 295
Payments received in advanced	13 154 411	11 833 706
Pre-paid Electricity	429 648	532 522
Retentions	4 477 448	9 156 164
Unclaimed Deposits	6 615 010	6 125 998
Other creditors	744 390	561 817
	77 435 536	51 052 502

Payables are being recognised net of any discounts.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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18. Trade and other Payables from exchange transactions (continued)

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors mainly comprise deposits received towards services to be rendered to the municipality.

Unclaimed Deposits are unknown banking deposits made on the municipality's banking accounts. No interest is raised and the credits held by the municipality are refunded once the services have been rendered or applied to the service account once the origin of the credit has been established. Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

All payables are unsecured.

Retentions do not include retention guarantees that are held by the respective financial institutions, however they are included as part of Financial Instruments and Financial Risk Management

19. Payables from non exchange

Amounts paid in respect of Fines Withdrawn	237 127	-
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20. VAT payable

Vat is payable on the receipts basis. VAT is paid to SARS after payments received from debtors.

21. Consumer deposits

Electricity & Water	8 310 208	8 153 389
Building	185 691	152 567
Libraries	-	3 882
Community Halls	49 836	44 241
	8 545 735	8 354 079

Guarantees held in lieu of Electricity and Water Deposits	246 125	246 125
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Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
22. Current Employee Benefits		
Current Portion of Post-Retirement Benefits	1 778 000	1 492 544
Current Portion of Long Service Awards	959 000	1 080 645
Staff Leave	22 182 714	18 676 110
Annual Bonuses	5 669 466	5 033 059
Performance Bonuses	2 022 473	1 209 177
Total Current Employee Benefits	32 611 653	27 491 535

The movement in current employee benefits are reconciled as follows:

Current Portion of Post Retirement Benefits

Balance at beginning of year	1 492 544	1 430 275
Contribution to current portion	285 456	62 269
	1 778 000	1 492 544

Current Portion of Long Service Awards

Balance at beginning of year	1 080 645	1 406 389
Contribution to current portion	(121 645)	(325 744)
	959 000	1 080 645

Staff Leave

Balance at beginning of year	18 676 110	16 947 660
Contribution to current portion	4 542 290	3 354 828
Expenditure incurred	(1 035 686)	(1 626 378)
	22 182 714	18 676 110

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

Annual Bonuses

Balance at beginning of year	5 033 059	4 585 649
Contribution to current portion	10 447 574	8 661 084
Expenditure incurred	(9 811 167)	(8 213 674)
	5 669 466	5 033 059

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

Performance Bonuses

Balance at beginning of year	1 209 177	1 194 375
Contribution to current portion	813 296	668 758
2017-18 provision reduced	-	(309 348)
2016-17 provision reduced	-	(344 608)
	2 022 473	1 209 177

Performance Bonuses is paid only to Section 57 Managers. Provision is made for the full cost of performance bonuses. This provision would be realised when performance appraisals is completed. Due to COVID a performance evaluation could not be concluded but will only be assessed in February, thus this is a best estimate

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
23. Unspent Public Contributions and Donations		
Unspent public contributions and donations	38 469	211 730
Reconciliation of public contribution		
Opening Balance	211 730	-
Contributions Received	-	440 000
Conditions met - Transferred to Revenue	(173 261)	(228 270)
Closing Balance	38 469	211 730
24. Capital Replacement Reserve		
Opening Balance	81 000 000	48 854 892
Transfers from - Self funding -Capital spending	(29 406 196)	(41 616 036)
Transfers to Provision - Depreciation contribution	-	30 202 293
Transfers to Provision - Additional	41 406 197	43 558 851
	93 000 001	81 000 000
25. Service concession assets		
Bitou Municipality has no Service Concession assets		
26. Statutory receivables		
In accordance with the principles of GRAP 108, Statutory Receivables are classified as follows :		
Rates	15 230 900	16 190 143
Fines	7 194 231	7 980 672
VAT Receivables	5 136 369	1 913 644
	-	-
27. Service charges		
Sale of electricity	162 482 909	154 388 459
Sale of water	82 153 643	80 846 368
Sewerage and sanitation charges	73 742 159	76 337 438
Refuse removal	43 565 675	44 341 818
	361 944 386	355 914 083
28. Rendering of Services		
Admission fees	20 261	-
Building / Town Planning Fees	2 530 079	3 228 206
Cemetery fees	21 433	15 360
Development Charges	49 680	-
Escort / Road Closure Fees	6 379	6 838
Fire Services	10 239	76 928
Housing (Boarding Services)	587 072	1 244
Other Revenue from rendering of services	73 635	47 639
Parking and Entrance Fees	31 737	70 390
Photocopies and Faxes	22 292	-
	3 352 807	3 446 605

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
29. Rental of facilities and equipment		
Premises		
Premises	776 573	754 249
Facilities and equipment		
Rental of facilities	446 959	70 694
	1 223 532	824 943
30. Expenses from service concession arrangements		
Bitou Municipality has no Service Concession Arrangements		
31. Agency services		
Vehicle Registration	1 784 517	1 779 694
32. Licences and permits (exchange)		
Boat	93 217	100 547
Trading	28 001	39 850
Road and Transport	578 631	590 398
	699 849	730 795
33. Gains on the Disposal of Assets		
Property, Plant and Equipment	-	476 070
34. Operational Revenue		
Administrative Handling Fees	356 209	107 222
Breakages and Losses Recovered	572	2 258
Collection Charges	121 684	343 931
Landing Fees	174 329	672 525
Staff Recoveries	276 760	621 964
Bad Debts Recovered	11 500	-
Insurance Refunds	1 019 043	1 504 973
Incidental Cash Surplus	5 069	4 457
	1 965 166	3 257 330
35. Investment revenue		
Interest revenue		
Current Account	3 198 808	3 189 226
Investments	7 109 666	8 402 531
	10 308 474	11 591 757
36. Interest earned - Exchange Transactions		
Interest charged on trade and other receivables	13 627 708	10 872 559

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
37. Property rates		
Rates received		
Residential	115 223 441	108 135 046
Commercial	15 535 992	15 029 347
State	3 501 999	3 311 288
Small holdings and farms	2 138 347	2 090 158
Industrial	947 994	903 285
Other	68 154	47 350
	137 415 927	129 516 474

Valuations

Residential	21 448 473 300	21 383 858 300
Commercial	1 681 490 500	1 805 035 500
State	689 749 500	358 059 500
Small holdings and farms	1 614 960 000	1 614 110 000
Industrial	105 034 500	101 734 500
Other	577 638 500	99 846 000
	26 117 346 300	25 362 643 800

Assessment Rates are levied on the value of land and improvements, for which a valuation must be performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2017.

The tariff for residential properties is used as the basis for the calculation of property rates for all other categories. A Business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households.

Rates are levied annually on property and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly installments. Monthly rates are payable by the 7th of the following month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

Basic Rate

Residential	0,547	0,518
Commercial	0,916	0,867
Agriculture	0,136	0,129

38. Interest charged on Non-Exchange Transactions

Interest - Receivables	1 703 418	2 652 221
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Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
39. Government grants and subsidies		
Operating grants		
Equitable share	93 565 000	83 030 735
Extended Public Works Program (EPWP)	2 579 000	2 615 000
Financial Management (FMG)	1 550 000	1 550 000
Provincial Housing	3 532 530	7 647 748
National Disaster Management Grant	506 000	-
Financial Management Support (WC_FMGSG)	-	412 522
Community Development Workers (CDW)	-	13 658
Libraries - Conditional	2 026 507	1 926 000
Municipal Replacement Funding (MRF)	8 828 018	7 796 254
Proclaimed Roads	2 484 781	4 219
Financial Management Support - mSCOA	-	381 469
Local Government Graduate Internship	674 380	11 000
Municipal Disaster: Provincial	797 700	3 988 200
Thusong Centre	-	100 000
LG SETA	-	214 892
Energy Efficiency and Demand Side Management	5 977 329	-
Neighbourhood Development Grant	1	-
	122 521 246	109 691 697
Capital grants		
Municipal Infrastructure (MIG)	14 788 106	26 603 936
Integrated National Electrification Programme	6 914 872	7 913 128
Provincial Housing	3 296 640	50 158 813
Regional Social Economic Projects	249 496	-
Allocations in Kind	-	311 031
Municipal Replacement Funding (MRF)	937 920	778 363
Municipal Disaster	-	4 389 292
	26 187 034	90 154 563
	148 708 280	199 846 260
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	69 041 695	113 318 541
Unconditional grants received	93 565 000	83 030 735
	162 606 695	196 349 276
Equitable Share		
Current-year receipts	93 565 000	83 030 735
Conditions met - transferred to revenue - Operating	(93 565 000)	(83 030 735)
	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
Library Conditional		
Current-year receipts	2 026 507	1 926 000
Conditions met - transferred to revenue - Operating	(2 026 507)	(1 926 000)
	-	-

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
39. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 13).		
This grant is given to municipalities to transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives		
Provincial Housing		
Balance unspent at beginning of year	(16 622 921)	8 441 732
Current-year receipts	13 386 295	53 663 583
Conditions met - transferred to revenue - Operating	(3 532 530)	(28 569 423)
Conditions met - transferred to revenue - Capital	(3 296 640)	(50 158 813)
	(10 065 796)	(16 622 921)

Conditions still to be met - remain liabilities (see note 13).

This grant is given to municipalities to provide funding for the creation of sustainable human settlements. The outcome of this grant is to provide top structures and basic social and economic amenities that contributes to the establishment of sustainable human settlements.

Municipal Infrastructure (MIG)

Balance unspent at beginning of year	38 065	-
Current-year receipts	20 173 000	26 642 000
Conditions met - transferred to revenue - Capital	(14 788 106)	(26 603 935)
	5 422 959	38 065

Conditions still to be met - remain liabilities (see note 13).

The Municipal Infrastructure Grant is given to municipalities to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.

Regional Social Economic Projects

Current-year receipts	2 600 000	-
Conditions met - transferred to revenue - Capital	(249 496)	-
	2 350 504	-

Conditions still to be met - remain liabilities (see note 13).

This grant is to implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.

Integrated National Electrification Program (INEP)

Balance unspent at beginning of year	86 872	-
Current-year receipts	6 828 000	8 000 000
Conditions met - transferred to revenue - Capital	(6 914 872)	(7 913 128)
	-	86 872

Conditions still to be met - remain liabilities (see note 13).

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
39. Government grants and subsidies (continued)		
The Integrated National Electrification Programme Grant is given to municipalities to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including upgrade of informal settlements, new, and normalisation), and the installation of relevant bulk infrastructure..		
LG SETA		
Balance unspent at beginning of year	319 866	-
Current-year receipts	386 893	534 758
Conditions met - transferred to revenue - Operating	-	(214 892)
	706 759	319 866

Conditions still to be met - remain liabilities (see note 13).

This Grant is to promote Skills Development and Training as part of the Skills Development Plan.

Financial Management Support - mSCOA

Balance unspent at beginning of year	(51 469)	-
Current-year receipts	330 000	330 000
Conditions met - transferred to revenue - Operating	(278 531)	(381 469)
	-	(51 469)

Conditions still to be met - remain liabilities (see note 13).

This grant is given to municipalities to provide financial assistance to municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

Financial Management Capacity Building

Balance unspent at beginning of year	75 142	202 687
Current-year receipts	-	294 000
Conditions met - transferred to revenue - Operating	-	(412 521)
Re-payment of Unspent Grant	-	(9 024)
	75 142	75 142

Conditions still to be met - remain liabilities (see note 13).

The Financial Management Capacity Building Grant is given to municipalities to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities requirements to enable sound and sustainable financial management and good financial governance.

Community Development Workers (CDW)

Balance unspent at beginning of year	(33)	13 625
Current-year receipts	38 000	-
Conditions met - transferred to revenue - Operating	-	(13 658)
	37 967	(33)

Conditions still to be met - remain liabilities (see note 13).

This grant is given to municipalities to provide financial assistance to municipalities to cover the operational and capital expenses iro the functions of the community development workers including the supervisors and regional organisers.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
39. Government grants and subsidies (continued)		
Local Government Graduate Internship		
Balance unspent at beginning of year	202 024	75 024
Current-year receipts	460 000	138 000
Conditions met - transferred to revenue - Operating	(395 849)	(11 000)
	266 175	202 024

Conditions still to be met - remain liabilities (see note 13).

To provide financial assistance to municipalities in support of capacity building for the future by means of graduate internship programmes.

Municipal Replacement Funding (MRF)

Balance unspent at beginning of year	983 399	608 015
Current-year receipts	9 089 000	8 950 000
Conditions met - transferred to revenue - Operating	(9 304 383)	(7 796 254)
Conditions met - transferred to revenue - Capital	(461 555)	(778 362)
	306 461	983 399

Conditions still to be met - remain liabilities (see note 13).

This grant was received as a contribution for the operational cost of the libraries

Proclaimed Roads Maintenance

Balance unspent at beginning of year	(4 219)	-
Current-year receipts	2 489 000	-
Conditions met - transferred to revenue - Operating	(2 484 781)	(4 219)
	-	(4 219)

Conditions still to be met - remain liabilities (see note 13).

This subsidy was for maintenance on main roads , belonging to the Western Cape Government

Extended Public Works Programme (EPWP)

Current-year receipts	2 579 000	2 615 000
Conditions met - transferred to revenue - Operating	(2 579 000)	(2 615 000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

The Expanded Public Works Programme Grant is incentive funding given to municipalities to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Municipal Disaster: National

Current-year receipts	506 000	-
Conditions met - transferred to revenue - Operating	(506 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 13).

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
39. Government grants and subsidies (continued)		
Municipal Disaster Management Grant received from the Provincial Government for disaster support.		
Disaster Management Emergency Housing		
Current-year receipts	-	3 988 200
Conditions met - transferred to revenue - Operating	-	(3 988 200)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Disaster Management Emergency Housing Grant received from the Provincial Government for disaster support.		
Financial Management (FMG)		
Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue - Operating	(1 550 000)	(1 550 000)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
Neighbourhood Development		
Balance unspent at beginning of year	1	1
Conditions met - transferred to revenue - Operating	(1)	-
	-	1
Conditions still to be met - remain liabilities (see note 13).		
Energy Efficiency and Demand Side Management		
Current-year receipts	6 000 000	-
Conditions met - transferred to revenue - Operating	(5 977 329)	-
	22 671	-
Conditions still to be met - remain liabilities (see note 13).		
Municipal Disaster: Provincial		
Balance unspent at beginning of year	197 708	-
Current-year receipts	600 000	4 587 000
Conditions met - transferred to revenue - Operating	(797 701)	(4 389 292)
	7	197 708
Conditions still to be met - remain liabilities (see note 13).		
Disaster Management Relief Funds with regards to Disasters within the Municipal area.		
Thusong Centre		
Current-year receipts	-	100 000

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
39. Government grants and subsidies (continued)		
Conditions met - transferred to revenue - Operating	-	(100 000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

This grant is given to municipalities to subsidise the Centre.

Total Grants

Opening Balances	(14 775 565)	9 341 084
Grants received	162 606 695	196 349 276
Conditions met - Operating	(29 432 612)	(51 971 928)
Conditions met - Capital	(25 710 669)	(85 454 238)
Unconditional -Operating	(93 565 000)	(83 030 735)
Repaid to National Revenue Fund	-	(9 024)
	(877 151)	(14 775 565)

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	9 344 045	1 903 075
Unpaid Conditional Government Grants and Receipts	(10 221 196)	(16 678 640)
	(877 151)	(14 775 565)

40. Contributed Assets

Contributed Assets - PPE	-	25 900 243
Contributed Assets - Fire Department	-	335 000
	-	26 235 243

41. Public contributions and donations

Nedbank - LED Contribution	173 260	228 270
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Reconciliation of conditional contributions

Balance unspent at beginning of year	211 730	-
Current-year receipts	-	440 000
Conditions met - transferred to revenue	(173 261)	(228 270)
	38 469	211 730

Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
42. Fines, Penalties and Forfeits		
Illegal Connections Fines	33 800	138 074
Overdue Books Fines	10 742	62 398
Court Traffic Fines	52 700	108 975
Municipal Traffic Fines	8 234 230	43 745 222
Disconnection Fees Penalties	99 268	29 973
Deposits Forfeits	-	126 812
Retentions Forfeits	198 819	193 112
Unclaimed Money Forfeits	148 200	260 532
	8 777 759	44 665 098

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
43. Employee related costs		
Basic	138 316 544	121 155 507
Performance Bonus	813 296	14 802
Medical aid - company contributions	16 555 890	15 235 075
UIF and Pension	21 603 743	19 782 051
Workmans Compensation	885 487	-
Leave pay provision charge	3 850 723	3 354 828
Travel, motor car, accommodation, subsistence and other allowances	10 949 950	8 820 534
Overtime payments	12 990 495	10 895 609
Long-service awards	1 395 528	5 750 042
13th Cheques	10 860 639	9 315 040
Acting allowances	-	280 271
Housing benefits and allowances	1 156 813	1 062 998
Contribution to Post Employment Medical	(2 427 105)	(32 728 544)
Contributions to Group Insurance	4 051 966	3 991 736
Standby Allowance	4 826 240	2 763 720
Cellphone Allowances	1 721 850	1 565 659
Other Benefits	107 705	10 316
	227 659 764	171 269 644

Remuneration of municipal manager

Mr. TC Ndlovu - Period 01/07/2018 - 31/01/2019

Annual Remuneration	-	781 108
Car Allowance	-	154 000
Contributions to UIF, Medical and Pension Funds	-	1 190
Cell Phone Allowance	-	35 000
	-	971 298

Adv. LMR Ngoqo

Annual Remuneration	1 450 577	356 391
Car Allowance	240 000	80 000
Contributions to UIF, Medical and Pension Funds	55 693	13 249
Cell Phone Allowance	60 000	20 000
Settlement	-	536 335
	1 806 270	1 005 975

Remuneration of chief finance officer

Mr. BV Mkhafa

Annual Remuneration	1 145 422	1 094 626
Car Allowance	144 000	144 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Annual Bonus	73 592	69 247
Cell Phone Allowance	60 000	60 000
	1 424 799	1 369 658

Remuneration of Director Corporate Services

Me. VJ Mbelani

Annual Remuneration	249 990	1 002 684
Car Allowance	24 000	96 000
Contributions to UIF, Medical and Pension Funds	446	1 785
Annual Bonus	56 558	63 999
Cell Phone Allowance	15 000	60 000

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
43. Employee related costs (continued)		
Settlement	260 021	-
	606 015	1 224 468

Period 01 July 2019 - October 2019

Remuneration of Director Community Services

Mr. TM Sompani

Annual Remuneration	985 580	847 266
Car Allowance	240 000	220 000
Contributions to UIF, Medical and Pension Funds	1 785	1 636
Cell Phone Allowance	60 000	55 000
	1 287 365	1 123 902

Remuneration of Director Strategic Services

Mr. D Friedman

Annual Remuneration	1 178 063	1 174 774
Car Allowance	240 000	240 000
Contributions to UIF, Medical and Pension Funds	35 486	30 782
Cell Phone Allowance	25 300	27 600
	1 478 849	1 473 156

Remuneration Director Engineering Services

Mr. MJ Rhode

Annual Remuneration	1 281 754	1 247 649
Car Allowance	62 400	62 400
Contributions to UIF, Medical and Pension Funds	21 041	1 785
Cell Phone Allowance	60 000	65 000
	1 425 195	1 376 834

44. Remuneration of councillors

Executive Major	905 259	872 150
Deputy Executive Mayor	733 088	706 599
Mayoral Committee Members	1 380 092	1 330 426
Speaker	733 088	706 600
Councillors	2 551 667	2 534 601
	6 303 194	6 150 376

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor and the Executive Deputy Mayor has use of a Council owned vehicle for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor have two full-time bodyguards.

The Executive Mayor and Deputy Mayor have security officers stationed at their personal residence for protection.

Councillor Salary Breakdown in Note 70

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
45. Depreciation and amortisation		
Property, plant and equipment	31 923 992	31 263 997
Investment property	539	538
	31 924 531	31 264 535
46. Impairment		
Impairments		
Property, plant and equipment	-	18 014 604
Investment property	-	4 389 494
Trade and other receivables	57 882 547	69 304 768
Other receivables from non-exchange revenue	8 504 483	27 310 422
	66 387 030	119 019 288
Reversal of impairments		
Other receivables from non-exchange revenue	(43 697 033)	-
Total impairment losses (recognised) reversed	22 689 997	119 019 288
47. Finance costs		
Non-current borrowings	14 824 812	16 878 911
Landfill Restoration Cost	-	1 538 477
	14 824 812	18 417 388
48. Lease rentals on operating lease		
Motor vehicles		
Contractual amounts	-	142 706
Equipment		
Contractual amounts	513 457	20 129
Lease rentals on operating lease - Other		
Contractual amounts	2 308 373	3 828 914
	2 821 830	3 991 749
49. Bad Debts Written Off		
Bad debts written off	76 663 235	70 705 763
50. Bulk purchases		
Electricity - Eskom	127 341 121	117 239 900
Water	211 174	415 205
	127 552 295	117 655 105

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
50. Bulk purchases (continued)		
Electricity losses		
Units purchased	106 706 534	109 631 665
Units sold	(90 357 088)	(91 857 055)
Total loss	16 349 446	17 774 610
Comprising of:		
Technical + Non-technical losses	6 851 335	10 466 388
Authorised Consumption (Metered)	8 287 724	6 097 835
Authorised Consumption (Unmetered)	1 210 387	1 210 387
Total	16 349 446	17 774 610
Percentage Loss:		
Technical losses	6 %	10 %
Authorised Consumption (Metered)	8 %	6 %
Authorised Consumption (Unmetered)	1 %	1 %
Total	15 %	17 %
Water losses		
Units purchased	3 824 132	3 762 205
Units sold	(2 656 408)	(2 688 038)
Total	1 167 724	1 074 167
Comprising of:		
Technical losses	1 167 724	1 074 167
Percentage Loss:		
Technical losses	31 %	29 %

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
51. Contracted services		
Outsourced Services		
Alien Vegetation Control	57 300	-
Burial Services	133 385	123 581
Business and Advisory	900 000	2 847 566
Catering Services	-	897 967
Cleaning Services	-	1 169 638
Clearing and Grass Cutting Services	1 313 558	892 727
Fire Services	315 650	604 395
Illegal Dumping	1 472 123	1 746 099
Litter Picking and Street Cleaning	121 739	448 505
Meter Management	763 179	138 684
Organic and Building Refuse Removal	2 603 127	716 657
Connection/Dis-connection	-	200 985
Removal of Structures and Illegal Signs	-	122 485
Researcher	-	677 096
Security Services	13 909 494	9 837 271
Traffic Fines Management	417 371	2 799 958
Transport Services	38 380	23 800
Drivers Licence Cards	167 842	-
Electrical Engineering Services	100 400	86 211
	22 313 548	23 333 625
Consultants and Professional Services		
Business and Advisory	8 489 596	4 066 144
Infrastructure and Planning	1 543 323	35 667 505
Laboratory Services	99 109	77 693
Legal Cost	12 869 551	7 982 065
	23 001 579	47 793 407
Contractors		
Building	3 071 118	5 020 460
Chipping	70 000	193 500
Catering Services	412 682	321 241
Electrical Engineering Services	376 660	1 979 490
Employee Wellness	-	60 000
Event Promoters	1 746 200	1 000 000
First Aid	15 418	2 119
Haulage	4 157 162	2 554 996
Maintenance of Buildings and Facilities	2 468 108	5 891 070
Maintenance of Equipment	12 964 146	2 173 277
Maintenance of Unspecified Assets	20 354 827	11 686 879
Pest Control and Fumigation	848 908	1 182 865
Stream Cleaning and Ditching	889 181	-
Removal of Hazardous Waste	16 438	3 549
Forestry	-	216 006
	47 390 848	32 285 452
	92 705 975	103 412 484
52. Grants and subsidies paid		
Other subsidies		
Tourism	2 700 000	4 000 000
Social Assistance:Grant In Aid	3 147 556	2 644 730
	5 847 556	6 644 730

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
53. Loss on the Disposal of Assets		
Property, plant and equipment	(515 775)	(47 469 782)
54. Water Losses		
Gains or losses arising from a change in fair value less point of sale costs	(3 112 320)	(2 179 425)
55. Inventory Consumed		
Standard rated	7 187 259	9 309 046
Materials and Supplies	1 046 913	-
Land - iGRAP 18	1 017 312	-
	9 251 484	9 309 046
56. Operational Cost		
Advertising	477 447	2 285 899
Audit Fees	4 354 033	2 916 541
Bank charges	1 326 212	2 782 153
Commission paid	919 800	841 535
Provision for landfill site restoration	(11 104 502)	-
Hire	5 072 959	6 649 400
Insurance	2 555 413	1 654 433
Conferences and seminars	844 879	339 740
Licence Fees	3 581 265	10 220 699
Promotions and sponsorships	46 024	184 581
Levies	1 508 733	1 797 168
Motor vehicle expenses	247 526	-
Fuel and oil	6 558 844	8 303 887
Postage and courier	93 151	963 643
Printing and stationery	1 155 020	452 120
Protective clothing	1 027 694	1 026 436
System Support	-	362 795
Subscriptions and membership fees	2 205 037	4 688 216
Telephone and fax	1 721 774	1 635 348
Transport and freight	254 402	-
Travel - local	435 653	1 857 571
Title deed search fees	4 730	150 000
Assets below Threshold	241 906	262 955
Electricity	2 512 527	-
Utilities - Other	408 099	62 985
Bursaries (Employees)	337 920	449 406
Learnerships and Internships	990 875	9 134 468
Full Time Union Representative	-	144 766
Remuneration of Ward Committees	370 000	393 667
Resettlement Cost	41 861	-
Vehicle Tracking	365 088	294 230
Other expenses	222 827	478 251
	28 777 197	60 332 893
57. Operating surplus		

Operating surplus for the year is stated after accounting for the following:

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
57. Operating surplus (continued)		
Operating lease charges		
Motor vehicles		
• Contractual amounts	-	142 706
Equipment		
• Contractual amounts	513 457	20 129
Lease rentals on operating lease - Other		
• Contractual amounts	2 308 373	3 828 914
	2 821 830	3 991 749
Loss on sale of property, plant and equipment	(515 775)	(47 469 782)
Impairment on property, plant and equipment	-	18 014 604
Impairment on investment property	-	4 389 494
Impairment on trade and other receivables	57 882 547	69 304 768
Impairment of other receivables from non-exchange transactions	8 504 483	27 310 422
Reversal of impairments of other receivables from non-exchange transactions	43 697 033	-
Gain on biological assets and agricultural produce	3 112 320	2 179 425
Depreciation on property, plant and equipment	31 923 992	31 263 997
Depreciation on investment property	539	538
Employee costs	233 962 958	177 420 020

58. Corrections of Error in terms of GRAP 3

Sub-heading

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

- In the 2017/18 financial year fuel sales were overstated due to an incorrectly allocated receipt. The correction of should be as follows: Dt 181 888 Accumulated Surplus (2018-19), Dt 25 464 Output VAT (2018-19) and Ct 207 352 Sundry Debtors (2018-19) respectively.
- In the 2017/18 financial year fuel sales were overstated due to an over-payment by the debtor. In order to correct the overstated fuel sale the following needs to happen: Dt 18 300 Accumulated Surplus (2018/19), Dt 18 300 Revenue: , Dt 2 562 Output VAT (2018/19) and Ct 20 746 Sundry Debtors(2018/19), Ct 116 Unclaimed Monies(2018/19) respectively.
- In the 2017/18 financial year Housing Income was erroneously receipted and it was also added to the actual expenditure of housing. The correction was done as follows: Dt 7 220 737.20 Accumulated surplus (2018-19), Ct 7 220 737.20 Unpaid grants(2018/19).
- In the 2018/19 financial year Disaster Management: Emergency Housing funds was incorrectly recognized and Unpaid Grant was overstated as well as Transfers and Subsidies was overstated. The Corrections was done as follows: Dt 155 399.55 Government Grant & Subsidies (2018-19), Ct 155 399.55 Unpaid grants(2018/19).
- Prior to 2017/18 financial year, software was recognised as intangibles which after investigation was found not to meet the classification. The Intangibles must now be de-recognised as follows: Dt 548 729.88 Accumulated Surplus (2018-19), Ct 548 729.88 Intangible Asset: Cost (2018-19). Dt 362 154.49 Accumulated Amortisation (2018-19), Ct 82 095.17 Amortisation (2018-19), Ct 280 059 Accumulated Surplus(2018-19)
- In the 2018-19 financial year we implemented iGRAP18. On further investigation we found Buildings that was not accounted for. the correction is as follows: Dt 3 017 093 Other buildings cost (2018-19), Ct 3 017 093 Land earmarked for housing (2018-19) & Dt 953 851.95 Land earmarked for housing (2018-19), Ct 953 851.95 Land: Cost.
- Depreciation was ernously processed in 2019-20 that is linked to 2018-19. This was corrected as follows: Dt 19 425.05 Depreciation and amortisation (2018-19), Ct 19 425.05 Depreciation: Operational buildings(2018-19)
- Due to the the implementation of GRAP 109 the Municipality had to revise its treatment of Housing top structure contracts from Grants to Construction Contracts. This effect is only a reclassification on the statement of financial performance and the correction is as follows: Ct 31 449 367.62 Construction Contracts, Dt 31 449 367.62 Government Grants and Subsidies

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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58. Corrections of Error in terms of GRAP 3 (continued)

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position - Net Assets

2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Accumulated Surplus - See notes (a) to (e) above	890 706 421	(5 636 989)	-	-	885 069 432
Restated balance 30 June	890 706 421	(5 636 989)	-	-	885 069 432

2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Accumulated Surplus - See notes (a) to (c) and (e) above	897 325 686	(7 607 500)	-	-	889 718 186
Restated balance 30 June	897 325 686	(7 607 500)	-	-	889 718 186

Statement of Financial Position - Current Assets

2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Receivables from Exchange Transactions - See notes (a) to (b) above	42 417 009	(228 098)	-	-	42 188 911
VAT Receivable - See notes (a) to (b) above	1 885 618	28 026	-	-	1 913 644
Unpaid Grants - See notes (c) to (d) above	24 054 779	(7 376 137)	-	-	16 678 642
Restated balance 30 June	68 357 406	(7 576 209)	-	-	60 781 197

2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification	Restated
Receivables from Exchange Transactions - See notes (a) to (b) above	33 575 487	(228 098)	-	-	33 347 389
VAT Receivable - See notes (a) to (b) above	9 746 742	28 026	-	-	9 774 768
Restated balance 30 June	43 322 229	(200 072)	-	-	43 122 157

Bitou Local Municipality

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Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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58. Corrections of Error in terms of GRAP 3 (continued)

Statement of Financial Position - Non-Current Assets

2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Property, Plant and Equipment - see note (f) and (g) above	1 080 409 591	2 043 816	-	-	1 082 453 407
Intangible Assets - See note (e) above	104 471	(104 480)	-	-	(9)
Restated balance 30 June	1 080 514 062	1 939 336	-	-	1 082 453 398

2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Intangible Assets - See note (e) above	186 567	(186 575)	-	-	(8)

Statement of Financial Position - Current Liabilities

2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Trade and other Payables - See note (b) above	51 052 383	116	-	-	51 052 499
Unspent Grants - See note (c) above	1 903 078	-	-	-	1 903 078
Restated balance 30 June	52 955 461	116	-	-	52 955 577

2018

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Trade and other Payables - See note (b) above	75 251 712	116	-	-	75 251 828
Unspent Grants - See note (c) above	2 120 347	7 220 737	-	-	9 341 084
Restated balance 30 June	77 372 059	7 220 853	-	-	84 592 912

Statement of Financial Performance - Revenue

2019

	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Government grants & subsidies - See note (d) and (h) above	231 451 028	(155 400)	-	(31 449 368)	199 846 260
Construction contracts see note (h) above	-	-	-	31 449 368	31 449 368
Restated balance 30 June	231 451 028	(155 400)	-	-	231 295 628

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R			
58. Corrections of Error in terms of GRAP 3 (continued)					
Statement of Financial Performance - Expenditure					
2019					
	As previously reported	Correction of Prior period Error	Changes in Accounting Policy	Reclassification on	Restated
Depreciation & Amortisation See note (e) and (g) above	31 327 205	(62 670)	-	-	31 264 535
Land earmarked for housing - see note (f) above	34 577 333	(2 063 241)	-	-	32 514 092
Restated balance 30 June	65 904 538	(2 125 911)	-	-	63 778 627
59. Cash generated from operations					
Surplus				44 297 545	27 496 353
Adjustments for:					
Depreciation and amortisation				31 924 531	31 264 535
Loss on sale of assets and liabilities				515 775	47 469 782
Gain on sale of assets and liabilities				-	(476 070)
Water Losses				3 112 320	2 179 425
Inventories (losses)/write-downs				(3 136 534)	(1 884 834)
Impairment deficit				22 689 997	119 019 288
Debt impairment				76 663 235	70 705 763
Movements in operating lease assets and accruals				(129 520)	(33 021)
Movements in retirement benefit assets and liabilities				1 444 294	(27 578 275)
Movements in provisions				(10 354 315)	1 482 410
Contributed Assets				-	(26 235 243)
Rounding				(6)	(3)
Changes in working capital:					
Inventories				290 033	(5 914 422)
Receivables from exchange transactions				(57 252 880)	(78 146 290)
Consumer debtors				(76 663 235)	(70 705 763)
Other receivables from non-exchange transactions				36 238 238	12 745 637
Trade and other Payables from exchange transactions				26 383 027	(24 199 320)
VAT				(3 222 725)	7 861 124
Taxes and transfers payable (non-exchange)				237 127	-
Unspent Conditional grants and receipts				13 686 684	(24 116 648)
Public Contributions				38 469	211 730
				106 762 060	61 146 158
60. Unauthorised expenditure					
Opening balance as previously reported				280 935 363	30 875 864
Opening balance as restated				280 935 363	30 875 864
Add: Expenditure identified - Operational				20 869 518	221 455 731
Add: Expenditure identified - Capital				3 537 395	28 603 768
Closing balance				305 342 276	280 935 363

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

61. Fruitless and wasteful expenditure

Opening balance as previously reported	645 683	-
Opening balance as restated	645 683	-
Add: Expenditure identified - current	3 717 248	645 683
Closing balance	4 362 931	645 683

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Invoice 27 dated 25/09/2018	Under Investigation	-	16 400
EMPSA dated 15/01/2019	Under Investigation	-	261 333
EMPSA dated 28/05/2019	Under Investigation	-	9 498
SABC TV License not paid timeously	Under Investigation	-	503
Extension of Time Claim - Housing	Under Investigation	-	357 949
Salary payment for time not worked - Mr Manfred Van Rooyen	Funds under recovery process	157 765	-
Interest charged per Bargaining Council's Award		8 198	-
Interest charged on PetroSA account		7 275	-
Interest charged on Avis Car Rental account		17 018	-
Interest charged on Vula Energy account		452	-
COMAF 36 information	To be investigated	974 218	-
COMAF 9	To be investigated	2 552 322	-
		3 717 248	645 683

62. Irregular expenditure

Opening balance as previously reported	64 735 859	16 398 843
Correction of prior period error	(1 220 758)	-
Opening balance as restated	63 515 101	16 398 843
Add: Irregular Expenditure - current	93 439 992	48 337 016
Add: Irregular Expenditure - prior year identified current	25 126 962	-
Closing balance	182 082 055	64 735 859

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

62. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
SCM Policy Section 16 (2)(a)	To be reported to Council	80 136	37 998
SCM Policy Section 14	To be reported to Council	247 985	-
SCM Policy Section 17 (1)(a)	To be reported to Council	326 315	2 628 867
SCM Policy Section 13 (c)(1)	As identified by AG during Audit -to be reported to Council	15 242 022	21 817 976
SCM Policy Section 18	To be reported to Council	343 576	-
SCM Policy Section 19 (1)	To be reported to Council	13 642 169	5 389 843
SCM Policy Section 52 (1)(a)	To be reported to Council	-	6 735 194
SCM Policy Section 54 (5)	To be reported to Council	19 162 140	1 523 469
SCM Policy Section 21 (1)(f)	As identified by AG during Audit -to be reported to Council	-	341 058
SCM Policy Section 28 (1)(b)	As identified by AG during Audit -to be reported to Council	-	288 480
Regulation 32	To be reported to Council	587 502	7 776 173
SCM Policy Section 36	To be reported to Council	329 000	-
Government Gazette and Council Resolution	To be Recovered	88 800	577 200
SCM Policy Section 38 (1)(b)	To be reported to Council	22 400	-
Regulation 13(b)	As identified by AG during Audit -to be reported to Council	44 412	-
SCM Policy Section 46(2)(e)&(f)	As identified by AG during Audit -to be reported to Council	7 160 242	-
Section 8(2) of PPR 2017	As identified by AG during Audit -to be reported to Council	298 907	-
Section 8(2) of PPR 2018	As identified by AG during Audit -to be reported to Council	119 600	-
PPR 2017 Section 4,5 & 9	As identified by AG during Audit -to be reported to Council	10 203 995	-
SCM Policy Section 38(1)(g)(i)	As identified by AG during Audit -to be reported to Council	114 000	-
Regulation 29(2)	As identified by AG during Audit -to be reported to Council	25 426 791	-
		93 439 992	47 116 258

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Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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62. Irregular expenditure (continued)

Cases under investigation

The following COMAF amounts for 2019/20, which is included above, have been quantified after investigation.

COMAF 27 - Winning Bidder offered second opportunity
COMAF 25 - Winning Bidder did not meet functionality criteria
COMAF 16 - Winning Bidder did not meet functionality criteria
COMAF 19 - Winning Bidder did not meet functionality criteria
COMAF 18 - Winning Bidder did not meet functionality criteria

63. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 957 292	2 019 277
Amount paid - current year	(1 957 292)	(2 019 277)
	-	-

During the 2018/19 Financial year the expenditure was accidentally omitted. In the 2019/20 Financial year the omission was discovered and subsequently corrected.

Audit fees

Current year fee	4 354 033	2 916 541
Amount paid - current year	(4 354 033)	(2 916 541)
	-	-

PAYE and UIF

Current year fee	31 983 584	30 724 948
Amount paid - current year	(31 983 584)	(30 724 948)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	60 214 447	55 033 855
Amount paid - current year	(60 214 447)	(55 033 855)
	-	-

VAT

VAT receivable	5 136 369	1 913 644
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VAT output payables and VAT input receivables are shown in note 12.

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

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Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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63. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June 2020:

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Kam Kam J	1 203	562	1 765
Councillor Swart DJ	23 866	3 361	27 227
Councillor van Rhyner	3 671	27 277	30 948
Councillor Lobese MP	2 407	-	2 407
Councillor Ndayi NS	1 203	-	1 203
Councillor Matyila X	1 203	-	1 203
Councillor Windvogel AS	1 203	-	1 203
Councillor Nell WJ	1 547	-	1 547
Councillor Gcabayi SE	795	-	795
Councillor Olivier AR	1 203	-	1 203
	38 301	31 200	69 501

Supply chain management regulations

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

Category from SCM Policy	Section		
In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	36(1)(a)(i)	941 730	1 418 253
Where it can be demonstrated that goods or services are produced or available from a single provider only	36(1)(a)(ii)	40 851	282 346
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	-	-
Exceptional case and it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	432 716	153 594
Ratification of Minor Breach of tender invitation not duly including requirements for Minimum Local Content	36(1)(b)	-	-
		1 415 297	1 854 193

Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).

Company	Relation	Name	Designation	Organ of State	Amount
ShelfPlett 40 T/A Isolomzi Security Services	Spouse	Yonn LB	SAPS Officer	South African Police Service	15 449 337
Bezuidenhout Funeral Services	Spouse	Bezuidenhout	Chief: SCM Clerk	Knysna Municipality	4 500
Kemanzi (PTY) Ltd	Spouse	Du Toit JN	Traffic Service: Inspector	City of Cape Town	1 773 300
NEIL LYNERS & ASSOCIATES CC	Brother	Lyners N	Chief Engineer	WCG: Transport & PW	4 609 543
					21 836 680

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Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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64. Financial risk management

Liquidity risk

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

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

The table below analyses the Municipality's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The landfill site was consistently reported as a liquidity risk for the past five years mainly because management holds the opinion that it is a risk encountered in the event of difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash. The liability could not be financed by raising a loan and thus the municipality is depended on cash reserves as a resource to finance the future expenditure.

Although it is a legal obligation, it is also contractual obligations. The professional engineers who compiled the design and assisted with the tendering processes is already evident of the contractual obligations the municipality has because the landfill site is closed and is in the de-commissioning phase, which already started of which the cost and future cost would be allocated to the landfill provision

At 30 June 2020	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Long-Term Liabilities	33 831 938	96 982 780	39 991 657	-
Landfill Site	17 474 283	5 948 467	-	-
Trade and other payables	63 851 477	-	-	-
Unspent conditional grant and receipts	9 344 045	-	-	-
At 30 June 2019	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Long-Term Liabilities	34 679 497	110 291 077	60 199 813	-
Landfill Site	11 552 091	23 495 225	-	-
Trade and other payables	38 686 274	-	-	-
Unspent conditional grant and receipts	1 903 075	-	-	-

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Notes to the Audited Annual Financial Statements

	2020 R	2019 R
64. Financial risk management (continued)		
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 year end which defaulted on their credit terms.		
Balance past due not impaired:]		
Non-exchange Receivables	2020	2019
Rates and other Sundry Debtors	16,11 % 7 850 097	15,33 % 6 411 341
Traffic Fines	12,83 % 3 771 731	6,54 % 4 741 572
	11 621 828	11 152 913
Exchange Receivables	2020	2019
Electricity	23,82 % 7 062 591	15,31 % 4 261 205
Water	1,52 % 1 339 410	- % -
Sundries	18,64 % 1 207 770	26,06 % 2 095 475
Housing Rental	10,02 % 143 139	4,75 % 48 557
	9 752 910	6 405 237
No receivables are pledged as security for financial liabilities.		
Due to short term nature of trade and other receivables the carrying value disclosed in note 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.		
The provision for bad debts could be allocated between the different classes of receivables as follow:		
Non-exchange Receivables	2020	2019
Rates and other Sundry Debtors	11,44 32 867 258	10,05 25 703 757
Traffic Fines	7,73 22 192 559	25,23 64 548 608
	19,17 55 059 817	35,28 90 252 365
Exchange Receivables		
Electricity	3,64 % 10 460 645	3,30 % 8 446 475
Water	27,56 % 79 137 859	20,85 % 53 349 255
Sewerage	29,97 % 86 066 323	24,33 % 62 231 056
Sundries	1,43 % 4 102 115	1,38 % 3 528 448
Refuse Removal	17,85 % 51 258 384	14,51 % 37 124 010
Housing Rental	0,39 % 1 113 970	0,35 % 895 124
	80,84 % 232 139 296	64,72 % 165 574 368

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
64. Financial risk management (continued)	100,01 % 287 199 113	100,00 % 255 826 733

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R 8 355 004 is held as security for a loan raised with DBSA. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets maximum exposure to credit risk at year end is as follows:

Receivables from exchange transactions	41 559 244	42 188 911
Receivables from non-exchange transactions	23 050 995	24 096 683
Non-Current Investment	8 355 004	7 602 754
Long-term Receivables	3 915	7 855
Cash and cash equivalents	125 716 712	90 089 299
	198 685 870	163 985 502

Market risk

Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

Sensitivity Analysis

1% (2019: 1%) Increase in interest rates	(90 243)	(258 326)
1% (2019:1%) Decrease in interest rates	90 243	258 326
	-	-

Foreign exchange risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
65. Financial instruments disclosure		
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:		
Categories of financial instruments		
Financial assets (at Amortised Cost)		
Long-term Receivables	2 090	3 916
Current Portion of Long-term Receivables	1 825	3 939
Unpaid Grants	10 221 196	16 678 640
Long-term Investments	8 355 004	7 602 754
Trade and other receivables from exchange transactions	41 559 244	42 188 911
Other receivables from non-exchange transactions	625 864	(74 132)
Cash and cash equivalents	125 716 712	90 089 299
	186 481 935	156 493 327

Financial liabilities (at Amortised Cost)

Long-term Borrowings	100 511 797	121 823 094
Current Portion of Long-term Borrowings	21 285 200	19 970 279
Unspent Conditional grants and receipts	9 344 045	1 903 075
Trade and other payables	77 435 536	51 052 502
	208 576 578	194 748 950

66. COVID-19 Relief Note

Bitou Municipality incurred the following expenditure related to COVID-19 in the 19/20 Financial year. No relief was offered in terms of outstanding debt thus Revenue was not affected

Expenditure for PPE	625 941	-
Own funding as well as Grant funding was used		
Fogging/ disinfecting Offices	171 739	-
Own funding as well as Grant funding was used		
Food Parcel's	1 850 000	-
Own funding as well as Grant funding was used		
	2 647 680	-

67. In-kind donations and assistance

The municipality did not receive any in-kind donations or assistance during the year under review.

68. Private Public Partnerships

Council has not entered into any private public partnerships during the financial year.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
69. Contingent Liabilities		
		2020
Rentworks Africa PTY Ltd		7 737 684
A High court application was lodged by the applicant to claim damages for breach of contract. The Municipality is opposing the application. in the event that the Municipality should lose the case. the Plaintiff alleged that they are entitled to R 7 737 683.79.		
Teniqua Wildfire Rehabilitation and Awareness		286 400
The Plaintiff issued summons against Bitou Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the Regional Court. The plaintiff is suing for R 286 400.		
Bitou Local Municipality vs Minaar		250 000
Litigation was lodged by the applicant for personal injury. The plaintiff served and filed a Notice in terms of Section 24(10) to discover photos .The Claim cost is estimated at R 250 000.00		
Horizon Forensics PTY Ltd/ Bitou Municipality		1 275 039
The claim against the Municipality is for R1 275 038.74.		
		9 549 123

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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70. Related parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents. The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party transactions

Councillors - Rates and Services Levied 01 July 2019 - 30 June 2020

	Rates and Services Billed	Outstanding Balance as at 30 June 2020
Councillor Lobese MP	38 508	2 407
Councillor Gcabayi SE	9 537	795
Councillor van Rhyner	14 489	30 948
Councillor Matyila X	14 441	1 203
Councillor Swart DJ	109 423	27 226
Councillor Windvogel AS	14 441	1 203
Councillor Olivier AR	14 489	1 203
Councillor Nel WJ	20 195	1 547
Councillor Kam Kam J	14 441	1 765
Councillor Ndayi NS	14 441	1 203

Directors - Rates and Services Levied 01 July 2019 - 30 June 2020

	Rates and Services Billed	Outstanding Balance as at 30 June 2020
Friedman DJ	29 392	2 251
Ngoqo LMR	50 501	15 096

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

Company	Description	Relation	Name	Organ of State	Designation	Amount
Shekynah Projects	Construction & Catering	Brother in Law	Ganga S	Bitou Municipality	Chief: Traffic Services	438 009
Sibongile Komeni	Illegal dumping and Grass Cutting	Sister	Komeni A	Bitou Municipality	IDP: Admin Clerk	20 579

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

					2020 R	2019 R
70. Related parties (continued)						
Manuel Maintenance CC	Construction	Daughter	Manuel AB	Bitou Municipality	Library Assistant	18 000
Emawusheni Construction	Catering	Sister	Siko M	Bitou Municipality	Property Officer	154 945
Miaay Sounds (Pty) Ltd	Sound Systems	Director	Zenzile M	Buffalo City Municipality	Communications Officer	5 600
Kukokonke Trading	Catering and Supply & Delivery of PPE	Director: ALL NATIONS SECOND HAND-SHOP	Casa P	Bitou Municipality		296 330
African Hotel Development Durban	Accommodation	Director	Swart DJ	Bitou Municipality	Councillor	17 700
S Phethezona Trading and Investment	Catering	Director	Matsolo	Bitou Municipality	Temporary Worker	21 000
Maximum Profit Recovery (PTY)	VAT Recovery	Director	Swart DJ	Bitou Municipality	Councillor	501 612
Shauna's Glass	Glases and Frames	Director	Maki F	Bitou Municipality	Engineering: GIS Technician	20 650
Zesitrox (PTY) LTD	Copy Machines	Director	Swart DJ	Bitou Municipality	Councillor	22 016
Masiqhame Trading 672 CC	Collecting Recycables	Director	Van Wyk TE	Bitou Municipality	Youth Desk	6 548 232
XCO Group (PTY) LTD	Protective Clothing	Director	Swart DJ	Bitou Municipality	Councillor	947 336
Neo Technologies (PTY) LTD	ICT GOODS	Director	Swart DJ	Bitou Municipality	Councillor	10 932
CHM Vuwani Computer Solutuions	ICT GOODS	Director	Swart DJ	Bitou Municipality	Councillor	183 385
MDL Engineering Company (PTY)	Electrical	Director	Swart DJ	Bitou Municipality	Councillor	10 088 971
Viking Pony Africa Pumps (PTY)	Maintance of PumpStations	Director	Swart DJ	Bitou Municipality	Councillor	12 085 226
Masiqhame Trading 672 CC	Collecting Recycables	Director	Smith HM	Bitou Municipality	Manager: Office of the Speaker	1

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

				2020 R	2019 R
70. Related parties (continued)					
Remuneration of management					
Mayoral committee members					
2020					
	Basic salary	Medical Aid	Pension	Other benefits received	Total
Name					
Councillor Lobese MP - Mayor	556 961	17 280	78 991	252 027	905 259
Councillor Gcabayi SE - Deputy Mayor	442 564	17 280	62 742	210 502	733 088
Councillor Wildeman EV - Speaker	446 573	-	76 013	210 502	733 088
Councillor Seyisi LM	413 965	17 280	58 680	200 121	690 046
Councillor Mbali MM	489 925	-	-	200 121	690 046
	2 349 988	51 840	276 426	1 073 273	3 751 527
Councillors					
	Basic salary	Medical Aid	Pension	Other benefits received	Total
Name					
Mayoral committee members	2 349 988	51 840	276 426	1 073 273	3 751 527
Councillor Olivier AR	272 430	-	-	44 400	316 830
Councillor Ndayi NS	255 150	17 280	-	44 400	316 830
Councillor Matyila X	238 148	-	34 282	44 400	316 830
Councillor Windvogel AS	238 148	-	34 282	44 400	316 830
Councillor Jacob NC	118 563	12 960	17 529	82 416	231 468
Councillor Nel WJ	206 723	-	-	110 106	316 829
Councilor Kam Kam J	255 120	-	-	138 898	394 018
Councillor Swart DJ	222 437	17 280	32 713	44 400	316 830
Councillor Van Rhyner VP	21 670	-	-	3 532	25 202
	4 178 377	99 360	395 232	1 630 225	6 303 194

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
71. Commitments		
Authorised Capital Expenditure		
Already contracted for but not provided for		
• SCM/2019/10/ENG	-	5 325 356
• SCM/2019/24/ENG	-	7 121 077
• SCM/2019/14/ENG	-	5 226 637
• SCM/2019/27/ENG	-	3 484 669
• SCM/2019/32/ENG	-	1 518 207
• SCM/2020/17/ENG	442 684	-
• SCM/2020/16/ENG	6 298 638	-
• SCM/2020/30/ENG	4 667 856	-
• SCM/2020/64/ENG	2 135 362	-
• SCM/2020/29/ENG	1 443 785	-
	14 988 325	22 675 946

Total capital commitments

Already contracted for but not provided for	14 988 325	22 675 946
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Government Grants and Subsidies	8 876 684	13 865 921
Own Funds	6 111 641	8 810 025
	14 988 325	22 675 946

Operating leases - as lessee (expense)

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Minimum lease payments due

- within one year	2 715 986	1 886 272
- in second to fifth year inclusive	3 765 856	4 348 260
	6 481 842	6 234 532

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

Operating leases consists of agreements for building rentals.

The municipality does not engage in any sub-lease arrangements.

The municipality did not pay any contingent rent during the year

Operating leases - as lessor (income)

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Minimum lease payments due

- within one year	576 007	454 678
- in second to fifth year inclusive	1 452 777	1 649 086
- later than five years	33	35
	2 028 817	2 103 799

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
72. Accounting by principals and agents		
The entity is a party to a principal-agent arrangement(s).		
Details of the arrangement(s) is/are as follows:		
The Municipality undertakes to handle Motor vehicle license issueing on behalf of the Department of Transport and Province and collects a commission of 12% plus VAT		
Entity as agent		
Resources held on behalf of the principal(s), but recognised in the entity's own financial statements		
The Resources regarding the Licensing Department, remain that of the department and do not form part of the Municipality's Financial statements		
Revenue recognised		
The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R1 784 517 (2019: R1 779 694).		
Liabilities and corresponding rights of reimbursement recognised as assets		
Liabilities incurred on behalf of the principal(s) that have been recognised by the entity have a Net Effect of R 138 919.17 that is still owed by the municipality and will be paid over to the Department of Transport in the new financial year.		
Additional information		
Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement		
Category(ies) of revenue received or to be received on behalf of the principal, are:		
Categories	Additional details	
Licensing Fees	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	11 928 487	12 431 306
Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)		
Reconciliation of the carrying amount of payables		
Vehicle Licensing		
Opening balance	113 039	57 953
Revenue received on behalf of the Principal	11 954 368	12 486 391
Amounts transferred to the principal	(11 928 487)	(12 431 305)
	138 920	113 039
All categories		
Opening balance	113 039	57 953
Revenue received on behalf of the principal	11 954 368	12 486 391
Amounts transferred to the principal	(11 928 487)	(12 431 305)
	138 920	113 039

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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72. Accounting by principals and agents (continued)

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources have been recognised/have not been recognised by the agent in its financial statements. [Choose as appropriate]

The remittance of resources during the period [State details].

The expected timing of remittance of remaining resources by the agent to the entity, are [State timing and details].

The expected timing of remittance of remaining resources by the agent to third parties, are [State timing and details].

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

Fee paid

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

73. Going concern

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus of R 917 366 973 and that the municipality's total assets exceed its liabilities by R 1 010 366 974.

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

Other indicators

Possible outflow of resources due the contingent liability disclosed in note 69

74. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

75. Construction contracts and receivables

Contracts in progress at statement of financial position date

Advances received in excess of work completed are included in trade and other payables.

At 30 June 2020, retention of contracts in progress are R 0- (2019: R 3 088 032).

76. Subsequent Events

Labour Appeal Court of South Africa: Labour Court Case No. C180/2019 – Bitou Municipality Appellant/L.M.R.Ngoqo – Municipal Manager. The Council applied to the Constitutional Court for leave to appeal

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

2020	2019
R	R

77. Budget differences

Material differences between original budget and final budget

Statement of Financial Performance

Revenue

Revenue from Exchange Transactions

Ref	Explanation
-----	-------------

- | | |
|-----|---|
| A1 | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A2 | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A3 | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A4 | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A5 | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| A6 | Provide explanation for variance. |
| A7 | Budget for collection charges were reduced due under performance |
| A8 | No changes to budget |
| A9 | Budget increased based upward trend of actuals |
| A10 | Budget increased based upward trend of actuals |

Revenue from Non-Exchange Transactions

Taxation Revenue

Ref	Explanation
-----	-------------

- | | |
|----|---|
| B1 | Budget was reduced due to the COVID-19 pandemic and the impact on the local economy |
| B2 | No budget initially, budget was based on the trend of actuals |

Transfer Revenue

Ref	Explanation
-----	-------------

- | | |
|----|---|
| C1 | Additional allocation received during adjustments budget and disaster funding received due to COVID-19 pandemic |
| C2 | Fines revenue budget reduced due to tender for Traffic Fines Management awarded late. |

Expenditure

Ref	Explanation
-----	-------------

- | | |
|-----|---|
| D1 | Budget increased due to EPWP expenditure budget being moved to employee-related costs. This however includes Workmens compensation on AFS and excludes it from Operational Cost |
| D2 | Reduction in budget was due to calculation on council remuneration from Gazette on Political Office Bearers determined that we initially over budgeted. |
| D3 | Increased in budget was due to additional budget required based on the existing Fixed Asset Register including the estimations based on capital additions. |
| D4 | Budget reduced based on reduction in fines income. |
| D5 | No adjustment |
| D6 | Budget increased due to inclusion finance leases (municipal vehicles) interest in adjustment budget. |
| D7 | Budget for lease of printing machines included |
| D8 | Budget was reduced based on calculation of invoices paid and outstanding invoices for Eskom. At the time it was only June 2020 outstanding and budget was determined based on average monthly payment |
| D9 | Due to the COVID-19 pandemic, user departments reprioritised programmes and reduced budgets accordingly |
| D10 | The budget for the Regional Landfill site taken off budget as the project was delayed/not completed this year and budget for Tourism subsidy increased. |
| D11 | Increase in budget was due to reprioritization following the COVID-19 disaster. |
| D12 | No budget for this item |
| D13 | Change in budget due to reprioritization of programmes due to COVID-19 |

Statement of Financial Position

Assets

Current Assets

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
77. Budget differences (continued)		
Ref	Explanation	
E1	Budget adjusted based on actuals at the time	
E2	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
E3	Budget adjusted based on actuals at the time	
E4	Budget adjusted based on actuals at the time	
E5	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
E6	No anticipation of refund on VAT, hence no budget	
E7	Budget adjusted based on assumption that the municipality would not have any unpaid grants at year-end.	
E8	No original budget, budget adjusted based on actuals at the time	
Non-Current Assets		
Ref	Explanation	
F1	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F2	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F3	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F4	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F5	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
F6	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
Liabilities		
Current Liabilities		
Ref	Explanation	
G1	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G2	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G3	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G4	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G5	No change in budget	
G6	Budget adjusted upwards based on actuals	
G7	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G8	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process	
G9	Budget adjusted to zero based on assumption that unspent will be spent	
G10	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented.	
Non-Current Liabilities		
Ref	Explanation	
H1	Budget adjusted based on actuals at the time	
H2	Budget adjusted based on actuals at the time	
H3	No change in budget	
Net Assets		
Ref	Explanation	
I1	No change in budget	

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
--	-----------	-----------

77. Budget differences (continued)

- I2 There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented.

Cash Flow Statement

Cash flows from Operating Activities

Ref	Explanation
-----	-------------

- | | |
|----|---|
| J1 | Budget adjusted based on trend in actuals |
| J2 | Budget adjusted based on additional allocations gazetted |
| J3 | Interest budget reduced to actual interest on investment at time of adjustment |
| J4 | Budget adjusted downwards in line with expenditure budget - this included items such as Bulk Purchases, Contracted Services, etc. |
| J5 | Regional Landfill Site transfer budget was reduced to zero and Tourism increased - overall budget reduced by R1.2 million |
| J6 | Budget adjusted upwards to make provision interest on finance leases |

Cash flows from Investing Activities

Ref	Explanation
-----	-------------

- | | |
|----|---|
| K1 | Budget adjusted downwards due to Finance Leases |
|----|---|

Cash flows from Financing Activities

Ref	Explanation
-----	-------------

- | | |
|----|---|
| L1 | There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process |
| L2 | Repayment not budgeted originally, adjusted during adjustment process |
| L3 | Consumer Deposits not budgeted originally, adjusted during adjustment process |

Material Differences between Final Budget and Actual Outcome

Statement of Financial Performance

Revenue

Revenue from Exchange Revenue

Ref	Explanation
-----	-------------

- | | |
|-----|---|
| A1 | Under performance was due to barely any sales on Aviation fuel. |
| A2 | The underperformance is mostly due to Water Services and Electricity. Although the budget has been reduced in anticipation of losses due to COVID-19, the impact on these services were greater than anticipated. |
| A3 | Overperformance is due to Building Plan Approval and Staff Housing revenue performing greater than anticipated. |
| A4 | Underperformance is not material |
| A5 | Overperformance is not material |
| A6 | These include learners, drivers, trading and other licences and the underperformance, although not material, can be attributed to the strict lockdown regulation that had to be followed where people were not able to renew licences or apply for learners licences. |
| A7 | Overperformance is due to Bad Debts Recovered and Insurance Refund (Electrical dept) not budgeted for as well as under budgeting for Administrative Handling Fees. |
| A8 | No variance. |
| A9 | Budget was increased during adjustment however, actual performance was greater than expected. |
| A10 | Variance is not material. |

Revenue from Non-Exchange Revenue

Taxation Revenue

Ref	Explanation
-----	-------------

- | | |
|----|---|
| B1 | This can be attributed to over budgeting or over estimating the performance of Property Rates |
| B2 | This variance is not material |

Transfer Revenue

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020 R	2019 R
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77. Budget differences (continued)

Ref Explanation

- C1 This is due to Housing/Human settlement grant that was not received as per DoRA
- C2 Tender for Traffic Fines Management awarded late in the 2019 2020 FY and the COVID-19 pandemic also contributed to the under performance.
- C3 Expenditure recognised as income during

Expenditure

Ref Explanation

- D1 Under spending on employee-related expenditure is due to actuarial gain/loss journals processed.
- D2 The variance is not material
- D3 This was a case of over budgeting. This is also a difficult item to budget for as you might not have all information at your disposal at the time of budgeting, like additions etc.
- D4 Although monthly provisional journals processed through the year, accurate figures are determined at year-end. This was over budgeted.
- D5 Write-Offs were under budgeted.
- D6 Budget for lease interest included in adjustment budget, however lease tender awarded later than initially estimated.
- D7 Budget for lease of printers included in adjustment budget, but expenditure is less than anticipated - over budgeting.
- D8 Overspending is due to outstanding invoices paid at year-end. These invoices were not anticipated at the time of budget adjustment.
- D9 Biggest contributor to the unspent are consultant fees under the Municipal Manager, Traffic Fines Management -service provider was appointed just before the COVID-19 lockdown started; Consultant Fees under Budget Office - no physical verification could be done due the COVID-19 pandemic. The impact on COVID-19 meant that projects were delayed and the uncertainty surrounding the state of disaster were greater than anticipated.
- D10 The remaining budget was for Grant in Aid under the Political Office -not material
- D11 Unspent budget on almost all sections, but this can be due to COVID-19 lockdown. Employees were on lock down leave and unable to spend their budgets.
- D12 Variance is not material, but no budget provided for this item.
- D13 This may due to the lockdown hence user departments could spend their budget as intended. Major contributors of underspending are membership fees, bank charges and skills development to name a few. Skills Development Levy in particular is underspent because of the payment holiday that the municipality had received due to the COVID-19 disaster from May 2020.
- D14 Losses were not budget for

Statement of Financial Position

Assets

Current Assets

Ref Explanation

- E1 Over budgeted
- E2 Not material
- E3 Over estimated what actual would be at year-end
- E4 Over estimated what actual would be at year-end
- E5 Not material
- E6 No anticipation of refund on VAT
- E7 Under budgeted for unpaid grants
- E8 Overestimated the cash and cash equivalents at year-end. Over budgeting

Non-Current Assets

Ref Explanation

- F1 Over budgeted for investment property
- F2 Over budgeting
- F3 Due to de-recognition of Intangibles
- F4 Over budgeting
- F5 Over budgeting
- F6 Under budgeting

Liabilities

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

	2020	2019
	R	R

77. Budget differences (continued)

Current Liabilities

Ref	Explanation
-----	-------------

G1	Not material
G2	Under budgeted for Trade payables
G3	Over budgeting
G4	Over budgeting
G5	Variance not material
G6	Variance not material
G7	Under budgeting
G8	Under budgeting
G9	Variance not material
G10	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented.
G11	Budget not allocated

Non-Current Liabilities

Ref	Explanation
-----	-------------

H1	Under budgeting
H2	Over budgeting
H3	Over budgeting

Net Assets

Ref	Explanation
-----	-------------

I1	Under budgeting
I2	Under budgeting

Cash Flow Statement

Cash flows from Operating Activities

Ref	Explanation
-----	-------------

J1	COVID-19 virus pandemic had significant impact of the communities' ability to pay municipal accounts
J2	Grants not received as anticipated
J3	Includes actual interest on investments and outstanding debtors, while budget only accounted for interest on investments - under budgeting.
J4	National lockdown had a significant impact on spending of allocated budgets.
J5	Underperformance not material
J6	Due to delay as a result Of COVID lockdown, the orders for the vehicles could only be placed during June 2020. This resulted in a delay in delivery. No financial entries could be made in 2019/2020.

Cash flows from Investing Activities

Ref	Explanation
-----	-------------

K1	There was a delay in the SCM processes as a result Of COVID lockdown, and this resulted in late finalisation in the procurement of Fleet, that was funded by Finance Lease. The delivery and payment of this fleet occurred in 2020-21 FY
----	---

Cash flows from Financing Activities

Ref	Explanation
-----	-------------

L1	There's misalignment between the Budget Schedules and the AFS due to balance sheet budgeting not been implemented. This will be corrected during the 1st adjustment process
L2	Variance not material.
L3	Variance not material.

Changes from the approved budget to the final budget

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2020

Grant Description	Balance	Correction	Restated Balance	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance	Unspent Grants	Unspent Public Contributions	Unpaid Grants
	30 June 2019	of Error	30 June 2019					30 June 2020	30 June 2020 (Creditor)	30 June 2020 (Creditor)	30 June 2020 (Debtor)
<u>National Government Grants</u>											
Equitable Share	-	-	-	93 565 000	-	(93 565 000)	-	-	-	-	-
MIG Grant	38 065	-	38 065	20 173 000	-	-	(14 788 106)	5 422 959	5 422 959	-	-
National Electrification Programme	86 872	-	86 872	6 828 000	-	-	(6 914 872)	-	-	-	-
ACIP	0	-	0	-	-	(0)	-	-	-	-	-
Financial Management Grant	-	-	-	1 550 000	-	(1 550 000)	-	-	-	-	-
Escom Demand Side Management (EDSM)	-	-	-	6 000 000	-	(5 977 329)	-	22 671	22 671	-	-
Neighbourhood Development Grant	1	-	1	-	-	(1)	-	-	-	-	-
EPWP	-	-	-	2 579 000	-	(2 579 000)	-	-	-	-	-
National Disaster Management Grant	-	-	-	-	-	-	-	-	-	-	-
Municipal Disaster Grant	-	-	-	506 000	-	(506 000)	-	-	-	-	-
Total National Government Grants	124 937	-	124 937	131 201 000	-	(104 177 330)	(21 702 977)	5 445 630	5 445 630	-	-

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

Appendixes

Grant Description	Balance	Correction	Restated Balance	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance	Unspent Grants	Unspent Public Contributions	Unpaid Grants
	30 June 2019	of Error	30 June 2019					30 June 2020	30 June 2020 (Creditor)	30 June 2020 (Creditor)	30 June 2020 (Debtor)
Provincial Government Grants											
Financial Management Support Grant-mScoa	(51 469)	-	(51 469)	330 000	-	(278 531)	-	-	-	-	-
Local Government Graduate Internship Grant	202 024	-	202 024	460 000	-	(395 849)	-	266 175	266 175	-	-
Financial Management Capacity Grant	75 142	-	75 142	-	-	-	-	75 142	75 142	-	-
Community Development Workers	(33)	-	(33)	38 000	-	-	-	37 967	37 967	-	-
Libraries - Conditional Grant	-	-	-	2 026 507	-	(2 026 507)	-	-	-	-	-
Provincial Housing Grant	(23 843 658)	7 220 737	(16 622 921)	13 386 294	-	(3 532 530)	(3 296 640)	(10 065 796)	-	-	(10 065 796)
Proclaimed Roads Maintenance	(4 219)	-	(4 219)	2 489 000	-	(2 484 781)	-	-	-	-	-
Municipal Replacement Grant	983 399	-	983 399	9 089 000	-	(8 828 018)	(937 920)	306 460	306 460	-	-
LGSETA	319 866	-	319 866	386 893	-	-	-	706 759	706 759	-	-
Disaster Management: Emergency Housing	0	-	0	-	-	-	-	0	0	-	-
Municipal Disaster Grant	197 708	-	197 708	600 000	-	(797 700)	-	7	7	-	-
LED Strategy (IDC)	0	-	0	-	-	(0)	-	-	-	-	-
Regional Social Economic Projects	-	-	-	2 600 000	-	-	(249 496)	2 350 504	2 350 504	-	-
Thusong Centre	-	-	-	-	-	-	-	-	-	-	-
Total Provincial Government Grants	(22 121 241)	7 220 737	(14 900 504)	31 405 695	-	(18 343 916)	(4 484 056)	(6 322 781)	3 743 015	-	(10 065 796)

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

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Grant Description	Balance	Correction	Restated Balance	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance	Unspent Grants	Unspent Public Contributions	Unpaid Grants
	30 June 2019	of Error	30 June 2019					30 June 2020	30 June 2020 (Creditor)	30 June 2020 (Creditor)	30 June 2020 (Debtor)
District Municipality											
	-	-	-	-	-	-	-	-	-	-	-
Total District Municipality Grants	-	-	-	-	-	-	-	-	-	-	-
Total Grants	(21 996 304)	7 220 737	(14 775 567)	162 606 695	-	(122 521 246)	(26 187 033)	(877 151)	9 188 645	-	(10 065 796)
Public Contributions											
Nedbank	211 730	-	211 730	-	-	(173 260)	-	38 469		38 469	-
Allocations in Kind	-	-	-	-	-	-	-	-	-	-	-
Total Public Contributions	211 730	-	211 730	-	-	(173 260)	-	38 469	-	38 469	-
Grand Total	(21 784 574)	7 220 737	(14 563 837)	162 606 695	-	(122 694 507)	(26 187 033)	(838 682)	9 188 645	38 469	(10 065 796)

The Unspent Grants are cash-backed. The municipality complied with the conditions attached to all grants received. No grants were withheld.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

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APPENDIX B SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 MUNICIPAL VOTES CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R		2020 Actual Income R	2020 Actual Expenditure R	2020 (Surplus)/ Deficit R
			Office of the Municipal Manager			
-	3 424 500	3 424 500	Internal Audit	-	4 718 430	4 718 430
0	0		Risk Management	-	97 098	97 098
-	2 639 405	2 639 405	Municipal Manager	-	2 280 221	2 280 221
-	2 008 601	2 008 601	Office of the Municipal Manager	-	3 107 290	3 107 290
(13 658)	10 792 311	10 778 653	Office of the Political Office Bearers	-	13 221 872	13 221 872
-	2 118 381	2 118 381	IDP	-	1 714 879	1 714 879
(56 260 983)	840 232	(55 420 751)	Admin General Expenses	(94 836 252)	283 284	(94 552 968)
-	562 456	562 456	PMS/SDBIP/Compliance	-	608 082	608 082
(56 274 641)	22 385 887	(33 888 754)		(94 836 252)	26 031 156	(68 805 096)
			Financial Services			
(1 940 949)	10 390 171	8 449 222	Budget and Treasury Office	(1 828 531)	13 825 291	11 996 760
-	3 494 962	3 494 962	Expenditure	-	3 969 222	3 969 222
(11 591 758)	6 129 087	(5 462 670)	HOD: Financial Services	(10 308 474)	3 193 476	(7 114 998)
-	288 461	288 461	Office of the CFO	-	327 333	327 333
(669 864)	8 849 217	8 179 353	Revenue Services	(669 248)	16 567 816	15 898 568
-	68 488	68 488	Revenue Services: Meter Reading	-	52 105	52 105
(137 257 810)	735 847	(136 521 963)	Revenue Services: Property Rates	(139 192 980)	157 357	(139 035 623)
81 412	3 684 276	3 765 688	SCM	(3 260 960)	4 771 433	1 510 473
(151 378 970)	33 640 509	(117 738 461)		(155 260 192)	42 864 030	(112 396 161)
			Corporate Services			
(9 874)	5 781 274	5 771 399	Administrative Services	-	6 688 704	6 688 704
-	3 237 171	3 237 171	Communication	-	3 656 385	3 656 385
-	1 338 998	1 338 998	HOD: Corporate Services	-	895 577	895 577
(638 414)	19 054 600	18 416 187	Human Resources Management Services	(395 849)	14 007 847	13 611 998
(36 241)	13 688 880	13 652 640	Information and Communication Technology (ICT)	(7 925)	13 908 383	13 900 458
-	9 050 281	9 050 281	Legal Services	-	15 198 854	15 198 854
(684 528)	52 151 204	51 466 675		(403 774)	54 355 751	53 951 977

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

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APPENDIX B SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 MUNICIPAL VOTES CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R		2020 Actual Income R	2020 Actual Expenditure R	2020 (Surplus)/ Deficit R
Community Services						
(3 046 896)	5 231 181	2 184 284	Aerodrome	(1 435 421)	2 359 036	923 615
-	1 469 172	1 469 172	Community Services	-	1 684 339	1 684 339
-	1 285 498	1 285 498	HOD: Community Services	(506 000)	2 986 864	2 480 864
(93 070 736)	79 013 338	(14 057 398)	Human Settlement and Housing	(6 838 221)	10 932 618	4 094 397
(11 007 529)	10 781 333	(226 196)	Library and Information Services	(11 831 429)	10 949 950	(881 479)
(382 901)	7 913 076	7 530 174	Parks and Recreation: Beach Control	(93 217)	13 486 690	13 393 472
(15 360)	1 224 752	1 209 392	Parks and Recreation: Cemeteries	(21 433)	1 971 249	1 949 816
-	1 396 205	1 396 205	Parks and Recreation: Manager	-	233 375	233 375
-	7 581 508	7 581 508	Parks and Recreation: Parks Maintenance and Horticulture	-	9 179 308	9 179 308
-	902 968	902 968	Parks and Recreation: Sport and Public Facilities	(1 211)	624 912	623 701
(100 000)	3 189 983	3 089 983	Parks and Recreation: Simunye Centre	6 267	9 335 317	9 341 584
(26 575 856)	76 234 884	49 659 028	Municipal Land and Buildings	(1 071 493)	7 970 638	6 899 145
(326 313)	12 557 699	12 231 386	Protection Services: Fire Department	(10 239)	13 096 123	13 085 884
-	15 573 825	15 573 825	Protection Services: Law Enforcement	-	6 147 009	6 147 009
-	2 291 700	2 291 700	Protection Services: Manager	-	3 931 741	3 931 741
(46 229 535)	89 318 992	43 089 456	Protection Services: Traffic Department	(10 664 816)	22 120 781	11 455 965
(52 368 658)	44 764 523	(7 604 134)	Waste Management	(46 446 409)	42 545 711	(3 900 697)
(233 123 785)	360 730 635	127 606 850		(78 913 621)	159 555 661	80 642 039
Engineering Services						
(172 005 282)	148 405 733	(23 599 549)	Electrical and Mechanical Engineering Services	(176 864 059)	164 676 424	(12 187 635)
(348 750)	16 036 856	15 688 106	Fleet Maintenance	-	5 944 691	5 944 691
-	1 526 182	1 526 182	HOD: Infrastructure Services	-	1 567 816	1 567 816
-	3 807 034	3 807 034	Infrastructure Services	(66 916)	1 627 224	1 560 308
(4 219)	189 038	184 819	Proclaimed Roads	-	-	-
(7 004 292)	4 686 000	(2 318 293)	Project Facilitation	(2 628 681)	5 327 933	2 699 252
(20 593)	29 887 912	29 867 319	Roads, Stormwater and Buildings Maintenance	(2 498 604)	38 944 957	36 446 354
(37 981)	1 555 529	1 517 548	Water Services : Water Reticulation	(55 532)	3 284 597	3 229 064
(84 165 920)	43 412 375	(40 753 545)	Water Services: Waste Water Purification	(39 876)	5 448 918	5 409 042
(117 552 792)	49 231 864	(68 320 928)	Water Services: Water Distribution	(159 041)	7 423 850	7 264 809
-	9 436 510	9 436 510	Water Services: Water Purification	(180 258 129)	100 687 660	(79 570 469)
(381 139 829)	308 175 034	(72 964 796)		(362 570 837)	334 934 070	(27 636 767)

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

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APPENDIX B SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 MUNICIPAL VOTES CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R		2020 Actual Income R	2020 Actual Expenditure R	2020 (Surplus)/ Deficit R
			Council			
(729 572)	2 568 116	1 838 545	Council General	-	3 675 889	3 675 889
(230 390)	710 568	480 177	Office of the Deputy Mayor	-	3 243 118	3 243 118
(441 583)	1 343 959	902 377	Office of the Executive Council	-	1 486 582	1 486 582
(297 889)	958 567	660 679	Office of the Mayor	(7 345)	1 829 001	1 821 656
(230 390)	857 580	627 190	Office of the Speaker	-	1 057 843	1 057 843
(1 929 824)	6 438 791	4 508 967		(7 345)	11 292 433	11 285 088
			Strategic Services			
(2 830 868)	1 935 128	(895 740)	Building Control	(2 230 524)	4 804 662	2 574 139
-	1 565 771	1 565 771	HOD: Strategic Services	-	566 463	566 463
(228 270)	5 368 837	5 140 567	Local Economic Development	(173 260)	6 010 939	5 837 679
-	389 163	389 163	Office of the HOD: Strategic Services	-	543 263	543 263
-	(8 284)	(8 284)	Planning and Economic Development	(249 497)	3 445	(246 052)
-	-	-	Environmental Management	-	-	-
-	4 009 086	4 009 086	Tourism & Marketing	-	2 712 024	2 712 024
(397 338)	5 680 452	5 283 114	Town Planning	(303 055)	6 976 912	6 673 857
(3 456 476)	18 940 153	15 483 677		(2 956 336)	21 617 709	18 661 373
(827 988 054)	802 462 212	(25 525 841)	Sub Total	(694 948 357)	650 650 809	(44 297 548)

The actuals of the 2018/2019 financial year remains as originally reported and signed off on the Annual Financial Statements for the 2018/2019 financial year, and therefore does not take into account prior period.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

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APPENDIX C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020 GENERAL FINANCE STATISTIC CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Budget Income	2020 Actual Income R	2020 Budget Expenditure	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
11 122 889	17 950 737	(6 827 848)	Community and Social Services	12 474 301	12 352 595	31 171 612	26 927 719	(14 575 124)
172 005 282	149 931 915	22 073 367	Energy Sources	179 765 220	176 864 059	164 132 448	166 244 240	10 619 819
-	-	-	Environmental Protection	-	-	-	-	-
58 204 465	28 452 959	29 751 506	Executive and Council	43 436 738	94 843 597	44 890 842	36 953 460	57 890 137
178 988 104	168 595 166	10 392 938	Finance and Administration	208 798 920	156 735 459	130 956 773	102 969 352	53 766 107
-	-	-	Health	-	-	-	-	-
93 070 736	79 013 338	14 057 398	Housing	9 044 182	6 838 221	8 746 373	10 931 874	(4 093 653)
-	3 424 500	(3 424 500)	Internal Audit	-	-	4 473 894	4 709 427	(4 709 427)
13 096 154	35 440 280	(22 344 126)	Planning and Development	7 629 244	5 651 933	33 062 947	30 896 152	(25 244 219)
326 313	68 102 943	(67 776 630)	Public Safety	3 739 853	10 675 054	40 190 030	43 954 671	(33 279 617)
46 254 348	85 235 228	(38 980 880)	Road Transport	2 489 000	2 498 604	40 125 301	40 448 455	(37 949 852)
382 901	17 793 756	(17 410 855)	Sport and Recreation	386 080	94 428	24 039 220	23 524 285	(23 429 857)
52 368 658	44 764 523	7 604 134	Waste Management	47 574 709	46 446 409	43 616 728	42 545 711	3 900 697
84 165 920	44 967 905	39 198 015	Waste Water Management	79 618 046	78 865 017	48 824 348	57 490 825	21 374 192
117 590 773	58 668 374	58 922 399	Water Management	107 445 960	101 647 561	45 385 583	59 354 200	42 293 361
411 511	120 587	290 923	Other	726 030	1 435 421	5 109 732	3 700 439	(2 265 017)
827 988 054	802 462 212	25 525 841	Sub Total	703 128 283	694 948 357	664 725 831	650 650 809	44 297 548

The actuals of the 2018/2019 financial year remains as originally reported and signed off on the Annual Financial Statements for the 2018/2019 financial year, and therefore does not take into account prior period.

Bitou Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2020

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APPENDIX D SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2020

EXTERNAL LOANS	Loan Number	Balance at 30 June 2019	Correction of Error	Received during the period	Repayment / written off during the period	Interest charged during the period	Balance at 30 June 2020
ANNUITY LOANS							
Development Bank	11200/102	185 000	-	-	(185 000)	10,95%	0
Development Bank	13665/101	590 526	-	-	(393 684)	11,24%	196 842
Development Bank	100225/1	2 884 000	-	-	(824 000)	10,86%	2 060 000
Development Bank	103437/1	20 151 602	-	-	(1 173 402)	10,64%	18 978 199
Development Bank	103437/2	1 463 178	-	-	(232 059)	10,72%	1 231 119
Standard Bank	(Old)282024913/ (New)00537504	12 478 912	-	-	(1 543 664)	10,56%	10 935 248
Standard Bank	282023631	456 037	-	-	(456 037)	11,45%	-
Standard Bank	282044426	4 869 857	-	-	(2 303 688)	11,26%	2 566 169
Standard Bank	(Old)282029087/ (New)000536658	5 320 026	-	-	(1 962 534)	10,71%	3 357 492
Standard Bank	(Old)251981282/ (New)000536894	5 155 589	-	-	(1 899 712)	10,86%	3 255 878
Standard Bank	(Old)282022589/ (New)000537648	6 476 340	-	-	(1 368 488)	10,94%	5 107 852
Standard Bank	(Old)082602247/ (New)000536665	7 643 949	-	-	(1 203 380)	11,43%	6 440 569
Nedbank	7831 033912 / 000 001	29 026 027	-	-	(2 066 153)	11,81%	26 959 874
Nedbank	2017/2018	7 324 890	-	-	(886 048)	10,54%	6 438 842
Absa	2015/2016	15 996 971	-	-	(1 630 039)	10,36%	14 366 932
Absa	2016/2017	21 770 468	-	-	(1 868 488)	10,04%	19 901 980
Total Annuity Loans		141 793 373	-	-	(19 996 376)		121 796 997

Bitou Municipality

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE **FOR THE YEAR ENDED 30 JUNE 2020**

We are pleased to present the report of the Audit and Performance Audit Committee (APAC) for the financial year ended 30 June 2020.

The APAC is constituted in terms of sections 166(1) and (2) and 166(6)(b) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) read with the applicable Treasury Regulations. The APAC is an independent advisory body which must advise Council, the municipal manager, management and staff of the municipality on matters relating to :

- Internal financial control and internal audits
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting, records and information
- Performance management
- Effective governance
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- Performance evaluation
- Any other matter referred to it by the institution

Sections 166(2)(b), (c), (d) and (e) of the MFMA also requires the APAC to review the Annual Financial Statements and respond to Council on matters raised by the Auditor-General of South Africa (AGSA) in the management letter and audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by Council.

The role and responsibilities of the APAC are set out in the APAC Charter which is regularly reviewed and approved by Council, taking into account relevant legislative precepts which may be applicable thereto and recommended good practice. The APAC endeavours at all times to conduct its oversight role in compliance with its Charter and the provisions of the MFMA.

The advice tendered by the APAC is recorded in the minutes of the various meetings.

The APAC comprises of independent external members. During the 2019/20 financial period, four ordinary committee meetings, of which two were virtual meetings, and one special committee meeting were held. Below is a summary of the meeting attendance of the members for the financial period which ended 30 June 2020:

MEMBER	Appointment dates	Number of meetings attended out of five
Ms R Shaw (Chairperson)	11 March 2019	Five
Mr J Roux	1 July 2018	Five
Mr J Welman	11 March 2019	Two
Mr K Zono	11 March 2019	Four

Mr J Welman sadly passed away on 16 February 2020. He will be remembered as a true gentleman and his valuable input and expertise will be sadly missed.

Mr K Zono chairs the Risk Management Committee and provides feedback on matters pertaining to risk within the institution to the APAC at the quarterly meetings as the risk register underpins the internal audit plan and furthermore points the APAC into the direction of areas that it needs to focus on.

The Municipal Manager, all Directors, the Auditor-General of South Africa (AGSA), the MPAC chairperson, Treasury, SALGA and COGTA have standing invitations to all APAC meetings.

EFFECTIVENESS OF INTERNAL CONTROLS

The systems of internal control are the legislative responsibility of the Municipal Manager and senior management as required by the MFMA, read in conjunction with National Treasury Audit and Risk Framework, MFMA Circular 65 and International Standards for the Professional Practice of Internal Auditing.

Internal Audit evaluated the effectiveness of the municipal system of internal controls following Internal Audit Methodology aligned with the Institute of Internal Audit (IIA) Standards.

The APAC reviewed the three year rolling internal audit plan compiled by Internal Audit together with the annual internal audit plan. The annual internal audit plan was prepared taking cognizance of those identified emerging and residual risks identified by the Risk Management Unit.

The APAC considered the work performed by Internal Audit on a quarterly basis. These quarterly reports detail

- reviews according to the approved internal audit plan
- recommended corrective action
- suggested enhancements to controls and processes where appropriate
- management comments/responses

Areas where improvement is required :

- Lack of proper recordkeeping
- No standard operation procedures / standard operating procedures not implemented
- Human error
- Lack of management oversight
- Inadequate/slow responses by management to internal audit findings

Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management partially implemented the Internal Audit recommendations to enhance the system of internal controls to the acceptable level. The lack of progress in addressing audit findings timeously and the lack of consequence management resulted in the Bitou Municipality conducting operations in a weak control environment. Management is encouraged to address the internal control deficiencies in order to improve the audit outcomes of the municipality and ultimately achieve clean administration. The importance of appropriate, timely consequence management cannot be emphasized enough.

During the 2019/20 year end audit, AGSA requested the Internal Audit unit for assistance in the following areas :

- Year-end stocktake
- Physical verification of Employees
- Verification of Fixed Assets

The fact that AGSA places reliance on the work performed by Internal Audit is an indication of the quality of the work performed as well as the assurance provided by Internal Audit.

External Quality Assurance Review

The Internal Audit Unit was subject to an External Quality Assurance Review, the outcome of which was very favourable in both categories being

- (i) Evaluation and assessment of conformance to the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA); and
- (ii) Evaluation and assessment of the efficiency, economy and value add of the internal audit processes in line with leading practices and through stakeholder discussions.

The APAC would like to stress the importance of promptly implementing recommendations made by Internal Audit and AGSA's assurance reports as this will have a meaningful impact on the reported control environment whilst also mitigating the risk of potential fraud. Delayed management responses to exceptions raised by Internal Audit hampers the effectiveness of the Internal Audit unit to enhance internal controls within the institution.

It is Management's responsibility to promote a culture in which administrative controls are constantly improved and where evidence of accountability and consequence management remains a key focus.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The APAC

- reviewed and discussed the municipality's annual financial statements for the 2019/20 financial year
- reviewed the draft annual performance report for the 2019/2020 financial year

before submission to AGSA for audit purposes.

The APAC furthermore considered AGSA's management report and will monitor management's response thereto.

The APAC concurs with and accepts AGSA's opinion and report on the municipality's Annual Financial Statements for the 2019/20 financial year. The municipality has sustained its unqualified audit opinion with findings.

RISK MANAGEMENT AND FRAUD

The municipality has a separate Risk Management Committee which keeps the APAC abreast of strategic and operational risks that may impact the long-term sustainability of the municipality.

The APAC recommended that Risk Management be incorporated on the Performance Scorecards of the Directors to ensure ownership of risks.

Refer to the Risk Management Committee's Report for further details.

THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Annual Internal Audit Plan was prepared taking cognizance of the Risk Assessment Results supplied to the Internal Audit unit. The 2019/20 Risk Based Annual Audit Plan was approved by the APAC.

The Internal Audit Unit completed all the audits planned per the 2019/20 audit plan by year end with the exception of the review of the Annual Financial Statements and the Annual Performance Report which could only be done after the year end. The Internal Audit unit needs to be commended for completing the 2019/20 internal audit plan despite challenges brought about by the Covid-19 pandemic.

The following internal audit work was completed during the year under review :

- Annual Stocktake
- Division of Revenue Act
- Expenditure Management : Payments & Petty Cash
- Fleet Management
- Information Technology : Business Continuity and Recovery
- Monitoring the Operation Clean Audit plan (OPCAR)
- Proclaimed Roads
- Quarterly Reviews of Performance Information
- Quarterly Reviews of Risk Management
- Quarterly Reviews of Supply Chain Management
- Revenue Management :
 - o Credit Control & Debt Collection
 - o Meter Reading & Invoicing
- Review of Annual Financial Statements

The OPCAR plan, which is intended to address prior year audit findings, was not adequately implemented, partly due to Covid-19, resulting in repeat findings.

The APAC is satisfied with the content and the quality of the quarterly reports prepared by the Internal Audit division. We are of the opinion that Internal Audit effectively carried out its mandate and responsibilities in accordance with the MFMA and the approved Internal Audit Charter.

PERFORMANCE MANAGEMENT

The APAC reviews the quarterly reports submitted by Internal Audit on performance management. In reviewing the performance management system, the committee focuses on performance targets set by the municipality as well as the risk to the municipality if targets are not attained.

The APAC had recommended the cascading of the PMS to middle management and requested that a plan be developed to implement the recommendation. In the absence of a Director : Corporate Services, no progress has been made in cascading of the PMS to middle management and slow progress has been made in finalizing the PMS policy. The APAC stressed the importance of appointing a Director : Corporate Services as a matter of urgency as certain key responsibilities are not receiving the necessary attention whilst this position remains vacant.

Weaknesses were identified in the Performance Management system by Internal Audit. Management is encouraged to implement the corrective measures recommended by Internal Audit, being continuous monitoring by management and accountability in order to ensure that reported performance is valid, accurate and complete. It is furthermore imperative to ensure that the supporting documentation actually supports the achievement(s) reported and constitutes valid and appropriate audit evidence. The APAC cannot over-emphasise the importance of proper record keeping as part of the audit trail.

Another concern has been the outstanding performance agreement of the Director : Engineering Services.

EFFECTIVE GOVERNANCE

The APAC stressed the importance of implementing the Public Sector Integrity Management Framework within the municipality as soon as possible. The framework deals ‘with a compendium of ethical and good governance measures in order to align all measures regulating ethics and integrity in the public sector with the following objectives :

1. Strengthening existing measures regulating probity in the public service ;
2. Strengthening capacity to prevent corruption ;
3. Monitoring and evaluation to ensure compliance and
4. Enforcement as a deterrent.’

Irregular expenditure continues to be significant with a concerning increase in non-compliance with laws and regulations and resulted once again in a finding being raised in this regard by AGSA.

The municipality furthermore suffered material losses in the form of traffic fines due to poor contract management resulting in a service provider not being appointed timeously.

It is Management's responsibility to build an environment of ethical behaviour with visible discipline and accountability being actioned where necessary. There is still an absence of swift, consistent and decisive consequence management to drive proper accountability within the institution.

It is of the utmost importance to ensure that professional conduct and ethics are upheld at the highest level by both municipal staff and consultants at all times.

A handwritten signature in black ink, appearing to be 'R Shaw', with a long horizontal stroke extending to the right.

R Shaw (CA(SA))
Chairperson, Audit and Performance Audit Committee
1 April 2021

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Bitou Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Bitou Municipality set out on pages 233 to 345, which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bitou Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora).

Basis for opinion

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

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Underspending of the budget

7. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent their operating budget by R14 million.

Material losses/impairments

8. As disclosed in note 11 to the financial statements, the municipality provided for impairment of consumer debtors of R287,2 million (2018-19: R255,8 million).

9. As disclosed in note 11 to the financial statements, the municipality suffered an estimated loss of R28 million from the non-issuing of fines due to it not appointing a service provider.
10. As disclosed in note 49 to the financial statements, the municipality incurred material losses of R76,6 million (2018-19: R70,7 million) as a result of the writing-off of bad debts as irrecoverable.

Restatement and reclassification of corresponding figures

11. As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Significant uncertainties

12. With reference to note 69 to the financial statements, the municipality is the defendant in various ongoing litigation and claims. The outcome of these cases cannot presently be determined and no provision for any liability that may result, has been made in the financial statements.

Other matters

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

15. The supplementary information set out on pages 346 to 353 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
21. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipality's annual performance report for the year ended 30 June 2020.

Objective	Pages in the annual performance report
Objective 5: Provision of basic services	84-89

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:
- Provision of basic services

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. Refer to the annual performance report on pages 84 to 89 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of provision of basic services. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
29. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

30. Reasonable steps were not taken to prevent unauthorised expenditure of R24,4 million, as disclosed in note 60 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-cash transactions.
31. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R3,5 million, as disclosed in note 61 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure amounting to R2,5 million was incurred on Kwanokuthula phase 4.

32. Reasonable steps were not taken to prevent irregular expenditure of R118,5 million as disclosed in note 62 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the municipality's supply chain management (SCM) policy and the municipal SCM regulations.

Consequence management

33. Irregular expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Strategic planning and performance management

34. Amendments to the Integrated Development Plan (IDP) were made without consultation with the district municipality, as required by municipal planning and performance management regulation 3(6)(a).

Procurement and contract management

35. Some competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
36. Some contracts were awarded to bidders based on pre-qualification criteria that were not stipulated and /or differed from those stipulated in the original invitation for bidding, in contravention of the 2017 preferential procurement regulation 4(1) and 4(2).
37. Some bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(2).
38. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
39. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.
40. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Other information

41. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported in this auditor's report.
42. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
43. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. I did not receive the other information prior to the date of the auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

45. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
46. Leadership did not effectively monitor the implementation of action plans in time to address internal control deficiencies previously identified, resulting in a stagnation of audit opinion and material non-compliance findings in the current year.
47. The design and implementation of controls were inadequate to ensure compliance with the MFMA, the SCM regulations and the 2017 preferential procurement regulations, resulting in the incurring of unauthorised, irregular and fruitless and wasteful expenditure.

Other reports

48. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
49. An independent consultant investigated allegations levelled against the director: corporate services, at the request of council, which covered the 2016-17 financial year. The investigation was still in progress at 30 June 2020. The disciplinary process was subsequently finalised, resulting in the dismissal of the official.
50. The Member of the Executive Council (MEC) for local government instituted a forensic investigation into the procurement of goods and services by the municipality, based on allegations received. The investigation was still in progress as at 30 June 2020.
51. The MEC for local government instituted a court case questioning the appointment and related details, of the municipal manager. The courts found in favour of the MEC, however, the municipality appealed the case in the constitutional court during the 2020-21 financial year.

Auditor - General

Cape Town

29 March 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected objective on the municipality’s compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

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