

Mayoral Committee Meeting

24 JANUARY 2024

Addendum 1:

ITEM NO	SUBJECT	FIL REF	PG
SECTION 1: OFFICE OF THE MUNICIPAL MANAGER			
C/1/1/01/24	TABLING OF THE DRAFT 2022/2023 ANNUAL REPORT	5/11/1/1 & 9/1/1	3

SECTION 1
OFFICE OF THE MUNICIPAL
MANAGER

ITEM C/1/1/01/24

TABLING OF THE DRAFT 2022/2023 ANNUAL REPORT

Portfolio Comm: Strategic Services and Office of the MM **Demarcation: All Wards**

File Ref: 5/11/1/1 & 9/1/1

Delegation: Council

Attachments: Annexure A - 2022/2023 Draft Annual

Report from: Municipal Manager

Author: Performance Management Officer

Date: 19 January 2024

Purpose of the item

For Council to take note of the tabling of the Annual Report for the Financial Year 2022/2023, publish the Annual Report for comment, have it evaluated by the Municipal Public Accounts Committee, publish the report in keeping with the statutory requirements and submit it to the relevant Provincial and National Departments and other organs of state.

Background/Discussion

The 2022/2023, Annual Report reflects on the performance of the Bitou Municipality for the period 01 July 2022 to 30 June 2023. It is prepared in terms of Section 121 (1) of the Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003 (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

The Performance Report and the Annexure thereto were submitted to the Auditor - General as part of the external auditing process.

The Annual Report contains numerous comments and recommendations that must be considered. The functional and organisational performance of the Municipality is also contained therein.

In terms of Section 127 of the Local Government: Municipal Finance Management Act, 2003, the accounting officer must immediately after an Annual Report is tabled:

- (a) *“in accordance with Section 21A of the Local Government: Municipal Systems Act, Act 32 of 2000 –*
 - (i) *make public the Annual Report; and*
 - (ii) *invite the local community to submit representations in connection with the Annual Report; and*
- (b) *submit the Annual Report to the Auditor General, the relevant Provincial Treasury and the Provincial Department responsible for Local Government in the province”.*

National Treasury MFMA Circular No. 32, of 15 March 2006 further provides that *“The Oversight Committee should be made up of only non-executive councillors and representatives of the community*

Section 1: Office of the Municipal Manager

and can be formed each year to deal with the Annual Report. Municipal officials cannot be members of an Oversight Committee as this would pose a conflict of interest”.

The Annual Report should be made available at all Municipal Offices and Libraries, published on the official website and by public notice in the relevant regional and/or local newspapers.

The Municipal Council must, before 31 March 2024, in accordance to Section 129 of the Local Government: Municipal Finance Management Act, 2003, adopt an Oversight Report containing the Council’s comment on the Annual Report which must include a statement whether the Council –

- (a) Has approved the Annual Report with or without reservations;*
- (b) Has rejected the Annual Report; or*
- (c) Has referred the Annual Report back for revision of those components that can be revised”.*

Council established a Municipal Public Accounts Committee (MPAC) in terms of Section 79 of the Municipal Structures Act, 1998.

The function of MPAC is, amongst other to provide a detailed analysis and review of the Annual Report and to draft an Oversight Report, which must be submitted to the Municipal Council before 31 March 2024 and same being made public after adoption.

Financial Implications

The findings of the Audit Report will have financial implications, to be considered in the 2023/2024 budget, subsequent budgets and the IDP.

Applicable and relevant legislation

Constitution of the Republic of South Africa, 1996, Act 108 of 1996 (Constitution)
Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003 (MFMA)
Local Government: Municipal Systems Act, 2000, Act 32 of 2000 (Systems Act)
Local Government: Municipal Structures Act, 1998, Act 117 of 1998 (Structures Act)

Recommended by the Municipal Manager

1. That cognisance be taken of the tabling of the 2022/2023 Draft Annual Report and the timeframes related to the adoption and publication thereof;
2. That the Annual Report be submitted to MPAC in order to consider and evaluate the 2022/2023 Draft Annual Report to provide a detailed analysis and review thereof, and to submit an Oversight Report to Council by 31 March 2024;
3. That the 2022/2023 Draft Annual Report be submitted to the Office of the Auditor General, Provincial Treasury and the relevant Provincial Department responsible for Local Government;
4. That the Accounting Officer publishes the 2022/2023 Draft Annual Report for public comments and recommendations.

BITOU MUNICIPALITY



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CHAPTER 1: EXECUTIVE SUMMARY

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

1.1 MAYOR'S FOREWORD



This is second annual report that I have the pleasure of presenting since the current coalition government of the Democratic Alliance, Active United Front and Plett Democratic Congress took office on 21 November 2021.

This report reflects the progress that has been made in the first full financial year that this Council has had to perform against targets set.

The goal of this Council has been to stabilise the municipality and lay the foundation for everyone at Bitou Municipality to build on, to work towards a common goal of enhanced service delivery.

Besides the usual service delivery mandates that local government has there were additional challenges faced during the 2022/23 year with increased loadshedding by Eskom. This resulted in additional planning and costly

expenses to keep water supplied to households during times of loadshedding and also to ensure that there was minimal sewerage backup.

Grant funding of R5.6 million received from Western Cape Provincial Government towards the purchase of generators assisted in ensuring that our water and sewerage pump-stations are operational during loadshedding.

Extra costs were also incurred to protect municipal infrastructure that was vandalized in what became Eskom's planned hours of darkness. This additional cost, Law Enforcement cost and fuel for generators necessitated careful work and structuring of our finances while stabilising and improving on what was a poor financial position.

The appointment of capable senior managers has started to bear fruit in that there has been focus on addressing such changing circumstances and also progress in identifying shortcomings and growth areas within our directorates. There are however still 2 key senior manager positions that we have not yet been able to fill.

There was a need to address previous Auditor General findings, some of which had been repeat findings, to ensure that we carried out correct, open governance.

The management focus has allowed Council to identify pressing needs such as the urgent replacement of some of our aging fleet for Law Enforcement, Water & Sanitation, Electrical and Waste removal departments. Budget was provided for the 2023/24 financial year for some of this

replacement, especially for 3 new compactor vehicles to assist with waste collection.

Other areas requiring attention were also identified in the Engineering and Community Services Directorates.

Our financial position showed improvement and for the 2022/23 financial year our operating surplus increased to R79.7 million.

Performance management is being rolled out to the lower levels of the organization so that the objectives of all employees are aligned to what we want to achieve for Bitou Municipality.

All of these efforts to provide improved service delivery to all the people in the Bitou area ultimately builds towards making our area attractive to development and growth and to attracting visitors and holidaymakers to our town. This is what is desperately needed to stimulate our local economy and provide much-needed work for our residents.

A municipality that is functioning to expectation paves the way for additional development that will create much-needed work for our growing population.

Work-from-home trends that were highlighted during the Covid19 pandemic have since then led to semi-gration into the Western Cape and Bitou. This has stimulated the property market and has also attracted lower-skilled jobseekers that now live mostly in informal settlements, posing an additional financial burden on the municipality to supply water, electricity and sanitation.

This semi-gration trend is also contributing to additional developments such as the Boxer Shopping Centre in Kwanokuthula and Plett Quarter in town. Both of these developments opened their doors to the public towards the end of 2023, creating a number of new business opportunities and jobs.

The planned Broadway Centre at the Robberg end of Longships, further housing developments and other developments starting in 2024 will also add much-needed jobs and economic stimulus.

I look forward to the start of the private development in Kranshoek this year that will eventually yield over 1 000 housing units for sale over the next few years as well as a shopping centre. This will enhance the Kranshoek economy.

With all the activities, the Bitou economy has recently added over 1 300 jobs and latest census data shows that our employment to population ratio, already at 49.9%, will soon exceed the 50% mark.

All this has already highlighted a need for affordable housing for business employees wanting to rent or buy properties. The first rental-only development in Piesang Valley road will yield 165 such units.

Bitou Municipality has also advertised a call for proposals for developers to develop accommodation that will be priced between R600 000 and R900 000 to cater for this sector of our population and will encourage more such developments.

Our future planning will need to recognise that this growth brings with it infrastructure challenges and we will need to include increased infrastructure capacity in our planning.

While the Plett Airport has been an important part of our area both for commercial and recreational aircraft, it is playing an increased role in the economy of our town.

Many residents use it for their business travel and it is an increasing gateway for visitors to Plettenberg Bay. The lack of development at this important facility over the years has shown that Bitou Municipality does not have the necessary capacity to properly develop this important asset. For this reason Council decided to use outside expertise to develop this important asset.

A call for proposals to develop the airport was made during the 2022/23 year and in the latter part of 2023 a tender process was followed. The tenders submitted are currently undergoing the evaluation process at the various tender committees for their recommendation after which the Municipal Manager will make the award to the successful bidder.

The first Premier's Coordinating Forum held in Bitou on 29 August 2023 highlighted the need for a facility that can host events and conferences for more than 200 delegates. To this end we are considering developing the Piesang Valley Community Hall into such a facility. It is anticipated that such a facility will encourage more conferences and conventions that will contribute to the Bitou economy.

All of the achievements this past year, as well as future planning, is only possible because of the groundwork and dedication of the people who work at Bitou Municipality – it is their dedication and commitment that makes our current growth and development possible.

It is the dedication and commitment of the senior management team, led by the Accounting Officer, Mbulelo Memani, together with their immediate managers, that provides the direction and guidance necessary to maintain the momentum and achieve our goals.

It is this focused, committed team effort, with oversight by the Bitou Councillors, over a short period of time, that has enabled this dedicated team achieve beyond expectations during the 2022/23 financial year.

It was confirmed in December 2023 by the Auditor General's office that Bitou Municipality has, for the first time since 2015/16, been awarded a "CLEAN AUDIT" finding for 2022/23.

Thank you to all for the hard work – the challenge is now on to maintain and improve on our current performance.

CLLR. D SWART
EXECUTIVE MAYOR

1.2 MUNICIPAL MANAGER'S OVERVIEW



In presenting the 2022/23 Annual Report, we affirm that Bitou Municipality has made tremendous strides towards achieving its vision “To be the best together.”, guided by our mission “We partner with communities and stakeholders to sustainably deliver quality services so that everyone in Bitou can live and prosper together”.

In reflecting on the 2022/23 financial year, I am pleased to report that the Bitou Municipality has performed very well and received a clean audit opinion from the Auditor General for the 2022/23 financial year. This bears testament to good governance and sound financial management. The overall financial performance of the Municipality in 2022/23 confirms excellence in service delivery, sound financial management and fiscal discipline. I am extremely proud of the clean audit status regained since the last one achieved in the 2018 financial year. A clean audit does not imply financial

wealth but demonstrates good financial management, control, and compliance with audit requirements. My sincere appreciation to my management team, all our officials and Council for your dedication and contribution towards regaining our clean audit status. Now we need to work towards ensuring that a clean audit equates to better services for all residents of the greater Bitou.

During the year under review not all the top management positions were filled. Only two Section 56 positions (Directors) were filled with three remaining vacant. This on its own has put tremendous pressure in managing the administration. In my view, the decision to have Mr Felix Lötter as Acting CFO contributed to the improved performance as noted in the AFS and annual report.

We remain committed to accountable and ethical governance with no tolerance towards corruption and/or fraud. We had to investigate and apply consequence management to cases of Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) of the previous six years that were never investigated and of which some were not even reported to Council. In the year under review there were a few incidents of unauthorised, fruitless, and wasteful expenditure reported with only R 175 thousand reported as irregular expenditure when compared to R 226,8 million of the previous financial year.

Key challenges faced by Bitou Municipality are:

1. Infrastructure usage patterns and frequent occurrences of infrastructure vandalism exerting significant pressure on the efficacy and sustainability of municipal infrastructure. The level of vandalism and sabotage inflicted on municipal infrastructure, in particular electrical and sewer infrastructure remains a serious concern. Resources are continuously allocated to repair vandalised infrastructure and safeguard it; however, this is not a sustainable practice

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as it adversely impacts the cash flow and financial sustainability of the municipality and impedes on our ability to render critical infrastructure needed to enhance basic service delivery. In addition, persistent acts of vandalism and destruction of municipal infrastructure jeopardizes the ability to render quality services. It is therefore imperative that communities and residents take ownership of safeguarding infrastructure and use it in a responsible manner.

2. Illegal dumping throughout the municipal area remains a concern. It reduces the environmental appeal of our beautiful area, threatens environmental sustainability and community health, and discourages potential investors and guests from visiting our area. The Municipality spends approximately R 1,2 million per financial year on clearing illegal dumping, yet the problem persists. Whilst the Municipality is responsible for providing a clean and healthy external environment, residents are encouraged to take ownership in keeping our environment clean – i.e. dispose, waste and any other form of refuse within demarcated areas in accordance with applicable prescripts, procedures and policies.

Plans to deal with the identified challenges.

The plans to deal with these challenges are covered in the strategic and operational planning document that is currently in revision and will be finalised by February/March 2024. This includes clear action plans and commitments to improve service delivery and infrastructure. In addition, a proactive maintenance of existing infrastructure has been prioritised to ensure that the useful life of all municipal infrastructure is extended and maximum value for money extracted. The Municipality will continuously ensure that quality infrastructure is provided and maintained to aid in service delivery, and frequently communicate on

responsible use and safeguarding of infrastructure to promote longevity and return public value.

The Municipality has already invested R 13,1 million in its waste management fleet to improve our service offering. Plans are in place for the recycling collection from 2024 as the tender has been awarded. The plan is to ensure amongst other things waste minimization and reduction at source and to encourage reuse and recycling.

The achievement for the year under review can be summarised as follows:

When comparing the actual performance per KPI from the 2021/22 to the 2022/23 period the percentage of KPI's "not met" and "almost met" have decreased; and the percentage of KPIs "met", "well met" and "extremely well met" have increased.

Below is the representation of the stated figures:

Measurement Category	2021/22	2022/23	Comparative Total
KPI Not Met	9	4	5 less
KPI Almost Met	10	5	5 less
KPI Met	17	20	3 more
KPI Well Met	3	13	10 more
KPI Extremely Well Met	4	7	3 more
Total	43	49	6 more

The financial results for the 2022/23 financial reflect an operating surplus of R 79,7 million compared with previous financial year operating surplus of R 51,7 million. The cash and cash equivalents have increased from R 48,6 million as at 30 June 2022 to R95,0 million as at 30 June 2023.

As this annual report reflects on Bitou Municipality's performance and challenges for the 2022/23 financial year, I once again extend my sincere appreciation to the Acting CFO and his finance team, Senior Management, The Executive



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Mayor and Mayoral Committee, Council, the Audit and Performance Audit Committee and all our officials for their dedication and contribution to deliver on our vision “To be the best together.”. There is however, still much to be done to ensure that this achievement is extended to all communities, specifically the most vulnerable within the greater Bitou area. In my opinion, achieving this is one of our main challenges going forward and together we must strive to attain this.

MBULELO MEMANI

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 provide regular and predictable reporting on programme performance and the general state of affairs in its locality.

The 2022/23 annual report reflects on the performance of the Bitou Municipality for the period 1 July 2022 to 30 June 2023. 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 Garden Route District Municipality. The municipal area, in extent **991.84 km²**, is situated in the southeastern 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 Garden Route District area:

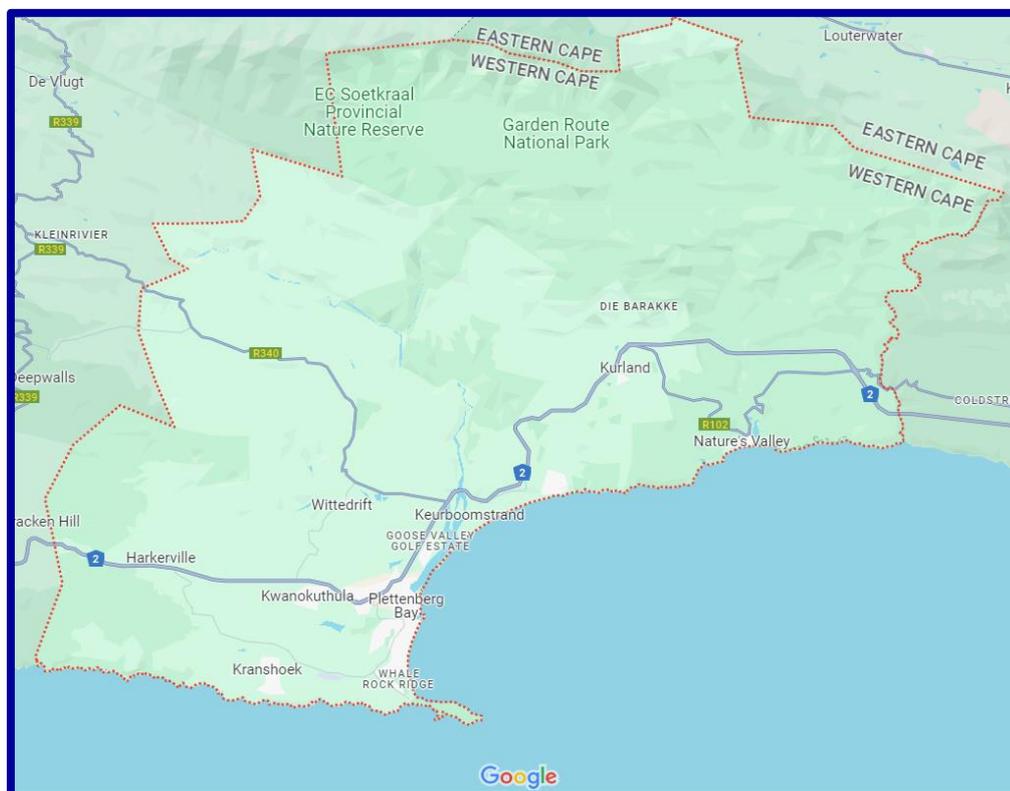


Figure 1.: Bitou Area Map

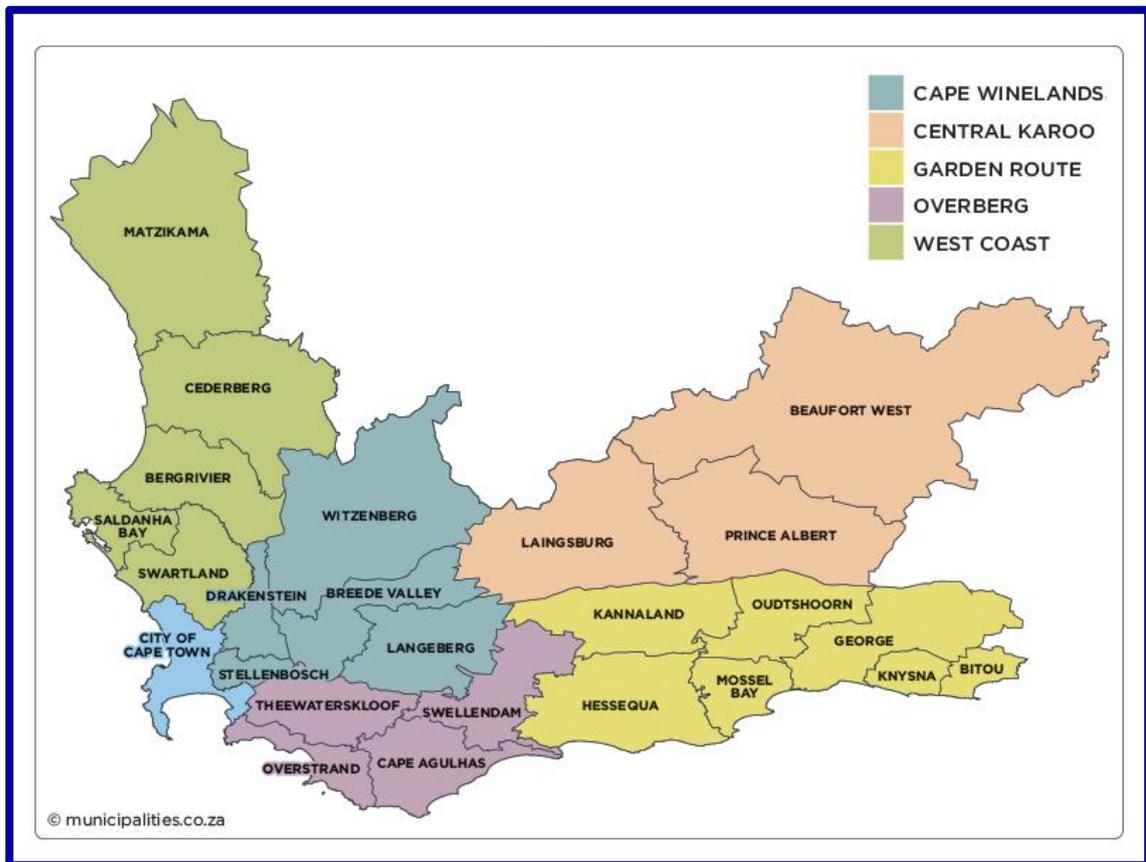


Figure 2.: Bitou Provincial Map

1.3.2 Vision and Mission

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

Development Vision:

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

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

1.3.3 Population

a) Total Population

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

Population	2011	2016	2017	2018	2019	2022	2023
	49 162	59 157	49 162	60 686	65 074	71 253	65 240
<i>Source: StatsSA</i>							

Table 1: Total Population

The graph below illustrates that the total population growth from 2001 till 2023:

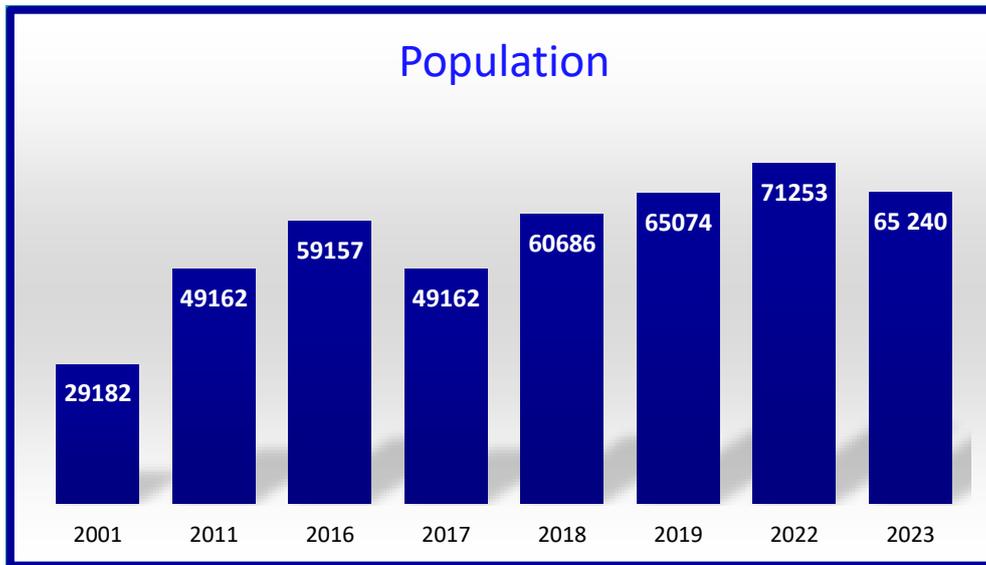


Table 1: Total Population

b) Population Profile

Population Age	2011			Population - Age	*2022		
	Male	Female	Total		Male	Female	Total
0 - 9	2 394	2 247	4 641	0 - 4	31 651	33 589	5 189
10 - 29	1 806	1 897	3 703	5 - 14			9 487
30 - 54	2 394	2 207	4 601	15 - 34			21 071
55 - 59	850	914	1 763	35 - 59			21 503
60 - 64	678	745	1 423	60+			7 990
Total	24 468	24 694	49 162	Total	31 651	33 589	65 240

*As per 2022 Stats SA figures

Table 2: Population Profile

c) Population by Race Categories

Population - Racial	2011	2018	2019	2023
African	25 262	33 687	32 496	34 305
Coloured	15 344	17 669	18 616	18 801
Indian	249	0	Not Available	201
White	8 307	8 976	8 045	10 757
Asian	0	355	Not Available	1 176

Source: StatsSA

Table 3: Race Categories

1.3.4 Households

The total number of estimated households within the municipal area for 2022/23:

Households	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Number of households in municipal area	26 888	28 232	*21 914	21 914	21 195	*21 848
Number of registered indigent households in municipal area	4 381	1 891	**2 357	3 930	3 404	**4 132
*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 Khoisan 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 Perestrello 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, Crags and Keurbooms
2	Plettenberg Bay South and Plettenberg Bay North and Bossiesgif
3	Qolweni and a portion Pine Trees
4	New Horizon and a portion of Pine Trees
5	Phase 1 and Phase 2 Kwanokuthula

Ward	Areas
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 Crags / Kurland	Fisantehoek
	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

1.4 SERVICE DELIVERY OVERVIEW

1.4.1 Basic Services Delivery Performance Highlights

The table below specifies the highlights for the year:

Highlights	Description
Increased Collection rate	The municipality managed to marginally increase its collection rate from 82% in previous year to 84% at the end of the 2022/23 financial year amidst the continued increase in indigency numbers in the municipal area
Revenue enhancement strategy development and implementation	The municipality has been partially funded by the Provincial Treasury to appoint a service provider to assist the municipality with the development of a revenue enhancement strategy and the implementation of the strategy over the next 2 years to improve the financial situation of the municipality

Table 8: Basic Services Delivery Highlights

1.4.2 Basic Services Delivery Challenges

The table below specifies the challenges for the year:

Description	Actions to address
Increasing indigency numbers leading to reduced revenue collection base	The municipality provides in its MTREF for the subsidisation of approved indigent households and funded through the equitable share
Vacant positions - The revenue section still has a few vacancies as per the approved organogram that hampers optimal functioning of the section	Facilitate the fast tracking of the recruitment process

Table 9: Basic Service Delivery Challenges

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

Description	2021/22	2022/23
Electricity service connections	12 474	14 669
Water - available within 200 m from dwelling	11 893	15 425
Sanitation - Households with at least VIP service	11 857	14 872
Waste collection - kerbside collection once a week	11 798	14 841
<p><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. The increase in the numbers is due to the fact that municipality had in previous years accounted for bulk meters as one but has now further accounted for all households behind the bulk meters.</i></p>		

Table 10: Households with Minimum Level of Basic Services

1.5 FINANCIAL HEALTH OVERVIEW

1.5.1 Financial Viability Highlights

The municipality had reported an operating surplus of R 79 751 608 in the 2022/2023 financial year, an improvement from the surplus of R 51 788 710 recorded in the previous financial year.

Highlights	Description
Stable operating and political environment	The Municipal Council has been stable since the November 2021 local government elections and the coalition is steadfast in improving its service delivery offering to the community and striving towards improved financial viability
Voluntary financial recovery plan adopted and implemented	The voluntary financial recovery plan was implemented and various of the action items have progressed well, these include strengthening the revenue generating capabilities, debt collection and improved cash flow management
Revenue enhancement program implemented	The revenue enhancement program commenced, and early analysis has shown various anomalies in the revenue net that require corrective measures. The results from the corrections will add to revenue streams in the 2023/24 financial year and beyond
Improved credit control and debt collection	The municipality has embarked on a Renewed Debt Collection Strategy which has started to show results in 2022/23, and improved

Highlights	Description
	collection of debt will add to enhanced cash flow and liquidity position

Table 11: Financial Viability Highlights

1.5.2 Financial Viability Challenges

The table below specifies the challenges for the year:

Challenges	Action to address
Tariffs not cost reflective yet.	Tariffs are gradually revised to ensure that costs to render services are appropriately recovered in tariff setting
Cost of Supply study for electricity not approved by NERSA	The Municipality prepared a cost of supply study and submitted same to NERSA, they however indicated that it would only be considered for the 2024/25 financial year as they do not have the capacity to deal with all the studies that were submitted
Low cash reserves	The prolonged depletion of cash reserves in prior years required a concerted effort to improve the cash reserves, this was done through appropriate budgeting and funding techniques to ensure cash reserves are replenished over the next 3 financial years
Appropriately qualified staff remain difficult to attract	Various provincial wide recruitment campaigns were engaged with in order to fill vacancies, yet positions have remained vacant, a programme of empowerment and training is underway to address succession and fill critical vacancies in the finance department

Table 12: Financial Viability Challenges

1.5.3 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	2021/22	2022/23
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2023 (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 2023	13%	14.92%

Description	Basis of calculation	2021/22	2022/23
Financial viability measured in terms of the outstanding service debtors as at 30 June 2023 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors as at 30 June 2023	7.2%	9.37%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2023 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	0.75	1.57

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

1.5.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	200 231	212 435	192 537
Taxes, Levies and tariffs	601 271	576 199	574 067
Other	67 526	64 818	109 954
Sub Total	869 028	853 452	876 558
Less Expenditure	818 774	851 826	796 806
Net surplus/(deficit)	50 254	1 626	79 752

Table 14: Financial Overview

1.5.5 Total Capital Expenditure

Detail	2021/22	2022/23
Original Budget	90 316 324	98 300 025
Adjustment Budget	90 072 312	101 970 926
Actual	78 216 782	84 807 152
% Spent	87%	83%

Table 15: Total Capital Expenditure

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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
	2021/22	2022/23
The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2023 {(Actual amount spent on capital projects /Total amount budgeted for capital projects) X100	87%	83%

Table 16: National KPIs - Good Governance and Public Participation Performance

2.2 PERFORMANCE HIGHLIGHTS – GOOD GOVERNANCE HIGHLIGHTS AND PUBLIC PARTICIPATION

The table below specifies the highlights for the year:

Highlight	Description
Ward Committees	All Ward Committees are functional and play a supporting role to the respective Ward Councillors
Taking Ward Council Meetings to the Public	All Council Meetings are Broadcasted Live on the Social Media Channels (Facebook and YouTube). Council Meeting of June 2023 was held in the Beacon Island Hotel in order to facilitate public participation
IDP and Budget Meetings	IDP and Budget meetings were held in all Wards with the participation of all Ward Councillors and Senior Management

Table 17: 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
Poor attendance at Some Ward IDP and Budget Meetings	Intensive Mobilization and Promotion of the meetings. House to House Questionnaires to engage people on their views
Impact of Loadshedding on the meetings	<ul style="list-style-type: none"> Acquire generators for each Community Hall Schedule meetings in line with loadshedding schedule to mitigate the impact of loadshedding

Table 18: Good Governance and Public Participation Challenges

2.4 GOVERNANCE STRUCTURE

2.4.1 Political Governance Structure

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

a) Council

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

Below are the table that categorise the councillors within their specific political parties and wards for the period 1 July 2022 up to the end of the year under review, 30 June 2023.

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
D J Swart	Executive Mayor	DA	Ward Councillor (2)	Male
M P Busakwe	Deputy Executive Mayor	AUF	PR	Female
C N J Terblanche	Speaker	PDC	Ward Councillor (4)	Male
J N Kamkam	Member of Mayoral Committee	DA	Ward Councillor (1)	Female
W J Nel	Member of Mayoral Committee	DA	PR	Male
N Ndayi	Ordinary Councillor	DA	PR Councillor	Female
A R Olivier	Ordinary Councillor	DA	Ward Councillor (7)	Female
S E Gcabayi	Ordinary Councillor	ANC	PR	Male
S A Mangxaba	Ordinary Councillor	ANC	Ward Councillor (5)	Male

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Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
T Mhlana	Ordinary Councillor	ANC	Ward Councillor (3)	Male
N T Seti	Ordinary Councillor	ANC	Ward Councillor (6)	Female
N P Kolwapi	Ordinary Councillor	IPM	PR	Female
M A M Botha (Resigned -October 2022)	Ordinary Councillor	PA	PR	Female
T S Harmse (Inaugurated October 2022, resigned February 2023)	Ordinary Councillor	PA	PR	Female
H Mitchell (Inaugurated 16 March 2023)	Ordinary Councillor	PA	PR	Male

Table 19: Council 01 July 2022 till 30 June 2023

Below is a table which indicates the Council meeting attendance for the 2022/23 financial year:

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
July 2022			11 July 2022	12	1
		28 July 2022	28 July 2022	13	0
August 2022		31 August 2022	31 August 2022	13	0
September 2022		29 September 2022	29 September 2022	12	0
October 2022	31 October 2022		31 October 2022	12	1
December 2022		09 December 2022		11	1
January 2023	31 January 2023		31 January 2023	13	0
February 2023		27 February 2023	27 February 2023	12	1
March 2023		16 March 2023		11	2
		30 March 2023	30 March 2023	12	1
April 2023	24 April 2023			13	0
May 2023		29 May 2023		13	0

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
June 2023		29 June 2023	29 June 2023	11	2

Table 20: 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 are listed in the table below for the periods as indicated:

Executive Mayoral Committee 01 July 2022 till 2023 Local Government Elections

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

Table 21: Executive Mayoral Committee 01 July 2022 till 30 June 2023

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2022/23 financial year:

Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
21 July 2022	14 July 2022	14
	22 July 2022	
25 August 2022	22 August 2022	29
	23 August 2022	
28 September 2022	21 September 2022	5
	22 September 2022	
	23 September 2022	
20 October 2022	13 October 2022	22
	17 October 2022	
	19 October 2022	
06 December 2022	29 November 2022	7
	30 November 2022	
24 January 2023	18 January 2023	24

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Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
	19 January 2023	
22 February 2023	15 February 2023	6
27 February 2023		1
20 March 2023	14 March 2023	10
	15 March 2023	
18 April 2023	12 April 2023	17
	13 April 2023	
24 May 2023	17 May 2023	9
	18 May 2023	
26 June 2023	20 June 2023	18
	22 June 2023	

Table 22: Executive Mayoral Committee Meetings

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

Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
July	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	1	0	0	1
	Council	6	6	2	3	3	3	23
August	Portfolio	0	0	2	1	1	2	6
	Mayco	0	1	0	1	0	0	2
	Council	13	4	7	3	1	7	35
September	Portfolio	0	0	0	5	3	0	8
	Mayco	0	2	0	0	0	0	2
	Council	7	0	0	0	0	2	9
October	Portfolio	1	1	0	4	2	2	10
	Mayco	0	2	0	1	0	2	5
	Council	0	0	0	0	0	0	0
November	Portfolio	1	2	8	5	1	3	20
	Mayco	0	0	0	0	0	0	0
	Council	0	0	0	0	0	0	0

Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
December	Portfolio	0	0	0	0	0	0	0
	Mayco	0	1	0	0	0	0	1
	Council	10	1	1	0	0	2	14
January	Portfolio	0	1	2	10	1	2	16
	Mayco	0	2	3	0	0	0	5
	Council	9	15	3	8	7	4	46
February	Portfolio	0	3	4	4	2	0	13
	Mayco	0	1	0	0	0	0	1
	Council	5	3	0	0	1	0	9
March	Portfolio	0	2	3	5	2	0	12
	Mayco	0	1	0	0	0	0	1
	Council	12	1	2	6	4	4	29
April	Portfolio	0	1	4	5	3	9	22
	Mayco	0	2	0	1	0	0	3
	Council	1	7	2	2	3	6	21
May	Portfolio	0	3	3	7	5	3	21
	Mayco	0	1	0	0	0	0	1
	Council	5	3	0	4	2	1	15
June	Portfolio	0	3	3	0	0	4	10
	Mayco	1	1	0	0	0	0	2
	Council	8	3	2	4	2	4	23
TOTAL		79	73	51	80	43	90	386

Table 23: 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/3/22/12/21 on 15 December 2021:

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

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

Finance and Corporate Services Portfolio Committee

Name	Capacity	Political Party
J N Kamkam	Chairperson	Democratic Alliance
S A Mangxaba	Member	African National Congress
M A M Botha <i>(Resigned October 2022, was replaced by Councillor T S Harmse)</i>	Member	Patriotic Alliance
T S Harmse <i>(Inaugurated October 2022 till February 2023)</i>	Member	Patriotic Alliance
H Mitchell <i>(Inaugurated 16 March 2023)</i>	Member	Patriotic Alliance
A R Olivier	Member	Democratic Alliance

Table 24: Finance and Corporate Portfolio Committee members

Engineering and Community Portfolio Committee

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

Table 25: Engineering and Community Services Portfolio Committee members

Strategic Services and Office of the Municipal Manager

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

Table 26: Strategic Services and Office of the Municipal Manager Portfolio Committee

2.4.2 Administrative Governance Structure

The Municipal Manager is the 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 senior management team, whose structure is outlined in the table below:

Name of Official	Position	Period	Performance agreement signed
			(Yes/No)
M Memani	Municipal Manager	04/04/2022 – 31/03/2027	Yes
Vacant	Chief Financial Officer		
Vacant	Director Corporates Services		
M Paulsen	Director Community Services	01/09/2022 – 31/08/2032	Yes
Vacant	Director Economic Development and Planning		
V Felton	Director Engineering Services	01/10/2022 – 30/09/2032	Yes

Table 27: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTERGOVERNMENTAL RELATIONS

2.5.1 Intergovernmental Structures

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

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
SALGA	Councillors and Administrators	<ul style="list-style-type: none"> Infrastructure development and upgrading aging infrastructure Responsible Citizenry Campaign Revenue enhancement strategies SSEG as part of alternative energy generation strategies Public participation strategies and how to encourage communities to participate Revitalization of the economy post Covid-19 Lockdowns
Western Cape Department of Local Government	Administrators (IDP, LED, Human Settlements)	<ul style="list-style-type: none"> Cabinet Outreach Programs Revitalization of the Economy Housing Opportunities including First Homeowners Program Alternative Energy Generation/ SSEG in order to mitigate the impact of loadshedding

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
		<ul style="list-style-type: none"> Strategies to boost tourism Red Tape Reduction Strategies and Tools
PANSALB	Communications	<ul style="list-style-type: none"> Language Policy Implementation Translation policy
Provincial Communicators Forum	Communications	<ul style="list-style-type: none"> Communications Policies and Strategies (the Need for reviewing) Crisis Communications strategies
District Communicators Forum	Communications	<ul style="list-style-type: none"> Cabinet Outreach Programs Support to Service Delivery Departments Communication of key Events Citizen Applications and Customer Service Focus Reporting mechanisms SSEG Rollout
District IDP Forum	IDP	<ul style="list-style-type: none"> District IDP Outlook District Development Model
Provincial Public Participation Model	Public Participation	<ul style="list-style-type: none"> Ward Committee Policy Public Participation Policy Client Service Charter booklet Public Participation Policy Ward Committee Elections Public Educational Drives -Know your councillors

Table 28: 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 2022/23 IDP and Budget Process

The table below provides details of the key deadlines for the 2022/23 IDP/Budget process, that was conducted within the 2021/22 financial year, as was approved by Council:

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PM S	MM ⁱⁱ	EM ⁱⁱⁱ		
PREPARATION	Preparation of the IDP, Budget Time Schedule			x	x				Sections 21, 53, MFMA	Draft time schedule
	District Framework Alignment Meeting	July 22	Aug 22	x					Section 27, MSA	District Framework
	Steering Committee Meeting to Review the previous year IDP process.	July 22	Aug 22	x					Best Practice	Minutes and attendance registers
	Review participation mechanisms and processes	July 22	Aug 22	x						Process report presented to the steering committee
	Receive comments from the MEC	July 22	Aug 22	x					Section 32 MFMA	MEC report presented to the Steering committee
	Review past performance	Aug 22	Sep 22			x			Section 34, 46 MSA	PMS presentation and discussion by steering committee
	Set-up budget committees	Sep 22	Sep 22	x	x					Resolution and acceptance letters
	Procurement of data set						x			Confirmation of receipt by the AG's office

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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID ^P	BUDGET	PM ^S	MM ⁱⁱ	EM ⁱⁱⁱ		
	Public Participation	Sep 22	Oct 22	x	x					Attendance Registers
SITUATION ANALYSIS	Analysis of socio-economic data	Sep 22	Oct 22	x						Analysis Report
	Analysis of service provision									Service Gaps Report
	Analysis of municipal infrastructure services {Water, Roads, Electricity, Sewer, Waste Water treatment, Housing Demand, financial Services (revenue and expenditure), and Institutional Capacity etc.}	Sep 22	Oct 22	x						Departments to submit analysis reports to the IDP office for consolidation
	Comparison study of existing Data Sets	Sep 22	Sep 22	x						Data Gap Report
	Procure strategic session facilitation services	Sep 22	Nov 22				x			Appointment certificate
STRATEGY	Strategic planning workshop	Nov 22	Dec 22				x			Revised strategic objectives, indicators and targets
	Strategic priorities and budget recommendations	Nov 22	Dec 22		x					Strategic outcomes and reports
	Get feedback on progress on current priority catalytic projects	Nov 22	Dec 22							
	Design project template	Oct 22	Oct 22							Template
PROJECTS	Distribute community	Nov 22	Nov 22	x						Template

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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID'P	BUDGET	PM S	MM ⁱⁱ	EM ⁱⁱⁱ		
	priorities to departments									
	Appointment of departmental mSCOA champions	Nov 22	Dec 22		x					List with names
	Loading of priorities on the web portal	Jan 23	Feb 23	x						MSCA Report
	Identification of Priority Projects	Jan 23	Feb 23				x		Section 127 MFMA	Draft capex and opex budgets
	Loading of projects to mSCOA portal	Jan 23	Feb 23		x					mSCOA report
INTEGRATION	Attend to the JPI Strategic alignment engagements			x						JPI Report and Attendance Register
	Attend the second JPI and MGRO engagements			x						Attendance Register
	Receive summaries of Sector Plans from departments	Jan 23	Apr 23	x					Best Practice	Sector Plans Section in the IDP
	Add capex and OPEX MTREF budgets to the IDP	Jan 23	Mar 23		x				Best Practice	Budget Section in the IDP
	IDP Forum Meeting			x					Municipal Performance Regulations	Provincial, District and Non-governmental sector alignment, List of Priorities, First Quarter performance report
	Eden DM IDP Forum Meeting	Nov 22	Dec 22	x						Attendance Register
APPROVALS	Preliminary Meeting to discuss IDP and Budget Time Schedule	July 22	Aug 22	x						Resolution and Minutes



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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID ^P	BUDGET	PM ^S	MM ⁱⁱ	EM ⁱⁱⁱ		
	Portfolio Committee to discuss IDP/Budget Time Schedule	Aug 22	Aug 22							Resolution and Minutes
	MAYCO to recommends IDP/Budget time schedule to Council	Aug 22	Aug 22	x	x					Resolution and Minutes
	Council Approves the IDP/ Budget Time Schedule	Aug 22	Aug 22	x	x				Section 34 MSA, Section 21, 22 & 24 MFMA	Council Resolution and Minutes
	Time Schedule is advertised	Sep 22	Sep 22	x					MFMA Guidance	New Paper advert
	Approval of the Adjustment Budget	Jan 23	Jan 23		x					Resolution and Minutes
	Council Approves Annual Report	Jan 23	Jan 23				x		Section 121 MFMA	Council Resolution
	Council adopts amendments to the revised IDP and Draft Budget	Mar 23	Mar 23	x	x		x		Section 34	Council Resolution
	Notice is placed in the local newspaper for 21 days	April 23	April 23	x	x				Municipal Performance Regulations, Section 4 (ii) performance regulations.	Newspaper Advert
	IDP and Budget Road Shows	April 23	April 23	x	x				Chapter 4 MSA	Minutes and attendance Registers
	IDP Forum Meeting			x					Section 23 MFMA, chapter 4, MSA	Third Quart MS Report, IDP Presentation, attendance and minutes of meeting
	Preparing responses to written submissions	April 23	May 23	x					Section 23 MFMA	Response Letter
	LGMTEC Engagements	April 23	May 23				x		Section 23 MFMA	IDP and Budget assessment report



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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	ID ^P	BUDGET	PM S	MM ⁱⁱ	EM ⁱⁱⁱ		
	Amending IDP and Budget to incorporate provincial assessments	May 23	May 23	x	x				Section 23 MFMA	Revised Documents
	Council Approves IDP and Budget	May 23	May 23	x	x		x			Resolution and Minutes
	Send copies of IDP and Budget to the MEC for Local Government	June 23	June 23	x					Section 32, MSA, Section 24 MFMA	Confirmation of receipt
	Publish annual budget and IDP	June 23	June 23	x	x				Section 22, MFMA	Advert and website address
	Approval of SDBIP	June 23	June 23			x				Resolution and Minutes
IMPLEMENTATION	Rollout of SDBIP (2022/2023)	July 23	July 23			x			Section 69	Performance Agreements
	Submission of SDBIP to the MEC for Local Government	July 23	July 23			x			Section 69 MFMA	Council Resolution
	Submit annual Performance Agreements to Mayor	June 22	July 22			x	x		Section 69, MFMA	Signed Performance Contracts
	Tabling of MID Term Report	Jan 23	Jan 23			x	x		Sections 36, 72 MFMA	Mid –year report, council resolution and council minutes
	Submission of annual report to AG	Jan 23	Jan 23			x	x		Section 72 MFMA	Confirmation Receipt
	Preparation of Oversight Report	Jan 23	Jan 23			x				Council Resolution
	Council adopts oversight report	Feb 23	Feb 23			x	x			Council Resolution

Table 29: 2022/23 IDP and Budget Process

2.7 Ward Committees

The Local Government elections were held on 18 November 2021 and the establishment of the Ward Committees was concluded in January and February 2022. The agreed upon stipend of R500 per ward committee member remained the same as well as the agreed upon 10 ward committee members per ward committee for all 7 wards.

2.7.1 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.

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

Council approved that each ward committee member should receive a monthly stipend of R500 to cover transport and telephone expenditure, conditional that they attend the standing ward committee meetings that are held quarterly. With seven wards, the cost for Bitou Local Municipality will amount to R500 x 70 members, which will total R35 000 per month, totalling R420 000 per year. The stipend will be funded via the Municipal Systems Improvement Grant and Equitable Share Special Funding. Provision was made on the 2022/23 Annual Budget.

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

Name of representative	Capacity representing	Dates of meetings held during the year
J Dantu	Western Cape People's Foundation	08 August 2022 05 October 2022 06 February 2023 09 May 2023
J Rodney	Kurland Educare	
R Nichol	Neighbourhood Watch	
S Kolisi	Community Safety	
A Smoki	Sport and Recreation	
P Barnado	Covie Community	
S Jacobs	Business Sector	
D Sam	Faith Based	
A Treunig	Faith Based	
D Blow	Green Valley Forum	

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
C Vlok	Plett Rate Payers	10 August 2022 04 October 2022 24 January 2023 07 March 2023 16 May 2023
D Rennie	Security Cluster	
R Olivier	Plett Rate Payers	
C Muller	Communications	
R Bruce	Business Sector	
W Davis	Business Sector	
A Speight	Business Sector	
S Turner	Business Sector	
Van Royen Christiaan	Plettenberg Bay Environmental	
V Visser	Education	

Table 31: Ward 2 Committee Meetings

Ward 3: Bossiesgif, Qolweni

Name of representative	Capacity representing	Dates of meetings held during the year
N Zinndlovu	Block G	07 June 2022 06 September 2022 08 November 2022 25 January 2023 08 March 2023 18 May 2023
N Nolokhwe	Block I	
N Willie	Block D	
K Nduna	Block A	
Z Qoloma	Block B	
M Ngcebessha	Block C	
L Shiyani	Block E	
N Maseti Ngqoleka	Block F	
B Klaas	Block H	
P Gqogqa	Block J	

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
K Debruin	Faith Based	08 June 2022 23 August 2022 12 October 2022 31 January 2023 09 March 2023 24 May 2023
P Lukas	Block E	
S Kleynhans	Santa Forum	
C Plaatjies	Block C	
A Arnold	Block D	
B Manoni	Block B	
F Kleynhans	Sport	
W Maclean	Community Safety	
U Barnard	Block A	
P Sonjani	Business Sector	

Table 33: Ward 4 Committee Meetings

Ward 5: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
N Mhlana	Community Safety	14 September 2022 09 November 2022 07 February 2023 10 April 2023 06 June 2023
C Satula	Block D	
A Ngcobondwana	Block B	
B Ntukantu	Youth and Sport	
W Gumenge	Block E	
V Vice	Block A	
M Nyengane	Faith Based	

Name of representative	Capacity representing	Dates of meetings held during the year
D Matsolo	Business Sector	
A Monakali	Business	
A Komei	Block E	

Table 34: Ward 5 Committee Meetings

Ward 6: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
K Madokwe	Youth and Sport	15 September 2022 10 November 2022 08 February 2023 18 April 2023 12 June 2023
S Xego	Block A	
M Langbooi	Block B	
W Mpemnyama	Block C	
S Nase	Block D	
M Bangi	Block E	
L Klaas	Business Sector	
Z Moyikwa	Education	
P Ncithi	Women Forum	
T Desi	Community Safety	

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
C Manuel	Agriculture	22 August 2022 17 October 2022 26 January 2023 20 April 2023 21 June 2023
R Christoffels	Youth and Sport	
M Jantjies	Community Safety	
D Luiters	Block D	
T Snell	Block C	
A Kuyster	Block E	
S Wildeman	Block A	
T Jones	Block E	
R Quaracha	Education	
W Abrouw	Agriculture	

Table 36: Ward 7 Committee Meetings

2.7.3 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 councillor 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 councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor 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	11	Yes	<p>WARD 1 WARD COMMITTEE FUNCTIONALITY</p> <ul style="list-style-type: none"> Established three Community Projects which will be funded by Kurland Brick Project Early Childhood development Vegetable Project Toilets Project
2	Yes	12	Yes	<p>WARD 2 WARD COMMITTEE FUNCTIONALITY</p> <ul style="list-style-type: none"> Upgrading of the N2 road at Plett Primary School and Engine Garage working together with SANRAL
3	Yes	11	Yes	<p>WARD 3 WARD COMMITTEE FUNCTIONALITY</p> <ul style="list-style-type: none"> Housing Project School Project
4	Yes	11	Yes	<p>WARD 4 WARD COMMITTEE FUNCTIONALITY</p> <ul style="list-style-type: none"> Pensioners Club Ebenezer Housing Project Market Day, once a month
5	Yes	11	Yes	<p>WARD 5 WARD COMMITTEE FUNCTIONALITY</p> <ul style="list-style-type: none"> Cleaning of Dump sites and Cemeteries Back yard vegetable gardens
6	Yes	10	Yes	<p>WARD 6 WARD COMMITTEES FUNCTIONALITY</p> <ul style="list-style-type: none"> Cleaning of Dump sites and Cemeteries Back yard vegetable gardens
7	Yes	10	Yes	<p>WARD 7 WARD COMMITTEES FUNCTIONALITY</p> <ul style="list-style-type: none"> Community Food gardens Back yard gardens

Table 37: Functioning of Ward Committees

2.7.4 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour Forum for the 2022/23 financial year:

Name of representative	Capacity
Tanya Wildeman	Chairperson
Dina Essau	Deputy Chairperson
Cllr. Samkele Mangxaba	Councillor
Cllr. Nokuthula Seti	Councillor
Cllr. Annelise Olivier	Councillor
Felix Lötter	Director: Financial Service
Victor Felton	Director: Engineering
Melony Paulsen	Director: Community Services
Thembekile Machelesi	Manager: Human Resources
Venus Cunningham	Manager: Administration
William Cloete	Senior Labour Relations Officer
Sithenkosi Bobani	IMATU Shop Steward
Nomxolisi Mgoduka	IMATU Shop Steward
Andile Nkatsha	SAMWU Regional Treasure
Lawrence Mlanjeni	SAMWU Secretary
Linus Freeks	IMATU Shop Steward
Adine Manuel	IMATU Shop Steward
Clinton Cortjie	IMATU Shop Steward

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.

2.8 RISK MANAGEMENT

2.8.1 Legislative Mandate

Section 62(1)(c)(i) of the Local Government Municipal Finance Management Act, Act 56 of 2003 requires that the Accounting Officer ensures that the Municipality has and maintain an effective, efficient and transparent systems of risk management. National Treasury Regulation, in terms of risk management implementation, tasks the accounting officer to ensure that a risk

assessment is conducted regularly to identify emerging risk of the institution. Also, to utilize a risk management strategy, inclusive of a fraud prevention plan, to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The extension of general responsibilities, in terms of the MFMA Section 78, to all senior managers and other officials of the municipalities implies that responsibility for risk management vests throughout all levels of management and is not limited to only the Accounting Officer and Internal Audit.

2.8.2 Top Strategic Risk Themes for the Municipality

The table below indicates the top ten risks of the Municipality for 2022/23:

Ranking	Risk
1	Climate change vulnerability
2	Unsafe & insecure environment
3	Fraud & corruption in relation to all procurement processes
4	Ineffective internal and external communication with municipal key stakeholders
5	Inadequate and aging municipal infrastructure to meet current and expected demand for services
6	Business continuity
7	Loss of conditional grant funding
8	Water scarcity
9	Too low revenue collection rate to ensure long term financial viability and sustainability
10	Crises and disasters unintentionally, intentionally and naturally caused that disrupt and have consequences on societal functions

Table 39: Top Ten Risks

2.8.3 Highlights: Risk Management

The table below indicates the highlights for the year.

Highlights	Description
Integrity Management Framework	New policy developed and Council-approved to promote organisational business ethics, the Moral Code that guides Council and Employees concerning what is right and wrong conduct
Fraud and Corruption Prevention underpinned by Council-approved policies, which are implemented by the Executive Management Team	Various tamper-proof "REPORT FRAUD" mechanisms with built-in anonymity for internal and external whistleblowers, that were created and implemented and are sustained by internal capacity and resources

Highlights	Description
Risk Section's Annual Implementation Plan	The achievement of 80% of the risk management implementation plan goals by 30 June 2023 under severe capacity and time constraints

Table 40: Highlights: Risk Management

2.8.4 Challenges: Risk Management

Challenges	Corrective Actions
Risk section capacitation during the extended sick leave absence of the Chief Risk Officer	Chief Audit Executive support and subsequent succession planning that includes the Risk & Compliance Assistant in all Chief Risk Officer activities
Fragmented Business Continuity Management (BCM) plans	Funding for and procurement of comprehensive on-site training for ISO 22301 BCM Plan development principles, processes and maintenance, to ensure simultaneous inclusion of all the various risk management and internal audit officials
Organisational stakeholder participation in statutory risk management activities	Support and commitment from the MM and Departmental Heads that sets the tone from the top down

Table 41: Challenges: Risk Management

2.8.5 Functions of the Risk Management Unit

Below table indicates the functions of the Risk Management Unit that were performed during the 2022/23

Functions	Date
Enterprise Risk Management Framework documents reviewed by the Risk Management Committee and recommended to Council for approval	26 April 2023
Risk Management Implementation Plan developed for the FY 2023-24, submitted to and approved by the Risk Management Committee (RMC)	30 June 2023
Municipal Risk Profile facilitated and reviewed for the FY 2022-23 via RMC workshops and individual engagements with each section manager, all risk detail and ratings updated on Barnowl after careful consideration and discussion of real risks and viable action plans, clarified for all directorates to assist with Combined Assurance via the Annual Risk Based Audit Plan	30 March 2023
Quarterly reports of risk management activities prepared and submitted to the Risk Management Committee	Quarterly at RMC Meetings
Strategic risks & action plans compilation and monitoring / Operational risk action plan monitoring / Managerial risk	Ongoing

Functions	Date
management support / Fraud risk register monitoring and updating / Business Continuity Plan development / Combined Assurance Policy development / Western Cape Government mGAP assessments	

Table 42: Risk Management Functions

2.9 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, favouritism 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.

2.9.1 Developed Strategies

Name of strategy	Developed (Yes/No)	Date Adopted/Reviewed
<p>SCM Orders Register for procurements below R30 000.</p> <p>It serves as a control toward all quotations received in lieu of procurements below R30 000. Such quotations are registered in a register on the closing date. The register must be reviewed by the Manager: SCM on monthly basis</p>	Yes	01 Sept 2023 and reviewed on 29 Sept 2023
<p>SCM Meetings</p> <p>Regular meetings are held with Managers pertaining the implementation of the SCM Policy</p> <p>During such meetings, issues relating to transparency, fairness and value for money during the procurement of goods and services are also highlighted</p>	Yes	01 July 2023 (Attempting to have monthly or bi-monthly meetings in this regard)
<p>Strategic Procurement</p> <p>✓The importance of compiling and procuring goods and services through a Demand Management Plan of the municipality,</p> <p>✓The effective utilization of the Inventory Unit of the municipality,</p>	Yes	01 July 2023 (Attempting to have a buy-in of all user-departments. However, some user-departments have gradually started adopting the good practices initiated)

Name of strategy	Developed (Yes/No)	Date Adopted/Reviewed
✓The importance of bulk buying as a cost reduction strategy for the municipality,		

Table 43: Strategies

2.10 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:

2.10.1 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.

2.10.2 Members of the AC

Name of representative	Capacity	Meeting dates
Mrs. R Shaw	Chairperson	<ul style="list-style-type: none"> 26 August 2022 (Special) 27 September 2022 07 November 2022 06 February 2023 08 May 2023
Mr. K Zono	Ordinary Member	
Mr. M Hennesey	Ordinary Member	
Mr M Brewis	Ordinary Member	

Table 44: Members of the AC

2.11 PERFORMANCE AND AUDIT COMMITTEE (PAC)

2.11.1 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.

2.11.2 Members of the Performance Audit Committee

Name of representative	Capacity	Meeting dates
Mrs. R Shaw	Chairperson	<ul style="list-style-type: none"> 26 August 2022 – Special Audit Committee Meeting to review the 2021/22 Draft Annual Performance Report Meetings to discuss Quarterly (Q) Performance Management Reports (PMS): 7 November 2022 (2022/23 PMS Q1) 6 February 2023 (2022/23 PMS Q2) 8 May 2023 (2022/23 PMS Q3) <p>Two reports submitted to Council:</p> <ul style="list-style-type: none"> C/1/117/12/22 C/1/133/03/23
Mr. K Zono	Ordinary member	
Mr. M Hennesey	Ordinary member	

Table 45: Members of the Performance Audit Committee

2.12 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) interns.

2.12.1 Highlights: Internal Audit

The table below indicates the highlights for the year.

Highlights	Description
Compliance Monitoring	Monitoring and ensuring adherence to all relevant laws, regulations, and internal policies are integral components of each review
Risk Assessment	The Internal Audit team assessed potential risks that could affect the municipality's operations. This process involved identifying vulnerabilities, recommending strategies to mitigate them, and then making the same recommendations to the Chief Risk Officer
Process Improvement	Evaluating and recommending improvements to internal processes and controls to enhance the municipality's efficiency and reduce risk

Table 46: Highlights: Internal Audit

2.12.2 Challenges: Internal Audit

The table below indicates the challenges for the year.

Challenge	Corrective Actions
Resource Constraints	A limited budget and inadequate staffing have hindered the Internal Audit Section's ability to thoroughly review all municipal operations and ensure compliance with regulations

Challenge	Corrective Actions
Scope and Coverage	Navigating the comprehensive spectrum of the municipality's operations can be challenging, potentially resulting in overlooked areas or inadequate coverage
Staff Turnover	The substantial staff turnover observed within the Internal Audit Section over the past three years has resulted in a depletion of institutional knowledge and experience. This has consequently posed challenges in upholding a consistent level of audit quality
Resistance to Change	Municipal employees and departments may exhibit resistance to audit recommendations or hesitancy in adopting suggested improvements, which can create difficulties in achieving substantial and effective change

Table 47: Challenges: Internal Audit

2.12.3 Annual Audit Plan

The table below provides detail on audits completed:

Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
Phase 1			
Assessing the Results of the Annual Risk Assessment			
Phase 2			
Developing a Risk-Based Internal Audit Plan			
Phase 3			
Implementing the Risk-based Internal Audit Plan.			
During the 2022/23 financial year, the following Internal Audit Reports were issued:			
Financial Services (Regulatory and Compliance)	Annual Stock Count for the financial year ending 30 June 2023	Our duties involve participating in the annual formal stock count at the end of the fiscal year. Subsequently, we will produce a comprehensive stock count report. This report will detail all discrepancies identified during the stock count, providing a clear overview of any variations in stock quantities or values when compared to the recorded figures.	September 2022
Office of the Municipal Manager (Regulatory and Compliance)	2021/22 Performance Management Systems Quarter 4 and Annual Performance Report evaluation	The statutory obligation encompasses providing reasonable assurance regarding the validity, accuracy, and completeness of information contained within the performance	August 2022

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Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
	2022/23 Performance Management Systems Quarter 1	management system. This ensures that management can effectively address any deficiencies that may arise and guarantees that the performance management data accurately represents the municipality's actual performance.	November 2022
	2022/23 Performance Management Systems Quarter 2		February 2023
	2022/23 Performance Management Systems Quarter 3	<p>This obligation is rooted in the following legal provisions:</p> <ul style="list-style-type: none"> • Municipal Systems Act (MSA), 2000, Section 41(1). • Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)(c). • 3. Public Audit Act, Section 20(2). 	May 2023
Office of the Municipal Manager (Regulatory and Compliance)	2021/22 Risk Management Quarter 4	Our responsibility is to provide independent assurance services pertaining to the controls established to mitigate risk, the effectiveness of the risk management system, and the overall governance framework. This involves evaluating the adequacy and functionality of risk controls to identify, assess, and manage risks within the municipality.	September 2022
	2022/23 Risk Management Quarter 1		November 2022
	2022/23 Risk Management Quarter 2		February 2022
	2022/23 Risk Management Quarter 2	<p>This mandate is grounded in the following legislative and regulatory provisions:</p> <ul style="list-style-type: none"> • Municipal Finance Management Act (MFMA), 2003, Section 62(1) • Municipal Finance Management Act (MFMA), 2003, Section 165(2)(b)(iv). • Western Cape Provincial Treasury PGWC Risk Management Framework, which serves as a reference for our risk 	May 2023



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Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
		assessment and assurance activities in alignment with provincial guidelines.	
Engineering Services (Regulatory and Compliance)	Proclaimed Roads for the 2022/23 Financial Year	Our responsibility is to provide reasonable assurance concerning the effectiveness of controls governing the grants allocated to Bitou Municipality by the National Treasury through the Division of Revenue Act Bill. Additionally, we will assess the expenditure of these funds in alignment with the designated purpose and any applicable conditions stipulated for their utilization. This assurance process ensures transparency and accountability in the management of public funds and grant allocations.	May 2023
Community Services (Operational – Risk Based)	Disaster Management	Through this comprehensive review, the aim was to provide assurance that the municipality's Disaster Management activities are not only compliant with applicable regulations but also robust and effective in addressing potential risks and respond to disasters.	May 2023
Financial Services (Operational – Risk Based)	The Implementation of the Supply Chain Management Policy	Provide an independent and objective evaluation of the municipality's supply chain processes, ensuring they are conducted in accordance with established standards and regulations, while also identifying opportunities for enhancement and risk mitigation.	August 2023
Financial Services (Operational – Risk Based)	Surprise Cash Counts	Assess the accuracy and integrity of the municipality's cash handling and accounting processes. This audit is typically unannounced and is designed to provide an independent evaluation of cash management practices.	August 2023
Financial Services	Division of Revenue Act review for 2022/23	The Municipal Finance Management Act (MFMA) mandates internal audit to assess	August 2023



Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
(Regulatory and Compliance)		controls over grants allocated to Bitou Municipality via the Division of Revenue Act (DoRA) of 2017. The objectives include evaluating the effectiveness of controls related to roll-over funding applications, the receipt and reconciliation of allocated grants, ensuring completeness of grant receipt, adherence to reporting requirements, and monitoring the expenditure of grants in accordance with specified conditions. The audit focuses on compliance with DoRA sections pertaining to equitable share and conditional allocations, accurate reporting, expenditure in line with designated purposes, and management of unspent conditional allocations.	
Financial Services (Regulatory and Compliance)	Operation Clean Audit Report (OPCAR) review	The evaluation of the recorded implementation of corrective action plans by Management to address the findings raised by the Auditor General (SA) is a critical process that involves reviewing, assessing, monitoring, verifying, and reporting on the effectiveness of actions taken to address audit findings. It is a vital component of good governance and accountability.	August 2023
Office of the Municipal Manager	Ad-hoc audit Reviews	2 ad-hoc audit reviews have been granted approval by the Audit and Performance Audit Committee (APAC) and have been officially incorporated into the revised Internal Audit Plan.	

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
Submit the Risk Based Audit Plan (RBAP) for the 2023/24 financial year to the Audit Committee by 30 June 2023	<ul style="list-style-type: none"> • The Risk Based Audit Plan (RBAP) for the 2023/2024 • Financial year was submitted to and approved by the

	<ul style="list-style-type: none"> • Audit Committee on 08 May 2023
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)	<ul style="list-style-type: none"> • Refer to Quarterly Audit Committee dates for • Reporting

Table 49: Internal Audit Functions

2.13 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		
Approval of the Temporary Emergency Housing	C/4/16/07/22	2022-07-28
Approval of the Revised Bitou Housing Selection Policy	C/4/18/07/22	2022-07-28
Draft Policy: Burial or Cremation of Destitute Persons and Exceptional Cases Relating to the Deceased	C/1/95/10/22	2022-10-31
Draft Policy: Grant –In-Aid Policy	C/1/97/10/ 22	2022-10-31
Proposed Amendment to Indigent, Senior Citizens and People with Disability Policy	C/2/73/10/22	2022-10-31
Approval of the Bitou Municipality: Records Management Policy	C/3/61/10/22	2022-10-31
Communication: Language Policy for the Bitou Municipality and Suggested Actions to Comply with the review by the pan South African Language Board (pansalb)	C/3/64/10/22	2022-10-31
Reviewed Draft Placement Policy 2022	C/3/71/10/22	2022-10-31
Approval of the Naming and Numbering of Streets Policy	C/4/30/09/22	2022-10-31
Resubmission of Draft Policy: Burial or Cremation of Destitute Persons and Exceptional Cases Relating to the Deceased	C/1/106/11/22	2023-01-31
Review and Adoption of Bitou Preferential Procurement Policy	C/2/94/01/23	2023-01-31
Adoption of Policy Relating to Lease of Municipal Residential Accommodation	C/4/52/01/23	2023-01-31
Amendment to the Adopted Bitou Preferential Procurement Policy	C/2/105/02/23	2023-02-27
Accounts Payable Policy	C/2/125/05/23	2023-05-29
Budget Implementation and Monitoring Policy	C/2/125/05/23	2023-05-29
Cost Containment Policy	C/2/125/05/23	2023-05-29
Petty Cash Policy	C/2/125/05/23	2023-05-29
Subsistence and Travelling Allowance Policy	C/2/125/05/23	2023-05-29
Borrowing Policy	C/2/125/05/23	2023-05-29

Policies developed/ revised	Council resolution	Date adopted
Policies reviewed and implemented		
Tariff Policy	C/2/125/05/23	2023-05-29
Supply Chain Management Policy	C/2/125/05/23	2023-05-29
Property Rates Policy	C/2/125/05/23	2023-05-29
Liquidity Funding and Reserves Policy	C/2/125/05/23	2023-05-29
Investment and Cash Management Policy	C/2/125/05/23	2023-05-29
Customer Care, Credit Control, Debt Collection, Indigent and Tampering Policy	C/2/125/05/23	2023-05-29
Writing -Off of Irrecoverable Debt Policy	C/2/125/05/23	2023-05-29
Preferential Procurement Policy	C/2/125/05/23	2023-05-29
Asset Management Policy	C/2/125/05/23	2023-05-29
By-Laws		
Proposed Special Rating Area (sra) By-Law for Bitou Municipality	C/6/54/10/22	2022-10-31

Table 50: Policies

2.14 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

2.14.1 Communication and Customer Care Unit

	Yes/No	Number of people in the Unit	Job titles
Communication Unit	Yes	4	Manager Corporate Communications, Intergovernmental Relations and Public Participation (1)
			Senior Officer: Social Media Content and Corporate Communications (1)
			Senior Customer Relations Officer (1)
			Communications Officer (1)
			Public Participation Coordinator (1)
			Public Participation Administrator 1
			Call Centre Operators (5)

Table 52: Communication and Customer Care Unit

2.14.3 Additional Communication Channels Utilised

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

Table 53: Additional Communication Channels Utilised

2.14.4 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"> • Policies and Strategy • Media Network • Crisis Communication Protest Scenario, Natural Disasters and Fires • Social Media Guidelines • Media monitoring • National Language Policy (PANSALB) • Calendar Events

			<ul style="list-style-type: none"> • Interface with Tourism Bureaus and Departments • Role of Communications in Human Settlements and Infrastructure Development • New Trends in Social Media • Cabinet Outreach Programs hosted by the Premier • Branding and Co-branding models
District Commtech	Yes	Quarterly	<ul style="list-style-type: none"> • Cabinet Outreach Programs • Support to Service Delivery Departments • Communication of key Events • Citizen Applications and Customer Service Focus • Reporting mechanisms • SSEG Rollout
GCIS sharing the government Communication Policy	Yes	Quarterly	<p>Review of Policies and Strategies have been emphasized and this includes National Communication Strategy Framework (Plan of Action)</p> <ul style="list-style-type: none"> • Intergovernmental Communications Plans • Social Media Content and Planning • Effective Use of Virtual Platforms–Teams, Zoom and etc.

Table 54: External Communication Forums

2.14.5 Communication Platforms Utilised

The table below depicts the current communications platforms utilised.

Platforms	Utilisation of Platform (Yes/No)	Purpose of usage?	Target Audience	Frequency of use or updates?	Comments or details about this platform
External newsletter	Yes	Information and to provide feedback	Community	Quarterly	2 x External Newsletter were issued in the financial year
Internal Newsletter	Yes	Information and to provide feedback	Community	Quarterly	2 x External Newsletter were issued in the financial year An Additional monthly newsletter is being distributed with the accounts and it proves to be effective.

Radio	Yes	Information	Community	As the need arises	Effective when required, however limited due to budget constraints ⁴
Website	Yes	Information, to provide feedback and to interact	Community	Daily	Effective – the upgrading of the old website has been completed and the migration of content is currently being concluded.
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

2.15 WEBSITE

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

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

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

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

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

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

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

Description of information and/or document	Yes/No and/or Date Published
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget 2022/23	Yes
Adjusted Budget 2022/23	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 2022/23	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 2022/23	Yes
IDP Process Plan for 2022/23	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
Long Term borrowing contracts	Yes
SCM contracts above R100 000	Yes

Description of information and/or document	Yes/No and/or Date Published
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 2021/22	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
Local Economic Development (Section 26(c) of the MSA)	
Local Economic Development Strategy	No
Performance Management (Section 75(1)(d) of the MFMA)	
Performance agreements for employees appointed as per S57 of MSA	Yes
Assurance Functions (Sections 62(1), 165 & 166 of the MFMA)	
Internal Audit Charter	Yes
Audit Committee Charter	Yes
Risk Management Policy	Yes

Table 56: Website Checklist

2.16 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 councillors are not involved in any of the procurement and tender processes.

2.16.1 Highlights: SCM

The table below specifies the highlights for the year:

Highlights	Description
Human Resources	Permanent appointment of SCM: Practitioner: Demand Management, SCM Officer and SCM Clerk as these positions have been vacant for a longer period

Highlights	Description
Demand Management Plan	SCM introduced and adopted the Demand Management Plan and has managed to achieve 100% in delivery of tenders listed
Bid Committees- Attendance	The Bid Committees were appointed and has achieved 100% attendance in the financial year
Contract Management	That 90% of contracts expiring 30 June 2023 were awarded before 01 July 2023
Reduction of Irregular Expenditure incurred	The improvement and reduction of Irregular Expenditure by User Department in the financial year

Table 57: Highlights: Supply Chain Management

2.16.2 Challenges: SCM

The table below specifies the challenges for the year:

Description	Actions to address
Submission of Specifications for grants related projects	The submission of Specifications for grants related projects to SCM after these projects have been gazetted still pose to be a challenge for the organisation
Contract Monitoring Reports	The submission of contract monitoring reports from Contract Managers/Project Managers still poses to be a challenge for the organisation even-though the contract monitoring has been aligned on the IPMS
Submission of Specifications for grants related projects	The submission of Specifications for grants related projects to SCM after these projects have been gazetted still pose to be a challenge for the organisation

Table 58: Challenges: Supply Chain Management

2.16.3 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 2022/23 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
49	76	43

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	100%	50 + 1

Table 60: Attendance of Bid Specification Committee

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

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

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

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

Table 61: Attendance of Members of Bid Evaluation Committee

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

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

Table 62: Attendance of Members of Bid Adjudication Committee

2.16.4 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	4	4	1 African 2 White 1 Coloured	3 Male 1 Female

Category	Number	Race Classification	Gender	Disability
			(Position of Director Corporate Services & Economic Development & Planning vacant)	

Table 63: Management Control

b). Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	592	African – 344 Coloured - 245 Indian - 3	AF – 149 AM – 195 CF – 88 CM – 157 IF – 0 IM – 3	1	R 1 553 210.16
Non-black-employees	30	White - 30	WF – 7 WM - 23	0	R 32 000.00
Black people on internships, apprenticeship, learnership	22	African – 18 Coloured - 4	AF – 13 AM – 5 CF – 4 CM - 0	0	R 1 620 000
Unemployed black people on any programme under the learning programme matrix	15	Coloured – 3 African - 12	AF – 11 AM – 1 CF – 2 CM - 1	0	R 450 000
Black people absorbed at end of internships, apprenticeship, learnership	5	Coloured – 1 African – 4	AF – 3 AM – 1 CM – 1 CF - 0	0	0

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 2022/23

a) The IDP and the budget

The reviewed IDP and the budget for 2022/23 was submitted to council for approval on 31 May 2022. 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 07 July 2022.

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 2021/22 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 2021/22
- The risks identified by the Risk Management unit during the municipal risk assessment

c) Actual performance

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

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

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

3.1.4 Performance Management

Performance management is prescribed by the MSA and the Municipal Planning and Performance Management Regulations, (796 of August 2001), Section 7(1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The Municipality adopted a Performance Management Framework that was approved by Council in 2009. On 30 June 2022 the document was reviewed and brought in line with legislation and adopted by Council.

a) Organisational performance

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

- The Top Layer SDBIP was approved by the Executive Mayor on 07 July 2022.
- 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 2022/23 financial year were signed on the following dates:

- | | | |
|---|---|-----------------|
| • Municipal Manager | : | 21 June 2022 |
| • Director Economic Development and Planning: | : | 21 June 2022 |
| • Director Corporate Services: | : | 20 June 2022 |
| • Director Engineering Services | : | 31 October 2022 |

- Director Community Services : 28 September 2022

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

- Director Financial Services

The formal evaluations for the 2022/23 financial year will only take place after the submission of the Performance Report to the Auditor-General in the 2023/24 financial year.

Managers and other staff

The cascading of Individual Performance Management from Tasks Level 18 to Task Level 14 (Management Level) were successfully rolled-out in October 2022.

Since April 2023, Managers/Supervisors/Team Leaders, etc.; received various training which ranged from identifying 5 to 7 KPA's from the job descriptions to the development of KPI's for each staff member that reports directly to them. Furthermore, the Municipality extended the system for the electronic creation of performance plans/agreements.

The Municipality is currently in the process of implementing individual performance to all levels of staff permanently employed and awareness sessions and training workshops has been held with all staff members to ensure implementation by 01 July 2023 as stipulated by the Staff Regulation 890 and Guidelines 891 and as extended by Circular 12.

The Municipality is however experiencing various challenges, but these will be addressed during the course of the 2023/24 financial year.

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2022/23

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%

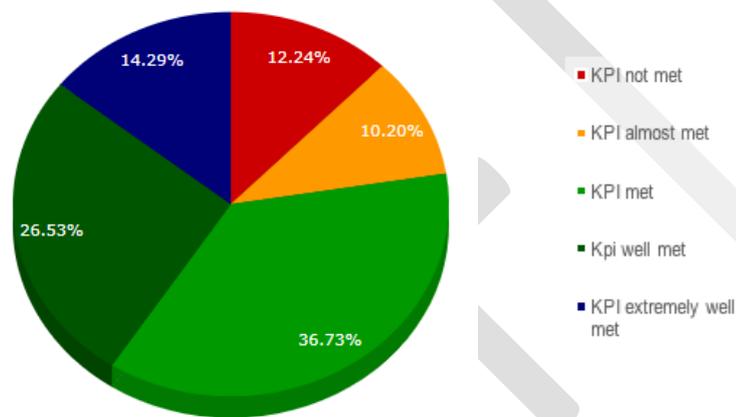
Category	Colour	Explanation
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 3.: SDBIP Measurement Categories

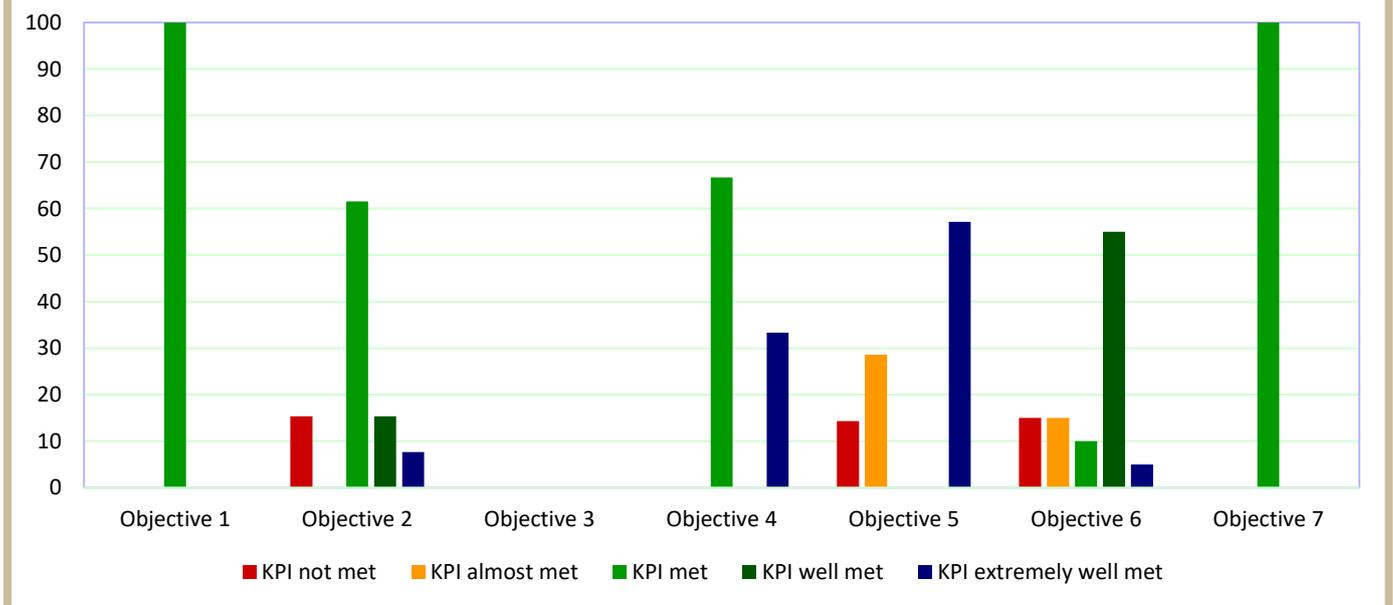
3.2.2 Overall performance

The graph below displays the overall performance per Strategic Objective for 2022/23:

Overall Performance



Performance per objective



Graph 1.: Overall Performance per Strategic Objective 2022/23

3.2.3 Strategic linkage of the IDP to the SDBIP

Below table indicated the strategic linkage of the IDP strategic objectives to the Service Delivery and Budget Implementation Strategic objectives, as outlined in the Annual Performance information:

Strategic Objective Linkage		
Integrated Development Plan (IDP)		Service Delivery and Budget Implementation Plan (SDBIP)
1	Provide excellent service delivery to the residents of Bitou Municipality	Provision of basic services
2	Re-establish, grow and expand tourism within the Municipality	Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy
3	Put relevant control measures in place to ensure efficiency and excellence	Build a capable, corruption free administration that is able to deliver on developmental mandate
4	Provide basic service delivery to informal settlements and the poor	Provision of basic services
5	Facilitate growth, jobs and empowerment of the people of Bitou	Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy
6	To ensure the safety of residents and visitors of Bitou Municipality	
7	To build institutional and financial sustainability	Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

Table 65: Strategic Objective Linkage – IDP vs SDBIP

Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7	Total
	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	Eradicate poverty and uplift previously disadvantaged communities, promote social cohesion	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	Provision of basic services	Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities	
KPI Not Met	0	2	0	0	1	3	0	4
KPI Almost Met	0	0	0	0	2	3	0	5
KPI Met	2	8	0	2	0	2	4	20
KPI Well Met	0	2	0	0	0	11	0	13
KPI Extremely Well Met	0	1	0	1	4	1	0	7
Total	2	13	0	3	7	20	4	49

Figure 4.: Overall Performance Per Strategic Objective for 2022/23

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3.2.4 Actual strategic performance and corrective measures that will be implemented

i) An active and engaged citizenry, able to engage with and shape the municipality's programme

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL4	Review and submit the 5th generation IDP for the 2023/24 financial year to Council by 31 May 2023	Draft IDP compiled and submitted to Council	All	New Key Performance Indicator and no actual comparative available	0	0	0	1	1	1	G
TL23	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2023	Customer survey conducted	All	New Key Performance Indicator and no actual comparative available	0	0	0	1	1	1	G

Table 66: An active and engaged citizenry, able to engage with and shape the municipality's programme

ii) 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 2022/23						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2023/24 financial year to the Audit Committee by 30 June 2023	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1	0	0	0	1	1	1	G
TL2	Complete 90% of audits as scheduled in the RBAP applicable for 2022/23 by 30 June 2023 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed	All	80%	0%	25%	45%	90%	90%	99%	G2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						Actual	
					Target							
					Q1	Q2	Q3	Q4	Annual			
TL3	Complete the annual risk assessment for 2023/24 and submit to the RMC by 30 June 2023	Risk assessment submitted to the RMC	All	1	0	0	0	1	1	1	G	
TL5	Cascade Individual Performance Management to all appointed Managers excluding vacant positions reporting to Senior Managers by 30 October 2022	Percentage of agreements completed by 30 October 2022	All	New Key Performance Indicator and no actual comparative available	0	100%	0%	0%	100%	100%	G	
TL6	Conduct the Mid-year Performance Evaluations of the section 57's employees by 28 February 2023	Number of evaluations completed bi-annually	All	New Key Performance Indicator and no actual comparative available	0	1	0	0	1	1	G	
TL21	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2023 {(Number of people from employment equity target groups	% of people employed	All	84%	0%	0%	0%	70%	70%	90%	G2	
TL22	Spend 0.10% of operational budget on training by 30 June 2023 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.20%	0%	0%	0%	0.10%	0.10%	0.19%	B	
TL24	Review 5 human resources policies in line with the budget	Number of human resource policies	All	New Key Performance Indicator and	0	0	0	5	5	1	R	

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						Actual
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	and submit to Council by 30 June 2023	submitted to Council		no actual comparative available							
Corrective Measure		The policies have been developed and submitted to the Administration section and is earmarked for submission to Council during the course of July as part of the 2023/24 financial year									
TL25	Review the "System of Operational Delegations" and submit to Council by 30 June 2023	System of operational delegations submitted to Council	All	1	0	0	0	1	1	0	R
Corrective Measure		The System Delegations will be reviewed after the finalisation of the staff establishment in the 2023/24 financial year									
TL26	Review the Micro-Organisational Structure and submit to Council by 30 June 2023	Micro organisational structure submitted to Council	All	New Key Performance Indicator and no actual comparative available	0	0	0	1	1	1	G
TL27	Draft and submit a Regulation 890 and Guideline 891 Implementation Plan by 31 July 2022	Implementation Plan submitted to Council	All	New Key Performance Indicator and no actual comparative available	1	0	0	0	1	1	G
TL45	Review and submit the Disaster Management Plan to Council by 31 May 2023	Disaster Management Plan reviewed and submitted to Council	All	New Key Performance Indicator and no actual comparative available	0	0	0	1	1	1	G
TL53	Conduct the Final Performance Evaluation of the section 57's employees for the 2021/2022 by 30 December 2022	Number of evaluations completed	All	New Key Performance Indicator and no actual comparative available	0	1	0	0	1	1	G

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Table 67: Top Layer SDBIP – Build a capable, corruption-free administration that is able to deliver on development mandate

iii) **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 2022/23						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL34	Create 200 job opportunities in terms of the EPWP by 30 September 2022	Number of job opportunities created	All	440	0	0	0	200	200	492	B
TL51	Develop the LED Chapter (2023/24) and submit to Council for consideration by 31 May 2023	LED Chapter submitted to Council	All	New Key Performance Indicator and no actual comparative available	0	0	0	1	1	1	G
TL52	Develop the LED Chapter Implementation Plan (2022/23) and submit to Council for consideration by 30 September 2022	LED Chapter Implementation Plan submitted to Council	All	New Key Performance Indicator and no actual comparative available	1	0	0	0	1	1	G

Table 68: Top Layer SDBIP – Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to Economic development of local economy

iv) **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 2022/23						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL7	Spend 90% of the municipal capital budget on capital projects by 30 June 2023 {(Actual amount spent on projects /Total amount	% budget spent	All	New Key Performance Indicator and no actual	10%	40%	60%	90%	90%	83%	O

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	budgeted for capital projects)X100}			comparative available							
Corrective Measure		Municipal Manager: A Demand Management Plan was required for future budgets to ensure timely spending of capital budget allocations.									
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2023 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant) x 100	% of debt revenue	All	13.00%	0%	0%	0%	20%	20%	14.92%	B
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2023 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	7.72%	0%	0%	0%	11.80%	11.80%	9.37%	B
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2023 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and	Number of months it takes to cover fixed operating expenditure with available cash	All	0.75	0	0	0	0.75	0.75	1.57	B

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						Actual
					Target						
					Q1	Q2	Q3	Q4	Annual		
	Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71										
TL16	Achieve a debtor payment percentage of 90% by 30 June 2023 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved	All	84%	0%	0%	0%	90%	90%	84.00%	O
Corrective Measure		The Municipality is implementing debt collection actions on a monthly basis and has appointed a service provider to monthly implement electricity disconnections and water restrictions. The Municipality has also appointed debt collectors to assist with debt collection actions									
TL19	Limit unaccounted for water to less than 30% by 30 June 2023 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% water losses	All	37.71%	0%	0%	0%	30%	30%	35.85%	R
Corrective Measure		Implement WCDM initiatives.									
TL20	Limit unaccounted for electricity to less than 10% as at 30 June 2023 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	18.88%	0%	0%	0%	12%	12%	9.29%	B

Table 69: Top Layer SDBIP – Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

v) Provision of basic services

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						Actual	
					Target							
					Q1	Q2	Q3	Q4	Annual			
TL8	Provide subsidies for free basic services to indigent households as at 30 June 2023	Number of indigent households receiving subsidies for free basic services as per Financial System	All	3 404	0	0	0	3 404	3 404	4 132	G2	
TL9	Number of residential properties with piped water which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2023	Number of residential properties billed for piped water	All	11 893	0	0	0	11 893	11 893	16 615	G2	
TL10	Number of residential properties with electricity which are connected to the municipal electrical infrastructure network(credit and prepaid electrical metering and excluding Eskom areas) and billed for the service as at 30 June 2023	Number of residential properties billed credit meter and prepaid meters connected to the network	All	12 474	0	0	0	12 500	12 500	14 750	G2	
TL11	Number of residential properties with sanitation services to which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the	Number of residential properties which are billed for sewerage	All	11 857	0	0	0	12 750	12 750	14 872	G2	

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						Actual	
					Target					Actual		
					Q1	Q2	Q3	Q4	Annual			
	number of water closets (toilets) as at 30 June 2023											
TL12	Number of residential properties for which refuse is removed once per week and billed for the service as at 30 June 2023	Number of residential properties which are billed for refuse removal	All	11 798	0	0	0	12 500	12 500	14 841	G2	
TL28	Spend 90% of the approved capital budget for Waste Water services by 30 June 2023 {(Total actual capital expenditure /Total capital amount budgeted)x100}{excluding Fleet}	% budget spent	All	89%	10%	40%	60%	90%	90%	90%	G	
TL29	Spend 90% of the approved capital budget for Electrical & Mechanical services by 30 June 2023 {(Total actual capital expenditure /Total capital amount budgeted)x100}{excluding Fleet}	% budget spent	All	96%	10%	40%	60%	90%	90%	99%	G2	
TL30	Spend 90% of the approved capital budget for Water services by 30 June 2023 {(Total actual capital expenditure /Total capital amount	% budget spent	All	86%	10%	40%	60%	90%	90%	68%	O	

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						Actual
					Target						
					Q1	Q2	Q3	Q4	Annual		
	budgeted)x100} (excluding Fleet)										
Corrective Measure		A rollover application was concluded and the project will be completed in the 2023/24 financial year									
TL31	Spend 90% of the approved capital budget for Roads & Storm Water services by 30 June 2023 {(Total actual capital expenditure /Total capital amount budgeted)x100}(excluding Fleet)	% budget spent	All	94%	10%	40%	60%	90%	90%	90%	G
TL32	Spend 90% of MIG Funding allocation by 30 June 2023 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	88%	0%	40%	60%	90%	90%	60%	R
Corrective Measure		The contract was awarded, and construction is expedited as a priority, it is a multi-year programme and the completion will be done before the end of the 2023/2024 financial year.									
TL33	Conduct 700 potential electricity theft investigations annually 30 June 2023	Number of inspections conducted	All	984	175	175	175	175	700	839	G2
TL35	Spend 90% of the budget allocated for the construction of Ebenezer New Bulk Water (Portion 20) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Key Performance Indicator and no actual comparative available	10%	40%	60%	90%	90%	100%	G2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL36	Spend 90% of the budget allocated for the installation of 20MVA 66/ 11kv at Kwanokhutula substation (INEP) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Key Performance Indicator and no actual comparative available	10%	40%	60%	90%	90%	106%	G2
TL37	Spend 90% of the budget allocated for the upgrade of the Kurland WTW (from 0.6ml to1.2ml) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Key Performance Indicator and no actual comparative available	10%	40%	60%	90%	90%	74%	O
Corrective Measure		The contractor is on site and the project progressing well to be completed in the 2023/24 financial year									
TL38	Spend 95% of the budget allocated for the Plett WTW New Clear Water Pumpstation by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Key Performance Indicator and no actual comparative available	0%	5%	69%	95%	95%	52%	R
Corrective Measure		Delays in the procurement process because of uncertainty around the interpretation of the PPPFA delayed the procurement process and affected the award of the Civil Contractor. A contractor for the Mechanical and Electrical (SCM/2021/43/ENG) was appointed previously. Despite acceleration efforts the initial delay affected the project critical path. Electrical and Mechanical work could not proceed without the Civil work having sufficiently progressed. Mechanical and Electrical equipment have been ordered, equipment with longer lead times is expected to arrive from August onwards, other more									

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						Actual
					Target						
					Q1	Q2	Q3	Q4	Annual		
		specialized equipment has much longer lead times and should be delivered by November 2023. Roll Over application to be submitted.									
TL39	Spend 90% of the budget allocated for the stormwater upgrades by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Key Performance Indicator and no actual comparative available	0%	5%	60%	90%	90%	97%	G2
TL40	Spend 95% of the budget allocated for the upgrade of the Bossiesgif sports facility by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Key Performance Indicator and no actual comparative available	0%	40%	60%	95%	95%	102%	G2
TL41	Spend 90% of the budget allocated for the electrification of informal settlements(Bossiesgif, Qolweni and Kurland) by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Key Performance Indicator and no actual comparative available	20%	60%	90%	0%	90%	75%	O
Corrective Measure		Contractor has been delayed due to human settlements project coinciding with the affected area of work, the work can only commence upon the completion of the top structures									
TL42	Compile and submit an establishment report for the budget expenditure and progress made in	Establishment report compiled and submitted to Council	All	New Key Performance Indicator and no actual	0	0	0	1	1	0	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23							
					Target					Actual		
					Q1	Q2	Q3	Q4	Annual			
	terms of the upgrade on the New Horizon Community Hall by 30 June 2023			comparative available								
Corrective Measure		No corrective measure required. Project already executed										
TL46	Spend 90% of the allocated capital budget for the purchase of 20 skip bins by 30 June 2023{(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	New Key Performance Indicator and no actual comparative available	0%	0%	0%	90%	90%	100%		G2

Table 70: Top Layer SDBIP – Provision of basic services

vi) **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 2022/23							
					Target					Actual		
					Q1	Q2	Q3	Q4	Annual			
TL44	Review and submit the Housing pipeline to Council by 31 May 2023	Housing pipeline reviewed and submitted to Council	All	New Key Performance Indicator and no actual comparative available	0	0	0	1	1	1		G
TL48	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2023	Spatial Development Framework (SDF) submitted to Council	All	1	0	0	0	1	1	1		G
TL49	Establish the Municipal Planning Tribunal and submit to Council for consideration by 28 February 2023	Municipal Planning Tribunal establishment item submitted to Council	All	New Key Performance Indicator and no actual comparative available	0	0	1	0	1	1		G

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2022/23						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL50	Review the Central Beach Launch Site Environmental Management Plan and submit to Council for consideration by 30 November 2022	Central Beach Launch Site Environmental Management Plan submitted to Council	All	New Key Performance Indicator and no actual comparative available	0	1	0	0	1	1	G

Table 71: Top Layer SDBIP – Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

3.2.5 Adjustment SDBIP 2022/23

Section 26 (1) and (2)(c) of the Municipal Budget and Reporting Regulations and in terms of the MFMA Section 54 (1) (c) the Municipality may amend/adjust the SDBIP together with the Adjustment Budget by 28 February. On 27 February 2023 Council approved the amended SDBIP (Resolution C/1/127/02/23).

The following amendments/adjustments were made:

Top Layer Number	Reason for amendment/adjustment
TL 2	The quarterly targets were amended as 0. Was placed in error
TL 3	The RMC meetings are planned to be aligned with the reporting cycle of the APAC. This affords ample time to compile RMC reports to the IA for APAC agenda.
TL 5	KPI wording to be changed to exclude vacant positions as per Reg 890, calculation type changed to percentage as number can vary throughout the year depending on positions filled. Target subsequently replaced with 100%
TL 8 – TL 12	These targets were changed to the actual performance of the 2021/22 financial year as this subsequently becomes the baseline for the current financial year
TL 13	The wording of the unit of measurement was changed to accurately reflect the essence of the ratio. The target was adjusted to a more realistic figure considering current capital funding strategies.
TL 15	Target changed to reflect a more realistic target considering the financial situation of the Municipality as contained in the Mid-year assessment report
TL 16	The target was amended to be in line with the KPI wording. The target was also moved to the end of the financial year as the Annual Financial Statements are the source of evidence

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TL 19	KPI is measured at the end of the financial year to provide a true reflection in terms of the Municipality's losses as per the reporting requirement of Regulation 796
TL 20	KPI is measured at the end of the financial year to provide a true reflection in terms of the Municipality's losses as per the reporting requirement of Regulation 796. The target as also been amended to be in line with Circular 71's norms and standards
TL 34	The target has been split to indicate an accumulative approach as jobs are created throughout the financial year
TL 42	Target for quarter 1 and quarter 2 was removed to have a more accurate and true reflection
TL 48	The target date for approval was moved to coincide for prescribed legislations of 30 May
TL 51	The target date for approval was moved to coincide for prescribed legislations of 30 May

Table 72: TL SDBIP 2022/23 indicators amended

The following KPI's were removed or added:

Top Layer Number	Reason for amendment/adjustment
TL 17 – TL 18	These indicators were removed from the Top Layer SDBIP as per Circular 13 these indicators now form part of the Departmental SDBIP as their nature is operational
TL 43	The indicator was removed from the Top Layer KPI to the Departmental SDBIP has the action is more operational of nature
TL 47	Indicator was removed due to no available budget
TL 53	Indicator was added

Table 73: TL SDBIP 2022/23 indicators removed

3.2.6 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

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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.

3.2.7 Municipal Functions

a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Childcare 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

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Municipal Function	Municipal Function Yes / No
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	No
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes
Airport	Yes

Table 74: 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 wastewater and sewerage disposal systems as a local government function. Basic water is defined as 200 litres of potable 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.

Bitou Municipality is the official Water Services Authority (WSA) for the entire Municipal Management Area and act as the Water Services Provider (WSP) for the whole area.

Almost all urban residents have access to uncontrolled water supply in houses or yards and full borne water borne sewerage. The Municipality continuously strives to improve on the existing levels of service. The number of residential consumers of water is expected to increase in line with the growth in population. There are no significant wet industries in the municipal area that receive water services from the Municipality, however there are number of laundromats within the municipal area.

The Municipality obtains water for human consumption from surface water, groundwater, borehole sources and the desalination plant. The main source of raw water is from an abstraction point along the Keurbooms River, which is supplemented with water from the Roodefontein Dam. Water quality is tested daily for operational requirements as well as for compliance. Water quality tests are uploaded monthly onto the Department of Water and Sanitations' *Integrated Regulatory Information System* (IRIS).

The municipality does not have water services in all the rural areas (farms), where a combination of rainwater and groundwater (boreholes) serve as the water source. However, the municipality does have a tariff and service which enables water to be tanked into these areas.

The area experienced below seasonal rainfall during the 2022/23 financial year, placing strain on the available raw water resources. This coupled with operational constraints due to loadshedding, resulted in the Council implementing water restrictions on 6 February 2023. The restrictions were however lifted at end of June after welcome rainfall in the region.

Grant funding provided by the Western Cape Provincial Government, assisted Bitou Municipality to procure and install generators at critical sites to ensure continuous supply of water. These sites include the following:

- Cutty Sark water reservoir and elevated towers = 100 kVA
- Roodefontein Dam bulk raw water abstraction pump station = 400 kVA

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- Uplands Keurbooms River bulk raw water abstraction pump station = 600 kVA
- Ebenezer water reservoir and elevated tower = 100 kVA
- Kwanokuthula water reservoir and tower = 100 kVA

Bulk water systems remain a high priority, and all efforts are made to cater for the growth in population and to ensure planning for future infrastructure requirements.

During 2022/23 work commenced on the construction of a new clear water pump station at the Plettenberg Bay water treatment plant as well as the Phase 1 of the upgrade of the Kurland water treatment works. Both projects are phased over multi-years in line with available funding.

3.3.2 Highlights: Water Provision

The table below specifies the highlights for the year:

Highlights	Description
Bulk water provision	Commencement with the construction of a new Clear Water Pump Station at the Plettenberg Bay Water Treatment Works. This is a multi-year project and funded through Municipal Infrastructure Grant (MIG)
Bulk water treatment	The upgrade of the Kurland Water Treatment works has commenced
Bulk water Supply	Ebenezer elevated water tower and booster pump station
Emergency generators	The installation of additional standby generators Grant Funding WC Government were completed

Table 75: Water Provisions Highlights

3.3.3 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
2021/22	0	0	13 625	4 798 259
2022/23	0	0	12 664	4 051 862

Table 76: Total Use of Water by Sector

The following table specifies the different water service delivery levels per households for the financial years 2021/22 and 2022/23:

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Description	2021/22	2022/23
	Actual	Actual
Household		
<u>Water: (above minimum level)</u>		
Piped water inside dwelling	**20 781	21 196
Piped water inside yard (but not in dwelling)	***2075	***2075
Using public tap (within 200m from dwelling)	678	678
Other water supply (within 200m)	0	0
Minimum Service Level and Above Sub-total	23 534	23 949
Minimum Service Level and Above Percentage	100	100
<u>Water: (below minimum level)</u>		
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)	23 534	23 949
<p><i>*The actuals of the 2020/21 financial year remain as originally reported and signed off on the Annual Financial Statements for the 2020/21 financial year, and therefore does not take into account prior period corrections</i></p> <p><i>**20 781 Households have access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the number of new connections done in 2021/22 plus the highest number recorded in the Billing Reports between 2019/20 to date, as the Water Services Section does not remove a connection to a house once it is connected</i></p> <p><i>***2075 households have connections to their houses – these are unauthorised connections made from communal tap stands</i></p> <p><i>*** The Community Services Directorate conducted full enumeration of informal settlements in the latter part of 2019/20, this is the most correct/updated figure. No further updates are available</i></p> <p><i>Note: 12 349 properties are billed for water as reported by the Revenue Services Section at the end of June 2022</i></p>		

Table 77: 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#
2021/22	**2 844	***20 781	3 404
2022/23	**2 844	21 196	4131
<p>Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute.</p> <p>6 000 litres of potable water supplied per formal connection per month</p>			

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Access to Water			
Financial year	Number of households with access to water points*	Number of households with access to piped water	Number of households receiving 6 Kℓ free#
<p>** The Community Services Directorate conducted full enumeration of informal settlements in the latter part of 2021/22, this is the most correct/updated figure.</p> <p>***20 781 Households had access to waterborne sewer systems. This means that these properties are also supplied with piped water. This information is based on the new connections installed in 2022/23 plus the highest number recorded in the Billing Reports to date, as the Water Services Section does not remove a connection to a house once it is connected; a disconnection actually constitutes a flow restriction and not a removal of piping etc.</p>			

Table 78: Access to Water

3.3.5 Employees: Water Provision

The following table indicates the staff composition for this division:

Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	6	2	4	67
4 - 6	26	58	48	10	17
7 - 9	8	23	8	15	65
10 - 12	4	22	13	9	41
13 - 15	1	3	2	1	33
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	40	113	74	39	35

Table 79: Employees: Water Provision

3.3.6 Capital: Water Provision

The following table indicates the capital expenditure for this division:

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Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
LDV trailer	50 000	110 000	93 490	16 510
Kurland upgrade WTW	8 044 782	8 144 782	6 000 253	2 144 529
Ebenezer: New bulk water, portion 20	2 627 916	2 651 247	2 653 465	-2 218
Bossiesgif: New water (PH4a)	1 800 000	900 000	95 489	804 511
Replacement of AC pipes	2 200 000	1 840 000	1 753 333	86 667
Plett WTW: New pump station	16 506 389	16 083 877	8 412 746	7 671 131
Plett desalination plant	600 000	446 000	445 139	861
Pump station equipment	1 700 000	1 700 000	1 389 335	310 665
New clear water pump stations: Water Treatment Works	0	355 556	0	355 556
Uplands water pump station	2 300 000	2 300 000	2 278 778	21 222
Green Valley water pump station	1 000 000	1 000 000	1 012 138	-12 138
Natures Valley reservoir	3 000 000	266 000	271 190	-5 190
Water demand management	500 000	500 000	465 951	34 049
Tools and equipment	250 000	250 000	130 989	119 011
Total	40 579 087	36 547 462	25 002 295	11 545 167

Table 80: Capital Expenditure 2022/23: 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 conform to health standards. The focal areas for the Municipality in eradicating the sanitation backlogs include application for funding in order to achieve sanitation backlog targets, use of local capacity in implementing projects and building of water borne sewerage systems. The geographic conditions of each area that need to be serviced, population density and its challenges to the water demand that is on the increase and the current situation due to climate change and drought repercussions has to be taken into consideration.

Daily operational and compliance monitoring of raw and treated effluent is done, and results are uploaded on the Department of Water and Sanitation *Integrated Regulatory Information System* (IRIS) and results are electronically available.

The Western Cape Provincial Government provided financial assistance to Bitou Municipality in a form of a grant, to mitigate the challenges related to loadshedding. A number of generators were procured for critical installation, one of these sites being the Kurland waste water treatment plant.

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

3.4.2 Highlights: Waste Water (Sanitation) Reticulation

The table below specifies the highlights for the year:

Highlights	Description
Fencing sanitation infrastructure	The commencement with the fencing of Gansevallei WWTW
Pipe replacement commenced	Replacement of aging sewer reticulation pipes commenced in Kranshoek
Upgrade existing infrastructure	Refurbishment and improvement to mechanical and electrical equipment at various sewer pump stations

Table 81: 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
Funded Vacant post/ shortages of human resources	Advertise and follow selection and recruitment process to fill budgeted vacant positions
Vandalism and theft especially during periods of loadshedding	Fencing of key infrastructure sites and installation of security cameras

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Description	Action to address
Impact of loadshedding on provision of uninterrupted services	Installation of standby emergency generators and provision for fuel and maintenance thereof
Sewer Blockages	Ingress of foreign materials results in severe sewer blockages, which requires constant attention.

Table 82: 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 2021/22 and 2022/23:

Description	2021/22	2022/23
	Actual	Actual
Household		
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	20 544	21057
Flush toilet (with septic tank/conservancy tank)	2 174	2228
Chemical toilet	28	73
Pit toilet (ventilated)	35	35
Other toilet provisions (above minimum service level)	0	0
Minimum Service Level and Above Sub-total	22 781	23 393
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	22 781	23 393

Table 83: Waste Water (Sanitation) Service Delivery Levels

3.4.5 Employees: Waste Water (Sanitation) Reticulation

The following table indicates the staff composition for this division:

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Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	6	2	4	67
4 - 6	21	58	48	10	17
7 - 9	6	23	8	15	65
10 - 12	5	22	13	9	41
13 - 15	0	3	2	1	33
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	34	113	74	39	35

Table 84: 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/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Modification: New Jetting truck pump	320 000	320 000	310 074	9 926
Bossiesgif: New water (ph4a)	1 200 000	600 000	0	600 000
Pump station equipment	2 000 000	2 517 000	2 203 682	313 319
Security - waste water plants	1 050 000	533 000	533 000	0
Gansevallei Waste Water Treatment Plant - sludge dewatering	1 800 000	2 180 000	2 337 140	-157 140
Wittedrif Main SPS	2 500 000	2 120 000	1 717 245	402 755

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Hillview main SPS Kwanokuthula	2 500 000	2 500 000	2 483 512	16 488
Upgrade sewer retic (master plan item)	1 000 000	1 000 000	818 396	181 604
Office furniture and equipment	30 000	230 000	29 143	200 857
Generators	0	4 869 565	4 869 565	0
Total	12 400 000	16 869 565	15 301 757	1 567 808

Table 85: Capital Expenditure 2022/23: Waste Water (Sanitation) Provision

3.5 Electricity

3.5.1 Introduction to Electricity

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

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

The electricity division has endeavoured to improve its performance by working closer with the Human Settlement Departments, to integrate all functions within the relevant parties involved in the projects, and to have approved master plans in place for the roll-out of the projects. Since Eskom is supplying at various intake points, this sometimes require 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 also implies then that there must be good working relations with Eskom. The Master Plan includes identifying projects, programmes and cash flow over a minimum period of five years. The Department of Minerals Resources and Energy (DMRE), (previously DoE), has successfully funded the entire upgrading of the Kwanokuthula Substation over a period of 4 years through the Integrated National Electrification Programme (INEP) ensuring additional capacity for future developments. DMRE has also funded the new Ebenezer Substation for the housing development in that area.

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Electrification priorities are determined in line with the Municipality's IDP and Human Settlements/Housing Programmes, with the exception of Kranshoek and Kurland, where Eskom is responsible for electrification and the Municipality is responsible for all other townships within the municipal area. The electrification of the Qolweni 169 housing project was completed.

3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Construction of new substation for Ebenezer housing development	This substation will be the supply to the new housing development in Ebenezer
Replacement of old streetlights with LED equivalents	Streetlights are being replaced in all areas with new energy-efficient ones to save on electricity usage
New transformer for Kwanokuthula	Work has commenced installing a second 20MVA transformer in Kwanokuthula
Reduction of electricity losses	Losses were reduced from 13.36% to 9.29%
New supply to Keurbooms river	Keurbooms river is on a spur feed and work is underway to provide it with an additional supply

Table 86: Electricity Highlights

3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Cable theft	Cable theft had increased and is prominent during load-shedding periods. We have cameras and alarm systems at our key sites
Vandalism	Vandalism of infrastructure had also increased. It is costly to protect street furniture. Additional funding could assist by increasing the strength of kiosks and the protection of streetlights.
Scarcity of electronic components	There is a global shortage of semiconductor components for prepayment devices. We have bought spare equipment previously which assists with this challenge.
TID Rollover	In the process of looking for funding to undertake the project

Table 87: Electricity Challenges

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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	14.13%	14 949.64kVA
Wittedrift	400kVA	67.76%	452.82kVA
Keurboomstrand	1 700kVA	39.13%	2 761.51kVA
Natures Valley	1 000kVA	(0.93%)	710.78kVA
Brakkloof	9 500kVA	11.01%	13 006.2kVA

Table 88: Electricity Notified Maximum Demand

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

Description	2021/22	2022/23
	Actual	Actual
Household		
<i>Energy: (above minimum level)</i>		
Minimum Service Level and Above Sub-total	18 105	13 019
Minimum Service Level and Above Percentage	100	100
<i>Energy: (below minimum level)</i>		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	18 205	13 019

Table 89: Electricity Service Delivery Levels

3.5.5 Employees Electricity

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

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Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	8	3	5	63
4 - 6	16	14	8	6	43
7 - 9	4	4	3	1	25
10 - 12	12	12	7	5	42
13 - 15	4	2	1	1	50
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	41	41	23	18	44

Table 90: Employees: Electricity

3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Qolweni: Electrification of 169 households for Phase 3A	1 113 043	2 075 305	2 078 813	(3508)
Security key sites	950 000	950 000	846 404	103596
20mva 66/11kv Kwanokuthula substation	6 467 826	6 467 826	6 857 486	(389660)
Kurland pumpstation 3	0	177 183	177 183	0
Plett: Replace external radial supply	650 000	591 680	1 513 361	(921681)

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Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Keurbooms: upgrade network	1 450 000	1 450 000	1 136 698	313302
New streetlights	1 000 000	1 000 000	787 461	212540
Electrification of informal settlement	3 000 000	3 000 000	2 248 293	751707
Goosevalley: upgrade main supply	650 000	650 000	614 096	35905
Faulty RMU replacements	565 000	397 000	396 819	181
Electrification of ebenezer portion 20	0	3 774 000	3 773 687	313
Plett: Upgrade O/H to U/G network	1 250 000	1 207 650	1 185 940	21710
New high mast light: Greenvalley/New Horizons/Kwano	520 000	520 000	498 533	21467
Plett: Asset replacement	1 950 000	1 950 000	1 941 353	8647
Plett New Generators	1 000 000	996 000	954 986	41014
Machinery and equipment	100 000	100 000	48 217	51783
Scada systems	450 000	434 426	335 542	98884
Total	21 115 869	25 741 070	25 394 870	346 200

Table 91: Capital Expenditure 2022/23: 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

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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 kerb side waste collection service. Most residential properties have been provided with 240 litre/140 litre wheelie bins which is a measure of containerizing of waste and a prevention of blown litter.

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

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

The Municipality had only one landfill site, namely the Plettenberg Bay landfill site. This landfill site closed on the 15th of December 2018 for rehabilitation. The rehabilitation of the Plettenberg Bay landfill site was completed on the 31st of May 2022. Bitou Municipality have two waste disposal facilities. The following are the operational waste disposal facilities for Bitou Municipality that is operational.

1. Waste transfer station – Portion 40 Hillview Farm, Kwanokuthula
2. Gansevlei waste drop-off facility

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

Plettenberg Bay Landfill Site Status	
Position of site	The site is located south of the urban centre of Plettenberg Bay (Site is permanently closed. The rehabilitation of the site was completed of the 31 st of May 2022)
Permit	16/2/7/K600/D3/Z1/P375
Year issued	2000
Classification of site: GSB+	GSB+
Type of operation (end – tip, trench, cell)	Cell
Estimated size of site	Approximately 12.5 ha

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Plettenberg Bay Landfill Site Status	
Estimated remaining life of site	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022)
Separation of fresh and contaminated water	Yes
Groundwater monitoring	Yes
Volumes per day, week or month	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022
Is cover material available?	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022
Is the drainage sufficient?	New cut-off drainage has been constructed +/- 250m as part of the rehabilitation of the site
Is there access control?	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 st of May 2022
Is the site fenced?	Yes
Does the site have a sufficient buffer zone?	Site closed
Type of equipment utilised on site	Site closed
Operating hours	Site closed
Site facilities, i.e. ablutions, guard house	Ablution and guard house facilities
Cost of closure	+/- R24 000 000

Table 92: Plettenberg Bay Landfill Site Status

Due to the closure and the rehabilitation of the municipal waste site on the 15th of December 2018 for rehabilitation and the need for 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:

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Highlights	Description
Illegal Dumping Strategy	In collaboration with the Garden Route District Municipality, Bitou Municipality is dealing with the education and awareness of Illegal dumping sites in the Bitou Municipal Area
Approved budget and development of the Kurland Waste Drop Off Facility	The disposal of recyclable material, bulky waste and green waste in the Craggs, Kurland Area. This provides easy access to the community of that area to a waste facility
Approved budget for the purchase of waste vehicles and plant	The Bitou Municipality have approved ± R14.2 Million for the procurement of <ul style="list-style-type: none"> • 3 X Compactor Trucks; • A Hooklift Truck; • Trailer; and • Containers for Waste to enhance service delivery in 2023/24

Table 93: Waste Management Highlights

3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Breakdown of waste compactor vehicles, plant and equipment	The Municipality has availed budget to address these matters however it is currently being discussed and investigated for the possibility of increasing of the budget for the repairs
Unplanned overtime	Due to break down of waste vehicles and plant , we are working unplanned overtime exceeding 40 hrs per month. The Municipality has allocated budget for the procurement of different vehicles and equipment to address the overtime matter
Lack of training of key personnel	The Human Resource department has placed the training as a priority for waste management officials

Table 94: 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:

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Description	2021/22	2022/23
	Actual	Actual
Household		
Refuse Removal: (Minimum level)		
Removed at least once a week	20 870	22 160
Minimum Service Level and Above sub-total	24 000	24 000
Minimum Service Level and Above percentage	140	140
<u>Refuse Removal: (Below minimum level)</u>		
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	4	4
Below Minimum Service Level percentage	95%	95%
Total number of households	18 430	22 160

Table 95: Waste Management Service Delivery Levels

3.6.5 Employees: Waste Management Services

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	36	22	18	4	18
4 - 6	3	45	34	11	24

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Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	10	17	15	2	12
10 - 12	3	2	2	0	0
13 - 15	0	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	53	88	61	17	19

Table 96: Employees: Waste Management Services

3.6.6 Capital: Waste Management Services

The following table indicates the capital expenditure for this division:

Capital Projects	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
2 LDV's	400 000	400 000	385 711	14 289
Skips	700 000	700 000	698 510	1 490
Waste water new skip bins	330 000	330 000	280 371	49 629
Small plant and machinery	16 000	16 000	18 795	-2 795
Specialised cameras at transfer station	50 000	50 000	0	50 000
Transfer station waste controllers	30 000	0	0	0
Total	1 526 000	1 496 000	1 383 387	112 613

Table 97: Capital Expenditure 2022/23: Waste Management Services

3.7 Housing

3.7.1 Introduction to Housing

The multi-year development plan illustrates the projected housing projects for at least the next 10 years. The current housing provincial approved beneficiary waiting list is 8710.

The table below indicates the priority housing sites:

Site	Units
Subsidy: Priority 1	
Kwanokuthula Phase 5	1 182
Subsidy Priority 2	
Qolweni Temporary Relocation Area (TRA)	732

Table 98: Prioritised Housing Sites

3.7.2 Highlights: Housing

The table below specify the highlight for the year:

Highlights	Description
Qolweni Phase 3A	169 Top Structures constructed and allocated
Kranshoek	Project Initiation Report submitted to Province

Table 99: Housing Highlights

3.7.3 Challenges: Housing

The table below specify the challenge for the year:

Description	Actions to address
Relocations: The lack of land for relocations in areas to be upgraded	Land availability
Funding: Planning and Implementation funding for human settlements projects more especially for continuation purposes	Funding for Planning and Implementation
Title Deeds: Properties are without title deeds due to lack of funding	Funding

Table 100: 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 formal settlements)	Households in formal settlements	Percentage of HHs in formal settlements (%)
2021/22	21 195	15 069	71.10
2022/23	21 195	16 264	76.73

Table 101: Households with Access to Basic Housing

There are currently approximately 8 710 housing beneficiaries registered on the provincial housing waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2021/22	8 710	3.60
2022/23	8 710	0

Table 102: 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			
2021/22	10 560	20 456	193.7	30	169
2022/23	13 000	13 000	100	139	0

Table 103: 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	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	0	0	0	0
4 - 6	1	0	0	0	0
7 - 9	8	0	0	0	0
10 - 12	1	3	2	1	33
13 - 15	1	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	14	5	4	1	20

Table 104: Employees: Housing

3.8 Free Basic Services and Indigent Support

3.8.1 Introduction

A debtor is considered indigent if the gross household income is equal to or less than R 5 200 per month. All indigent households receive 6 Kℓ of water and 50 kWh of electricity free each month. Furthermore, all indigent debtors are subsidised for refuse removal and sewerage monthly cost.

Indigent debtors from the 2023/24 financial year will not have to re-apply every year but will have to verify their indigent status annually.

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	%
2021/22	20 006	7 795	38.96	3 404	17.01	3 404	17.01	3 404	17.01
2022/23	18 022	7 900	43.83	4 132	22.92	4 132	22.92	4 132	22.92

Table 105: 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
2021/22	3 404	50	2 383	4 391	50	3 075	2 685	50	1 880
2022/23	4 132	50	2 410	3 768	50	2 615	2 570	50	1 799

Table 106: 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
2021/22	3 404	6	2 042	0	0	0
2022/23	4 132	6	2 013	0	0	0

Table 107: 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
2021/22	3 404	546	22 319	0	0	0
2022/23	4 132	572	21 996	0	0	0

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Table 108: 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
2021/22	3 404	1	12 950	0	0	0
2022/23	4 132	1	12 763	0	0	0

Table 109: Free Basic Refuse Removal Services to Indigent Households per Type of Service

Financial Performance 2022/23: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2021/22	2022/23			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget %
	R'000			R'000	
Water	0	0	0	0	0
Waste Water (Sanitation)	6 424	11 145	11 145	21 851	10 706
Electricity	4 590	4 581	4 581	5 025	444
Waste Management (Solid Waste)	20 357	12 489	12 489	15 218	2 729

Table 110: Financial Performance 2022/23: Cost to Municipality of Free Basic Services Delivered

COMPONENT B: ROAD TRANSPORT PROVISIONS

3.9 Roads

3.9.1 Introduction: Roads

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

This is economic service delivery. A further important factor to consider is that of excess vehicle operating cost (EVOC). A poorly maintained road (i.e. potholed and/or excessively patched) is in the region of 75% more expensive to drive on than a well-maintained road. The failure to undertake timely 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:

- 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 non-kerbed/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;
- 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

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

Some of these costs are:

- Road User Costs
- Environmental Costs
- Social Costs

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

Preventative Maintenance Application Strategies

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

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

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

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

Upgrading network

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

3.9.2 Highlights: Roads

The table below specifies the highlights for the year:

Highlights	Description
Road surface maintenance	2.65km of surfaced roads ranging from resurfacing to heavy rehabilitation were rehabilitated during the year under review
Gravel road maintenance	4.43km of gravel roads ranging from blading to re-gravelling were maintained throughout the financial year under review

Table 111: Roads Highlights

3.9.3 Challenges: Roads

The table below specify the challenges for the year:

Description	Actions to address
Actual Budget less than targeted maintenance	Request more funding and investigate alternative funding sources
Deterioration of High Street	Funding request submitted for project to be implemented and included within the 2024/25 financial year budget

Table 112: 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
2021/22	14	0	2.4	9
2022/23	14	0	0	14

Table 113: Gravel Road Infrastructure

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Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2021/22	142.7	0	14	1.0	142.7
2022/23	142.7	0	0	2.6	142.7

Table 114: Tarred Road Infrastructure

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

Financial year	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
2021/22	0	1 500	2 000	0	1 800	14 000
2022/23	0	0	800	0	0	9 000

Table 115: Cost of Construction/Maintenance of Roads

3.9.5 Employees: Roads

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	16	10	6	38
4 - 6	8	7	6	1	14
7 - 9	6	3	2	1	33
10 - 12	2	2	2	0	0
13 - 15	2	2	2	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0

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Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	28	31	23	8	26

Table 116: Employees: Roads

3.9.6 Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New horizons: connecting Saringa Road	2 500 000	3 000 000	2 471 463	528 537
Bossiesgif: New water (PH4A)	3 000 000	1 500 000	1 297 053	202 947
Tools and equipment	70 000	70 000	37 404	32 596
New Horizon: Ebenezer new access roads	0	171 448	171 448	0
Bus shelters	120 000	113 232	0	113 232
Speedhumps	100 000	106 768	99 974	6 794
New horizon-stormwater upgrades	5 000 000	0	0	0
Upgrading of all gravel roads in Kranshoek with surfacing	0	182 609	182 609	0
New horizon-stormwater upgrades	0	5 000 000	4 874 867	125 133
Total	10 790 000	10 144 057	9 134 817	10 09240

Table 117: Capital Expenditure 2022/23: Roads and Stormwater

3.10 Stormwater

3.10.1 Stormwater

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

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

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

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

The built info collection of all the areas in throughout the Municipality is in progress. This will determine the requirements of needed stormwater upgrade caused by funding constraints. The strategy was to develop a Stormwater Master Plan that is in progress to be completed for all areas. The funding to review stormwater management plan for financial year 2022/23 was approved and we should have revised cost estimates of works required to upgrade stormwater in entire municipal area.

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

The stormwater management philosophy encourages the following:

- Maintain adequate ground cover at all places and at all times to negate the erosive forces of wind, water and all forms of traffic
- Prevent concentration of stormwater flow at any point where the ground is susceptible to erosion

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- Reduce stormwater flows as much as possible with the effective use of 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
- 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	R49 178 243.64
Green Valley and Wittedrift Stormwater	R42 553 803.05
Kranshoek	R20 184 425.45
New Horizons	R20 446 588.00

Table 118: Stormwater Master Plan Cost

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

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

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

3.10.2 Highlights: Stormwater

The table below specify the highlights for the year:

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Description	Actions to address
Stormwater network	The stormwater network is maintained by cleaning on a regular basis
Kurland stormwater upgrade	The Kurland upgrade of the stormwater channels are currently still in progress

Table 119: Stormwater Highlights

3.10.3 Challenges: Stormwater

The table below specify the challenge for the year:

Description	Actions to address
Huge backlog of stormwater infrastructure	Implementation of stormwater projects every year
Flooding	Provision of stormwater infrastructure
Budget constraints	Prioritizing Stormwater projects

Table 120: Stormwater Challenges

3.10.4 Stormwater Drainage Service Delivery Levels

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

Stormwater Infrastructure				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2021/22	82.00	0.09	0	82.00
2022/23	83.59	0.692	0	83.59

Table 121: 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
2021/22	2 612	0	500
2022/23	2 000	0	1 200

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Table 122: Cost of Construction/Maintenance of Stormwater Systems

3.10.5 Employees: Stormwater

The following table indicates the staff composition for this division:

Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	16	10	6	38
4 - 6	0	7	6	1	14
7 - 9	1	3	2	1	33
10 - 12	1	2	2	0	0
13 - 15	0	2	2	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	7	31	23	8	26

Table 123: Employees: Stormwater

COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.11 Planning

3.11.1 Introduction to Planning

The influx of people to permanently live in the greater Plett is continuing. This was evidenced by a number of larger developments taking place. The influx is confirmed by Estate Agents who have very little stock to offer. Unfortunately this also implies an increase in property prices making it difficult for middle-income earners to actually own property in the area.

The first term of the Bitou Planning Tribunal came to an end during 2023 and Council approved that a call for nominations be made. The nominations from the private sector as well as those officials to serve on the Planning Tribunal were tabled before Council. The constitution of the Planning Tribunal for the second term was approved by Council during June 2023. It is pointed out that in terms of SPLUMA, the Tribunal may not consist of Councillors, only nominated members from the private sector (with relevant experience) and municipal officials.

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The Bitou Zoning Scheme By-law 2022 will be gazetted during July 2023, and will replace all the “previous generation” Zoning Schemes currently in use in Bitou. This has brought land use management in line with the new order legislation in terms of SPLUMA.

A Special Rating Area has been approved for Natures Valley for the purpose of generating funds for amongst others a baboon monitoring program. This is a method whereby additional funds are collected by Council but which are “ring-fenced” for use in a particular community from which it was collected. Ongoing baboon-human conflict has been successfully managed through the rollout of baboon monitors (EPWP staff) in Nature’s Valley, in addition to the monitors employed in Plett Proper.

The electronic application system known as the Town Planning Administration Management System (TPAMS) has been finalized at the end of June and “will go live” at the beginning of July. This will permit applications to be uploaded electronically and will further facilitate electronic processing.

Various electronic waste (e-waste) collection days have been hosted in collaboration with the Waste section, service provider and NGO’s. Various environmental awareness campaigns, such as recycling campaigns and coastal cleanups, were also facilitated.

3.11.2 Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
Constitution of the second term of the Tribunal	The Tribunal composition is to be gazetted in July of 2023
The finalisation of TPAMS	Electronic application system to facilitate uploading of applications was implemented
Numerous “larger” developments were received and processed	Developments are in response to the influx of people into the Plettenberg Bay area

Table 124: Planning Highlights

3.11.3 Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
Managing the numerous “unlawful” land-uses in the entire area	The Municipality is investigating the institution of an effective fine system and awareness campaigns
Proliferation of signage in the Bitou area	The Municipality has earmarked the update of the Signage by-law and implementing law enforcement to address unlawful actions in this regard
Capacitating the section	Review of the organogram to provide for additional staff

Table 125: Planning Challenges

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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	
	2021/22	2022/23
Planning applications received	57	86
Determination made in year of receipt	47	34
Determination made in following year	10	18
Applications withdrawn	0	3
Applications closed	10	39
Applications outstanding at year end	0	3

Table 126: Applications for Land Use Development

Type of service	2021/22	2022/23
Building plan applications processed	444	566
Total surface (m ²)	81 751.13	370 486.75
Approximate value (Rand)	479 069 455	644 559 359
Residential extensions	293	386
Land use applications processed	47	86

Table 127: Additional Performance Town Planning and Building Control

3.11.5 Employees: Planning

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0

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Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	0	0	0	0	0
10 - 12	2	2	2	0	0
13 - 15	4	4	3	1	25
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	8	8	7	1	13

Table 128: 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 a business can optimally operate and ensure that sustained increases in growth are obtained. Tourism is key to the success of the Bitou economy and is seen as a primary source for revenue enhancement and creating job opportunities. Other critical key success areas are agriculture, the marine economy, eco-education and environment /adventure-driven sports.

3.12.2 Highlights: LED

The table below specifies the highlights for the year:

Highlights	Description
Continuity in the tourism function is secured for the next 3 years.	<ul style="list-style-type: none"> The municipality has appointed a tourism service provider through a tender process for the next 3 years The appointed service provider will focus on the following functions: <ul style="list-style-type: none"> Destination Marketing Destination Management Destination Development

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Highlights	Description
Successful job creation programmes implemented over the peak holiday season.	<ul style="list-style-type: none"> 47 new opportunities were created for entrepreneurs to participate in the annual seasonal annual informal trader programme 16 job opportunities were created for the youth on the annual beach umbrella programme
Implementation of a Council approved contractor development programme intended to develop emerging contractors into contractors able to execute labour-intensive projects.	<p>The Vu'khupile programme driven by the Department of Public Works in partnership with Bitou Municipality will be implemented from the 2023/24 financial year. The objectives of the programme are to:</p> <ul style="list-style-type: none"> Increase the capacity, grading status, equity ownership, sustainability, quality and performance of CIDB-registered contractors Effectively raise the contribution of the construction industry to South Africa's accelerated and shared growth initiative

Table 129: Highlights: LED

3.12.4 Employees: LED

The following table indicates the staff composition for this division:

Job Level (T-grade)	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	2	2	2	0	0
7 - 9	1	1	1	0	0
10 - 12	4	3	3	0	0
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	8	7	7	0	0

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Table 130: Employees: LED

3.12.5 Capital: LED

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Construction of Qolweni Cultural Village	0	434 783	434 783	0
Total	0	43 4783	43 4783	0

Table 1: Capital Expenditure: LED

3.13 Tourism

3.13.1 Introduction to Tourism

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

3.13.2 Highlights: Tourism

The table below specifies the highlights for the year:

Highlights	Description
Implementation of events that have a broader socio economic spinoff for local communities	Plett Ocean Festival extended its footprint into our communities with programmes that introduce the youth to the marine world
Extensive growth in the domestic tourism market	Western Cape domestic trips reached 3.4m in 2022 and recovered by 78% in comparison to pre-pandemic levels

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Highlights	Description
Recognition of Bitou events by Wesgro that potentially can lead to future funding opportunities	Plett Tourism strategic anchor events, Plett Ocean Festival and Plett Arts Festival have been recognised by Wesgro as “jewel” events in the Garden Route, out of a total of 5 recognised events

Table 2: Tourism Highlight

3.13.3 Challenges: Tourism

The table below specifies the challenges for the year:

Description	Actions to address
Lack of continuity of the tourism function due to the contract of the Plett Tourism Association being renewed annually	Appointment of a service provider on a multiyear contract by July 2023
Lack of continuity of the tourism function due to the contract of the Plett Tourism Association being renewed annually	Appointment of a service provider on a multiyear contract by July 2023

Table 3: Challenges Tourism

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.14 Libraries

3.14.1 Introduction to Libraries

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

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

3.14.2 Highlights: Libraries

The table below specifies the highlights for the year:

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Highlights	Description
World Read-aloud day	Bitou libraries partnered with the Mayor's office and local schools in the surrounding areas to encourage and instil a love for reading from an early stage
Establishment of Kwanokuthula Library Recreational Room	The Kwanokuthula library hall has been transformed into the new "Rec- Room". The intended purpose of this room is to act as a hub to attract our youth and keep them off the streets by creating a nurturing, conducive environment where learning and sharing information is the norm. The following items are in the Rec-Room: <ul style="list-style-type: none"> • Pool table • Foosball table • Table Tennis table • Chess, checkers and Jenga board games
Staff trainings (UKS Examinations)	7 x Library assistants enrolled at UKS for the formal "Library Assistant" qualification. All of the staff have passed the assignments and will be writing their formative/ summative assessments soon. We are extremely proud of each staff member that has dedicated their time to completing the modules
Library Week Event	The event was a success. The individual libraries hosted an array of programs, competitions and fun events to help promote, educate and instil a love for your library
Kranshoek Library: Youth Month Celebration	On the 28 th June 2023 Kranshoek Library hosted their annual "Youth Day Celebration". The event was a huge success thanks to all the stakeholders' involved: (Bitou Library staff, Ward Councillors, Mayor's office, Communications)

Table 4: Libraries Highlights

3.14.3 Challenges: Libraries

The table below specifies the challenges for the year:

Description	Action to address
Green Valley Library roof	The Green Valley Library roof has completely collapsed due to severe rain over the March month period. The issue has been escalated to

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Description	Action to address
	Facilities Manager and Bitou insurance has been sent out to do evaluation on the extent of damage that occurred
Kranshoek Library roof leakages	This is an ongoing issue. The roof has several weak spots which results in roof leakages under heavy rains. We are hopeful that we can address this issue once and for all

Table 5: Libraries Challenges

3.14.4 Service Statistics for Libraries

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

Type of service	2021/22	2022/23
Number of libraries	6 Library Services	6 Library Services
Library members	19 029	17 282
Books circulated	72 764	53 100
Exhibitions held	193	227
Internet access points	6 Libraries	6 Libraries
Children's programmes	140	99
Visits by school groups	114	69
Book group meetings for adults	17	20
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 6: 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	None	
Computer literacy programmes	Plettenberg Bay Secondary High School has a book club that participates in reading competitions	
Recycling projects	Cape Access – Accredited ICDL training course. Basic Introduction to ICT	
Weekly aerobics classes	None	
Story hour	Digital story hour	
Weekly arts classes	This is ongoing and is offered by each library respectively.	
Student support	This is ongoing. Libraries work in close collaboration with schools so that we can easily assist our patrons as we know what projects/ assignments they are working on	

Table 7: Outreach Programmes Libraries

3.14.6 Employees: Libraries

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	2	0	0
4 - 6	19	22	16	6	27
7 - 9	2	8	6	2	25
10 - 12	5	6	6	0	0
13 - 15	2	2	2	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	29	40	32	8	20

Table 8: Employees: Libraries

3.14.7 Capital: Libraries

The following table indicates the capital expenditure for this division:

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Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Recreational equipment	20 000	30 000	18 279	11 721
Furniture	10 000	20 000	25 632	-5 632
Total	30 000	50 000	43 911	6 089

Table 9: Capital Expenditure 2022/23: Libraries

3.15 Cemeteries

3.15.1 Introduction to: Cemeteries

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

3.15.2 Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
The development of a regional cemetery on Ptn 33 of Farm Hill View No. 437(Ebenezer), Plettenberg Bay	Confluent Environmental Pty (Ltd) was appointed by EcoRoute to provide aquatic specialist inputs to the proposed development of a regional cemetery. The process is almost concluded

Table 10: Cemeteries Challenges

3.15.3 Service Statistics for Cemeteries

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

Type of service	2021/22	2022/23
Pauper burials	16	4

Table 11: Service Statistics for Cemeteries

3.15.4 Employees: Cemeteries

The following table indicates the staff composition for this division:

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Job Level	2021/22		2022/23		
	Employees	Post	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	17	8	9	53
4 - 6	1	11	8	3	27
7 - 9	1	4	3	1	25
10 - 12	0	2	2	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	7	34	21	13	38

Table 12: Employees: Cemeteries

3.15.5 Capital: Cemeteries

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Fencing of Kwanokuthula cemetery	100 000	0	0	0
Total	100 000	0	0	0

Table 13:

3.16 Aerodrome

3.16.1 Introduction to Aerodrome

The Bitou aerodrome is one of the key assets of the Bitou Municipality. This could largely increase the tourism footprint and has “game changer” status in term of the economy of the Bitou region. The development of an airport precinct has been one of the projects that was identified and has the potential of creating a large number of jobs.

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3.16.2 Highlights: Aerodrome

The table below specifies the highlights for the year:

Highlights	Description
Category 5 operational status	The Municipality maintained this status as per the adherence to CAA Cat 5 compliance

Table 14: Aerodrome Highlights

3.16.3 Challenges: Aerodrome

The table below specifies the challenges for the year:

Description	Actions to address
Financial viability	Council resolved to call for Tenders for a Service Provider to operate the airport on a contractual basis over a specified period, which will provide for revenue enhancement

Table 15: Aerodrome Challenges

3.16.4 Service Statistics for Aerodrome

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

Type of service	2022/23
Number of flights	624
Number of passengers	15 964

Table 16: Additional Performance Information for Aerodrome

3.16.5 Employees: Aerodrome

The following table indicates the staff composition for this division:

Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	2	0	0
4 - 6	6	5	5	0	0
7 - 9	0	0		0	0

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Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	1	0		0	0
13 - 15	0	1		1	100
16 - 18	0	0		0	0
19 - 20	0	0		0	0
Total	8	8	7	1	13

Table 17: Employees: Aerodrome

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
Law Enforcement Officer appointees	4 X new permanent Officers were appointed March 2023
Inspector Law Enforcement appointees	3 X new permanent Inspectors were appointed in March 2023
Senior Inspector appointees	2 X new permanent Senior Inspectors were appointed
New unit within Law Enforcement	A new unit was launched in December 2022 Law Enforcement Anti – Land Invasion
Animal behaviour and welfare training	8 members of Law Enforcement were trained in September 2022

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Highlights	Description
Regulation 79	Firearm refresher course was held in August 2022
Armed robbery in Kwanokuthula	In June 2023 Law Enforcement arrested 2 suspects for the business robbery in Kwanokuthula Phase 5 the stolen property and firearms were recovered. Case number 14/06/2023
Murder case in Kwanokuthula	In June 2023, 4 suspects were arrested in Kwanokuthula Phase 4 for a murder case by Law Enforcement. Case number 83/06/2023
Stolen goods (Solar panels)	Arrest of syndicate group from Knysna in possession of stolen goods (Solar panels)
Business robbery in Bossiesgif and Qolweni	3 suspects were arrested by Law Enforcement for the business robbery in Bossiesgif and Qolweni, the suspects allegedly demanded protection fees (extortion) from the Spaza Shops
Illegal occupation of land	In October 2022 structures were demolished by Law Enforcement when a large group gathered in Kwanokuthula Phase 5 and started building shacks.
Festive season	47 units of alcohol was confiscated and disposed of during the 2022 festive period.
PLOTS	10 People living on the streets were reunited with their families. <ul style="list-style-type: none"> • 2 from the Eastern Cape • 8 Locally and neighbouring towns

Table 18: Law Enforcement Highlights

3.17.3 Challenges: Law Enforcement

The table below specifies the challenges for the year:

Description	Actions to address
Old fleet	Vehicles are old and constantly going in for repairs
Office Space and computers	<ul style="list-style-type: none"> • Lack of office space for supervisors • Access to ICT Equipment will be budgeted for in future years
Storage for confiscated goods	Storage space for confiscated goods to be budgeted in for future years

Table 19: Law Enforcement Challenges

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3.17.4 Service statistics for Law Enforcement

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

Details	2021/22	2022/23
Animals impounded	88	231
Complaints attended to by traffic officers	624	763
Special functions – Escorts	2	8
Awareness initiatives on public safety	-	2
Notice of compliance	210	208
Section 341 fines	3 358	2639
Section 56	98	164
Toxic operation	10	33
Arrests	50	133
Joint crime prevention operation	15	78
Illegal Immigrants with Department of Home Affairs	0	2
Vagrants/Bush dwellers operations and car guards	220	363

Table 20: Law Enforcement Data

3.17.5 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	0
4-6	11	5	4	1	20
7-9	2	25	16	9	36
10-12	15	3	3	0	0
13-15	2	1	1	0	0

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Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16-18	0	0	0	0	0
19-20	0	0	0	0	0
Total	30	34	24	10	29

Table 21: Employees: Law Enforcement

3.17.6 Capital: Law Enforcement

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Cattle rails	70 000	70 000	0	70 000
2x Canopies	0	70 000	0	70 000
2x GTI's	0	896 000	899 092	-3 092
1x Nissan Narvara	0	480 000	492 012	-12 012
1x VW kombi	0	630 000	791 331	-161 331
Boat trailer	70 000	70 000	0	70 000
Boat for river by- laws	200 000	0	0	0
Machinery & equipment	30 000	30 000	20 423	9 577
Fire arm holsters	10 000	10 000	0	10 000
Bullet vest	100 000	100 000	81 304	18 696
Cameras	0	104 348	43 300	61 048
Total	480 000	2 460 348	2 327 462	132 886

Table 22: Capital Expenditure 2022/23: Law Enforcement

3.18 Traffic Services

3.18.1 Introduction to Traffic Services

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

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

- Engineering
- 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
Procurement of new vehicles	The section acquired two (2) new Volkswagen GTI's as replacement of vehicles written-off in motor vehicle accidents
Inspectorate visit at the DLTC	The centre was visited by the Provincial Inspectorate over a two-day period and found the centre to be 95.2% compliant to legislative prescripts

Table 23: Traffic Services Highlights

3.18.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

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Description	Actions to address
Fleet	This is a continuous challenge as the divisions fleet is old and in desperate need of repair and or even replacement. The Municipality is currently investigating the availability of budget in order to address this matter.
Human Resources	In the past it took a long time to replace members that resigned and the filling of budgeted vacant positions was problematic, however the Municipality will address this in terms of the stipulations of Regulation 890 and Guidelines 891

Table 24: 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	2021/22	2022/23
Motor vehicle licenses processed	30 136	28436
Rand- value for Motor Vehicle Licenses	13 687 865	13 971 054
Driving License transactions processed	9 722	11 269
Rand- value for Driving License transactions processed	918 521	1 067 880
Fines issued for traffic offenses	103 334	114 400
Rand-value of fines collected	8 129 525	8 110 110
Roadblocks held	11	11
Complaints attended to by traffic officers	110	252
Awareness initiatives on public safety	2	9

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Details	2021/22	2022/23
Number of road traffic accidents during the year	560 (not all was attended by Public Safety, total is taken from SAPS register)	745
Number of officers in the field on an average day	12 (3x Officers at DLTC)	11 (3x Officers at DLTC)
Number of officers on duty on an average day	15	14

Table 25: Additional Performance Service Statistics for Traffic Services

3.18.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	11	15	12	3	20
7 - 9	2	2	2	0	0
10 - 12	15	19	14	5	26
13 - 15	2	2	2	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	30	38	30	8	21

Table 26: Employees: Traffic Services

3.19 Fire Services and Disaster Management

3.19.1 Introduction to Fire Services and Disaster Management

Fire Services

The Bitou Fire Department maintains its goals in striving to continually develop and expand capacity based on operational needs to increase service delivery and offer a service in fire and rescue as legislated in the Fire Brigade Services Act 99 of 1987, and as amended. The service also aims to improve services as required by the minimum South African National Standards in Community Protection SANS 10090: 2003 as prescribed in the White Paper on fire services.

The Bitou Fire and Rescue Service of Plettenberg Bay is dedicated to providing a service to the entire community, which include 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 to the best of our ability, the service is proud to have had highlights for the financial year, maybe not as much as would be preferred but a step forward remains a step forward and we together with assistance from local and district fire service and engagements and support through Metro and Provincial Fire Services of the Western Cape believe in continuous development in aspects of resource / equipment support and that of skills and qualifications through training is a win-win situation for all.

With current financial constraints we have engaged into MOU's with other local fire services and by all means possible try ensure that with this in place response will always have back up from neighbouring municipal fire services. Like wise with training via agreements with CoCT and Province to capacitate staff.

Disaster Management

Disaster Management unit has also been established in the Public Safety Section seeing the function separate to fire and rescue services. The new leg of Disaster Management is led by two permanent employees together with the support functions of public safety as proposed in organogram: control room and the CCTV surveillance room.

The Unit / section has also made great strides to having the disaster plan approved by Council and have recently engaged in a smoke detection programme for safer communities project with the district. The disaster section requires funding allocations to cover the continuum of disaster from planning to response and reduction and mitigation. Operating costs for staff as well as that for relief and building materials is critical. Capital funding for vehicles and upgrades in technology, cameras, monitors, drone etc. is of essence.

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3.19.2 Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
Fire: Staff appointments	In-house appointments for 2 x learners to fire fighters, 1 x EPWP absorbed as Learner fire fighter
Fire: training	2 new Fire Service Instructor qualifications obtained
Disaster Org-structure Approved with Control room and CCTV aligned under Disaster Management leg	Disaster Manager currently vacant and Disaster Coordinator leads Disaster Management with one (1) Disaster Officer, Control Room operations and CCTV surveillance.
Disaster Management Plan approved	Disaster Management Plan adopted by council for the first time after many years

Table 27: Highlights: Fire Services and Disaster Management

3.19.3 Challenges: Fire Services and Disaster Management

The table below specifies the challenges for the year:

Description	Actions to address
Fire: although capital funding was withdrawn to financial constraints, funding to repair 3 appliances have been initiated. Old redundant fleet remains a challenge, to mitigate we trust the repairs will extend life spans for the two following years	The Tata Light Rural pump, Buffel Light Rural pump and the Samil 50 Rural Tanker have undergone a variety of repairs. The Tata is to be reintroduced into service, the Buffel is somewhat of challenge for spare parts at this stage, the Samils cab is completed and completion of rear end tank to be done with final mechanical works then re- introduced
Fire: Funding to capacitate and train members to align in the staffing regulations requirements	Little to no funding allocated, we have through the South Cape Chief Fire Officers Forum established a training committee that collectively with partner's such as CoCT assist with training as in Highlight we received 2 seats at no cost to council to attend the pilot of one of the many IFSTA accredited courses offered
Disaster Management requires staffing and technological upgrades	Director in the process of possible transferring two staff members as well as Customer Care staff potentially coming over to Disaster Management. The command centre known as the JOC needs upgrading in terms of screens, PC, projector, weather station and software for incident management

Table 28: Challenges: Fire Services and Disaster Management

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3.19.4 Service Statistics for Fire Services and Disaster Management

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

Details	2021/22		2022/23	
	Operational call-outs	458		649
Reservists and volunteers trained	0		0	
Awareness initiatives on fire safety	203		336	4
Total fires attended in the year	359		570	
Total other incidents attended in the year	95		79	
Average turnout time - urban areas	Urban 1.9 min	Urban 1.9 min	Urban 2.4 Min	7.8 min average
Average turnout time - rural areas	Rural 14.9 min	Rural 14.9 min	Rural 15.75	
Fire Department Staffing in post at year end	1 Chief Fire Officer 4 Seniors 16 Fire Fighters 3 Learners		1 Chief Fire Officer 4 Senior Fire Officers 18 Fire Fighters * 3 Learners*	
Fire fighters in post at year end	1 x Disaster Co-Ordinator 1 x Disaster Officer 4 Control Room 5 CCTV operators		1 x Disaster Co-Ordinator 1 x Disaster Officer 4 Control Room 5 CCTV operators	

Table 29: 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	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0

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Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	4	16	4	12	75
7 - 9	17	20	17	3	15
10 - 12	7	4	4	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	29	41	26	15	37

Table 30: Employees: Fire Services and Disaster Management

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
Bossiesgif Sportsground upgrade	New ablution facilities
Kurland Sportsground	Upgrading of floodlights
New Horizon Sportsground	New spectator fence

Table 31: Sport and Recreation Highlights

3.21.2 Challenges: Sport and Recreation

The table below specifies the challenges for the year:

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Description	Actions to address
Staff shortages	Appointing permanent caretakers
Two permanent workers to do line marking on all fields	General assistant/worker
Sport field maintenance were taken off the organogram, therefore this function will be terminated from Parks	Allocated to Facilities

Table 32: 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	2021/22	2022/23
Number of sport grounds/fields	7	7
Number of events hosted on fields	1	2
Number of parks with play park equipment	8	6
Number of wards with community parks	6	4
Number of wards with sport fields	7	7

Table 33: 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	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	17	8	9	53
4 - 6	9	11	8	3	27
7 - 9	2	4	3	1	25
10 - 12	1	2	2	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0

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Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	20	34	21	13	38

Table 34: Employees: Sport and Recreation

3.21.5 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Canopies for existing bakkies	75 000	75 000	0	75 000
Quad bike	200 000	200 000	0	200 000
Machinery and equipment	439 000	303 000	292 603	10 397
Lifeguard towers	1 262 000	0	0	0
Roller machine	150 000	150 000	0	150 000
Sprinkler system	150 000	0	0	0
Booster pump	50 000	0	0	0
Lockers for cloakrooms	30 000	30 000	23 826	6 174
Generator	1 000 000	1 000 000	654 575	345 425
Kurland: Upgrading of sports field	0	61 153	61 153	0
New Horizon upgrading of sports field	0	51 898	51 898	0
Upgrading of Qolweni hall	300 000	0	0	0
Upgrading of New Horizons community hall	2 400 000	2 400 000	1 598 994	801 006

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Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Upgrading of existing 7 community halls	200 000	0	0	0
Bossiesgif: Upgrading of sports field	437 869	541 390	552 696	-11 306
Total	6 693 869	4 812 441	3 235 745	1 576 696

Table 35: Capital Expenditure 2022/23: Sport and Recreation

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.22 Corporate Services

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

3.22.1 Employees: Executive and Council

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	1	1	0	0
7 - 9	10	7	6	1	14
10 - 12	4	7	5	2	29
13 - 15	2	7	7	0	0
16 - 18	0	2	1	1	50
19 - 20	0	0	0	0	0

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Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	20	24	20	4	17

Table 36: Employees: Corporate Services

3.23 Human Resources Management (HR)

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

The Human Resources Management Services branch provides the following functions:

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

3.23.1 Highlights: HR

The table below specify the highlights for the year:

Highlights	Description
Macro and Micro Organizational Structures	Macro and Micro Structure were reviewed and approved by Council on 30 October 2022
Human Resources Policies	20 HR Policies were reviewed and approved by Council on 30 June 2022 and implemented with effect from 01 July 2022. All HR related policies were previously reviewed and approved by Council in June 2013
Cascading of Individual Performance Management to Management level was successfully done	All appointed managers have signed performance agreements.

Table 37: HR Highlights

3.23.2 Challenges: HR

The table below specifies the challenges for the year:

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Description	Actions to address
Cascading of Individual Performance Management from T14 to T3	A service provider was appointed to assist with training to provide guidance and assistance with Individual Performance Agreements
OHS Risk Assessment	Tender specifications to be compiled and advertised in order to appoint a service provider to assist with the OHS Risk Assessment as the Municipality does not have any in-house capacity to conduct this assessment
Online Employer Report of an Accident (CompEasy)	Still awaiting approval from the Compensation Commissioner in order for the OHS unit to register all IOD's on the online system of the Department of Labour. Poor Communication and cooperation from the Department of Labour

Table 38: HR Challenges

3.23.3 Employees: HR

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	5	3	3	0	0
10 - 12	6	7	3	4	57
13 - 15	2	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	14	12	8	4	33

Table 39: Employees: HR Services

3.24 Administration

3.24.1 Introduction to Administration Services

The Administration branch provides the following functions:

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

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

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

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

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

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

3.24.2 Challenges: Administration Services

The table below specifies the challenges for the year:

Description	Actions to address
Centralisation of records - space constraints prohibit the organisation from centralising the safekeeping of all records.	The registry section is in the process of assessing the volumes of records stored at each office with the aim of developing a program that will ensure that all records are stored in a centralised location.

Table 40: Administration Challenges

3.25 Information and Communication Technology (ICT) Services

3.25.1 Introduction to ICT Services

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

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3.25.2 Highlights: ICT Services

The table below specifies the highlights for the year:

Highlights	Description
Clean Audit	Attaining a "Clean Audit" stands as a notable accomplishment for an organization, especially concerning ICT's ability to deliver essential support and provide assurance to the financial operations within the organization
Recruitment Succession Success	Interns recruited permanently. As a first run at having ICT interns, it has been successful internship program that moulded two young, local talents into ICT professional, that furthermore went through Bitou recruitment process successfully

Table 41: ICT Services Highlights

3.25.3 Challenges: ICT Services

The table below specifies the challenges for the year:

Description	Actions to address
Office space	The office environment presents unique challenges for ICT One key challenge is the office's seating space is insufficient for the needs of the ICT team, it would be advantages to have a single disk space at Main building and Melville to extend support and alleviate the space issues
Office Conditions	The office conditions pose challenges for the ICT team due to: <ul style="list-style-type: none"> insufficient space, no maintenance, lack of emergency power Facilities upgrade and ensuring a comfortable work environment are crucial for the effective functioning of the ICT department
ICT Change Management	To enhance the poor change management practices currently being experienced, several critical actions can be implemented to ensure the ICT environments' growth. <ul style="list-style-type: none"> clear and consistent communication, ensuring stakeholders are informed about upcoming changes,

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Description	Actions to address
	<ul style="list-style-type: none"> the reasons behind these changes and specifically the benefits this will hold for the individual and the organisation, and involving employees at all levels in the change process promotes buy-in and ownership

Table 42: ICT Services Challenges

3.25.4 Employees: ICT Services

The following table indicates the staff composition for this division:

Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0
7 - 9	0	1	1	0	0
10 - 12	3	8	6	2	25
13 - 15	1	2	1	1	50
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	7	13	10	3	23

Table 43: Employees: ICT Services

3.25.5 Capital: ICT Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
PRIMARY / DR STORAGE	1 603 700	1 913 877	1 906 091	7 786

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Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
REPAIRS MAINTENANCE & EQUIPMENT	200 000	189 823	179 963	9 860
MOBILE DEVICE	100 000	0	0	0
COMPUTER OPERATIONAL SPARES	200 000	200 000	26 054	173 946
LAPTOP REPLACEMENT	300 000	0	0	0
Total	2 403 700	2 303 700	2 112 109	191 591

Table 44: Capital Expenditure 2022/23: 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
Disputes/ claims against Municipality	Most disputes/claims against the Municipality has been attended to and settled out of court. Summonses and Court Applications have also been issued
Reduction in legal costs	Legal contracted services costs have been reduced from R15 million in the previous financial year to R2miljion in the current year as per the Legal expenses on the operational budget (OPEX budget)

Table 45: Legal Services Highlights

3.26.2 Challenges: Legal Services

The table below specifies the challenges for the year:

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Description	Actions to address
Legal matters not submitted as per the approved SOP	Awareness and official communication will be issued to all staff members in regarding the SOP as per Council's approval for the submission and process of all legal matters to the Legal Services division
Matters pre-maturely referred by end user departments	Awareness campaigns, education and training workshops will be held to, capacitate officials on how to deal with matters internally before referral for legal action

Table 46: Legal Services Challenges

3.26.3 Employees: Legal Services

The following table indicates the staff composition for this division:

Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	1	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	1	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	3	3	3	0	0

Table 47: Employees: Legal Services

3.27 Financial Services

The Financial Services Department plays a critical role in the municipal planning process and support to various departments in the Municipality. The department is led by the Chief Financial Officer and it has four departments. The department has 70 staff members and 3 interns.

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3.27.1 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Collection rate	The municipality managed to marginally increase its collection rate from 82% in previous year to 84% at the end of the 2022/23 financial year amidst the continued increase in indigency numbers in the municipal area
Revenue enhancement strategy	The municipality has been partially funded by the Provincial Treasury to appoint a service provider to assist the municipality with the development of a revenue enhancement strategy and the implementation of the strategy over the next 2 years to improve the financial situation of the municipality
Improvement on contract administration	The municipality continued to focus on contract management and administration to ensure full compliance with the legislative requirements and to ensure appropriate control over services being rendered by service providers
New Coalition Council provided administrative stability.	New Coalition Council was elected in November 2022, which brought a new municipal manager and also a more stable work environment for employees
"New" Staff Regulation 890 and Guidelines 891	The Staff Regulation 890 and Guidelines 891 was implemented to ensure a more productive environment, monitor performance and also to identify problem areas as soon as it arises

Table 48: Financial Services Highlights

3.27.2 Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Increasing indigency numbers leading to reduced revenue collection base	The municipality provides in its MTREF for the subsidisation of approved indigent households and funded through the equitable share
Vacant positions	The revenue section still has a few vacancies as per the approved organogram that hampers optimal functioning of the section

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Description	Actions to address
The Financial System integration in compliance with the mSCOA regulation requirements	mSCOA Steering committee was re-established, to address all outstanding mSCOA Regulation issues, a decision regarding the long-term ICT solution will be taken in the 2023/24 financial year
Staff discipline and workplace practices remain difficult to manage	The application and performance agreements and also be addressed in terms of council policies that should be complied with
Streamlining of budgeting and reporting processes through the organization	The adopted budget time frame and process map will ensure timely reporting and budgeting in future budgets
Skills development	Staff are appropriately qualified yet lack appropriate skills to perform operational duties and functions independently, staff training and empowerment is prioritised to develop staff members and enhance operational performance
Delayed capital spending impacting on year-end processes	Procurement planning and strict adherence to the approved Demand Management Plan will be institutionalised to ensure timely spending of capital as well as operational and maintenance budgets

Table 49: Financial Services Challenges

3.27.3 Financial Services

Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2021/22			2022/23			2022/23		
	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	157 194	141 475	90	156 899	141 209	90	176 483	167 659	95
Electricity	200 313	174 272	87	211 450	192 420	91	240 643	231 017	96
Water	80 732	58 934	73	85 375	66 592	78	91 481	77 759	85

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Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2021/22			2022/23			2022/23		
	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 (%)
Sanitation	82 693	56 231	68	78 318	60 304	77	82 543	70 162	85
Refuse	33 409	27 061	81	45 707	34 737	76	62 421	53 058	85

Table 50: Debt Recovery

3.27.4 Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2021/22		2022/23		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	0	0	0	0
4 - 6	32	28	25	3	10.71
7 - 9	11	12	10	2	16.66
10 - 12	28	22	17	5	22.72
13 - 15	2	2	2	0	0
16 - 18	7	6	6	0	0
19 - 20	0	0	0	0	0
Total	82	70	60	10	14.29

Table 51: Employees: Financial Services

3.27.5 Capital: Financial Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Fencing	60 000	0	0	0
Total	60 000	0	0	0

Table 52: Capital Expenditure 2022/23 Financial Services

3.28 Procurement Services

3.28.1 Supply Chain Management (SCM) Policy

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

The SCM Policy, as well as the Infrastructure Procurement and Delivery Management Policy, were reviewed during the 2022/23 financial year. The Preferential Procurement Policy (PPP) have also been amended in terms of the Preferential Procurement Regulations of 2017. The PPP is the main driver of procurement in the organization in terms of Council's strategic goal to increase localized procurement to emerging enterprises.

The amended Bitou Municipality SCM Policy for 2022/23 was approved on 31 May 2023. 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 2023.

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

Delegation of SCM Powers and Duties

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

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

The Municipal Manager may in terms of Section 79 of the MFMA, sub-delegate certain of these powers and duties in writing. Sub-delegations have been conferred in writing to the members of bid committees and financial delegations were issued to all heads of departments for the procurement of goods and services for a value up to R200 000, subject to compliance with the requirements of the SCM Policy as recommended by the SCM Manager.

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

3.28.2 SCM Unit

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

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

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

3.28.3 Demand Management

In terms of Section 10(1) of the SCM Policy, 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 2022/23 financial year and resulted in a documented plan. However, the plan still lacks due to inadequate monitoring and reporting.

3.28.4 Acquisition Management

The Municipality's system of acquisition management must ensure:

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

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

3.28.5 Accredited Prospective Providers

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

The Municipality's 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 2023/24 financial year.

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

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 on daily basis.

3.28.6 Formal Quotations valued less than R10 000

The SCM Unit has progressively ensured that the procurement of formal quotations is centralized and procurement on formal quotations is in accordance with section 16 and 17 of the SCM Policy. SCM has ensured that SCM Policy is safeguarded to ensure reduction of irregular expenditure during the 2022/23 financial year. That no irregular expenditure to be incurred in the future.

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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.

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

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

3.28.8 Competitive Bidding for Contracts valued more than R200 000

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

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

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

No	Committee	Number of Meetings 2022/23	Attendance for Quorum
1	Specifications	49	100%
2	Evaluation	76	100%
3	Adjudication	43	100%

Table 53: Compliance with Council's SCM Policy

The bid committees processed 30 tenders for awards valued at R92 525 705.00

No	Tenders Processed	2022/23	2021/22	2020/21	2019/20
1	Tenders awarded	61	30	30	30
2	Contracts awarded	61	28	28	28
3	Value of tenders awarded	92 525 705	82 902 269	82 902 269	82 902 269

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No	Tenders Processed	2022/23	2021/22	2020/21	2019/20
4	Number of appeals received	1	0	0	0
5	Number of successful appeals	0	0	0	0

Table 54: 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/2023/73/FIN	Provision of an External Loan to the amount of R35 255 300,00	Nedbank Limited	R 60 365 606.91
SCM/2023/44/ENG	Civil Construction of New Clearwater Pump station and various upgrades at the Plettenberg Bay WTW	S C Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 10 416 831.56
SCM/2023/93/EDP	Appointment of a Service Provider to undertake the operational responsibilities/core functions of the Local Tourism Organisation (LTO) in terms of Destination Marketing, Destination Management and Destination Development.	Plett Tourism Association (Voluntary Association)	R 999 999.99
SCM/2023/37/ENG	Upgrading of the Kurland Water Treatment Works: Civil Construction Works	S C Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 8 099 650.00
SCM/2023/57/ENG	Upgrading of Storm Water phase 1	Fistoz Management Services CC	R 5 101 883.00
SCM/2023/85/ENG	Professional Engineering Services for a multi-year period ending 30 June 2026: ELECTRICAL - Ranked 4; ENERGY - Ranked 4; MECHANICAL - Ranked 2	Clinkscales Maughan-Brown South (Pty) Ltd	Rate based, subject to availability of funds, awarded in terms of transactions over R10 million (Incl. VAT)
SCM/2023/41/ENG	New Horizons: Connecting Saringa Road	Naso Civil and Building (Pty) Ltd	R 3 022 338.00
SCM/2023/49/COMM	New Horizons Community Hall: Repairs and Maintenance	New Morning Construction CC	R 2 225 704.25
SCM/2023/06/EDP	Call for development proposals, erf 4131 Plettenberg Bay	Plett Quarter (Pty) Ltd t/a Market on Main	R 1 756 188.00

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Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2023/16/ENG	Resurfacing, Rehabilitation and Automated Pothole patching of Roads in Bitou Municipal area ending June 2025	Roadmac Surfacing Cape (Pty)(Ltd)	BoQ Rates, subject to availability of funds, awarded in terms of transactions over R10 million (Incl. VAT)

Table 55: Ten Highest Bids Awarded

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

Tender Number	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2023/73/FIN	Provision of an External Loan to the amount of R35 255 300,00	Nedbank Limited	R 60 365 606.91
SCM/2023/44/ENG	Civil Construction of New Clearwater Pump station and various upgrades at the Plettenberg Bay WTW	S C Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R 10 416 831.56

Table 56: Tenders Awarded in Excess of R10 million

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

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

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

No	Description	2021/22	2022/23
1.	Tenders awarded	42	61
2.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	37	61
3.	Estimated value of tenders awarded	87 895 013.22	92 525 705.00
4.	Number of appeals received	0	1
5.	Number of appeals in progress	0	1

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No	Description	2021/22	2022/23
6.	Number of successful appeals	0	0
7.	Number of contracts awarded to B-BBEE Enterprises	72	37
8.	Value of contracts awarded to B-BBEE Enterprises	31 558 530.08	78 894 181.00
9.	% of contracts awarded to B-BBEE Enterprises	35.90%	85.27%
10.	Number of contracts awarded to enterprises based in the Bitou Municipality Area	29	20
11.	Value of contracts awarded to enterprises based in the Bitou Municipality Area	8 992 743.89	63 591 310.00
12.	% of contracts awarded to enterprises based in the Bitou Municipality Area vs All Contracts	35.90%	68.73%
13.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	29	20
14.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	8 992 743.89	63 591 310.00
15.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	35.90%	68.73%
16.	Sub-Contracts to Local SMME's	3 908 155.23	6 661 478.89
17.	% of sub-contracts awarded to SMME Enterprises based in the Bitou Municipality Area vs all contracts	4.45%	7.20%

Table 57: Comparing Schedule

3.28.9 Deviations from the SCM Policy

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes. Deviations to the value of **R 2 345 173.83** were considered and approved and compares as follows to the previous financial years:

Description	2022/23	2021/22	2020/21	2019/20
Value of Deviations	R 2 345 173.83	6 382 154	4 049 944	1 265 297
Number of Deviations	17	30	22	25

Table 58: Value of Deviations

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

Deviations from the SCM Policy were approved in the following categories as per Section 36 of the SCM Policy for the 2022/23 financial year:

Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2021/22		2022/23		2021/22		2022/23	
	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	13	43.33	7	41.18	3 182 489	49.87	1 734 289.25	73.95
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	4	13.33	5	29.41	R 596 806	9.35	207 147.15	8.83
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0	0	0	0	0
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to	13	43.33	5	29.41	R 2 602 857	40.78	403 737.42	17.22

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Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2021/22		2022/23		2021/22		2022/23	
	Number	%	Number	%	Value	%	Value	%
follow the official procurement processes								
Total	30	100	17	100	6 382 154	100	2 345 173.82	100

Table 59: Categories Deviations

3.29 Capital Expenditure

3.29.1 Capital: Fleet

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Tool and equipment	100 000	180 000	143 996	36 004
Total	100 000	180 000	143 996	36 004

Table 60: Capital Expenditure 2022/23 Fleet

3.29.2 Capital: Communication

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Furniture and office equipment	35 200	35 200	33 082	2 118

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Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Total	35 200	35 200	33 082	2 118

Table 61: Capital Expenditure 2022/23 Communication

3.29.3 Capital: Communication

The following table indicates the capital expenditure for this division:

Capital Projects/	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Furniture and office equipment	35 200	35 200	33 082	2 118
Total	35 200	35 200	33 082	2 118

Table 62: Capital Expenditure 2022/23 Communication

COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2023/24

The main development and service delivery priorities for 2023/24 forms part of the Municipality's Top Layer SDBIP for 2023/24 and are indicated in the tables below:

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

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL4	Review and submit the 5th generation IDP for the 2024/25 financial year to Council by 31 May 2024	Draft IDP compiled and submitted to Council	All	1

Table 63: An active and engaging citizenry, able to engage with and shape the municipality's program

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

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2024/25 financial year to the Audit Committee by 30 June 2024	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1
TL2	Complete 90% of audits as scheduled in the RBAP applicable for 2023/24 by 30 June 2024 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed	All	90%
TL3	Complete the annual risk assessment for 2024/25 and submit to the CAE by 31 March 2024	Risk assessment completed and submitted to the CAE	All	1
TL5	Conduct the Mid-year Performance Evaluations of the section 57's employees by 28 February 2024	Number of evaluations completed	All	1
TL6	Conduct the Final Performance Evaluation of the section 57's employees for the 2022/23 by 30 December 2024	Number of evaluations completed	All	1
TL8	Review the Organisational Structure by 30 May 2024	Organisational Structure reviewed by 30 May 2024	All	1
TL18	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 2024 {(Number of people from employment equity target groups	% of people employed	All	70%
TL19	Spend 0.20% of operational budget on training by 30 June 2024 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.20%
TL20	Review the "System of Operational Delegations" and submit to Council by 30 June 2024	System of operational delegations submitted to Council	All	1

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL21	Spend 95% of the allocated capital budget for ICT by 30 June 2024 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% of budget spent	All	70%
TL22	Spend 95% of the allocated capital budget for the back-up power and solar project by 30 June 2024 $\{(Total\ actual\ capital\ expenditure / Total\ capital\ amount\ budgeted) \times 100\}$	% of budget spent	All	95%
TL23	Review the HR Strategy and Plan and submit to Council by 30 May 2024	HR Strategy and Plan reviewed and submitted to Council by 30 May 2024	All	1
TL24	Develop and submit a Talent Management Framework to Council by 31 March 2024	Talent Management Framework developed submitted to Council by 31 March 2024	All	1
TL43	Review and submit the Disaster Management Plan to Council by 31 May 2024	Disaster Management Plan reviewed and submitted to Council	All	1

Table 64: Building a capable, corruption-free administration that is able to deliver on developmental mandate

3.33 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
TL48	Review the LED Chapter (2024/25) and submit to Council for consideration by 31 May 2024	Reviewed LED Chapter submitted to Council	All	1
TL49	Review the LED Chapter Implementation Plan (2024/25) and submit to Council for consideration by 30 June 2024	Reviewed LED Chapter Implementation Plan submitted to Council	All	1
TL50	Create 225 job opportunities in terms of the EPWP by 30 September 2024	Number of job opportunities created	All	225

Table 65: Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns. 2. Economic development of local economy

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

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL7	Spend 95% of the municipal capital budget on capital projects by 30 June 2024 $\{(Actual\ amount\ spent\ on\ projects / Total\ amount\ budgeted\ for\ capital\ projects) \times 100\}$	% budget spent	All	95%
TL14	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2024 $(Short\ Term\ Borrowing + Bank\ Overdraft + Short\ Term\ Lease + Long\ Term\ Borrowing + Long\ Term\ Lease) / (Total\ Operating\ Revenue - Operating\ Conditional\ Grant) \times 100$	% of debt to revenue	All	20%
TL15	Financial viability measured in terms of the outstanding service debtors as at 30 June 2024 $((Total\ outstanding\ service\ debtors / revenue\ received\ for\ services) \times 100)$	% 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 2024 $((Cash\ and\ Cash\ Equivalents - Unspent\ Conditional\ Grants - Overdraft) + Short\ Term\ Investment) / Monthly\ Fixed\ Operational\ Expenditure\ excluding\ (Depreciation,\ Amortisation,\ and\ Provision\ for\ Bad\ Debts,\ Impairment\ and\ Loss\ on\ Disposal\ of\ Assets))\ as\ per\ Circular\ 71$	Number of months it takes to cover fixed operating expenditure with available cash	All	1.2
TL17	Achieve a debtor payment percentage of 90% by 30 June 2024 $(Gross\ Debtors\ Closing\ Balance + Billed\ Revenue - Gross\ Debtors\ Opening\ Balance - Bad\ Debts\ Written\ Off) / Billed\ Revenue \times 100$	% debtor payment achieved	All	90%
TL25	Limit unaccounted for water to less than 30% by 30 June 2024 $\{(Number\ of\ Kilolitres\ Water\ Purchased\ or\ Purified - Number\ of\ Kilolitres\ Water\ Sold) /$	% water losses	All	30%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
	Number of Kilolitres Water Purchased or Purified x 100}			
TL26	Limit unaccounted for electricity to less than 12% as at 30 June 2024 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	12%

Table 66: Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

3.35 Provision of basic services

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL9	Provide subsidies for free basic services to indigent households as at 30 June 2024	Number of indigent households receiving subsidies for free basic services as per Financial System	All	3 404
TL10	Number of residential properties with piped water which can be/or are connected to the municipal water infrastructure network and billed for the service as at 30 June 2024	Number of residential properties billed for piped water	All	11 893
TL11	Number of residential properties with electricity which can be/or are connected to the municipal electrical infrastructure network(credit and prepaid electrical metering and excluding Eskom areas) and billed for the service as at 30 June 2024	Number of residential properties billed credit meter and prepaid meters connected to the network	All	12 500
TL12	Number of residential properties with sanitation services to which can be/or are connected to the municipal waste water (sanitation/sewage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2024	Number of residential properties which are billed for sewerage	All	12 750
TL13	Number of residential properties for which refuse can be removed/ or is removed from, once per week and billed for the service as at 30 June 2024	Number of residential properties which are billed for refuse removal	All	12 500

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL27	Spend 95% of the approved capital budget for Waste Water services by 30 June 2024 $\{(Total\ actual\ capital\ expenditure\ /Total\ capital\ amount\ budgeted)\times 100\}$ (excluding Fleet)	% budget spent	All	95%
TL28	Spend 95% of the approved capital budget for Electrical & Mechanical services by 30 June 2024 $\{(Total\ actual\ capital\ expenditure\ /Total\ capital\ amount\ budgeted)\times 100\}$ (excluding Fleet)	% budget spent	All	95%
TL29	Spend 95% of the approved capital budget for Water services by 30 June 2024 $\{(Total\ actual\ capital\ expenditure\ /Total\ capital\ amount\ budgeted)\times 100\}$ (excluding Fleet)	% budget spent	All	95%
TL30	Spend 95% of the approved capital budget for Roads & Storm Water services by 30 June 2024 $\{(Total\ actual\ capital\ expenditure\ /Total\ capital\ amount\ budgeted)\times 100\}$ (excluding Fleet)	% budget spent	All	95%
TL31	Spend 100% of MIG Funding allocation by 30 June 2024 $\{(Total\ actual\ MIG\ expenditure\ /Total\ MIG\ amount\ budgeted)\times 100\}$	% budget spent	All	100%
TL32	Spend 95% of the allocated capital budget for Fleet Management by 30 June 2024 $\{(Total\ actual\ capital\ expenditure\ /Total\ capital\ amount\ budgeted)\times 100\}$	% budget spent	All	95%
TL33	Conduct 700 potential electricity theft investigations annually by 30 June 2024	Number of inspections conducted	All	700
TL34	Spend 95% of the budget allocated for the upgrade of the Kurland WTW (from 0.6ml to 1.2ml) by 30 June 2024 $\{(Total\ actual\ capital\ expenditure\ /Total\ capital\ amount\ budgeted)\times 100\}$	% budget spent	All	95%
TL35	Spend 95% of the budget allocated for the Plett WTW New Clear Water Pumpstation by 30 June	% budget spent	All	95%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
	2024{(Total actual capital expenditure /Total capital amount budgeted)x100}			
TL36	Spend 95% of the budget allocated for the electrification of informal settlements(Bossiesgif; Qolweni and Kurland) by 30 June 2024{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%
TL37	Spend 95% of the allocated capital budget for the Keurbooms upgrade of electrical network by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%
TL38	Spend 95% of the allocated capital budget for the Brakkloof new 20MVA 66/11KV TRF by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%
TL39	Spend 95% of the allocated capital budget for the electrification of 204 households for Ebenezer Phase A by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%
TL40	Spend 95% of the allocated capital budget for the 11KV links from Kwano to Ladywood by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%
TL41	Spend 95% of the allocated capital budget for the security fencing of the waste water plant by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%
TL42	Spend 95% of the allocated capital budget for the upgrade of all gravel roads in Kranshoek with surfacing by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	95%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL44	Spend 95% of the allocated budget for the Kurland Village -Waste Drop-Off Facility by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	95%
TL45	Spend 95% of the allocated budget for a 3 in 1 Compactor conversion for Skip loading and Hook-lift haulage by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	95%
TL46	Spend 95% of the allocated capital budget for the upgrade of Kranshoek Sportfield floodlights by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	95%

Table 67: Provision of basic services

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

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL47	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2024	Spatial Development Framework (SDF) submitted to Council	All	1
TL51	Review and submit the Housing pipeline to Council by 31 May 2024	Housing pipeline reviewed and submitted to Council	All	1

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

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	
	2021/22	2022/23
Spent 0.10% of operational budget on training by 30 June 2023 {(Actual total training expenditure divided by total operational budget) x100}	0.20%	0.19%

Table 69: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **581** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality’s objectives. The primary objective of HR management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 Employment Equity

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

4.2.2 Employment Equity vs. Population

Description	African	Coloured	Indian	White	Other	Total
Population numbers	22 239	15 344	249	8 307	3 023	49 162
% Population	45%	31%	1%	17%	6%	100%
Number for positions filled	323	232	3	31	0	589
% for Positions filled	54.84	39.39	0.51	5.27	0	100

Table 70: EE Population 2022/23

4.2.3 Specific Occupational Levels - Race

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

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Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	1	0	0	2	0	1	0	0	4
Senior management	1	1	0	1	0	0	0	0	3
Professionally qualified and experienced specialists and mid- management	13	9	1	7	4	3	0	4	41
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	35	41	2	7	51	25	0	3	164
Semi-skilled and discretionary decision making	92	72	0	3	54	41	0	2	264
Unskilled and defined decision making	39	21	0	0	31	14	0	0	105
Total permanent	181	144	3	20	140	84	0	9	581
Non- permanent employees	1	3	0	1	1	1	0	1	8
Total	182	147	3	21	141	85	0	10	589

Table 71: Occupational Levels

4.2.4 Departments - Race

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

Department	2021/22	2022/23								
	Total	Male				Female				Total
		A	C	I	W	A	C	I	W	
Municipal Manager	25	3	6	-	1	6	2	-	3	21
Corporate Services	47	13	10	-	2	20	24	-	-	69
Financial Services	54	12	8	-	3	22	14	-	1	60
Community Services	251	91	61	1	5	65	39	-	2	264
Municipal Services and Infrastructure Development	139	57	52	2	5	18	3	-	-	137

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Department	2021/22	2022/23								
	Total	Male				Female				Total
		A	C	I	W	A	C	I	W	
Planning & Strategic Services	21	5	7	-	4	9	2	-	3	30
Total permanent	537	181	144	3	20	140	84	0	9	581
Non- permanent	28	1	3	0	1	1	1	0	1	8
Grand total	565	182	147	3	21	141	85	0	10	589

Table 72: Department - Race

4.2.5 Vacancy Rate

The Municipality had **664** budgeted positions approved for the 2022/23 financial year. **43** Budgeted posts were vacant at the end of 2022/23, resulting in a vacancy rate of **6.48%**. A total number of **589** positions were filled of which **581** are permanent and **8** positions temporarily as at end of the 2022/2023 financial year.

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

Per Post Level				
Post level	2021/22		2022/23	
	Filled	Vacant	Filled	Vacant
MM & MSA section 57 & 56	3	3	4	2
Middle management (T14-T19)	41	6	42	5
Admin Officers (T4-T13)	390	32	436	23
General Workers (T3)	100	12	107	13
Total	537	53	589	43
Per Functional Level				
Functional area	Filled	Vacant	Filled	Vacant
Municipal Manager	25	5	22	4
Corporate Services	47	3	70	7
Financial Services	54	6	60	6
Community Services	251	16	269	12

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Per Post Level				
Post level	2021/22		2022/23	
	Filled	Vacant	Filled	Vacant
Engineering Services	139	21	138	11
Planning & Strategic Services	21	2	30	3
Total	537	53	589	43

Table 73: 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 increase from **4.09%** in 2021/22 compared to the **5.27%** in 2022/23.

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
2021/22	537	27	22	4.09%
2022/23	589	88	31	5.27%

Table 74: 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 2021/22 financial year shows that **34** employees (**6.17%**) of **551** employees were injured against **40** (**6.79%**) employees of **589** employees in the 2022/23 financial year.

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

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Directorates	2021/22	2022/23
Municipal Manager	0	0
Corporate Services	1	1
Financial Services	0	2
Community Services	18	28
Engineering Services	15	7
Economic Development and Planning Services	0	2
Total	34	40

Table 75: 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 2022/23 financial year shows a decrease when compared to the 2021/22 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2021/22	2022/23
Municipal Manager	161	114
Corporate Services	321.25	261.75
Financial Services	400	238
Community Services	1895.75	1640.25
Engineering Services	1 620	1 085
Economic Development and Planning Services	203.67	161
Total	4 601.67	3 500

Table 76: Sick Leave

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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 Municipality subsequently throughout the financial year under review reviewed/developed several policies to be inline with the Staff Regulation 890 and Guidelines 891.

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
Placement Policy	31 October 2022

Table 77: 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 (2021/22)	Number of Employees that received training (2021/22)	Number of employees identified for training at start of the year (2022/23)	Number of Employees that received training (2022/23)
Top Management	Female	0	0	0	0
	Male	0	1	0	0
Senior management	Female	5	3	0	0
	Male	8	3	0	0
Professionally qualified and experienced specialists and mid-management	Female	13	1	3	1
	Male	15	1	4	4
Skilled technical and academically qualified workers, junior management,	Female	10	16	40	13
	Male	25	21	45	23

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Management level	Gender	Number of employees identified for training at start of the year (2021/22)	Number of Employees that received training (2021/22)	Number of employees identified for training at start of the year (2022/23)	Number of Employees that received training (2022/23)
supervisors, foremen and superintendents					
Semi-skilled and discretionary decision making	Female	35	10	45	19
	Male	23	23	45	33
Unskilled and defined decision making	Female	7	3	25	1
	Male	36	18	25	4
Sub total	Female	70	33	113	34
	Male	105	67	117	64
Total		175	99	230	98

Table 78: 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. Furthermore Regulation 890 and Guidelines 891 has placed an emphasis on the development of staff skills as per Chapter 5

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	0	0	0	0	0
Senior management	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	Female	0	1	1	2	1	3	33
	Male	3	2	1	2	4	4	100
Skilled technical and academically qualified workers, junior management, supervisors,	Female	6	15	7	25	13	40	33
	Male	9	20	14	25	23	45	51

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Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
foremen and superintendents								
Semi-skilled and discretionary decision making	Female	9	15	10	30	19	45	42
	Male	7	15	26	30	33	45	73
Unskilled and defined decision making	Female	1	10	0	15	1	25	4
	Male	4	10	0	15	4	25	16
Sub total	Female	16	41	18	72	34	113	30
	Male	23	47	41	70	64	117	55
Total		39	88	59	142	98	230	43

Table 79: Skills Development

4.4.3 Skills Development - Budget Allocation

The table below indicates that a total amount of R1,45 million were allocated to the workplace skills plan and that 107.2% of the total was spent in the 2022/2023 financial year.

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2021/22	275 787	1 450 000	1 553 210	107.12
2022/23	307 942	1 650 000	1 559 525	95.42

Table 80: 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.

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In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

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

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

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

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

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

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Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Senior managers (Sec. 56)	2	2	2	2
Any other financial officials	19	19	19	19
Supply Chain Management Officials				
Heads of supply chain management units	1	1	1	1
Supply chain management senior managers	2	2	2	2
Total	26	26	26	26

Table 81: Budget Allocated and Spent for Skills Development

4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

4.5.1 Personnel Expenditure

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

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		%
2021/22	282 855	805 938	35.1
2022/23	294 230	796 807	36.93

Table 82: Total Personnel Expenditure

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

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Financial year	2021/22	2022/23		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers Plus Other)				
Salary	4 715	4 479	4 799	5 244
Pension Contributions	311	648	648	422
Medical Aid Contributions	92	119	119	117
Motor vehicle allowance	256	662	343	331
Cell phone allowance	570	581	581	538
Housing allowance	108	215	215	0
In-kind benefits	147	240	240	68
Sub Total	6 198	6 944	6 944	6 721
% increase/(decrease)	(0.83)	12.04	12.04	8.44
Senior Managers of the Municipality				
Basic Salaries and Wages	4 750	6 919	6 004	4 290
Motor vehicle allowance	1 810	1 520	616	606
Cell phone allowance	308	378	333	227
Performance Bonus	0	410	374	0
Contributions to UIF, Medical and Pension Fund	494	787	703	672
Other benefits or allowances (Acting)	146	819	1 618	1 224
Sub Total	7 508	10 833	9 648	7 018
% increase/(decrease)	(14.72)	44.29	28.51	(6.52)
Other Municipal Staff				
Basic Salaries and Wages	166 967	173 552	171 341	168 561
Contributions to UIF, Medical and Pension	48 866	68 429	68 267	50 527
Motor vehicle allowance	9 004	10 309	10 743	11 136
Housing allowance	887	1 501	1 448	965

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Financial year	2021/22		2022/23	
	Actual	Original Budget	Adjusted Budget	Actual
Description	R'000			
Overtime	20 796	15 209	19 365	22 368
Other benefits or allowances	22 630	28 670	29 162	26 934
Sub Total	269 150	297 671	300 326	280 490
% increase/(decrease)	4.04	10.60	11.58	4.21
Total Municipality	282 855	315 448	316 918	294 230
% increase/(decrease)	3.17	11.52	12.04	4.02

Table 83: 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 2022/23 financial year:

Financial Summary						
R'000						
Description	2021/22	2022/23			2022/23 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	157 194	159 956	152 705	151 445	-5.62	-0.83
Service charges	397 347	441 316	423 494	405 638	-8.80	-4.40
Investment revenue	3 747	4 600	5 700	8 035	42.75	29.06
Transfers recognised - operational	142 863	153 896	164 774	155 970	1.33	-5.64
Other own revenue	108 306	62 926	59 118	118 904	47.08	50.28
Total Revenue (excluding capital transfers and contributions)	809 457	822 693	805 791	839 992	2.06	4.07
Employee costs	276 657	306 473	307 943	287 508	-6.60	-7.11
Remuneration of councillors	6 198	6 944	6 944	6 721	-3.32	-3.32
Depreciation & asset impairment	35 507	37 400	38 163	36 393	-2.77	-4.86
Finance charges	19 283	10 739	8 776	19 740	45.60	55.54
Materials and bulk purchases	174 666	179 576	191 616	177 949	-0.91	-7.68
Transfers and grants	4 527	4 750	7 285	5 626	15.57	-29.49
Other expenditure (Remaining)	289 100	272 891	291 098	262 869	-3.81	-10.74
Total Expenditure	805 938	818 774	851 826	796 807	-2.76	-6.90
Surplus/(Deficit)	3 519	3 919	(46 035)	43 185	90.93	206.60
Transfers recognised - capital	48 270	46 335	47 661	36 567	-26.71	-30.34

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Financial Summary						
R'000						
Description	2021/22	2022/23			2022/23 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Contributions recognised- capital and contributed assets	0	0	0	0	0	0
Surplus/(Deficit) after capital transfers & contributions	51 789	50 254	1 626	79 752	36.99	97.96
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	48 270	46 335	47 661	36 567	-26.71	-30.34
Public contributions and donations	0	0	0	0	0	0
Borrowing	0	0	35 255	35 255	100.00	0.00
Internally generated funds	29 947	51 965	19 055	12 985	-300.19	-46.74
Total sources of capital funds	78 217	98 300	101 971	84 807	-15.91	-20.24
Financial position						
Total current assets	165 841	272 028	86 272	234 613	-15.95	63.23
Total non-current assets	1 208 460	1 345 582	(65 629)	1 255 346	-7.19	105.23
Total current liabilities	151 459	150 778	248 404	175 960	14.31	-41.17
Total non-current liabilities	150 670	226 140	(55 213)	162 075	-39.53	134.07
Community wealth/Equity	1 072 171	1 240 692	(172 420)	1 151 923	-7.71	114.97
Cash flows						
Net cash from (used) operating	76 571	120 049	102 148	107 495	-11.68	4.97
Net cash from (used) investing	(79 813)	(98 450)	(101 971)	(74 495)	-32.16	-36.88
Net cash from (used) financing	(21 591)	(21 828)	13 451	13 451	262.28	0.00
Cash/cash equivalents at the year end	(24 833)	(229)	13 628	46 451	100.49	70.66
Cash backing/ surplus reconciliation						
Cash and investments available	58 485	113 235	25 123	95 078	-19.10	73.58
Application of cash and investments	(36 900)	(136 025)	(28 398)	(51 704)	-163.08	45.08

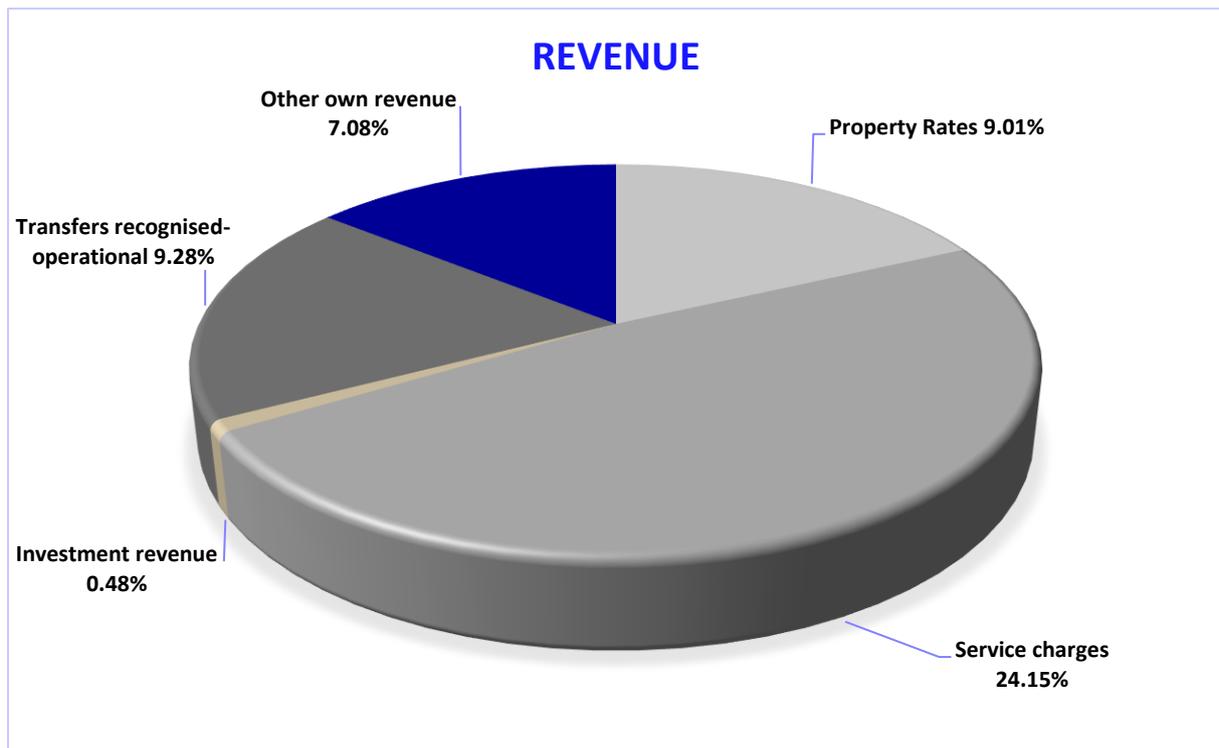
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Financial Summary						
R'000						
Description	2021/22	2022/23			2022/23 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Balance -surplus (shortfall)	21 585	(22 790)	(3 275)	43 374	152.54	107.55
Asset management						
Asset register summary (WDV)	1 208 460	1 345 582	1 270 095	1 255 346	-7.19	-1.17
Depreciation and asset impairment	35 507	37 400	38 163	36 393	-2.77	-4.86
Renewal of Existing Assets	4 254	6 515	5 765	0	0	0
Repairs and Maintenance	53 679	62 096	60 717	51 724	-20.05	-17.39
Free services						
Cost of Free Basic Services provided	31 456	0	0	42 095	100.00	100.00
Revenue cost of free basic services provided	5 860	0	0	6 172	100.00	100.00

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 84: Financial Performance 2022/23

The following graph indicates the various types of revenue items in the municipal budget for 2022/23

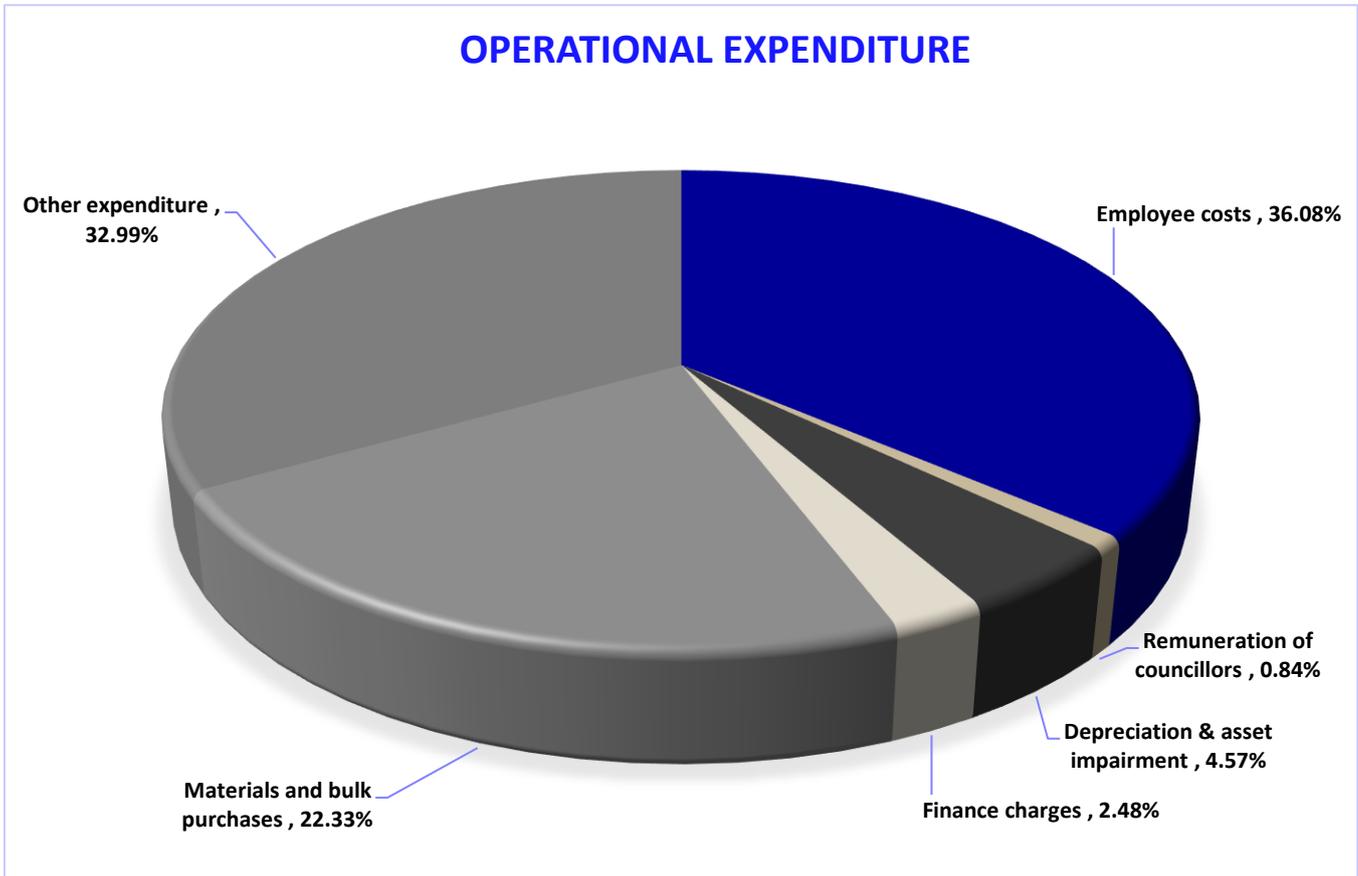


Graph 2.: Revenue



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The following graph indicates the various types of operational expenditure items in the municipality budget for 2022/23



Graph 3.: *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	
2021/22	894 587	857 727	36 860	4	790 897	805 938	(15 041)	-2
2022/23	852 929	876 559	(23 630)	-3	804 785	796 807	7 978	1

Table 85: Performance Against Budgets

5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2021/22	2022/23			2022/23 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Executive and Council	2 918	2 918	2 918	18	-15 744.00	-15 744.00
Vote 2 - Office of the Municipal Manager	48 170	55 066	55 165	131 670	58.18	58.10
Vote 3 - Corporate Services	7 051	0	404	3 690	100.00	89.06
Vote 4 - Community Services	134 422	139 714	131 685	128 590	-8.65	-2.41
Vote 5 - Economic Development and Planning	19 694	4 202	5 941	9 539	55.95	37.72
Vote 6 - Financial Services	178 721	181 221	178 152	170 985	-5.99	-4.19
Vote 7 - Engineering Services	466 446	485 908	479 186	432 053	-12.46	-10.91
Total Revenue by Vote	857 422	869 028	853 452	876 546	0.86	2.63

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

Table 86: Revenue by Vote

5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2022/23 financial year:

Description	2021/22	2022/23			2022/23 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	157 194	159 956	152 705	151 445	-5.62	-0.83
Service Charges - electricity revenue	201 025	207 720	201 639	210 201	1.18	4.07
Service Charges - water revenue	80 134	93 277	88 015	81 439	-14.54	-8.08
Service Charges - sanitation revenue	82 749	87 047	85 561	72 645	-19.83	-17.78
Service Charges - refuse revenue	33 439	53 272	48 278	41 353	-28.82	-16.75

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Description	2021/22	2022/23			2022/23 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Rentals of facilities and equipment	1 283	1 193	1 179	1 124	-6.17	-4.90
Interest earned - external investments	3 747	4 600	5 700	8 035	42.75	29.06
Interest earned - outstanding debtors	28 462	14 572	18 432	34 104	57.27	45.95
Dividends received	0	0	0	0	0	0
Fines	54 430	35 870	25 758	46 722	23.23	44.87
Licences and permits	1 091	1 002	1 064	1 196	16.20	11.05
Agency services	2 423	2 414	2 536	2 501	3.47	-1.40
Transfers recognised - operational	142 863	153 896	164 774	155 970	1.33	-5.64
Other revenue	13 412	7 875	9 629	26 052	69.77	63.04
Gains on disposal of PPE	7 205	0	522	7 205	100.00	92.76
Total Revenue (excluding capital transfers and contributions)	809 457	822 693	805 791	839 992	2.06	4.07

Table 87: Revenue by Source

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5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2022/23 financial year:

Description	2021/22	2022/23			2022/23 Variance	
	<i>Actual (Audited Outcome)</i>	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
		R'000			%	
Operating Cost						
Water	71 986	86 882	69 336	(6 666)	1403.27	1140.07
Waste Water (Sanitation)	123 116	31 182	59 041	132 989	76.55	55.60
Electricity	205 338	215 443	229 482	206 328	-4.42	-11.22
Waste Management	54 548	57 018	63 304	55 655	-2.45	-13.74
Housing	20 168	17 512	29 229	19 811	11.61	-47.54
Component A: sub-total	475 157	408 036	450 392	408 116	0.02	-10.36
Road Transport	35 575	34 994	35 818	32 805	-6.67	-9.18
Component B: sub-total	35 575	34 994	35 818	32 805	-6.67	-9.18
Planning and Development	42 069	42 495	41 087	45 043	5.66	8.78
Air Transport	2 842	4 530	4 627	4 150	-9.13	-11.48
Tourism	0	1	0	2	72.10	100.00
Other	29 729	5 782	5 782	10 071	42.58	42.58
Health	0	0	0	0	0	0
Component C: sub-total	74 641	52 808	51 496	59 267	10.90	13.11
Libraries and Archives	15 243	18 142	17 086	16 018	-13.26	-6.67
Cemeteries, Funeral Parlours and Crematoriums	1 653	2 449	2 275	1 998	-22.54	-13.85
Community and Social Services	12 708	14 032	13 977	10 528	-33.28	-32.76
Component D: sub-total	29 604	34 622	33 338	28 544	-21.29	-16.79
Environmental Protection	0	0	0	0	0	0
Component E: sub-total	0	0	0	0	0	0
Public Safety	74 540	69 843	72 594	95 123	26.58	23.68
Component F: Sub Total	74 540	69 843	72 594	95 123	26.58	23.68
Sport and Recreation	22 683	26 853	26 707	23 191	-15.79	-15.16
Component G: Sub Total	22 683	26 853	26 707	23 191	-15.79	-15.16
Finance and Administration	63 337	152 040	141 605	116 579	-30.42	-21.47
Internal Audit	4 408	5 681	5 701	4 522	-25.65	-26.08
Executive and Council	25 688	33 897	34 176	28 646	-18.33	-19.30
Component H: sub-total	93 434	191 618	181 482	149 747	-27.96	-21.19
Total Net Operational Expenditure	805 633	818 774	851 826	796 794	-2.76	-6.91

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In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service.
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 88: Operational Services Performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 Water Services

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	128 629	142 523	135 380	113 300	-25.79
Expenditure					
Employees	15 051	16 023	16 492	14 981	-6.96
Repairs and Maintenance	2 030	3 769	4 136	3 802	0.87
Other	54 906	67 089	48 707	(25 450)	363.61
Total Operational Expenditure	71 986	86 882	69 336	(6 666)	1403.27
Net Operational (Service) Expenditure	56 642	55 641	66 044	119 967	53.62

Table 89: Financial Performance: Water services

5.2.2 Waste Water (Sanitation)

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	101 454	101 614	107 201	91 365	-11.22
Expenditure					
Employees	13 098	12 777	13 992	13 040	2.01
Repairs and Maintenance	2 010	2 451	2 451	2 359	-3.92
Other	108 007	15 954	42 598	117 591	86.43
Total Operational Expenditure	123 116	31 182	59 041	132 989	76.55
Net Operational (Service) Expenditure	(21 662)	70 432	48 160	(41 624)	269.21

Table 90: Financial Performance: Waste Water (Sanitation) services

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5.2.3 Electricity

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	232 213	239 081	233 787	224 391	-6.55
Expenditure					
Employees	19 617	21 352	22 239	22 475	4.99
Repairs and Maintenance	9 463	7 171	7 369	6 132	-16.95
Other	176 258	186 920	199 873	177 722	-5.18
Total Operational Expenditure	205 338	215 443	229 482	206 328	-4.42
Net Operational (Service) Expenditure	26 876	23 637	4 305	18 063	-30.86

Table 91: Financial Performance: Electricity

5.2.4 Waste Management

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	53 001	71 552	66 558	50 164	-42.63
Expenditure					
Employees	20 241	24 718	24 599	22 587	-9.44
Repairs and Maintenance	934	1 250	2 131	1 924	35.03
Other	33 373	31 049	36 574	31 144	0.30
Total Operational Expenditure	54 548	57 018	63 304	55 655	-2.45
Net Operational (Service) Expenditure	(1 547)	14 534	3 254	(5 491)	364.69

Table 92: Financial Performance: Waste Management

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5.2.5 Housing

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	11 000	15 475	22 026	11 450	-35.14
Expenditure					
Employees	7 820	6 951	7 041	6 577	-5.68
Repairs and Maintenance	48	169	100	15	-1063.93
Other	12 300	10 392	22 088	13 219	21.39
Total Operational Expenditure	20 168	17 512	29 229	19 811	11.61
Net Operational (Service) Expenditure	(9 168)	(2 037)	(7 203)	(8 360)	75.63

15. Financial Performance: Housing

5.2.6 Roads and Stormwater

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	338	159	159	523	69.62
Expenditure					
Employees	7 977	8 450	8 450	8 217	-2.84
Repairs and Maintenance	14 794	11 188	11 188	10 647	-5.08
Other	12 805	15 356	16 180	13 941	-10.15
Total Operational Expenditure	35 575	34 994	35 818	32 805	-6.67
Net Operational (Service) Expenditure	(35 238)	(34 835)	(35 659)	(32 282)	-7.91

Table 93: Financial Performance: Roads and Stormwater

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

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	23 756	6 752	8 619	12 249	44.88
Expenditure					
Employees	27 869	33 151	33 491	33 412	0.78
Repairs and Maintenance	34	300	150	100	-201.51
Other	14 167	9 044	7 445	11 532	21.57
Total Operational Expenditure	42 069	42 495	41 087	45 043	5.66
Net Operational (Service) Expenditure	(18 313)	(35 743)	(32 467)	(32 794)	-8.99

Table 94: Financial Performance: Planning (Development Management, Spatial Planning and Environmental Management, Building Control and Property Management)

5.2.11 IDP and LED

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	0	0	0	0
Expenditure					
Employees	0	6 333	6 353	6 173	-2.60
Repairs and Maintenance	0	0	0	0	0
Other	0	1 160	931	1 008	-15.11
Total Operational Expenditure	0	7 493	7 285	7 181	-4.35
Net Operational (Service) Expenditure	0	(7 493)	(7 285)	(7 181)	-4.35

Table 95: Financial Performance: IDP and LED

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5.2.12 Libraries

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	10 539	11 879	11 879	12 783	7.08
Expenditure					
Employees	11 150	12 810	12 278	11 243	-13.94
Repairs and Maintenance	1 135	1 425	820	721	-97.68
Other	2 958	3 907	3 989	4 055	3.64
Total Operational Expenditure	15 243	18 142	17 086	16 018	-13.26
Net Operational (Service) Expenditure	(4 704)	(6 263)	(5 207)	(3 235)	-93.60

Table 96: Financial Performance: Libraries

5.2.13 Cemeteries

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	52	59	59	146	59.88
Expenditure					
Employees	1 100	1 586	1 586	1 354	-17.15
Repairs and Maintenance	15	0	0	0	0
Other	537	863	689	644	-33.85
Total Operational Expenditure	1 653	2 449	2 275	1 998	-22.54
Net Operational (Service) Expenditure	(1 601)	(2 390)	(2 216)	(1 852)	-29.03

Table 97: Financial Performance: Cemeteries

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5.2.14 Traffic and Law Enforcement

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	56 086	39 193	29 698	49 994	21.60
Expenditure					
Employees	41 044	43 631	44 275	43 425	-0.47
Repairs and Maintenance	597	3 534	3 534	1 817	-94.49
Other	32 899	22 678	24 785	49 881	54.54
Total Operational Expenditure	74 540	69 843	72 594	95 123	26.58
Net Operational (Service) Expenditure	(18 454)	(30 650)	(42 896)	(45 129)	32.09

Table 98: Financial Performance: Traffic and Law Enforcement

5.2.15 Sport and Recreation

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	546	123	127	1 079	88.60
Expenditure					
Employees	17 041	19 274	19 568	17 074	-12.88
Repairs and Maintenance	2 498	3 290	2 794	2 170	-51.65
Other	3 144	4 289	4 345	3 948	-8.65
Total Operational Expenditure	22 683	26 853	26 707	23 191	-15.79
Net Operational (Service) Expenditure	(22 137)	(26 730)	(26 580)	(22 113)	-20.88

Table 99: Financial Performance: Sport and Recreation

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5.2.16 Executive Council

Description	2021/22		2022/23		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	51 088	57 984	58 083	131 274	55.83
Expenditure					
Employees	14 359	18 457	18 687	16 021	-15.20
Repairs and Maintenance	3	21	21	0	0
Other	11 326	15 420	15 469	12 625	-22.14
Total Operational Expenditure	25 688	33 897	34 176	28 646	-18.33
Net Operational (Service) Expenditure	25 399	24 087	23 907	102 627	76.53

Table 100: Financial Performance: Executive Council

5.2.17 Corporate Services

Description	2021/22		2022/23		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	0	0	0	0
Expenditure					
Employees	0	1 707	1 789	1 548	-10.25
Repairs and Maintenance	0	0	0	0	0
Other	0	651	510	(1 477)	144.07
Total Operational Expenditure	0	2 358	2 299	72	-3 193.49
Net Operational (Service) Expenditure	0	(2 358)	(2 703)	(747)	-215.56

Table 101: Financial Performance: Corporate Services

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5.2.7 Tourism

Description	2021/22	2022/23			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	0	0	0	0
Expenditure					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	1 381	(1 382)	2	-58 656.03
Total Operational Expenditure	0	1 381	(1 382)	2	
Net Operational (Service) Expenditure	0	(1 381)	1 382	(2)	- 58656.03

Table 102: Financial Performance: Tourism

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5.3 GRANTS

5.3.1 Grant Performance

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

Description	2021/22	2022/23			2022/23 Variance	
	<i>Actual (Audited Outcome)</i>	Budget	Adjustments Budget	Actual	Original Budget	Adjust ments Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	151 409	163 121	163 727	160 280	-1.77	-2.15
Equitable Share	111 953	129 019	129 019	129 019	0	0
Local Government Financial Management	1 550	1 721	1 721	1 043	64.96	64.96
Extended public works program (EPWP)	996	1 155	1 155	1 155	0	0
Municipal Infrastructure	28 516	22 508	23 114	13 765	-63.51	-67.91
Municipal Disaster Recovery	0	0	0	0	0	0
Integrated National Electrification Programme	4 235	8 718	8 718	8 718	0	0
Energy Efficiency and Demand Side Management	4 159	0	0	0	0	0
Water Services Infrastructure	0	9 079	6 579	6 579	38.00	0.00
Provincial Government:	38 950	28 031	41 610	31 721	11.63	31.17
Community Library Services	1 329	150	150	2 295	93.46	93.46
Human Settlement Development (Beneficiaries)	1 173	9 260	18 811	10 985	15.70	-71.25
Human Settlement Development	13 823	6 000	3 000	0	0	0
Municipal replacement funding	9 884	11 867	11 867	9 572	23.98	23.98
Local Government Graduate Internship	0	0	0	0	0	0
Community Development Workers (CDW)	3	0	0	0	0	0
Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	7 954	0	5 600	6 993	100	19.91
Local Government Public Employment Support	1 072	0	128	128	100	0
Regional Social Economic Projects (RSEP)	1 419	0	500	500	100	0
Municipal Library Support	911	0	0	0	0	0

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Description	2021/22	2022/23			2022/23 Variance	
	Actual (Audited Outcome)	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
<u>Operating Transfers and Grants</u>						
Thusong Services Centres	150	0	0	79	100	100
Financial Assistance to Municipalities For Maintenance And Construction Of Transport Infrastructure	230	135	135	135	0	0
Financial Management Capacity Building	250	19	19	14	34.41	34.41
Disaster Management: Emergency Housing	0	0	0	0	0	0
Western Cape Municipal Energy Resilience (WC MER)	750	600	1 400	1 021	41.22	37.14
District Municipality:	0	0	120	0	0	0
Safety Plans	0	0	120	0	0	0
Other grant providers:	498	0	0	0	0	0
Nedbank - LED Contribution	498	0	0	0	0	0
Local Government, Water and Related Service SETA	276	0	399	536	100	25.52
Total Operating Transfers and Grants	191 133	200 231	212 435	192 537	-4.00	-10.33
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 103: Grant Performance for 2021/22

5.3.2 Conditional Grants

Details	2021/22	2022/23			2022/23 Variance	
	Actual	Budget	Adjustments Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustments Budget
	R'000				%	
Local Government Financial Management	1 550	1 721	1 721	1 043	64.96	-64.96
Extended public works program (EPWP)	996	1 155	1 155	1 155	0	0
Municipal Infrastructure	28 516	22 508	23 114	13 765	63.51	-67.91
Municipal Disaster Recovery	0	0	0	0	0	0
Integrated National Electrification Programme	4 235	8 718	8 718	8 718	0	0

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Details	2021/22	2022/23			2022/23 Variance	
	Actual	Budget	Adjustments	Actual	Variance	
	Actual (Audited Outcome)		Budget		Budget	Budget
	R'000				%	
Energy Efficiency and Demand Side Management	4 159	0	0	0	0	0
Water Services Infrastructure	0	9 079	6 579	6 579	38	0
Community Library Services	1 329	150	150	2 295	93.46	93.46
Human Settlement Development (Beneficiaries)	1 173	9 260	18 811	10 985	15.7	71.25
Human Settlement Development	13 823	6 000	3 000	0	0	0
Municipal replacement funding	9 884	11 867	11 867	9 572	23.98	23.98
Local Government Graduate Internship	0	0	0	0	0	0
Community Development Workers (CDW)	3	0	0	0	0	0
Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	7 954	0	5 600	6 993	100	19.91
Local Government Public Employment Support	1 072	0	128	128	100	0
Regional Social Economic Projects (RSEP)	1 419	0	500	500	100	0
Municipal Library Support	911	0	0	0	0	0
Thusong Services Centres	150	0	0	79	100	100
Financial Assistance to Municipalities For Maintenance And Construction Of Transport Infrastructure	230	135	135	135	0	0
Financial Management Capacity Building	250	19	19	14	34.41	34.41
Disaster Management: Emergency Housing	0	0	0	0	0	0
Western Cape Municipal Energy Resilience (WC MER)	750	600	1 400	1 021	41.22	37.14
Safety Plans	0	0	120	0	0	0
Nedbank - LED Contribution	498	0	0	0	0	0
Local Government, Water and Related Service SETA	276	0	399	536	100	25.52

Table 104: 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	
2021/22	191 790	857 727	22.36
2022/23	189 257	876 559	21.59

Table 105: Reliance on grants

The following graph indicates the municipality's reliance on grants for the last two financial years:

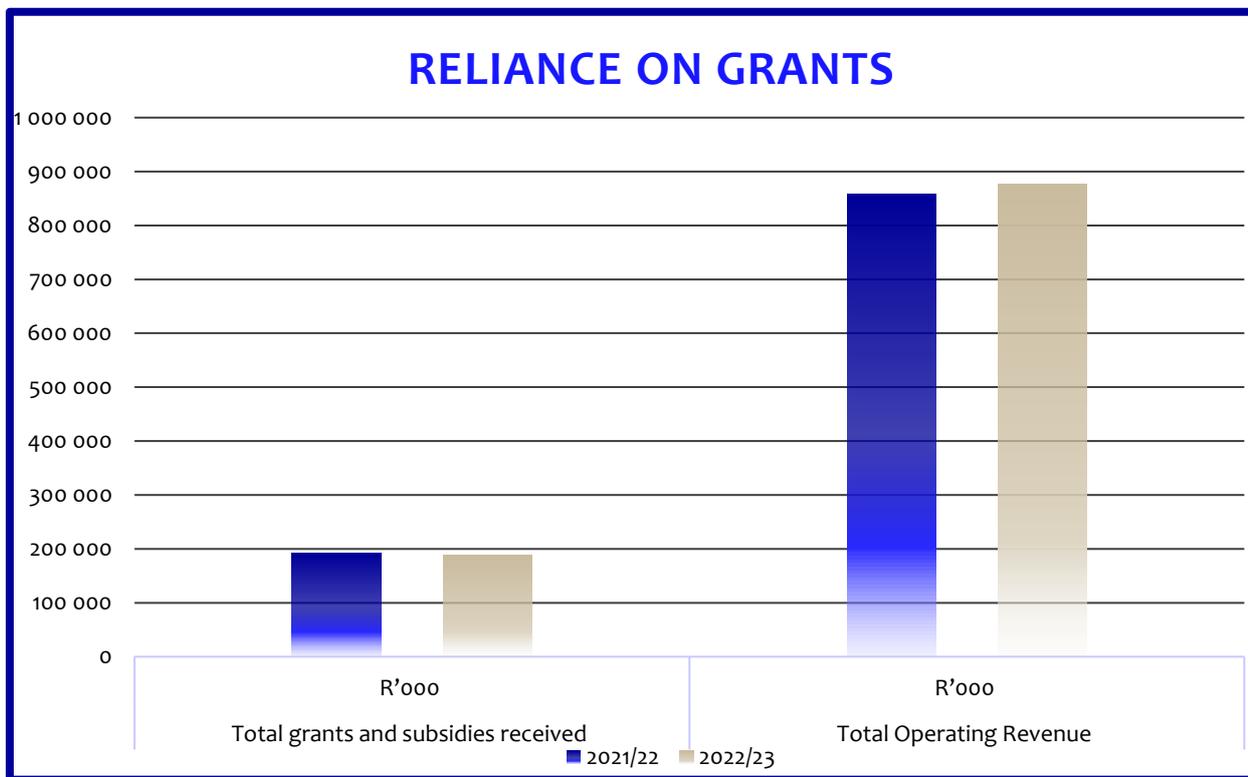


Figure 5.: Reliance on Grants

5.4 ASSET MANAGEMENT

The objectives of the asset management within the Bitou Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the Municipality's assets through:

- Proper recording of assets from authorisation to acquisition and to subsequent disposal
- Providing for safeguarding procedures
- Setting proper guidelines as to authorised utilisation
- Prescribing for proper maintenance

The key elements of the Asset Management Policy represent:

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- Statutory and regulatory framework / responsibilities and accountabilities
- Financial management / internal controls / management of control items
- Management and operation of assets / classification & components
- Accounting for assets / financial disclosure

The asset management section consists of three staff members and forms part of the Expenditure & Asset Management Division within the finance directorate.

The costing module on the SAMRAS Management Information System is utilized to cost all new asset components up to completion there-of. This approach was deployed over the past year with great success.

Regular asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding asset register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place. The asset register is currently hosted on software specifically developed for this purpose.

5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	Farm 440 Portion 105 (Asset ID 22967)	
Description	Airport	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2018	2021/22 R million	2022/23 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 106: Treatment of the three largest assets: Asset 1

Asset 2		
Name	Farm 456 Portion 1 (Asset ID 22968)	
Description	Grootfontein (Golf Course)	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2018	2021/22 R million	2022/23 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 107: Treatment of the three largest assets: Asset 2

Asset 2	
Name	Erf 4117, Beacon Island (Plettenberg Bay) (Asset ID 22950)

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Asset 2		
Description	Desalination Plant	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2018	2021/22 R million	2022/23 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 108: Treatment of the three largest assets: Asset

5.4.2 Repairs and Maintenance

Description	2021/22	2022/23			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			
Repairs and maintenance expenditure	53 679	62 096	60 717	51 724	-17.39

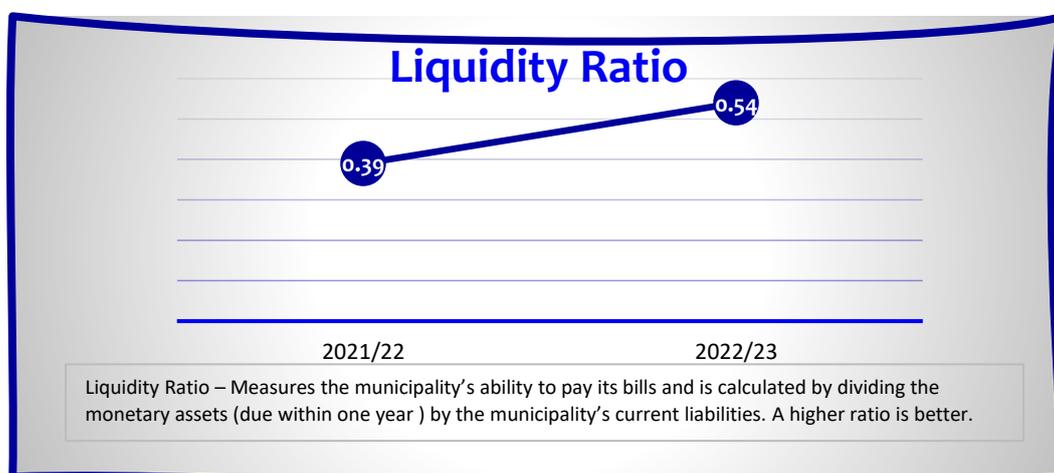
Table 109: Repairs & Maintenance Expenditure

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 Liquidity Ratio

Description	Basis of calculation	2021/22	2022/23
		Actual	Actual
Current Ratio	Current assets/current liabilities	1.09	1.33
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-1.09	-0.80
Liquidity Ratio	Monetary Assets/Current Liabilities	0.39	0.54

Table 110: Liquidity Financial Ratio



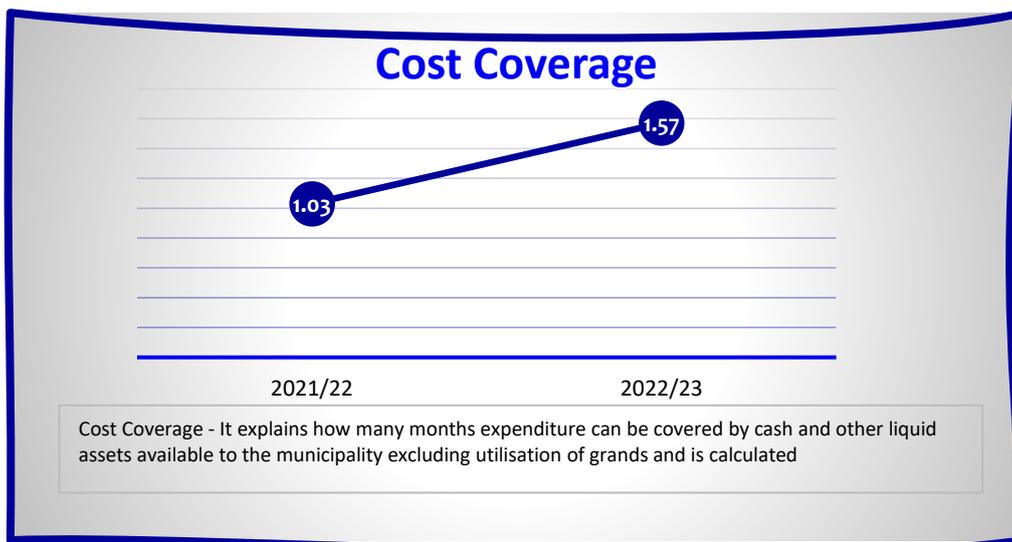
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Graph 4.: Liquidity Ratio

5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2021/22	2022/23
		Actual	Actual
Cost Coverage	(Available cash + Investments-Unspent Grants)/monthly fixed operational expenditure	1.03	1.57
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	803	10.22
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	13.29	14.92

Table 111: Financial Viability National KPAs



Graph 5.: Cost Coverage

5.5.3 Borrowing Management

Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.18%	5.21%

Table 112: Borrowing Management

5.5.4 Employee Costs

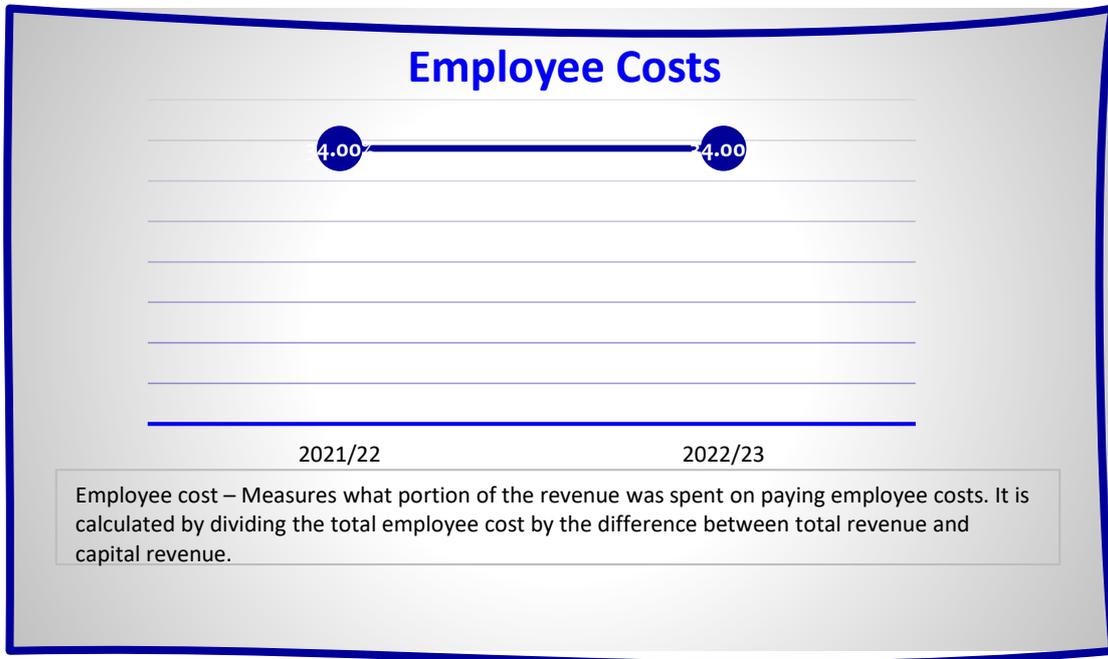
Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audit outcome

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Employee costs	Employee costs/(Total Revenue - capital revenue)	34%	34%
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16. Employee Costs

The following graph indicates the employee costs for 2022/23:



Graph 6.: Employee Costs

5.5.5 Repairs and Maintenance

Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audit outcome
Repairs and Maintenance	R&M/(Total Revenue excluding capital revenue)	6.6%	6.2%

Table 113: Repairs and Maintenance

The following graph indicates the repairs and maintenance for 2022/23:

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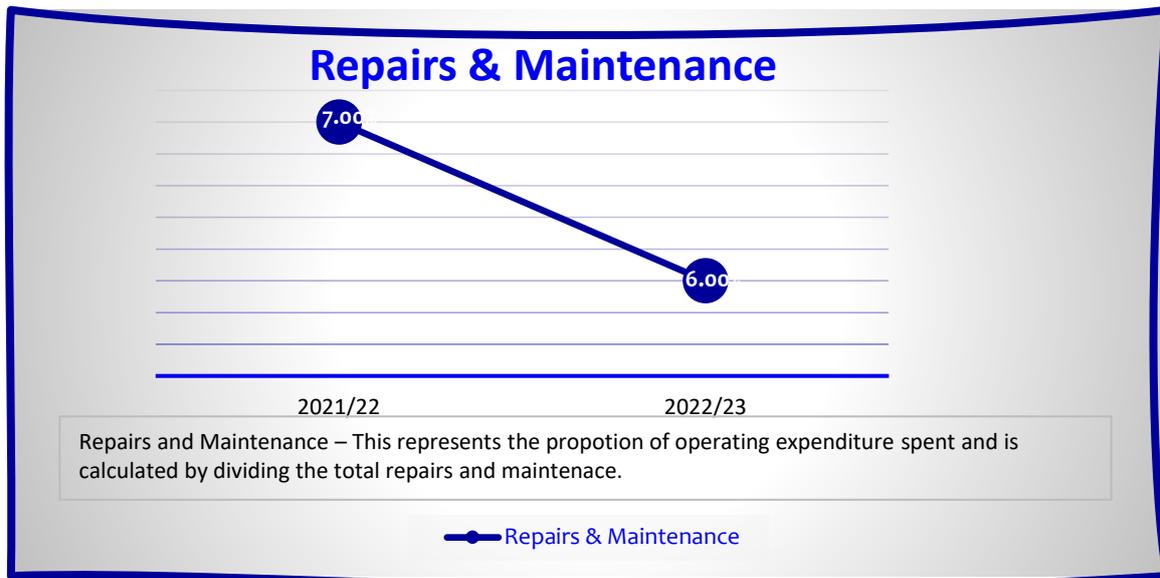


Table 114: Repairs and Maintenance

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2021/22	2022/23			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
R'000							
Capital expenditure by Asset Class							
Infrastructure - Total	53 798	76 985	76 163	62 176	109 218	74 826	81 324
Infrastructure: Road transport - Total	9 984	8 790	9 644	8 656	18 669	100	5 000
Roads, Pavements & Bridges	9 984	3 790	4 644	3 781	13 669	100	0
Storm water	0	5 000	5 000	4 875	5 000	0	5 000
Infrastructure: Electricity - Total	14 585	18 616	23 257	23 070	24 662	27 248	39 967
Generation	0	0	0	0	0	0	0
Transmission & Reticulation	14 585	18 616	23 257	23 070	24 662	27 248	39 967
Street Lighting	0	0	0	0	0	0	0
Infrastructure: Water - Total	13 972	42 379	36 697	24 453	39 417	15 685	4 200
Bulk Mains	0	3 000	266	271	21 950	0	0



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Description	2021/22	2022/23			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Water Purification	3 000	7 895	7 895	5 727	17 467	15 685	4 200
Reticulation	10 972	31 484	28 537	18 454	0	0	0
Infrastructure: Sanitation - Total	12 201	7 200	6 460	5 954	25 120	26 794	25 157
Reticulation	8 192	7 200	6 460	5 954	25 120	26 794	25 157
Sewerage purification	4 008	0	0	0	0	0	0
Infrastructure: Other - Total	3 056	0	104	43	1 350	5 000	7 000
Waste Management	3 056	0	0	0	1 350	5 000	7 000
Transport	0	0	0	0	0	0	0
Gas	0	0	0	0	0	0	0
Other	0	0	104	43	0	0	0
Community - Total	5 474	4 368	3 489	2 700	4 785	3 669	2 722
Parks and gardens	1 268	0	435	435	0	0	0
Sports fields and stadia	2 326	438	654	666	0	0	0
Swimming pools	0	0	0	0	0	0	0
Community halls	1 690	2 900	2 400	1 599	801	0	0
Libraries	190	0	0	0	250	0	0
Recreational facilities	0	0	0	0	2 734	3 169	2 722
Cemeteries	0	1 000	0	0	1 000	500	0
Other	0	30	0	0	0	0	0
Capital expenditure by asset class	18 945	16 947	22 319	19 932	22 461	10 545	9 351
Heritage assets	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0
Other assets	18 945	16 947	22 319	19 932	22 461	10 545	9 351
General vehicles	3 736	1 385	3 321	2 972	18 600	793	1 400
Plant & equipment	8 902	8 437	12 316	11 303	1 064	4 994	6 951
Computers - hardware/equipment	4 788	4 150	3 587	3 412	1 727	4 459	1 000
Furniture and other office equipment	72	75	285	81	1 070	300	0
Other Buildings	1 448	2 900	2 810	2 165	0	0	0



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Description	2021/22	2022/23			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
Total Capital Expenditure on new assets	78 217	98 300	101 971	84 807	136 464	89 041	93 397

Table 115: Analysis of Capital and Operating Expenditure

5.7 SOURCE OF FINANCE

The table below indicates the capital expenditure by funding source for the 2022/23 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2021/22	2022/23				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
External loans	0	38 843	34 621	32 098	-10.87	-7.29
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	45 196	41 078	41 860	33 505	1.90	-19.96
Own funding	33 021	18 379	25 491	19 204	38.70	-24.66
Total	78 217	98 300	101 971	84 807	3.60	-15.91
Percentage of finance						
External loans	0	39.52	33.95	37.85		
Public contributions and donations	0	0	0	0		
Grants and subsidies	57.78	41.79	41.05	39.51		
Own funding	42.22	18.70	25.00	22.64		
Capital expenditure						
Water and sanitation	20 618	52 829	53 417	33 155	1.11	-37.93
Electricity	19 459	21 116	25 741	25 396	21.90	-1.34
Housing	0	0	0	0	0	0
Roads and Stormwater	9 984	10 790	10 144	9 135	-5.99	-9.95
Other	28 156	13 565	12 669	17 123	-6.61	35.16
Total	78 217	98 300	101 971	84 807	3.60	-15.91
Percentage of expenditure						
Water and sanitation	26.36	53.74	52.38	39.09		

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Capital Expenditure: Funding Sources						
R'000						
Details	2021/22	2022/23				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Electricity	24.88	21.48	25.24	29.94		
Housing	0	0	0	0		
Roads and stormwater	12.76	10.98	9.95	10.77		
Other	36.00	13.80	12.42	20.19		

Table 116: Capital expenditure by Asset Program

5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2022/23.

Name of Project*	2022/23			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Keurbooms: Upgrade Network	1 450 000	1 450 000	1 136 698	-22	-22%
20MVA 66/1kV Kwanokuthula Substation	6 467 826	6 467 826	6 857 486	6%	6%
Electrification of Ebenezer Portion 20	0	3 774 000	3 773 687	0%	0%
Electrification of Informal Settlement	0	3 000 000	2 248 293	0%	-25%
Plett: Asset Replacement	0	1 950 000	1 941 353	0%	0%

Table 117: 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.

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2021/22	2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				

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Cash Flow Outcomes				
R'000				
Description	2021/22	2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Ratepayers and other	154 450	159 956	130 542	149 399
Service charges	323 258	375 118	359 234	353 211
Other Revenue	22 519	38 050	12 787	16 645
Government - operating	133 546	153 896	164 646	136 528
Government - capital	57 488	46 335	47 011	51 322
Interest	14 249	4 600	5 700	11 407
Payments				
Suppliers and employees	(613 309)	(644 455)	(602 011)	(597 561)
Finance charges	(11 103)	(8 700)	(8 776)	(8 776)
Transfers and Grants	(4 527)	(4 750)	(6 985)	(5 626)
Net cash from/(used) operating activities	76 571	120 049	102 148	106 549
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	0	0	0	454
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (Increase) other non-current receivables	1	0	0	1
Decrease (increase) in non-current investments	(750)	0	0	9 857
Payments				
Capital assets	(79 063)	(98 450)	(101 971)	(84 807)
Net cash from/(used) investing activities	(79 813)	(98 450)	(101 971)	(74 495)
Cash flows from financing activities				
Receipts				
Borrowing long term/ refinancing	0	0	35 255	35 255
Increase/(Decrease) in Consumer Deposits	835	0	0	945
Payments				
Repayment of borrowing	(22 426)	(21 828)	(21 804)	(21 804)
Net cash from/(used) financing activities	(21 591)	(21 828)	13 451	14 396
Net increase/ (decrease) in cash held	(24 833)	(229)	13 628	46 451
Cash/cash equivalents at the year begin:	73 460	110 464	48 627	48 627
Cash/cash equivalents at the year-end:	48 627	110 234	62 255	95 078

Table 118: Cashflow

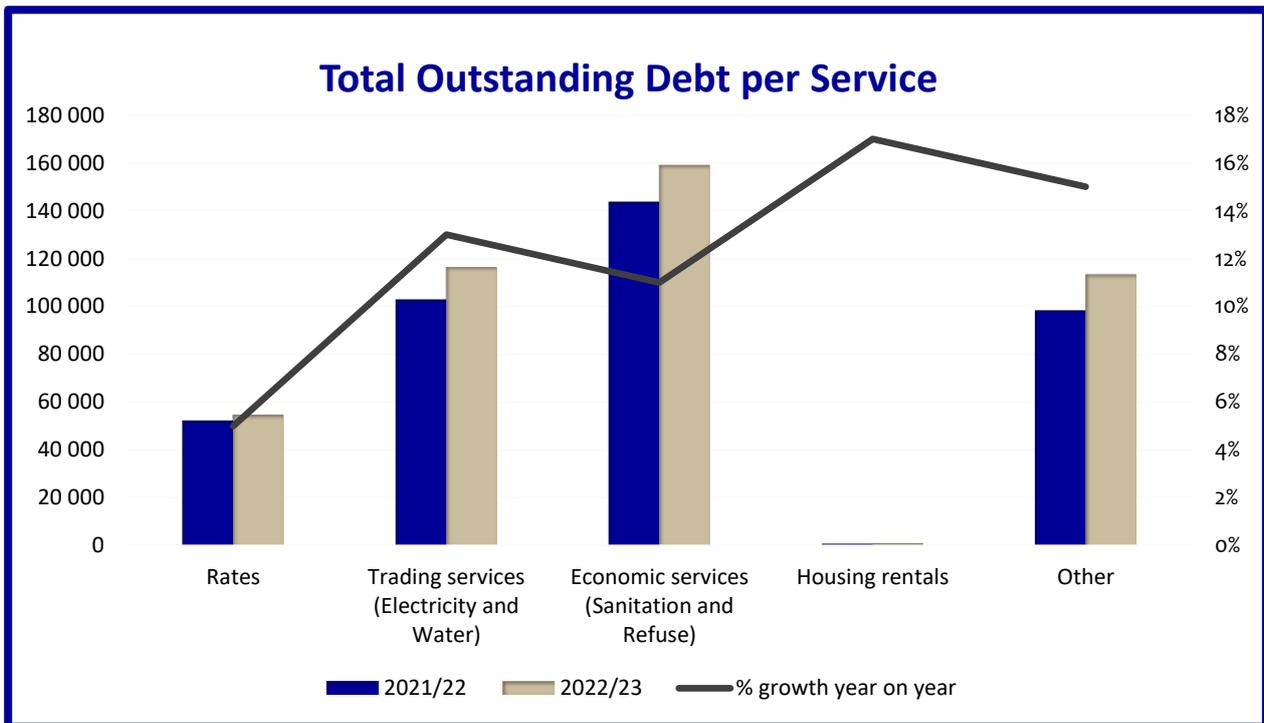
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5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
2021/22	52 341	102 885	143 790	857	98 406	398 280
2022/23	54 786	116 390	159 011	1 006	113 277	444 471
Difference	2 445	13 505	15 221	149	14 871	46 191
% growth year on year	5	13	11	17	15	12

Table 119: Gross Outstanding Debtors per Service

The following graph indicates the total outstanding debt per type of service for 2022/23



Graph 7.: 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
2021/22	53 184	13 749	13 291	318 057	398 280
2022/23	47 885	21 641	13 310	361 634	444 471
Difference	(5 298)	7 892	19	43 577	46 191

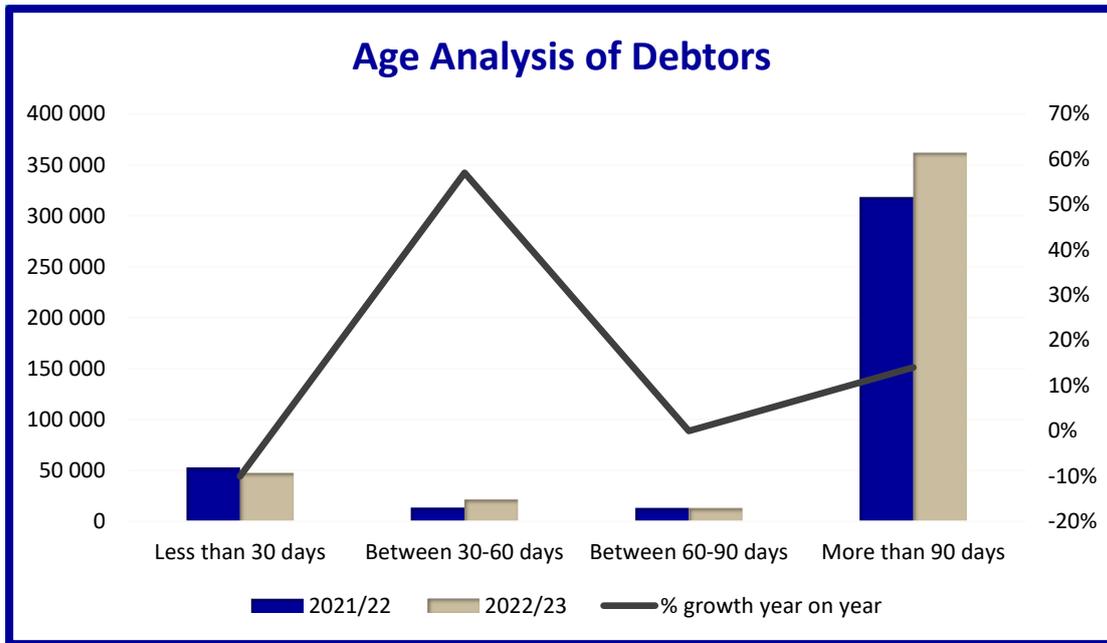


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Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
% growth year on year	-10	57	0	14	12

17. Service Debtor Age Analysis

The following graph indicates the age analysis of debtors and the increase/decrease from 2021/22 to 2022/23:



Graph 8.: 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:

Measures	Actual 2021/22	Original Budget 2022/23	Adjusted Budget 2022/23	Total Expenditure	Savings
	R'000	R'000	R'000	R'000	
Use of consultants	9 613 060.64	18 765 681.00	28 299 539.00	18 633 407.49	9 020 346.85
Vehicles used for political office- bearers	250 555.86	85 969.00	89 969.00	25 767.04	(224 788.82)
Travel and subsistence	5 092.54	1 684 388.00	1 595 850.00	614 063.91	608 971.37
Domestic accommodation	75 148.18	790 465.00	760 965.00	333 669.45	258 521.27
Sponsorship, events and catering	33 420.00	847 002.00	1 201 630.00	462 638.43	429 218.43
Communication	229 586.10	4 181 729.00	3 293 829.00	2 220 603.46	1 991 017.36
Other related expenditure items	4 849 522.92	38 812 478.00	39 094 544.00	31 847 241.09	26 997 718.17
Total	15 056 386.24	65 167 712.00	74 336 326.00	54 137 390.87	39 081 004.63

Table 120: Cost containment

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5.13 BORROWING AND INVESTMENTS

5.13.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2021/22	2022/23
Long-Term Loans (annuity/reducing balance)	82 527	100 544
Financial Leases	6 100	1 251
Total	88 626	102 077

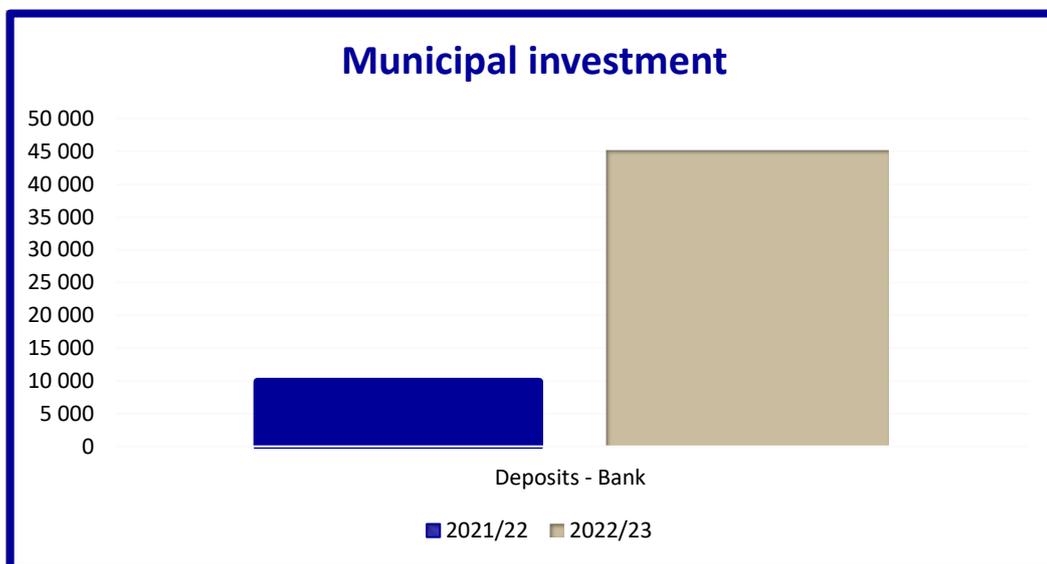
Table 121: Actual Borrowings

5.12.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2021/22	2022/23
	Actual	
Deposits - Bank	9 857	45 172
Total	9 857	45 172

** The actuals of the 2022/23 financial year are currently unaudited figures*

Table 122: Municipal Investments



Graph 9.: Municipal investment

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5.12.3 Grants made by the Municipality

All Organisation or Person in receipt of Grants provided by the municipality	Nature of project	Value 2022/23
		R'000
Vusumzi Soup Kitchen	Feeding Scheme	80
Bitou Rise and Shine Enrichment Centre	Early Childhood Development	30
Sweet Heavens Day Care	Early Childhood Development	30
Wonder Kids Educare	Early Childhood Development	55
Bitou 10 Foundation	Early Childhood Development and Education	70
Lithemba Bafazi	Skills Development	31
New Life Centre	Early Childhood Development	15
Pinelands Creche	Early Childhood Development	15
Singatha Educare Centre	Early Childhood Development	50
Kwezi Lokusa Educare Centre	Early Childhood Development	50
Keep Plett Clean NPO	Waste Control Program	100
Hope of Life Centre	Skills Development	90
Ubomi Bethu Community Development	Skills Development	55
Bitou Women of Change	Gender Based Violence	70
Jack and Jill Daycare	Early Childhood Development	15
Building the Walls of Cummunities	Food Distribution	20
All Nations Satisfactory Centre	Skills Development and Feeding Scheme	90
TOTAL		866

Table 123: Grants made by the Municipality

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDIT OUTCOMES 2021/22

6.1 FINANCIAL PERFORMANCE: 2021/22

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

Table 124: AG Report 2021/22

6.2 SERVICE DELIVERY PERFORMANCE: 2021/22

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

Table 125: AG Report 2021/22

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COMPONENT B: AUDIT OUTCOMES 2022/23

6.1 FINANCIAL PERFORMANCE: 2022/23

Auditor-General Report on Financial Performance 2022/23	
Audit report status	Unqualified
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material impairments	
As disclosed in note 1 1 to the financial statements, the municipality provided for the impairment of receivables from exchange and non-exchange transactions amounting to R358,4 million (2021-22: R327,1 million)	The Municipality is currently embarking on a credit control and debt collection strategy to strengthen the recovery of debt that is due, the process include cutting and restriction of services coupled to the handing over of debt to collection agents where all other avenues have been exhausted. The municipality is furthermore implementing its revenue enhancement strategy where focus is on ensuring completeness and accuracy of billing and collecting all due amounts in a timely manner
Material losses	
As disclosed in the statement of financial performance and note 51 to the financial statements, the municipality has written off bad debts of R88,9 million during the year (2021-22: R93,7 million)	The material losses are addressed through the loss control effort that include a verification of all services points, a meter replacement strategy is also underway to address meters that are either inaccessible or unreadable
As disclosed in note 50.02 to the financial statements, material water losses of 35.85% (202122: 37.71%)	
Restatement and reclassification of corresponding figures	
As disclosed in note 62 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022	The municipality has implemented a process where sufficient time has been allocated for a review of the financial statements and related information

Table 126: AG Report 2022/23

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6.2 SERVICE DELIVERY PERFORMANCE: 2022/23

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



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BITOU LOCAL MUNICIPALITY



Audited

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

General Information

NATURE OF BUSINESS AND PRINCIPLE ACTIVITIES

Bitou Local Municipality is a Local Municipality performing the functions as set out in The Constitution. (Act no 105 of 1996).

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Bitou Local Municipality includes the following areas:

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

WARD INFORMATION

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

MEMBERS OF THE MAYORAL COMMITTEE

Current

<i>Executive Mayor</i>	<i>Councillor D. Swart</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Deputy Executive Mayor</i>	<i>Councillor MP. Busakwe</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Speaker</i>	<i>Councillor CN. Terblanche</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor WJ. Nel</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor J. Kam Kam</i>	<i>1-Jul-2022 to</i>	<i>30-Jun-2023</i>

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

General Information

WARD COUNCILLORS

Current

Ward 1	DA	Councillor J. Kam Kam	1-Jul-2022 to	30-Jun-2023
Ward 2	DA	Councillor D. Swart	1-Jul-2022 to	30-Jun-2023
Ward 3	ANC	Councillor T. Mhlana	1-Jul-2022 to	30-Jun-2023
Ward 4	PDC	Councillor CN. Terblanche	1-Jul-2022 to	30-Jun-2023
Ward 5	ANC	Councillor SA. Mangxaba	1-Jul-2022 to	30-Jun-2023
Ward 6	ANC	Councillor NT. Seti	1-Jul-2022 to	30-Jun-2023
Ward 7	DA	Councillor AR. Olivier	1-Jul-2022 to	30-Jun-2023

PROPORTIONAL REPRESENTATIVE COUNCILLORS

Current

AUF	Councillor MP. Busakwe	1-Jul-2022 to	30-Jun-2023
ANC	Councillor SE. Gcabayi	1-Jul-2022 to	30-Jun-2023
DA	Councillor WJ. Nel	1-Jul-2022 to	30-Jun-2023
DA	Councillor NS. Ndayi	1-Jul-2022 to	30-Jun-2023
PA	Councillor MAM. Botha	1-Jul-2022 to	30-Sep-2022
PA	Councillor TS. Harmse	1-Oct-2023 to	28-Feb-2023
PA	Councillor M. Mitchell	16-Mar-2023 to	30-Jun-2023
IPM	Councillor NP. Kholwapi	1-Jul-2022 to	30-Jun-2023

MUNICIPAL MANAGER

Mr. M Memani

ACTING CHIEF FINANCIAL OFFICER

Mr. FM Lötter

REGISTERED OFFICE

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

AUDITORS

Auditor General of South Africa

PRINCIPLE BANKERS

Standard Bank, Plettenberg Bay

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

General Information

ATTORNEYS

A Adriaans Incorporated t/a Adriaans Attorneys
Boqwana Burns Inc
Bowes, Loon & Connelan Inc t/a BLC Attorneys
Dyushu and Majebe Inc t/a Dyushu and Majebe Attorneys
HDRS Attorneys Inc
Lizel Venter Attorneys
Logan Martin Inc.
Lulama Prince Inc Attorneys
Mabheshwana & Associates
Magqabi Seth Zita Attorneys Inc
Mosdell Pama Cox Plettenberg Bay Inc t/a Mosdell Pama Cox
Musethsho & Associates
Nandi Bulabula Inc t/a Nandi Bulabula Attorneys
Pagdens Incorporated
Regan Brown Inc
SA Dingi Attorneys
Siyathemba Sokutu Attorneys Inc
Tsotso and Associates Inc
V Derrocks Incorporated t/a Derrocks Attorneys

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
SALBC Collective agreements
Infrastructure grants

BITOU LOCAL MUNICIPALITY

Unaudited financial statements for the year ended 30 June 2023

Approval of Financial Statements

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

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

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

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

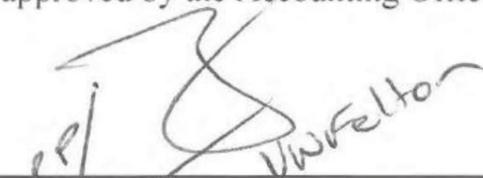
The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

In terms of section 13g, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to note 78.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality can continue in operational existence as a going concern for the foreseeable future.

I certify that the remuneration of councillors and in-kind benefits are within the upper limits of the framework envisaged in section 219 of The Constitution, read with the remuneration of public office bearers act and the minister of provincial and local government's determination in accordance with this act.

The annual financial statements set out from page 5, which have been prepared on the going concern basis were approved by the Accounting Officer on 29 November 2023 and were signed on behalf of the municipality by:



Mr. M Memani
Municipal Manager

29 November 2023

Date

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

	Note	2023	2022
		R	Restated R
ASSETS			
Non-current assets			
Investment property	3	12 691 574.79	12 692 113
Property, plant and equipment	4	1 242 619 072.44	1 195 732 967
Heritage assets	6	35 193.00	35 193
		1 255 345 840	1 208 460 273
Current assets			
Inventories	9	15 356 713	15 801 922
Current investments	7	-	9 857 448
Operating lease asset	10	155 194	158 834
Receivables from exchange transactions	11	49 402 559	37 663 147
Receivables from non-exchange transactions	11	36 665 684	33 485 360
VAT receivable	12	9 986 386	4 654 797
Current portion of long-term receivables	8	-	1 093
Unpaid conditional grants	13	27 968 070	15 590 971
Cash and cash equivalents	14	95 078 061	48 627 266
		234 612 667	165 840 839
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	82 546 469	65 547 008
Finance lease liabilities	16	-	1 250 915
Employee benefit obligation	17	79 529 000	83 872 403
		162 075 469	150 670 326
Current liabilities			
Current portion of long-term borrowings	15	18 279 782	16 979 655
Current portion finance lease liabilities	16	1 250 915	4 848 632
Trade and other payables from exchange transactions	20	94 872 529	80 993 804
Consumer deposits	21	10 793 475	9 848 007
Current employee benefit obligation	22	37 758 740	34 286 653
Current provisions	18	1 826 031	1 166 278
Unspent conditional grants	13	10 961 022	3 258 200
Operating lease liability	10	217 529	78 150
		175 960 023	151 459 379
Total liabilities		338 035 492	302 129 705
Net Assets		1 151 923 015	1 072 171 407
NET ASSETS			
Reserves	24	29 950 000	18 550 009
Accumulated surplus		1 121 973 015	1 053 621 398
Total net assets		1 151 923 015	1 072 171 407

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Statement of Financial Performance as at 30 June 2023

	Note	2023	2022
		R	Restated R
REVENUE			
Revenue from exchange transactions			
Sale of goods		57 565	182 276
Service charges (Exchange)	26	405 638 160	397 347 017
Rendering of services	27	6 809 439	6 611 981
Rental of facilities and equipment	29	1 123 668	1 282 720
Interest earned - cash and investments	30	8 034 704	3 746 776
Interest charged (trading)	31	17 119 510	12 130 801
Agency services	32	2 500 851	2 422 886
Licences and permits	33	1 195 759	1 091 085
Operational revenue	34	3 683 125	3 644 467
Gain on disposal of assets and liabilities	35	453 870	-
Actuarial gains	36	18 011 364	7 205 340
Inventories Increase to net realisable value	37	-	1 089
Total revenue from exchange transactions		464 628 015	435 666 438
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	38	151 444 708	157 193 635
Availability charges (Non-Exchange)	39	16 984 306	16 331 649
Interest charged on non-exchange transactions	40	4 242 192	2 646 549
Transfer revenue			
Government grants & subsidies - monetary	41	192 536 933	190 634 549
Public Contributions and Donations	42	-	498 469
Fines, penalties and forfeits	43	46 722 358	54 430 462
Contributed Assets	44	-	325 150
Total revenue from non-exchange transactions		411 930 496	422 060 463
Total revenue		876 558 511	857 726 900
EXPENDITURE			
Employee related costs	45	287 508 367	276 657 416
Remuneration of councillors	46	6 721 149	6 197 993
Depreciation and amortization	47	36 393 366	35 506 740
Impairment	48	28 622 656	33 141 143
Finance costs	49	19 740 467	19 283 209
Operating leases	50	4 016 866	4 323 228
Bad debts written off	51	88 944 975	93 734 933
Bulk purchases	52	163 817 892	160 337 958
Contracted services	53	72 886 087	102 754 180
Transfers and subsidies	54	5 625 831	4 527 192
Inventory consumed	55	14 130 654	14 328 052
Operational cost	56	66 861 745	53 014 447
Loss on disposal of assets and liabilities	57	1 528 219	1 701 224
Actuarial losses	58	-	430 473
Water losses	59	1	2
Inventories Losses / Write-Downs	60	8 628	-
Total expenditure		796 806 903	805 938 190
Surplus for the year		79 751 608	51 788 710

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Statement of Changes in Net Assets

		Capital Replacement Reserve	Accumulated surplus / (deficit)	Total: Net assets
	Note	R	R	R
Balance at 30 June 2021 as previously reported		102 000 000	913 642 165	1 015 642 166
Adjustments		-	1 684 499	1 684 499
Corrections of errors	62	-	1 684 499	1 684 499
Balance at 30 June 2021 as restated		102 000 000	915 326 664	1 017 326 664
Surplus for the year		-	51 788 710	51 788 710
Total recognised income and expenses for the year		-	51 788 710	51 788 710
Transfers in/out		(83 449 991)	86 506 023	3 056 032
Total Changes		(83 449 991)	86 506 023	3 056 032
Restated Balance at 30 June 2022		18 550 009	1 053 621 398	1 072 171 407
Surplus for the year			79 751 608	79 751 608
Total recognised income and expenses for the year		-	79 751 608	79 751 608
Transfers in/out		11 399 991	(11 399 991)	-
Total changes		11 399 991	(11 399 991)	-
Balance at 30 June 2023		29 950 000	1 121 973 015	1 151 923 015

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Cash flow statement as at 30 June 2023

	Note	2023	2022
		R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxes, levies and fines		162 101 542	153 115 623
Goods and services provided		357 153 263	355 361 393
Government grants		189 257 134	192 300 636
Interest income		11 406 887	5 998 797
Consumer deposits		1 286 540	1 120 104
		721 205 366	707 896 552
Payments			
Suppliers for goods and services		(304 538 769)	(334 129 531)
Employees		(286 300 583)	(272 981 766)
Remuneration of councillors		(6 721 149)	(6 197 993)
Finance cost		(8 776 139)	(11 102 815)
Government grants repaid		(1 407 244)	(1 266 335)
Transfers and grants		(5 625 831)	(4 527 192)
Consumer deposits		(341 072)	(285 384)
		(613 710 786)	(630 491 017)
Net cash flows from operating activities	61	107 494 580.35	77 405 535
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(84 807 152)	(79 063 374.04)
Proceeds from sale of property, plant and equipment		453 870	-
Movement in non-current investments		9 857 448	(750 194)
Movement in non-current receivables		1 093	997
		(74 494 741)	(79 812 571)
Net cash flows from investing activities		(74 494 741)	(79 812 571)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		35 255 300	-
Repayment of long-term borrowings		(16 955 712)	(18 017 495)
Repayment of finance leases		(4 848 632)	(4 408 678)
		13 450 956	(22 426 173)
Net cash flows from financing activities		13 450 956	(22 426 173)
Net increase/(decrease) in cash and cash equivalents		46 450 795	(24 833 209)
Cash and cash equivalent at the beginning of the year	14	48 627 266	73 460 475
Cash and cash equivalents at the end of the year		95 078 061	48 627 266

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual amounts of Statement of Financial Position

		2023	2023	2023	2023	2023
		R'000	R'000	R'000	R'000	R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
ASSETS						
Current assets						
Cash	A1	27 525	(14 410)	13 115	49 906	(36 790)
Call investment deposits	A2	85 710	(83 560)	2 150	45 172	(43 022)
Consumer debtors	A3	112 671	(29 725)	82 946	68 450	14 496
Other debtors	A4	29 921	213 707	243 628	271 252	(27 623)
Current portion of long-term receivables		-	11	11	9	1
Inventory		16 201	249	16 450	15 357	1 093
		272 028	86 272	358 300	450 146	(91 846)
Non current assets						
Investments	B1	-	9 857	9 857	-	9 857
Investment property	B2	25 663	(12 971)	12 692	12 692	1
Property, plant and equipment	B3	1 319 883	(62 516)	1 257 368	1 242 619	14 749
Other non-current assets		35	0	35	35	-
		1 345 582	(65 629)	1 279 953	1 255 346	24 607
Total assets		1 617 610	20 642	1 638 252	1 705 491	(67 239)
LIABILITIES						
Current liabilities						
Borrowing	C1	(328)	352	24	19 531	(19 507)
Consumer deposits		9 948	(100)	9 848	10 793	(945)
Trade and other payables	C2	91 269	206 938	298 207	321 366	(23 159)
Provisions	C3	49 889	41 214	91 103	39 585	51 519
		150 778	248 404	399 182	391 275	7 907

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual amounts of Statement of Financial Position

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
Non current liabilities						
Borrowing	D1	104 142	(1 991)	102 151	82 764	19 387
Provisions	D2	121 998	(53 222)	68 776	79 529	(10 753)
		226 140	(55 213)	170 927	162 293	8 634
Total liabilities		376 918	193 192	570 110	553 568	16 541
Net Assets		1 240 692	(172 549)	1 068 143	1 151 923	(83 780)
NET ASSETS						
Accumulated surplus	E1	1 114 615	(64 893)	1 049 722	1 121 973	(72 251)
Reserves	E2	126 077	(107 527)	18 550	29 950	(11 400)
Total net assets		1 240 692	(172 420)	1 068 272	1 151 923	(83 651)

Refer to note 82.3 for explanations of material variances.

Material variances are considered to be any variances greater than R7.968 million.

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Audited financial statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual amounts of Statement of Financial Performance

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
REVENUE						
Revenue By Source						
Property rates		159 956	(7 251)	152 705	151 445	1 260
Service charges - electricity revenue	F1	207 720	(6 080)	201 639	212 266	(10 626)
Service charges - water revenue		93 277	(5 262)	88 015	86 449	1 566
Service charges - sanitation revenue		87 047	(1 486)	85 561	78 406	7 155
Service charges - refuse revenue		53 272	(4 994)	48 278	45 502	2 776
Rental of facilities and equipment		1 193	(14)	1 179	1 124	55
Interest earned - external investments		4 600	1 100	5 700	8 035	(2 335)
Interest earned - outstanding debtors		14 572	3 860	18 432	21 362	(2 930)
Fines, penalties and forfeits	F2	35 870	(10 112)	25 758	46 722	(20 965)
Licences and permits		1 002	62	1 064	1 196	(132)
Agency services		2 414	122	2 536	2 501	35
Transfers and subsidies: Operational	F3	153 896	10 878	164 774	155 970	8 803
Other revenue		7 875	1 754	9 629	10 550	(921)
Gains	F4	-	522	522	18 452	(17 930)
Total Revenue (excluding capital transfers and contributions)		822 693	(16 902)	805 791	839 979	(34 188)

Expenditure By Type

Employee related costs	G1	306 473	1 469	307 943	286 329	21 614
Remuneration of councillors		6 944	0	6 944	6 721	223
Debt impairment	G2	103 440	9 200	112 640	117 568	(4 928)
Depreciation & asset impairment		37 400	763	38 163	36 393	1 770
Finance charges	G3	10 739	(1 963)	8 776	19 740	(10 964)
Bulk purchases	G4	161 902	12 000	173 902	162 599	11 303

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Audited financial statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual amounts of Statement of Financial Performance

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
Inventory Consumed		17 674	40	17 714	15 349	2 365
Contracted services	G5	91 004	7 175	98 179	72 886	25 293
Transfers and subsidies		4 750	2 535	7 285	5 626	1 659
Other expenditure	G6	78 447	1 832	80 279	72 058	8 221
Losses		-	-	-	1 524	(1 524)
Total expenditure		818 774	33 052	851 826	796 794	55 032
Surplus/(Deficit) before capital transfers & contributions		3 919	(49 954)	(46 035)	43 185	(89 220)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	H1	46 335	1 326	47 661	36 567	11 094
Surplus after capital transfers & contributions		50 254	(48 628)	1 626	79 752	(78 126)

Refer to note 82.3 for explanations of material variances.

Material variances are considered to be any variances greater than R7.968 million.

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Audited financial statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual amounts of Cash Flow Statement

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
Property rates	J1	159 956	(29 414)	130 542	149 399	(18 857)
Service charges	J2	375 118	(15 884)	359 234	353 211	6 023
Other revenue	J3	38 050	(25 263)	12 787	16 645	(3 858)
Transfers and Subsidies - Operational	J4	153 896	10 750	164 646	136 528	28 118
Transfers and Subsidies - Capital		46 335	676	47 011	51 322	(4 311)
Interest		4 600	1 100	5 700	11 407	(5 707)
		777 955	(58 035)	719 920	718 512	1 408
Payments						
Suppliers and employees	J5	(644 455)	42 444	(602 011)	(597 561)	(4 451)
Finance charges		(8 700)	(76)	(8 776)	(8 776)	(0)
Transfers and Grants		(4 750)	(2 235)	(6 985)	(5 626)	(1 359)
		(657 906)	40 134	(617 772)	(611 962)	(5 810)
Net cash flows from operating activities		120 049	(17 901)	102 148	106 549	(4 401)
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE		-	-	-	454	(454)
Decrease (increase) in non-current receivables		-	-	-	1	(1)
Decrease (increase) in non-current investments	K1	-	-	-	9 857	(9 857)
		-	-	-	10 312	(10 312)

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Audited financial statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual amounts of Cash Flow Statement

		2023 R'000	2023 R'000	2023 R'000	2023 R'000	2023 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
Payments						
Capital assets	K2	(98 450)	(3 521)	(101 971)	(84 807)	(17 164)
Net cash flows from investing activities		(98 450)	(3 521)	(101 971)	(74 495)	(27 476)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	L1	-	35 255	35 255	35 255	-
Increase (decrease) in consumer deposits		-	-	-	945	(945)
		-	35 255	35 255	36 201	(945)
Payments						
Repayment of borrowing		(21 828)	24	(21 804)	(21 804)	0
Net cash flows from financing activities		(21 828)	35 279	13 451	14 396	(945)
Net increase/(decrease) in cash and cash equivalents		(229)	13 857	13 628	46 451	(32 823)
Cash and cash equivalent at the beginning of the year	K1	110 464	(61 837)	48 627	48 627	-
Cash/cash equivalents at the year end:		110 234	(47 979)	62 255	95 078	(32 823)

Refer to note 82.3 for explanations of material variances.

Material variances are considered to be any variances greater than R7.968 million.

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

1. Accounting Policies

Presentation of the Annual Financial Statements

The 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 annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 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.

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 financial statements have been prepared on a going concern basis.

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.

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.

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.

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Audited Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 Jul 2022 to 30 Jun 2023.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.7. Internal reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The cash in the CRR can only be utilised to finance items of property, plant, and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

1.8. Leases

Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant, and equipment 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.

After initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, and equipment. 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.

Municipality as Lessor

Operating leases are those leases that do not fall within the scope of the above definition. The difference between the straight-lined revenue and actual payments made will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the lease asset is diminished.

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

BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

set out in note 13 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies, and contributions from the public.

1.10. Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies, and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor

- Unspent conditional grants are recognised as a liability when the grant is received. The revenue received is driven from the agreed terms of the contract, rather than the legislation.
- 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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains and Losses from the expected disposal of assets are not considered 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.

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.

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Audited Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

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.

Performance Bonuses Accrued

A Provision, in respect of the liability relating to the anticipated cost of performance bonuses, payable to Section 57 Employees, is recognized as it accrues. The performance bonuses provision is based on the annual performance assessment outcome. Payout of performance bonuses are only due after a performance evaluation has been concluded for the respective year. If a performance evaluation results in a non-entitlement to a performance bonus, that liability is reversed.

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 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.

Post-retirement medical obligations

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% or 60% as a contribution, and the remaining 30% or 40% is paid by the members, based on the Collective agreement in terms of which the employee retired. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost, Finance Cost and Actuarial gains or losses upon valuation.

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These obligations are valued annually by independent qualified actuaries.

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. Consumer Deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with the council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is set-off against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.15. Property, plant, and equipment

Initial Recognition

Property, plant, and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant, and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant, and equipment, they are accounted for as property, plant, and equipment.

Subsequent Measurement - Cost Model

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Subsequent to initial recognition, items of property, plant and equipment 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.

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. The annual depreciation rates are based on the following estimated useful lives (in years):

Item	Depreciation method	Expected useful life (years)
Land	Straight-line	Indefinite
Buildings	Straight-line	8-100
Infrastructure	Straight-line	
• Electricity reticulation		5-50
• ICT Network and Communication		7-10
• Refuse Sites		5-100
• Roads Infrastructure		6-100
• Sanitation Infrastructure		9-100
• Stormwater Infrastructure		5-50
• Water Supply Infrastructure		8-100
Community	Straight-line	
• Airports		15-100
• Cemeteries		10-50
• Community Halls		5-100
• Libraries		5-100
• Parks		5-100
• Public Ablution Facilities		5-100
• Sports grounds		5-100
• Testing Stations		15-100
Other Assets	Straight-line	
• Computer Equipment		5-7
• Furniture and Office Equipment		6-10
• Machinery and Equipment		5-10
• Transport Assets		5-20
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). 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

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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

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 decided to dispose of the asset in a future reporting period(s) such that this decision changes.
 - the expected period over which the asset will be used.
 - Technological, environmental, commercial, or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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Derecognition

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.

1.16. 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.

Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Expected useful life (years)
Computer software, other	Straight-line	5-10

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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.

1.17. 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.

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.

Depreciation

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 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:

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- 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 decided to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - Technological, environmental, commercial, or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

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

De-recognition

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

Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

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1.18. 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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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.

1.19. Recognition and derecognition 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.

1.20. Impairment of cash-generating assets

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Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or way, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable

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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.

1.21. Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- a) External sources of information
 - Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- b) Internal sources of information
 - Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or way, 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 by the following approach:

- 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.

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.

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.

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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.

1.22. 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.

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, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.23. Financial instruments

Financial assets consist of:

- Long-term receivables
- Current portion of long-term receivables
- Unpaid conditional grants
- Non-current investments
- Current investments
- Receivables from exchange transactions
- Other receivables from non-exchange
- Cash and cash equivalents

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Financial liabilities consist of:

- Long-term borrowings
- Current portion of long-term borrowings
- Finance lease liabilities
- Current portion of finance lease liabilities
- Unspent conditional grants
- Trade and other payables from exchange transactions

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 financial assets at amortised 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. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2. Payables and long-term borrowings

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Financial liabilities consist of payables and long-term borrowings. 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. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

1.22.4. Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

De-recognition of Financial Instruments

1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- 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 a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised, and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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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

1.24. Statutory receivables

Identification

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

De-recognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;

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- the municipality transfers to another party substantially all the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - a) derecognise the receivable; and
 - b) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred shall be allocated between the rights or obligations retained and those transferred based on their relative fair values at the transfer date. An entity shall consider whether any newly created rights and obligations are within the scope of GRAP 104 or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

1.25. 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, rebates and discounts are offset against the billed revenue, that is then recognised as revenue. 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 comprises of spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant, and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Other than services in-kind not recognised in terms of GRAP 23, paragraph .99, an inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when: (a) it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and (b) the fair value of the asset can be measured reliably.

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

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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.

Revenue arising from legislation is recognised in accordance with the approved tariffs and discloses as availability charges. This is only applicable on vacant stands where all the relevant services is available.

1.26. 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 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 monthly 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.

Service charges relating to sanitation and refuse removal is recognised monthly in arrears by applying the approved tariff to each developed. Tariffs are determined per category of property usage. Service charges are based on a basic charge as per Council resolution.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at yearend is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised monthly 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.

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Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating:

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.27. 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:

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

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired, and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired, and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired, and liabilities assumed in accordance with other applicable Standards of GRAP.

1.28. 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.

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 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.

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1.29. Accounting by principals and agents

Identification

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).

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties.

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 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.

1.30. Segment Information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the financial management reports to Council. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations

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made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

1.31. Related parties

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 - "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party
 - or exercise significant influence over the other party, or vice versa,
 - or an entity that is subject to common control, or joint control.
- a) The following are regarded as related parties of the Municipality: A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity, and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- a) are married or live together in a relationship similar to a marriage; or
- b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing, and controlling the activities of the Municipality, including:

- 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;

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- 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.

1.32. Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33. 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.

1.34. 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.

1.35. 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.

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A contingent asset is a possible asset 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 entity.

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.

1.36. Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and, long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 17 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of consumer debtors.

The calculation in respect of the impairment of fines is based on the legislative time frames on the aging of outstanding fines as well as the payment ratio.

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.

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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.

Derecognition of Land (IGRAP18)

In order to measure/calculate the portion of land to be classified as inventory or expensed, the total housing development size (excluding portions that will vest with the municipality) is expressed as a percentage of the total land size. This percentage or factor is then used to calculate the land value to be expensed or re-classified as inventory, depending on the respective derecognition 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.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgment is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.24 on Revenue from Non-Exchange Transactions and Accounting Policy and 1.25 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

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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 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.

Provision for performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on a successful annual performance assessment outcome.

Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also considered in determining the volume of water on hand at year-end.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition, and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.37. 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.

1.38. 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.

1.39. 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).

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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 based on the financial statements.

1.40. Service concession arrangements: Entity as grantor

Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

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

Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.

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- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

Financial liability model

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities, and contingent assets

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and financial instruments.

Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

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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.

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2. New standards and interpretations

1.1. Standards and interpretations effective and adopted.

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

Standard	Description	Effective date
None	No new standards	None

1.2. Standards and interpretations early adopted.

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

Standard	Description	Effective date
None	None	None

1.3. Standards and interpretations issued, but not yet effective.

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

1.3.1. GRAP 1 (amended): Presentation of Financial statements.

The objective of this Standard is to prescribe basis for presentation of general-purpose financial statements. This Standard was amended in line with the Guideline on the application of materiality to financial statements.

The effective date of the standard is 1 April 2023.

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

1.3.2. GRAP 25 (amended): Employee Benefits

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

The effective date of the standard is 1 April 2023.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

1.3.3. GRAP 103 (amended): Financial Instruments

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

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

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

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Notes to the Audited Annual Financial Statements

1.3.4. GRAP 104 (amended): Financial Instruments

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

The effective date of the standard is 1 April 2025.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

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

The issues addressed in this Interpretation are:

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

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

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

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

The issues addressed in this Interpretation are:

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

The effective date of the interpretation is 1 April 2023.

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

1.3.7. Guideline: Accounting for Landfill Sites

The objective of this guideline: to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset, and the related rehabilitation provision.

The effective date of the guideline is 1 April 2023.

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

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1.3.8. Guideline: The Application of Materiality to Financial Statements

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

The effective date of the guideline is 1 April 2023.

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

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

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3 INVESTMENT PROPERTY

Note	2023			2022		
	R Cost	R Accumulated	R Carrying value	R Cost	R Accumulated	R Carrying value
Investment property	R 18 143 680	R (5 452 105)	R 12 691 575	R 18 143 680	R (5 451 567)	R 12 692 113
	R 18 143 680	R (5 452 105)	R 12 691 575	R 18 143 680	R (5 451 567)	R 12 692 113

3.1 Restrictions on Investment Property

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

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

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

3.3 Pledged as security

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

3.4 Additional Disclosure in terms of Investment Property

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standards of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

Amounts recognised in surplus or deficit

Rental revenue from investment property

	2023 R	2022 R
Rental revenue from investment property	478 588	448 171

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Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment loss	Impairment reversal	Depreciation	Carrying value
3.5 Reconciliation of carrying value - 2023									
Investment property	12 692 113	-	-	-	-	-	-	(538)	12 691 575
	12 692 113	-	-	-	-	-	-	(538)	12 691 575
3.6 Reconciliation of carrying value - 2022									
Investment property	12 692 651	-	-	-	-	-	-	(538)	12 692 113
	12 692 651	-	-	-	-	-	-	(538)	12 692 113

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Notes to the Audited Annual Financial Statements

Note

4 PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	R	R	R	R	R	R
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	317 317 038	(26 388 723)	290 928 315	317 317 038	(26 388 723)	290 928 315
Plant and machinery	12 250 893	(8 386 956)	3 863 937	12 610 101	(8 068 226)	4 541 875
Motor vehicles	60 050 980	(28 639 565)	31 411 416	57 363 846	(25 400 772)	31 963 074
Office equipment	9 141 760	(7 488 940)	1 652 820	9 113 464	(7 118 384)	1 995 081
It equipment	14 124 305	(10 118 814)	4 005 490	15 193 287	(9 972 761)	5 220 526
Infrastructure	1 108 576 604	(295 450 046)	813 126 558	1 034 859 586	(271 154 686)	763 704 901
Community	95 091 537	(31 287 296)	63 804 241	91 092 512	(28 745 907)	62 346 605
Other property, plant and equipment	64 801 795	(30 975 499)	33 826 295	65 229 833	(30 197 243)	35 032 590
	1 681 354 911	(438 735 839)	1 242 619 072	1 602 779 669	(407 046 701)	1 195 732 967



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Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Impairment loss	Impairment Reversal	Depreciation	Carrying value
4.1 Reconciliation of carrying value - 2023								
Land	290 928 315	-	-	-	-	-	-	290 928 315
Plant and machinery	4 541 875	554 358	-	(64 547)	-	-	(1 167 749)	3 863 937
Motor vehicles	31 963 074	3 094 989	-	(42 958)	-	-	(3 603 689)	31 411 416
Office equipment	1 995 081	205 228	-	(14 505)	-	-	(532 984)	1 652 820
It equipment	5 220 526	101 661	-	(71 066)	-	-	(1 245 631)	4 005 490
Infrastructure	763 704 901	76 860 126	-	(1 248 239)	-	-	(26 190 229)	813 126 558
Community	62 346 605	4 413 283	-	(84 836)	-	-	(2 870 811)	63 804 241
Other property, plant and equipment	35 032 590	(422 492)	-	(2 068)	-	-	(781 734)	33 826 295
Work in progress	-	-	-	-	-	-	-	-
	1 195 732 967	84 807 152	-	(1 528 219)	-	-	(36 392 828)	1 242 619 072

4.2 Reconciliation of carrying value - 2022

Land	290 928 315	-	-	-	-	-	-	290 928 315
Plant and machinery	4 582 016	1 319 856	-	(45 022)	-	-	(1 314 974)	4 541 875
Motor vehicles	33 150 483	3 116 089	-	(126 169)	-	-	(4 177 329)	31 963 074
Office equipment	2 512 589	243 060	-	(58 094)	-	-	(702 474)	1 995 081
It equipment	4 866 376	1 840 160	-	(58 658)	-	-	(1 427 351)	5 220 526
Infrastructure	720 583 571	68 712 053	-	(1 362 243)	-	-	(24 228 480)	763 704 901
Community	62 392 650	2 741 655	-	(32 405)	-	-	(2 755 295)	62 346 605
Other property, plant and equipment	34 184 029	1 601 411	-	(4 711)	-	-	(748 139)	35 032 590
	1 153 200 028	79 574 285	-	(1 687 302)	-	-	(35 354 043)	1 195 732 967

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
4.3 Capital commitments			
Capital commitments applicable	74	14 780 426	-

4.4 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	14 054 237	732 100
Roads Infrastructure	7 758 837	1 001 792
Sanitation Infrastructure	533 000	3 292 198
Water Supply Infrastructure	1 793 332	4 529 792
Community Assets	401 085	15 645
Other Assets	-	1 513 272
	24 540 491	11 084 799

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

Infrastructure Assets	65 671 104	43 599 687
Community Assets	3 697 602	3 658 690
Other Assets	939 708	1 014 708
	70 308 414	48 273 085

Reasons for delay:

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

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

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

Employee Related costs	17 237 521	14 115 311
Contracted Services	29 072 117	34 044 268
Materials	5 374 503	5 484 541
Other Expenses	39 626	34 712
	51 723 766	53 678 832

4.6 Restrictions on property, plant and equipment assets

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

4.7 Pledged as security

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

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
4.8 Change in estimates in terms of GRAP 3			
Depreciation before adjustments:			
Community Assets		61 631	69 940
Computer Equipment		145 426	289 902
Electrical Infrastructure		103 805	104 429
Furniture and Office Equipment		21 276	96 836
Machinery and Equipment		115 818	184 667
Network and Communication		465	635
Other Assets		32 011	40 703
Roads Infrastructure		232 658	278 149
Sanitation Infrastructure		31 385	108 066
Transport Assets		-	1 438
Water Supply Infrastructure		224 208	282 261
		968 684	1 457 026
Depreciation after adjustments:			
Community Assets		7 271	67 252
Computer Equipment		29 142	190 432
Electrical Infrastructure		20 722	103 961
Furniture and Office Equipment		4 428	42 246
Machinery and Equipment		23 432	137 468
Network and Communication		305	507
Other Assets		6 402	34 403
Roads Infrastructure		26 504	229 244
Sanitation Infrastructure		6 277	75 690
Transport Assets		-	359
Water Supply Infrastructure		44 842	239 832
		169 326	1 121 394

The remaining useful lives of these assets were reviewed and amended, with a minimum period of three years. The increase in the useful lives resulted in a reduction in depreciation charges as indicated above.

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5 INTANGIBLE ASSETS

5.1 Useful life of Intangible Assets

No intangible asset has an indefinite useful life.

5.2 Internally Generated Intangible Assets

There are no internally generated intangible assets at reporting date.

5.3 Restrictions on Intangible Assets

There are no intangible assets whose title is restricted.

5.4 Pledged as security

There are no intangible assets pledged as security for liabilities

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

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

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	Note	2023			2022		
		R	R	R	R	R	R
		Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
6 HERITAGE ASSETS							
Historic buildings		18 681	-	18 681	16 512	-	16 512
Other heritage assets		16 512	-	16 512	18 681	-	18 681
		35 193	-	35 193	35 193	-	35 193

6.1 Age and/or condition of heritage assets

Heritage Assets consist of historical land and the Mayoral chain.

The assets were measured at cost.

6.2 Restrictions on heritage assets

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

6.3 Pledged as security

There are no Heritage assets pledged as security for liabilities.

6.4 Contractual commitments for the acquisition, maintenance and restoration of heritage assets

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

6.5 Heritage assets used for more than one purpose

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment loss	Impairment reversal	Depreciation	Carrying value
6.6 Reconciliation of carrying value - 2023									
Historic buildings	16 512	-	-	-	2 169	-	-	-	18 681
Other heritage assets	18 681	-	-	-	(2 169)	-	-	-	16 512
	35 193	-	-	-	-	-	-	-	35 193
6.7 Reconciliation of carrying value - 2022									
Historic buildings	16 512	-	-	-	-	-	-	-	16 512
Other heritage assets	18 681	-	-	-	-	-	-	-	18 681
	35 193	-	-	-	-	-	-	-	35 193

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
7 INVESTMENTS			
7.1 NON - CURRENT			
Fixed deposits		-	9 107 254
Opening Balance		-	9 107 254
Fixed deposits		-	750 194
Interest Earned		-	750 194
Fixed deposits		-	9 857 448
Less: Transferred to current investments		-	9 857 448

A non-current investment to establish a Sinking Fund, amounted to R5,243,673.32 was re-invested with Nedbank Ltd to serve as a contractual collateral on loan accounts WC 13665 and WC 100225 from Development Bank of Southern Africa. The Maturity date of this Investment was 30 December 2022.

Interest accrued on the investment was capitalized annually.

7.2 CURRENT			
Fixed deposits		-	9 857 448
		-	9 857 448
8 LONG-TERM RECEIVABLES			
Long-term receivables		-	1 093
		-	1 093
Less : Current portion transferred to current receivables		-	1 093
Current portion of long-term receivables		-	1 093

HOUSING SELLING SCHEMES

Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.

The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.

The terms granted applicable to these loans are not more favourable that would be expected in market term

9 INVENTORIES			
Consumable stores		12 859 023	13 295 603
Unsold properties held for resale		2 235 230	2 235 230
Water for distribution		262 460	271 089
		15 356 713	15 801 922
Inventories recognised as an expense during the year		14 130 654	14 328 052

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
9.1			
Inventory pledged as security			
No inventory assets were pledged as security for liabilities.			
9.2			
Water for distribution			
Opening Balance		271 089	144 505
System input volume		21 668 014	25 116 985
Billed consumption		(13 919 817)	(15 585 013)
Data transfer and management errors		(7 756 825)	(9 405 386)
Unavoidable annual real losses	52	(1)	(2)
		262 460	271 089
10			
OPERATING LEASE (ACCRUAL)			
Operating lease asset - Current		155 194	158 834
Operating lease liability - Current		(217 529)	(78 150)
		(62 335)	80 684
A further breakdown/ explanation can be found under note 74 sub-heading Operating lease			
11			
DEBTORS DISCLOSURE			
Gross balances			
Consumer debtors - electricity (exchange)		28 753 686	26 521 320
Consumer debtors - water (exchange)		78 402 742	68 879 432
Consumer debtors - waste water (exchange)		93 927 068	89 288 063
Consumer debtors - refuse (exchange)		55 219 138	50 173 835
Consumer debtors - housing rentals (exchange)		1 006 477	857 419
Consumer debtors - sundries (exchange)		16 627 935	11 341 544
Consumer debtors - rates (non-exchange)		54 786 008	52 341 473
Consumer debtors - electricity (non-exchange)		3 725 563	2 735 170
Consumer debtors - water (non-exchange)		5 508 032	4 749 556
Consumer debtors - waste water (non-exchange)		6 331 804	957 959
Consumer debtors - refuse (non-exchange)		3 533 269	3 370 087
Fines (non-exchange)		96 374 172	86 575 067
Consumer debtors - sundries (non-exchange)		275 071	489 331
		444 470 964	398 280 255
Less: Allowance for impairment			
Consumer debtors - electricity (exchange)		(8 046 095)	(10 187 874)
Consumer debtors - water (exchange)		(70 843 486)	(62 472 434)
Consumer debtors - waste water (exchange)		(87 655 248)	(84 062 591)
Consumer debtors - refuse (exchange)		(51 753 124)	(47 558 460)
Consumer debtors - housing rentals (exchange)		(968 731)	(884 670)
Consumer debtors - sundries (exchange)		(5 267 802)	(4 232 436)
Consumer debtors - rates (non-exchange)		(32 909 401)	(32 013 485)
Consumer debtors - electricity (non-exchange)		(2 746 980)	(2 407 504)
Consumer debtors - water (non-exchange)		(4 369 465)	(4 137 515)
Consumer debtors - waste water (non-exchange)		(5 134 848)	(803 790)
Consumer debtors - refuse (non-exchange)		(3 396 087)	(3 130 832)
Fines (non-exchange)		(85 311 453)	(75 240 158)
		(358 402 721)	(327 131 748)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Net balance			
Consumer debtors - electricity (exchange)		20 707 591	16 333 446
Consumer debtors - water (exchange)		7 559 256	6 406 998
Consumer debtors - waste water (exchange)		6 271 820	5 225 472
Consumer debtors - refuse (exchange)		3 466 014	2 615 375
Consumer debtors - housing rentals (exchange)		37 745	(27 251)
Consumer debtors - sundries (exchange)		11 360 133	7 109 107
Consumer debtors - rates (non-exchange)		21 876 607	20 327 989
Consumer debtors - electricity (non-exchange)		978 582	327 666
Consumer debtors - water (non-exchange)		1 138 567	612 040
Consumer debtors - waste water (non-exchange)		1 196 957	154 169
Consumer debtors - refuse (non-exchange)		137 182	239 255
Fines (non-exchange)		11 062 718	11 334 909
Consumer debtors - sundries (non-exchange)		275 071	489 331
		86 068 243	71 148 507
Statutory receivables included in consumer debtors above are as follows:			
Consumer debtors - rates (non-exchange)		21 876 607	20 327 989
Fines (non-exchange)		11 062 718	11 334 909
		32 939 326	31 662 898
Financial asset receivables included in consumer debtors above		53 128 917	39 485 609
Total debtors		86 068 243	71 148 507
11.01 Included in above is receivables from exchange transactions - current			
Consumer debtors - electricity (exchange)		20 707 591	16 333 446
Consumer debtors - water (exchange)		7 559 256	6 406 998
Consumer debtors - waste water (exchange)		6 271 820	5 225 472
Consumer debtors - refuse (exchange)		3 466 014	2 615 375
Consumer debtors - housing rentals (exchange)		37 745	(27 251)
Consumer debtors - sundries (exchange)		11 360 133	7 109 107
		49 402 559	37 663 147
11.02 Included in above is receivables from non-exchange transactions - current			
Consumer debtors - rates (non-exchange)		21 876 607	20 327 989
Consumer debtors - electricity (non-exchange)		978 582	327 666
Consumer debtors - water (non-exchange)		1 138 567	612 040
Consumer debtors - waste water (non-exchange)		1 196 957	154 169
Consumer debtors - refuse (non-exchange)		137 182	239 255
Fines (non-exchange)		11 062 718	11 334 909
Consumer debtors - sundries (non-exchange)		275 071	489 331
		36 665 684	33 485 360
Net balance		86 068 243	71 148 507

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
11.03			
Ageing of receivables from exchange and non-exchange transactions:			
<p>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.</p>			
Consumer debtors - electricity (exchange)			
Current (0 – 30 days)		16 954 048	15 501 920
31 - 60 Days		888 572	1 482 777
61 - 90 Days		410 117	698 215
+ 90 Days		10 500 949	8 838 408
		28 753 686	26 521 320
Consumer debtors - water (exchange)			
Current (0 – 30 days)		7 689 638	11 080 397
31 - 60 Days		2 706 203	2 717 015
61 - 90 Days		2 539 161	2 915 837
+ 90 Days		65 467 740	52 166 183
		78 402 742	68 879 432
Consumer debtors - waste water (exchange)			
Current (0 – 30 days)		6 858 111	5 932 589
31 - 60 Days		3 182 788	2 714 365
61 - 90 Days		2 358 555	2 636 388
+ 90 Days		81 527 614	78 004 721
		93 927 068	89 288 063
Consumer debtors - refuse (exchange)			
Current (0 – 30 days)		3 981 277	3 279 476
31 - 60 Days		1 745 195	1 511 113
61 - 90 Days		1 367 040	1 447 961
+ 90 Days		48 125 626	43 935 285
		55 219 138	50 173 835
Consumer debtors - housing rentals (exchange)			
Current (0 – 30 days)		44 434	235 032
31 - 60 Days		15 190	37 450
61 - 90 Days		14 658	15 380
+ 90 Days		932 196	569 557
		1 006 477	857 419
Consumer debtors - sundries (exchange)			
Current (0 – 30 days)		6 644 080	3 941 166
31 - 60 Days		694 963	94 764
61 - 90 Days		154 859	140 109
+ 90 Days		9 134 033	7 165 504
		16 627 935	11 341 544

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Total			
Current (0 – 30 days)		47 885 411	53 183 686
31 - 60 Days		21 641 413	13 749 173
61 - 90 Days		13 310 301	13 290 842
+ 90 Days		361 633 839	318 056 553
		444 470 964	398 280 255
11.04 Summary of debtors by customer classification			
Residential			
Current (0 – 30 days)		46 905 763	48 325 263
31 - 60 Days		19 990 467	12 811 895
61 - 90 Days		12 310 896	12 471 090
+ 90 Days		317 804 174	291 877 512
		397 011 301	365 485 761
Less: Allowance for impairment		(358 402 721)	(320 033 414)
		38 608 580	45 452 347
Industrial/ commercial			
Current (0 – 30 days)		(1 609 071)	4 503 660
31 - 60 Days		337 034	819 476
61 - 90 Days		356 054	724 690
+ 90 Days		18 748 653	24 125 025
		17 832 670	30 172 851
Less: Allowance for impairment		-	(6 043 247)
		17 832 670	24 129 604
National and provincial government			
Current (0 – 30 days)		2 588 719	354 762
31 - 60 Days		1 313 912	117 803
61 - 90 Days		643 351	95 061
+ 90 Days		25 081 011	2 054 016
		29 626 993	2 621 643
Less: Allowance for impairment		-	(1 055 087)
		29 626 993	1 566 556
Total			
Current (0 – 30 days)		47 885 411	53 183 686
31 - 60 Days		21 641 413	13 749 173
61 - 90 Days		13 310 301	13 290 842
+ 90 Days		361 633 839	318 056 553
		444 470 964	398 280 255
Less: Allowance for impairment		(358 402 721)	(327 131 748)
		86 068 243	71 148 507

11.05 Material losses

The contract of the service provider responsible for traffic fines came to end on 30 June 2022. A new service provider was only appointed, with effect 01 December 2022. For the period of approximately two and a half months (Mid September to end of November 2022), no traffic fines were issued.

The estimated loss for the 2022-23 financial year, resulting from the non-issuing of fines for the period of approximately two and a half months is estimated at R 8 654 856

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
11.06	Trade and other receivables pledged as security		
	No receivables are pledged as security for financial liabilities		
11.07	Fair value of trade and other receivables		
	Due to the short term nature of receivables the carrying amount disclosed in note 11 of the financial statements is an approximation of its fair value.		
11.08	Reconciliation of allowance for impairment		
	Balance at beginning of the year	327 131 748	293 440 550
	Contributions to allowance	283 162 563	281 620 786
	Reversal of allowance	(251 891 591)	(247 929 588)
	Balance at end of year	358 402 721	327 131 748

The total amount of this provision consists of:

Consumer debtors - electricity (exchange)	8 046 095	10 187 874
Consumer debtors - water (exchange)	70 843 486	62 472 434
Consumer debtors - waste water (exchange)	87 655 248	84 062 591
Consumer debtors - refuse (exchange)	51 753 124	47 558 460
Consumer debtors - housing rentals (exchange)	968 731	884 670
Consumer debtors - sundries (exchange)	5 267 802	4 232 436
Consumer debtors - rates (non-exchange)	32 909 401	32 013 485
Consumer debtors - electricity (non-exchange)	2 746 980	2 407 504
Consumer debtors - water (non-exchange)	4 369 465	4 137 515
Consumer debtors - waste water (non-exchange)	5 134 848	803 790
Consumer debtors - refuse (non-exchange)	3 396 087	3 130 832
Fines (non-exchange)	85 311 453	75 240 158
	358 402 721	327 131 748

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	9 986 386	4 654 797
	9 986 386	4 654 797
Net VAT receivable		
VAT receivable	R 256 270 538	R 212 583 821
VAT payable	R (246 284 151)	R (207 929 024)
	R 9 986 386	R 4 654 797

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
13 GRANTS			
Monetary allocations - other			
Local Government, Water And Related Service SETA		359 886	496 544
		359 886	496 544
Monetary Allocations: District Municipalities			
Safety Plans		120 000	120 000
		120 000	120 000
Monetary Allocations: Provincial Government			
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)		(1 392 542)	-
Local Government Public Employment Support		-	127 771
Western Cape Financial Management Capability		366 407	-
Community Development Workers (CDW)		4 864	15 616
Human Settlement Development		(26 575 528)	(15 590 971)
Regional Social Economic Projects (RSEP)		-	894 628
Thusong Services Centres		70 541	-
Western Cape Municipal Energy Resilience (WC MER)		12 766	-
		(27 513 493)	(14 552 957)
Monetary Allocations: National Government			
Local Government Financial Management		677 707	-
Municipal Infrastructure		9 348 852	1 588 228
Integrated National Electrification Programme		-	15 414
		10 026 559	1 603 642
Total grants		(17 007 048)	(12 332 771)
Unspent conditional grants		10 961 022	3 258 200
Unpaid conditional grants		(27 968 070)	(15 590 971)
		(17 007 048)	(12 332 771)
See below for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.			
Conditional and unconditional			
Included in above are the following grants and subsidies received:			
Conditional grants received		60 238 134	80 347 636
Unconditional grants received		129 019 000	111 442 000
		189 257 134	191 789 636

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
13.1 Grants breakdown			
13.1.1 Monetary allocations - other			
13.1.1.01 Local Government, Water And Related Service SETA			
Opening balance		496 544	351 844
Receipts		398 900	420 756
Conditions met - transferred to revenue - operating		(535 558)	(276 057)
Conditions still to be met - remain liabilities.		359 886	496 544

To facilitate skills development through learning programmes like learnerships, skills programmes, internships and other learning programmes, and offer training to employed and unemployed learners

13.1.2 Monetary Allocations: District Municipalities

13.1.2.01 Safety Plans

Opening balance	120 000	-
Receipts	-	120 000
Conditions still to be met - remain liabilities.	120 000	120 000

This allocation is to coordinate the Community Safety Plan initiatives within the district

13.1.3 Monetary Allocations: Provincial Government

13.1.3.01 Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)

Receipts	-	7 954 369
Conditions met - transferred to revenue - operating	-	(7 954 369)
Conditions met - transferred to revenue - capital	(1 392 542)	-
Conditions still to be met - remain liabilities.	(1 392 542)	-

To provide the means for households to receive water, electricity and sanitation services, and to supply informal settlements with public lighting, roads, stormwater drainage systems and refuse removal

13.1.3.02 Local Government Public Employment Support

Opening balance	127 771	-
Receipts	-	1 200 000
Conditions met - transferred to revenue - operating	(127 771)	(1 072 229)
Conditions still to be met - remain liabilities.	-	127 771

To provide an employment safety net for those without access to opportunities designed to lift them out of poverty

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
13.1.3.03 Library Services Replacement Funding for most vulnerable B3 Municipalities			
Opening balance		-	306 460
Receipts		9 572 000	9 884 000
Conditions met - transferred to revenue - operating		(9 560 659)	(9 884 000)
Conditions met - transferred to revenue - capital		(11 341)	-
Re-payment of unspent grant		-	(306 460)
Conditions still to be met - remain liabilities.		-	-

The grant is to partially fund the Provincial function of public libraries services that the municipality is managing

13.1.3.04 Local Government Graduate Internship

Opening balance	-	266 175
Re-payment of unspent grant	-	(266 175)
Conditions still to be met - remain liabilities.	-	-

13.1.3.05 Western Cape Financial Management Capability

Opening balance	-	75 142
Receipts	800 000	250 000
Conditions met - transferred to revenue - operating	(433 593)	(250 000)
Re-payment of unspent grant	-	(75 142)
Conditions still to be met - remain liabilities.	366 407	-

Is to assist municipalities in building their capacity for efficient, effective and transparent financial management as well as strengthen their said capabilities

13.1.3.06 Community Development Workers (CDW)

Opening balance	15 616	51 894
Receipts	19 000	19 000
Conditions met - transferred to revenue - operating	(14 136)	(3 384)
Re-payment of unspent grant	(15 616)	(51 894)
Conditions still to be met - remain liabilities.	4 864	15 616

The grant aims to facilitate community development and stronger interaction and partnerships between government and communities, and to improve quality of life for people in marginalised economic areas

13.1.3.07 Community Library Services

Receipts	2 295 000	1 329 000
Conditions met - transferred to revenue - operating	(2 295 000)	(1 329 000)
Conditions still to be met - remain liabilities.	-	-

To transform urban and rural community 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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
13.1.3.08 Human Settlement Development			
Opening balance		(15 590 971)	(16 165 067)
Receipts		-	15 570 510
Conditions met - transferred to revenue - operating		(10 984 557)	(1 173 466)
Conditions met - transferred to revenue - capital		-	(13 822 948)
Conditions still to be met - remain liabilities.		(26 575 528)	(15 590 971)

HSDG is the largest conditional grant in Human Settlements Sector and the primary tool used to resource the Province to implement the subsidy programmes contained in the National Housing code

13.1.3.09 Proclaimed Roads Maintenance

Receipts	135 000	230 000
Conditions met - transferred to revenue - operating	(135 000)	(230 000)
Conditions still to be met - remain liabilities.	-	-

To financially assist municipalities with the maintenance/construction of proclaimed municipal main roads, where the municipality is the Road Authority (Section 50 of Ordinance 19 of 1976).

13.1.3.1 Municipal Disaster

Opening balance	-	7
Conditions met - transferred to revenue - operating	-	(7)
Conditions still to be met - remain liabilities.	-	-

13.1.3.11 Thusong Services Centres

Receipts	150 000	150 000
Conditions met - transferred to revenue - operating	(79 459)	(150 000)
Conditions still to be met - remain liabilities.	70 541	-

To ensure that citizens of the Western Cape Province can seamlessly access a wide range of Integrated Public Services irrespective of where they live

13.1.3.12 Regional Social Economic Projects (RSEP)

Opening balance	894 628	1 869 771
Receipts	-	500 000
Conditions met - transferred to revenue - capital	(500 000)	(1 419 479)
Re-payment of unspent grant	(394 628)	(55 664)
Conditions still to be met - remain liabilities.	-	894 628

RSEP programme is about a capable state partnering with active citizens, communities and other stakeholders to plan and implement project that improves quality of life

13.1.3.13 Western Cape Municipal Energy Resilience (WC MER)

Receipts	587 234	750 000
Conditions met - transferred to revenue - operating	(574 468)	(750 000)
Conditions still to be met - remain liabilities.	12 766	-

To reduce the impacts of loadshedding on businesses and citizens in the Western Cape and facilitate a lower level of reliance in Eskom

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
13.1.3.14 Municipal Library Support			
Receipts		-	911 000
Conditions met - transferred to revenue - operating		-	(634 076)
Conditions met - transferred to revenue - capital		-	(276 924)
Conditions still to be met - remain liabilities.		-	-

To cover the shortfall on the Conditional Library Grant

13.1.3.15 Emergency Municipal Loadshedding Relief

Receipts	5 600 000	-
Conditions met - transferred to revenue - capital	(5 600 000)	-
Conditions still to be met - remain liabilities.	-	-

To assist municipalities with the unforeseen and immediate impact of prolonged load-shedding on water and wastewater services

13.1.4 Monetary Allocations: National Government

13.1.4.01 Energy Efficiency And Demand Side Management

Receipts	-	4 159 000
Conditions met - transferred to revenue - operating	-	(4 159 000)
Conditions still to be met - remain liabilities.	-	-

13.1.4.02 Extended public works program (EPWP)

Opening balance	-	454
Receipts	1 155 000	996 000
Conditions met - transferred to revenue - operating	(1 155 000)	(996 000)
Re-payment of unspent grant	-	(454)
Conditions still to be met - remain liabilities.	-	-

EPWP focuses on Skill Development and providing work opportunities. It gives unemployed people access to temporary work.

13.1.4.03 Local Government Financial Management

Receipts	1 721 000	1 550 000
Conditions met - transferred to revenue - operating	(1 043 293)	(1 550 000)
Conditions still to be met - remain liabilities.	677 707	-

FMG aims to secure sound and sustainable management of the fiscal affairs of the municipality, focuses on Skill Development and providing work opportunities for Finance Interns.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
13.1.4.04 Municipal Infrastructure			
Opening balance		1 588 228	454 503
Receipts		22 508 000	30 104 000
Conditions met - transferred to revenue - capital		(13 765 376)	(28 515 772)
Re-payment of unspent grant		(982 000)	(454 503)
Conditions still to be met - remain liabilities.		9 348 852	1 588 228

MIG aims at eradicate municipal infrastructure backlogs in poor communities to ensure the provision of Basic Services such as water, sanitation, roads and community lighting

13.1.4.05 Water Services Infrastructure

Receipts	6 579 000	-
Conditions met - transferred to revenue - capital	(6 579 000)	-
Conditions still to be met - remain liabilities.	-	-

WSIG to facilitate the planning, acceleration and implementation of various project that will ensure water supply to communities identified as not receiving basic water supply services

13.1.4.06 Integrated National Electrification Programme

Opening balance	15 414	56 293
Receipts	8 718 000	4 250 000
Conditions met - transferred to revenue - capital	(8 718 414)	(4 234 836)
Re-payment of unspent grant	(15 000)	(56 043)
Conditions still to be met - remain liabilities.	-	15 414

INEP is an initiative of Government to provide capital subsidies to municipalities to address the Electrification Backlogs of permanently occupied residential dwellings.

13.1.5 Total grants

Opening balance	(12 332 771)	(12 732 523)
Receipts	60 238 134	191 789 636
Conditions met - transferred to revenue - operating	(26 938 494)	(141 853 589)
Conditions met - transferred to revenue - capital	(36 566 673)	(48 269 960)
Re-payment of unspent grant	(1 407 244)	(1 266 335)
Conditions still to be met - remain liabilities.	(17 007 048)	(12 332 771)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
14 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cashier floats		3 880	3 880
Cash at bank		49 901 920	48 623 386
Short-term deposits		45 172 261	-
		95 078 061	48 627 266
Current assets		95 078 061	48 627 266

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	95 078 061	48 627 266
Current investments	-	9 857 448
	95 078 061	58 484 714
Less:		
Unspent conditional grants	10 961 022	3 258 200
Secured Investments - DBSA (Nedbank)	-	5 243 673
Consumer deposits	10 793 475	9 848 007
Capital Replacement Reserve	29 950 000	18 550 009
Resources available for working capital requirements	43 373 563	21 584 825

The municipality had the following bank accounts as at 1 July: -

Nedbank - current account number 1089911513 (Primary bank account)	1 975 173	9 574 069
Nedbank - current account number 1089913079 (Traffic account)	60 302	40 684
Nedbank - current account number 1089913974 (Direct deposits)	1 132 909	901 947
Standard bank - current account number 372884709 (Primary bank account)	19 464 330	11 190 274
Standard bank - current account number 372884741 (Bitou grants)	25 694 868	-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
The municipality had the following bank accounts as at 30 June: -			
Nedbank - current account number 1089911513 (Primary bank account)		5 146 435.68	1 975 173
Nedbank - current account number 1089913079 (Traffic account)		49 144.22	60 302
Nedbank - current account number 1089913974 (Direct deposits)		3 455 318.56	1 132 909
Standard bank - current account number 372884709 (Primary bank account)		4 776 338.24	19 464 330
Standard bank - current account number 372884741 (Ring-fencing Account)		51 576 948.44	25 694 868
Cash book balance at beginning of year		<u>48 623 385.97</u>	<u>48 623 386</u>
Cash book balance at end of year		<u>49 901 919.69</u>	<u>48 623 386</u>
Bank statement balance at beginning of year		<u>48 327 582.43</u>	<u>21 706 974</u>
Bank statement balance at end of year		<u>65 004 185.14</u>	<u>48 327 582</u>
15 BORROWINGS			
At amortised cost			
Annuity loans			
Banks: ABSA			
ABSA - 2015/2016		8 285 867	10 525 495
ABSA - 2016/2017		13 000 142	15 529 786
		<u>21 286 009</u>	<u>26 055 281</u>
Banks: Nedbank			
Nedbank - 7831 033912 / 000 001		3 034 795	4 305 108
Nedbank - 2017/2018		19 322 721	22 134 392
Nedbank 2022/2023		35 255 300	-
		<u>57 612 816</u>	<u>26 439 501</u>
Banks: Standard Bank			
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)		5 112 841	7 273 289
Standard Bank - 282022589(old acc number)/ 000537648(new acc number)		-	1 888 488
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)		1 888 287.24	3 577 351
		<u>7 001 128</u>	<u>12 739 129</u>
Banks: Development Bank of South Africa			
DBSA - 100225/1		-	412 000
DBSA - 103437/1		14 566 439	16 198 315
DBSA - 103437/2		359 859	682 438
		<u>14 926 297</u>	<u>17 292 753</u>

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Annuity loans total		100 826 251	82 526 663
Borrowings total		100 826 251	82 526 663
Development Bank loans			

Bitou Local Municipality currently has 2 active loans with the Development Bank of South Africa. The loans instalments are payable bi annually, during December and June, on a "Fixed capital plus interest" basis as per Loan Agreements. Interest rates applicable on the loans are 11,16% and 11,24% respectively. Maturity dates on the loans are June 2024 and June 2029. Both the loans are unsecured. One DBSA loan, reference 100225/1, was repaid in full during December 2022, and the Ceded investment held in respect thereof matured.

Standard Bank loans

Bitou Local Municipality currently has 2 active loans with Standard Bank. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans are 11,43% and 11,45% respectively. Maturity dates on the loans are June 2024 and June 2025. The loans are unsecured. One Standard Bank loan, reference 537648, was repaid in full during June 2023.

Nedbank loans

Bitou Local Municipality currently has 3 active loans with Nedbank. One of the loans is repayable in monthly instalments, while the other two are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10,54% to 11,87%. Maturity dates on the loans vary from June 2025 to June 2033. A new R35,255,300 Nedbank loan has been taken up during the current 2022/2023 financial year, at a fixed interest rate of 11,87% repayable by fixed semi annual instalments over a ten year period. The loans are unsecured.

ABSA loans

Bitou Local Municipality currently has 2 active loans with ABSA. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10,04 % to 10,36%. Interest are compounded monthly on the Absa 2017/2018 loan (R20 million loan amount at 10,36% pa). Maturity dates on the loans are June 2026 and June 2027 respectively. The loans are unsecured.

The fair value of long-term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Non-current liabilities	82 546 469	65 547 008
Current liabilities	18 279 782	16 979 655
Total borrowings	100 826 251	82 526 663

15.1 The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans

Within 1 year	29 003 367	25 357 752
Between 1 and 5 years	81 656 856	71 544 733
After 5 years	34 008 806	11 861 312
Less: Future finance obligations	(43 842 778)	(26 237 135)

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Present value of annuity loans obligations		100 826 251	82 526 663

15.2 Utilisation of long-term liabilities reconciliation

Long-term borrowings	100 826 251	82 526 663
Used to finance property, plant and equipment	(100 826 251)	(82 526 663)

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

Refer to Appendix B for more detail on borrowings.

16 FINANCE LEASE LIABILITIES

At amortised cost

Standard Bank

Finance lease - SCM/2020/20/ENG

1 250 915	6 099 547
1 250 915	6 099 547

Standard bank

The municipality has historically entered into a Vehicle Finance Lease agreement with Standard Bank. The lease repayment period are for 36 months, and commenced on 30 August 2020. Lease instalments are payable monthly. No escalation is applicable.

The effective rate is fixed at 9.55%

The fair value of finance lease liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Non-current liabilities	-	1 250 915
Current liabilities	1 250 915	4 848 632
Total finance leases	1 250 915	6 099 547

16.1 The obligations under finance leases are scheduled below:

Amounts payable under finance leases

Within 1 year	1 272 881	5 222 731
Between 1 and 5 years	-	1 272 881
Less: Future finance obligations	(21 966)	(396 065)
Present value of finance lease obligations	1 250 915	6 099 547

16.2 Utilisation of finance lease liabilities reconciliation

Finance lease liabilities	1 250 915	6 099 547
Used to finance property, plant and equipment	(1 250 915)	(6 099 547)

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

Refer to Appendix B for more detail on finance leases.



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
17	EMPLOYEE BENEFIT OBLIGATION		
Post-retirement benefits	17.1	66 477 000	70 208 890
Long service awards	17.2	13 052 000	13 663 513
Total non-current employee benefit liabilities		79 529 000	83 872 403
17.1	Post retirement benefits		
Opening balance		72 292 810	68 989 000
Current service cost		5 209 350	5 056 000
Interest cost		9 355 236	6 972 000
Actual employer benefit payments		(1 552 788)	(1 518 850)
Actuarial loss/ (gain) recognised in the year		(16 882 608)	(7 205 340)
Closing balance		68 422 000	72 292 810
Less: Transfer of current portion		(1 945 000)	(2 083 920)
Non-current portion		66 477 000	70 208 890
17.2	Long-service awards		
Opening balance		15 383 998	12 937 000
Current service cost		1 480 584	1 410 000
Interest cost for the year		1 587 446	1 209 000
Expenditure for the year		(1 721 271)	(602 475)
Actuarial loss/(gain)		(1 128 756)	430 473
Closing balance		15 602 000	15 383 998
Less: Transfer of current portion		(2 550 000)	(1 720 485)
Non-current portion		13 052 000	13 663 513

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R		
17.3 Post-retirement benefits				
17.3.1 The post retirement benefit plan is a defined benefit plan, of which the members are made up as follows:				
In-service (employee) members	474	489		
In-service (employee)- non members	88	49		
Continuation members (e.g. Retirees, widows, orphans)	36	44		
Total members	598	582		
17.3.2 The liability in respect of past service has been estimated to be as follows:				
In-service (employee) members	48 696 000	48 402 724		
In-service (employee)- non members	833 000	466 775		
Continuation members (e.g. Retirees, widows, orphans)	18 893 000	23 423 311		
Total liability - unfunded	68 422 000	72 292 810		
17.3.3 The liability in respect of past service has been estimated to be as follows:				
	2021	2020	2019	2018
	R	R	R	R
In-service (employee) members	46 853 000	39 666 000	44 237 818	77 084 170
In-service (employee)- non members	452 000	365 000	391 250	2 579 704
Continuation members (e.g. Retirees, widows, orphans)	21 684 000	18 156 000	17 423 874	16 537 120
Total liability	68 989 000	58 187 000	62 052 942	96 200 994
17.3.4 Experience adjustments were calculated as follows:				
	2023	2022	2021	2020
	R'000	R'000	R'000	R'000
Liabilities: (gain) / loss	(6 441)	(6 547)	(4 387)	1 200
Total liability	(6 441)	(6 547)	(4 387)	1 200

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R												
<p>17.3.5 The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:</p> <ul style="list-style-type: none"> ▪ Bonitas ▪ LA Health ▪ SAMWUMed ▪ KeyHealth ▪ Sizwe-Hosmed 														
<p>17.3.6 Key assumptions used</p> <p>i) Rate of interest</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Discount rates used</td> <td style="text-align: center;">12.56%</td> <td style="text-align: center;">13.13%</td> </tr> <tr> <td>Health care cost inflation rate</td> <td style="text-align: center;">8.16%</td> <td style="text-align: center;">9.65%</td> </tr> <tr> <td>Net discount rate</td> <td style="text-align: center;">4.07%</td> <td style="text-align: center;">3.17%</td> </tr> </tbody> </table> <p>ii) Mortality rates</p> <p>The PA 90 ultimate table, adjusted down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries</p> <p>iii) Normal retirement age</p> <p>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</p>		%	%	Discount rates used	12.56%	13.13%	Health care cost inflation rate	8.16%	9.65%	Net discount rate	4.07%	3.17%		
	%	%												
Discount rates used	12.56%	13.13%												
Health care cost inflation rate	8.16%	9.65%												
Net discount rate	4.07%	3.17%												
<p>17.3.7 The amount recognised in the statement of financial position is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">R</th> <th style="text-align: center;">R</th> </tr> </thead> <tbody> <tr> <td>Present value of fund obligations</td> <td style="text-align: center;">1 945 000</td> <td style="text-align: center;">2 083 920</td> </tr> <tr> <td>Net liability - unfunded</td> <td style="text-align: center;">1 945 000</td> <td style="text-align: center;">2 083 920</td> </tr> </tbody> </table>		R	R	Present value of fund obligations	1 945 000	2 083 920	Net liability - unfunded	1 945 000	2 083 920					
	R	R												
Present value of fund obligations	1 945 000	2 083 920												
Net liability - unfunded	1 945 000	2 083 920												

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
17.3.8 Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	72 292 810	68 989 000
Current service cost (Included in employee cost in the statement of financial performance)	5 209 350	5 056 000
Interest cost (Included in employee cost in the statement of financial performance)	9 355 236	6 972 000
Benefits paid	(1 552 788)	(1 518 850)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	(16 882 608)	(7 205 340)
Present value of fund obligation at the end of the year	68 422 000	72 292 810
Less: Transfer of current portion	(1 945 000)	(2 083 920)
Balance 30 June	66 477 000	70 208 890

The total liability has decreased by -5.4% (or R -3.871 million) since the last valuation. The main reasons for the actual movement in the liability are:

17.3.9 In-service Members

- 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

17.3.10 In-service Non-Members

- an increase in the average post-employment subsidy
- an increase in the average past service
- an increase in the net discount rate

17.3.11 Continuation Members

- an increase in the average age
- an increase in the net discount rate
- an increase in the average post-employment subsidy



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023			2022
	R			R
17.3.12 Sensitivity analysis on the accrued liability in (R millions) on 30 June 2023				
	In-service members liability	In-service Non-members liability	Continuation members liability	Total liability
Assumptions	R'000	R'000	R'000	R'000
Central Assumptions	48 696	833	18 893	68 422
	48 696	833	18 893	68 422

17.3.13 The effect of movements in the assumptions are as follows:

Assumptions	Change	In-service members liability	Continuation members liability	Total liability	% change
	%	R'000	R'000	R'000	%
Central Assumptions		49 529	18 893	68 422	
Health care inflation	1.0	59 162	20 475	79 637	16%
Health care inflation	(1.0)	41 822	17 501	59 323	-13%
Discount rate	1.0	42 151	17 564	59 715	-13%
Discount rate	(1.0)	58 833	20 424	79 257	16%
Post-retirement mortality	+ 1 Year	48 357	18 241	66 598	-3%
Post-retirement mortality	- 1 Year	50 686	1 955	52 641	3%
Average retirement age	- 1 Year	55 046	18 893	73 939	8%
Membership after retirement	(10.0)	43 427	18 893	62 320	-9%

17.3.14 Current service

Assumptions	Change	Current service cost	Interest cost	Total liability	% change
	%	R'000	R'000	R'000	
Central Assumptions		5 209	9 355	14 565	
Health care inflation	1.0	6 277	10 898	17 175	18%
Health care inflation	(1.0)	4 335	8 091	12 426	-15%
Discount rate	1.0	4 405	7 686	12 091	-17%
Discount rate	(1.0)	6 193	8 907	15 100	4%
Post-retirement mortality	- 1 Year	5 347	9 649	14 996	3%
Average retirement age	- 1 Year	5 394	10 043	15 437	6%
Withdrawal rate	(10.0)	2 611	8 503	11 114	-24%



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R		
17.4 Long service bonuses				
17.4.1 The post retirement benefit plan is a defined benefit plan, are made up as follows:				
As at year end, the following number of employees were eligible for long service bonuses.	562	538		
The current-service cost for the ensuing year is estimated to be R1.658 million, whereas the interest cost for the next year is estimated to be R1.645 million:				
17.4.2 Key assumptions used				
i) Rate of interest				
	%	%		
Discount rates used	11.45%	10.93%		
Salary Increase rate	6.68%	7.76%		
Net Discount Rate	4.47%	2.94%		
17.4.3 The amount recognised in the statement of financial position is as follows:				
	R	R		
Present value of fund obligations	15 602 000	15 383 998		
Net liability - unfunded	15 602 000	15 383 998		
17.4.4 The liability in respect of periods commencing prior to the comparative year has been:				
	2021 R	2020 R	2019 R	
In-service (employee) members	12 937 000	11 306 000	10 952 070	
Total liability	12 937 000	11 306 000	10 952 070	
17.4.5 Experience adjustments were calculated as follows:				
	2023 R	2022 R	2021 R	2020 R
Liabilities: (gain) / loss	44 243	36 084	999 593	33 571
Total liability	44 243	36 084	999 593	33 571



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
17.4.6 Reconciliation of present value of fund obligation:	R	R
Present value of fund obligation at the beginning of the year	15 383 998	12 937 000
Current service cost (Included in employee cost in the statement of financial performance)	1 480 584	1 410 000
Interest cost (Included in employee cost in the statement of financial performance)	1 587 446	1 209 000
Benefits paid	(1 721 271)	(602 475)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	(1 128 756)	430 473
Present value of fund obligation at the end of the year	15 602 000	15 383 998
Less: Transfer of current portion	(2 550 000)	(1 720 485)
Balance 30 June	13 052 000	13 663 513

17.4.7 Sensitivity analysis on the accrued liability on 30 June 2023

Assumptions	Change %	Liability R'000	% change
Central assumption		15 602	
General salary inflation	1.0	16 541	6%
General salary inflation	(1.0)	14 751	-5%
Discount rate	1.0	14 734	-6%
Discount rate	(1.0)	16 573	6%
Average retirement age	+ 2 Year	17 598	13%
Average retirement age	- 2 Year	13 872	-11%
Withdrawal rate	x 2	12 665	-19%
Withdrawal rate	x 0.5	17 614	13%

17.5 Retirement funds

The municipality requested detailed employee and pensioner information as well as information on the municipality's share of the pension and retirement funds' assets from

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

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



BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
17.5.1 LA RETIREMENT FUND		
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended	R	R
Contributions paid recognised in the statement of financial performance	407 497	287 478
17.5.2 CAPE RETIREMENT FUND		
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended	R	R
Contributions paid recognised in the statement of financial performance	26 424 910	24 918 083
17.5.3 DEFINED CONTRIBUTION FUNDS		
Council contribute to the Government employees pension fund, Municipal council pension fund, IMATU retirement fund and	R	R
Contributions paid recognised in the statement of financial performance	90 409	181 332

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note

18 PROVISIONS

18.1 Reconciliation of provisions - 2023

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Reduction due to remeasurement or settlement without cost to entity R	Total R
Legal proceedings	1 166 278	2 113 254	(1 453 501)	-	-	-	1 826 031
	1 166 278	2 113 254	(1 453 501)	-	-	-	1 826 031

18.2 Reconciliation of provisions - 2022

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

	2023 R	2022 R
Current Liabilities	1 826 031	1 166 278
Total Provisions	1 826 031	1 166 278

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note

18.3 Legal proceedings provision

- a) Bitou Local Municipality's legal council advised that the municipality settle out of court with the claimant. The amount provided for is a best estimate as advised.
- b) The Case against Bitou Local Municipality was settled in favour of the claimant. The municipality submitted a proposal to the claimant, but the claimant was not prepared to accept the proposed settlement of the municipality.
- c) Due to an arbitration award verdict in favour of the claimant, Bitou Local Municipality created a provision based on the outcome of the verdict.
- d) Due to an variation ruling in favour of the claimant, Bitou Local Municipality created a provision based on the outcome of the verdict.

19 LANDFILL SITE

Opening balance
Utilised during the year

-	15 322 375
-	(15 322 375)

19.1 Rehabilitation of landfill site - provision

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

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. A closure licence with reference number E 13/2/10/1-D1/14-WL0023/12 was issued by the authorities on 31 March 2014 in this regard.

The estimate cost and date of decommission of the sites are as follows:

The decommissioning already happened. There is no remaining useful life and the tender for the construction has been awarded. Cost to rehabilitate is R 0.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note **2023** **2022**
R **R**

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.

22 EMPLOYEE BENEFIT OBLIGATION

Current portion of post retirement benefits	17.1	1 945 000	2 083 920
Current portion of long-service awards	17.2	2 550 000	1 720 485
Leave	22.1	25 618 963	25 882 448
Annual bonus	22.2	6 974 491	4 233 898
Performance bonus	22.3	670 286	365 902
Total current employee benefit liabilities		37 758 740	34 286 653

The movement in current employee benefits are reconciled as follows:

22.1 Leave

Opening balance	25 882 448	25 422 808
Increases	2 649 757	2 897 974
Reductions (outflow of economic benefits)	(2 913 242)	(2 438 334)
Closing balance	25 618 963	25 882 448

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of

22.2 Annual bonus

Opening balance	4 233 898	4 521 010
Increases	14 976 023	8 631 889
Reductions (outflow of economic benefits)	(12 235 431)	(11 331 294)
Reversals	-	2 412 292
Closing balance	6 974 491	4 233 898

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.

22.3 Performance bonus

Opening balance	365 902	-
Increases	568 274	365 902
Reversals	(263 890)	-
Closing balance	670 286	365 902

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.

BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
23	UNSPENT PUBLIC CONTRIBUTIONS AND DONATIONS		
	See below for reconciliation of public contributions and receipts. These amounts are invested in ring-fenced investment until utilised.		
23.1	Operational		
23.1.1	Unspent public contributions and donations (operational) - other		
23.1.1.01	Nedbank		
	Opening balance	-	498 469
	Conditions met - transferred to revenue - operating	-	(498 469)
	Conditions still to be met - remain liabilities.	-	-
	To provide financial assistance to LED projects		
23.1.2	Total operational public contributions and donations		
	Opening Balance	-	498 469
	Conditions Met - Transferred to Revenue - Operating	-	(498 469)
	Conditions still to be met - remain liabilities.	-	-
23.1.3	Total public contributions and donations		
	Opening Balance	-	498 469
	Conditions Met - Transferred to Revenue - Operating	-	(498 469)
	Conditions still to be met - remain liabilities.	-	-
24	RESERVES		
	Capital Replacement Reserve	29 950 000	18 550 009
		29 950 000	18 550 009
24.01	CAPITAL REPLACEMENT RESERVE		
	Opening balance	18 550 009	102 000 000
	Restated opening balance	18 550 009	102 000 000
	Transfers in	30 603 251	(51 672 624)
	Transfers out	(19 203 260)	(31 777 367)
	Closing balance	29 950 000	18 550 009
25	SERVICE CONCESSION ASSETS		
	Bitou Local Municipality has no service concession assets		
26	SERVICE CHARGES		
	Refuse removal	41 353 150	33 439 158
	Sale of electricity	210 201 356	201 024 874
	Sale of water	81 438 662	80 134 467
	Sewerage and sanitation charges	72 644 993	82 748 518
		405 638 160	397 347 017

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
27	RENDERING OF SERVICES		
Entrance fees		50 494	53 444
Building/ town planning fees		5 374 717	5 219 781
Cemetary fees		37 879	47 842
Clearance certificate		150 868	148 206
Escort/ road closure fees		10 581	5 824
Fire services		295 747	107 979
Housing (boarding services)		793 108	920 613
Other revenue from rendering of services		7 956	36 292
Parking fees		45 065	41 482
Photocopies, faxes an telephone charges		43 025	30 517
		6 809 439	6 611 981
28	CONTRUCTION CONTRACTS AND RECEIVABLES		
	At 30 June 2023, Bitou local municipality had no construction contracts in place		
29	RENTAL OF FACILITIES AND EQUIPMENT		
Premises			
Premises		830 884	866 435
		830 884	866 435
Facilities and equipment			
Rental of facilities		292 784	240 884
Rental of equipment		-	175 400
		292 784	416 284
Total		1 123 668	1 282 720
30	INTEREST EARNED - CASH AND INVESTMENTS		
Bank accounts		3 371 916	2 507 679
Investments		4 662 789	1 239 096
		8 034 704	3 746 776
31	INTEREST CHARGED ON EXCHANGE TRANSACTIONS		
Electricity		1 159 916	908 271
Property rental debtors		65 364	50 718
Refuse removal		3 598 356	2 462 772
Waste water management		6 634 205	4 482 561
Water		5 661 669	4 226 478
Total		17 119 510	12 130 801
32	AGENCY SERVICES		
Vehicle registration		2 500 851	2 422 886
Total		2 500 851	2 422 886

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
33	LICENSES AND PERMITS (EXCHANGE)		
Boat		116 062	173 080
Road and transport		1 070 740	918 005
Trading		8 956	-
Total		1 195 759	1 091 085
34	OPERATIONAL REVENUE		
Administrative handling fees		208 576	306 401
Breakages and losses recovered		1 898	1 706
Collection charges		-	26 591
Commision		205 825	244 685
Development Charges		1 539 969	1 562 368
Incidental cash surplus		139	3 878
Insurance refunds		369 583	1 003 327
Landing fees		995 844	162 029
Request for information		1 100	-
Staff and councillors recoveries		360 192	333 483
Total		3 683 125	3 644 467
35	GAINS ON THE DISPOSAL OF ASSETS		
Property, plant and equipment		453 870	-
Total		453 870	-
36	ACTUARIAL GAINS		
Post Retirement Benefits		16 882 608	7 205 340
Long service awards		1 128 756	-
Total		18 011 364	7 205 340
37	INVENTORIES INCREASE TO NET REALISABLE VALUE		
Inventories increase to net realisable value		-	1 089
Total		-	1 089
38	PROPERTY RATES		
38.1	Rates received		
Residential		127 726 680	133 841 925
Commercial		17 903 603	17 367 301
State		-	1 914 810
Small holdings and farms		2 714 922	2 677 607
Industrial		990 455	1 316 685
Other		2 109 048	75 306
Total		151 444 708	157 193 635

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
38.2	Valuations		
		R'000	R'000
Residential		26 115 609	25 721 447
Commercial		1 916 713	2 120 773
State		215 860	210 710
Municipal		652 082	647 982
Small holdings and farms		2 041 746	2 079 910
Industrial		119 300	129 860
Other		524 887	316 560
Total		31 586 197	31 227 242

Assessment rates are levied on the value of land and improvements, for which a valuation must be performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2021.

The tariff for residential properties is used as the basis for the calculation of property rates for all other categories. A business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households

Rates are levied annually on property and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments. Monthly rates are payable by the 7th of the following month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

Rebates can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

38.3 Basic rate

	c / R	c / R
Residential	0.562	0.536
Commercial	0.937	0.894
Small holdings and farms	0.140	0.134
Industrial	0.937	0.894

39 AVAILABILITY CHARGES (NON-EXCHANGE)

Electricity - availability	2 064 215	2 156 063
Refuse - availability	4 148 853	4 014 880
Waste Water - availability	5 760 587	5 315 554
Water - availability	5 010 651	4 845 151
Total	16 984 306	16 331 649

40 INTEREST CHARGED ON NON-EXCHANGE TRANSACTIONS

Property rates	4 242 192	2 646 549
Total	4 242 192	2 646 549

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
41	GOVERNMENT GRANTS AND SUBSIDIES		
	Operating grants		
	National Government		
	Energy Efficiency and Demand Side Management	-	4 159 000
	Extended public works program (EPWP)	1 155 000	996 000
	Local Government Financial Management	1 043 293	1 550 000
	Municipal Disaster Relief	-	7
	Equitable Share	129 019 000	111 953 000
		131 217 293	118 658 007
	Provincial Government		
	Disaster Management: Emergency Housing	-	0
	Human Settlement Development (Beneficiaries)	10 984 557	1 173 466
	Community Development Workers (CDW)	-	3 384
	Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	135 000	230 000
	Local Government Graduate Internship	-	0
	Thusong Services Centres	79 459	150 000
	Community Library Services	2 295 000	1 329 000
	Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	-	7 954 369
	Western Cape Municipal Energy Resilience (WC MER)	587 234	750 000
	Local Government Public Employment Support	127 771	1 072 229
	Western Cape Financial Management Capability	433 593	-
	Municipal replacement funding	9 560 659	9 884 000
	Municipal Library Support	-	634 076
	Financial Management Capacity Building	14 136	250 000
		24 217 410	23 430 525
	Local Government, Water And Related Service SETA	535 558	276 057
		535 558	276 057
	Total operating grants	155 970 260	142 364 589
	Capital grants		
	National Government		
	Integrated National Electrification Programme	8 718 414	4 234 836
	Municipal Infrastructure	13 765 376	28 515 772
	Water Services Infrastructure	6 579 000	-
		29 062 790	32 750 608

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Provincial Government			
Library Services Replacement Funding for most vulnerable B3 Municipalities		11 341	-
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries) - Capital		1 392 542	-
Regional Social Economic Projects (RSEP)		500 000	1 419 479
Human Settlement Development		-	13 822 948
Municipal Library Support		-	276 924
Emergency Municipal Loadshedding Relief		5 600 000	-
		7 503 883	15 519 351
Total capital grants		36 566 673	48 269 960
Total grants		192 536 933	190 634 549

42 PUBLIC CONTRIBUTIONS AND DONATIONS

Nedbank - LED Contribution	-	498 469
Total	-	498 469

43 FINES, PENALTIES AND FORFEITS

Disconnection fees penalties	42 120	40 006
Illegal connections fines	85 147	125 508
Municipal traffic fines	43 878 345	52 369 532
Overdue books fines	3 311	8 071
Retentions forfeits	-	445 150
Unclaimed money forfeits	2 713 436	1 442 196
Total	46 722 358	54 430 462

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

43.1 MUNICIPAL TRAFFIC FINES REDUCED IN TERMS OF IGRAP 20

Fines reduced amount	1 306 205	827 425
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Reduced fines are requests that customers submit to either the local municipal office or court. It will state that the customers can't afford to pay the full fine issued therefore requesting for reduction formally.

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

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
44	CONTRIBUTED ASSETS		
	Donated asset at Piesang River Bank	-	325 150
	Total	-	325 150

45	EMPLOYEE RELATED COSTS		
	Basic	172 850 332	171 717 177
	Performance bonus	304 384	365 902
	Medical aid - company contributions	18 124 481	17 881 636
	UIF and pension - company contributions	27 865 134	26 422 058
	Workman's compensation (WCA)	1 179 318	-
	Leave pay	2 649 757	2 897 974
	Travel, motor car and other allowances	11 741 603	10 813 982
	Overtime payments	16 282 516	15 170 240
	Long-service awards	1 480 584	1 410 000
	13th cheques contribution	14 976 023	11 044 181
	Acting allowances	11 389	-
	Housing benefits and allowances	965 076	886 960
	Contribution to post employment medical	5 209 350	5 056 000
	Group insurance - company contributions	5 792 409	5 391 161
	Standby allowances	6 085 200	5 626 225
	Cellphone allowances	1 914 445	1 898 474
	Other benefits	76 365	75 444
	Total	287 508 367	276 657 416

45.01 Remuneration of municipal manager - Adv. LMR Ngoqo

Basic	-	543 555
Travel, motor car and other allowances	-	254 887
UIF and pension - company contributions	-	1 063
Medical aid - company contributions	-	28 639
Cellphone allowances	-	30 000
	-	858 144

Mr Ngoqo resigned on 31 December 2021.

45.02 Remuneration of municipal manager - Mr. RG Bosman

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

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
45.03	Remuneration of municipal manager - Mr. NI Van Stade		
Basic		-	180 803
UIF and pension - company contributions		-	520
Cellphone allowances		-	7 500
Leave		-	11 075
		-	199 899

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

45.04	Remuneration of municipal manager - Mr. M Memani		
Basic		1 316 867	263 593
Travel, motor car and other allowances		120 000	30 000
UIF and pension - company contributions		215 247	48 750
Cellphone allowances		60 000	15 000
		1 712 114	357 342

Mr M Memani was appointed on 04 April 2022.

45.05	Remuneration of chief financial officer - Mr M Dyushu		
Basic		-	891 560
Travel, motor car and other allowances		-	466 693
UIF and pension - company contributions		-	2 125
Cellphone allowances		-	60 000
Leave		-	90 677
		-	1 511 055

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

45.06	Remuneration of director corporate services - Me MP Mpahlwa		
Basic		143 710	745 017
Travel, motor car and other allowances		71 382	428 293
UIF and pension - company contributions		23 234	136 365
Medical aid - company contributions		8 764	50 494
Cellphone allowances		10 000	60 000
Leave		72 542	-
Settlement		1 133 463	-
		1 463 095	1 420 168

Me. Mpahlwa was appointed on the 01 February 2021 till 31 August 2022

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
45.07	Remuneration of director community services - Mr TM Sompani		
Basic		-	826 106
Travel, motor car and other allowances		-	363 347
UIF and pension - company contributions		-	1 771
Cellphone allowances		-	50 000
Leave		-	44 024
		-	1 285 248

Mr TM Sompani past away on 26 April 2022

45.08	Remuneration of director community services - Mr. MJ Fourie		
Basic		-	223 049
UIF and pension - company contributions		-	531
Cellphone allowances		-	15 000
		-	238 581

Mr. MJ Fourie's contract started on 1 March 2022 and ended on 31 May 2022

45.09	Remuneration of director community services - Ms A M Paulsen		
Basic		970 429	-
Travel, motor car and other allowances		160 861	-
UIF and pension - company contributions		85 190	-
Medical aid - company contributions		31 424	-
Cellphone allowances		50 000	-
		1 297 905	-

Ms AM Paulsen was appointed on the 01 September 2022

45.1	Remuneration of director economic planning and development - Mr L Gericke		
Basic		633 660	910 116
Travel, motor car and other allowances		151 128	226 693
UIF and pension - company contributions		110 380	165 999
Medical aid - company contributions		40 056	57 277
Cellphone allowances		40 000	60 000
		975 224	1 420 085

Mr. L Gericke was appointed on the 01 November 2020 till 31 December 2022

45.11	Remuneration of director economic planning and development - D Friedman		
Basic		287 052	-
UIF and pension - company contributions		708	-
Cellphone allowances		15 000	-
Leave		18 407	-
		321 168	-

Temporary contract appointment for 3 months 1 March 2023 till 31 May 2023

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023	2022
		R	R
45.12	Remuneration of director engineering services - Mr V W Felton		
	Basic	937 838	-
	Travel, motor car and other allowances	102 600	-
	UIF and pension - company contributions	156 526	-
	Cellphone allowances	51 750	-
		1 248 715	-

Mr FV Felton was appointed on 01 October 2022.

45.13 The aggregated effect of remuneration of key management personnel

Basic	4 289 557	4 750 372
Travel, motor car and other allowances	605 972	1 810 348
UIF and pension - company contributions	591 285	357 479
Medical aid - company contributions	80 244	136 410
Cellphone allowances	226 750	307 500
Leave	90 949	145 776
Settlement	1 133 463	-
	7 018 220	7 507 884

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	2023	2022
	R	R
46 REMUNERATION OF COUNCILLORS		
46.1 List of councillors		
Councillor J. Kam Kam	718 624	546 746
Councillor D. Swart	943 977	680 140
Councillor T. Mhlana	324 452	202 819
Councillor CN. Terblanche	761 523	459 827
Councillor SA. Mangxaba	324 452	202 819
Councillor NT. Seti	324 451	202 819
Councillor AR. Olivier	458 173	472 337
Councillor X. Matyila	-	114 011
Councillor AS. Windvogel	-	114 010
Councillor MM. Mbali	-	248 312
Councillor MP. Busakwe	761 523	459 827
Councillor SE. Gcabayi	330 139	495 315
Councillor WJ. Nel	717 852	547 263
Councillor NS. Ndayi	325 976	316 830
Councillor MAM. Botha	110 183	202 819
Councillor TS. Harmse	121 164	-
Councillor M. Mitchell	93 162	-
Councillor NP. Kholwapi	405 500	244 768
Councillor PM . Lobese	-	61 206
Councillor EV. Wildeman	-	263 801
Councillor LM. Seyisi	-	248 312
Councillor VP . Van Rhyner	-	114 011
	6 721 149	6 197 993

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

							2023	2022
							R	R
46.2 Remuneration paid to councillors can be summarised as follows:								2023
	Basic salary	Motor vehicle allowance	Cell phone and data allowances	Medical aid contributions	Pension contributions	Housing allowance	In-kind and other benefits and allowances	Total
	R	R	R	R	R	R	R	R
Executive mayor	753 309	-	41 400	17 280	131 987	-	-	943 977
Deputy executive mayor	597 798	-	41 400	17 280	105 045	-	-	761 523
Mayoral committee members	1 439 556	330 893	124 200	-	-	-	-	1 894 650
Speaker	666 855	-	41 400	4 320	48 948	-	-	761 523
Councillors	1 786 742	-	289 955	78 196	136 476	-	68 108	2 359 477
	5 244 261	330 893	538 355	117 076	422 456	-	68 108	6 721 149

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

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



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	2023	2022
	R	R

46.4 In-kind Benefits

The executive mayor, deputy executive mayor, speaker and mayoral committee members are full-time members. Each is provided with an office and secretarial support at the cost of the council.

The executive mayor is entitled to stay at the mayoral residence owned by council at no cost and the use of a council owned vehicle for official duties.

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

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

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
47	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment	36 392 828	35 506 202
	Investment Property	538	538
		36 393 366	35 506 740
48	IMPAIRMENT		
	Impairments		
	Other receivables from non-exchange revenue	10 967 212	70 855 412
	Trade and other receivables	208 084 519	182 085 621
		219 051 731	252 941 034
	Reversal of impairments		
	Other receivables from non-exchange revenue	-	(32 268 578)
	Trade and other receivables	(190 429 075)	(187 531 313)
		(190 429 075)	(219 799 891)
	Total impairment losses recognized / (reversed)	28 622 656	33 141 143
49	FINANCE COSTS		
	Employee Benefits	10 942 682	8 181 000
	Finance leases	378 888	814 044
	Non-current borrowings	8 418 897	10 288 165
	Total	19 740 467	19 283 209
50	OPERATING LEASES		
	Premises		
	Premises - contractual amounts	306 712	213 943
	Motor vehicles		
	Motor vehicles - contractual amounts	19 796	271 910
	Equipment		
	Equipment - contractual amounts	199 547	608 031
	Lease rentals on operating lease - other		
	Lease rentals on operating lease - other - contractual amounts	3 490 811	3 229 344
		4 016 866	4 323 228
51	BAD DEBTS WRITTEN OFF		
	Exchange transactions		
	Electricity	1 262 445	2 818 937
	Water distribution	21 321 820	39 340 345
	Sewerage	23 152 233	23 514 333
	Solid waste removal	13 344 602	13 642 153
	Sundries	-	2 096 581
		59 081 100	81 412 349

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Non-exchange transactions			
Property rates		2 007 831	475 187
Fines		26 291 200	8 831 800
Electricity		265 497	1 007 905
Solid waste removal		306 956	11 958
Sewerage		390 488	17 358
Water distribution		601 903	1 978 377
		29 863 874	12 322 584
Total		88 944 975	93 734 933
52 BULK PURCHASES			
Electricity - eskom		162 599 090	159 802 421
Water		1 218 802	535 538
		163 817 892	160 337 958
52.01 Electricity losses			
		MWh	MWh
Units purchased		96 320	107 019
Units sold		(81 633)	(86 815)
Total loss		14 687	20 204
Comprising of:			
		MWh	MWh
Technical + non-technical losses		8 947	14 300
Authorised consumption (metered)		4 636	4 801
Authorised consumption (unmetered)		1 103	1 103
Total		14 686	20 204
Percentage loss:			
		%	%
Technical + non-technical losses		9.29%	13.36%
Authorised consumption (metered)		4.81%	4.49%
Authorised consumption (unmetered)		1.14%	1.03%
Total		15.25%	18.88%
52.02 Water losses			
		ML	ML
Units purchased		4 052	4 137
Units sold		(2 599)	(2 577)
Total Loss		1 453	1 560
Comprising of:			
		ML	ML
Technical + non-technical losses		1 453	1 560
Total		1 453	1 560
Percentage loss:			
		%	%
Technical + non-technical losses		35.85%	37.71%
Total		35.85%	37.71%

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
53	CONTRACTED SERVICES		
Outsourced services			
Alien vegetation control		-	100 519
Burial services		29 400	64 003
Business and advisory		1 160 747	346 922
Clearing and grass cutting services		1 445 637	1 610 889
Connection/dis-connection		155 700	341 800
Drivers licence cards		275 236	256 229
Electrical		1 113 046	1 932 848
Hygiene services		-	13 026
Illegal dumping		724 039	2 940 779
Litter picking and street cleaning		659 438	716 106
Meter management		1 463 979	408 293
Organic and building refuse removal		612 645	454 948
Printing services		230 970	319 669
Security services		12 723 073	18 556 753
Traffic fines management		2 905 645	913 710
Transport services		-	14 650
		23 499 554	28 991 143
Consultants and professional services			
Business and advisory		5 150 536	7 257 935
Infrastructure and planning		10 836 024	3 602 361
Laboratory services		7 223	72 890
Legal cost		4 250 571	16 572 367
		20 244 353	27 505 553
Contractors			
Artists and performers		222 170	-
Auctioneers		26 098	-
Building		1 293 232	7 477 467
Catering services		307 404	945 213
Chipping		-	299 344
Electrical		1 148 689	3 672 028
Fire services		546 140	540 629
First aid		95 844	59 549
Haulage		-	581 606
Maintenance of buildings and facilities		3 769 309	6 189 598
Maintenance of equipment		4 343 299	5 427 667
Maintenance of unspecified assets		15 714 888	20 131 613
Pest control and fumigation		-	177 313
Removal of hazardous waste		341 016	270 900
Stage and sound crew		135 500	-
Stream cleaning and ditching		1 198 592	484 558
		29 142 180	46 257 483
Total		72 886 087	102 754 180

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
54	GRANTS AND SUBSIDIES PAID		
	Other subsidies		
	Tourism	3 400 000	3 400 000
	Bursaries	342 239	-
	Grant in aid	1 298 592	877 545
	Monetary allocations	585 000	249 647
		5 625 831	4 527 192
	Total	5 625 831	4 527 192
55	INVENTORY CONSUMED		
	Inventory consumed		
	Standard rated	5 025 887	5 072 897
	Materials and supplies	9 104 767	9 255 155
		14 130 654	14 328 052
	Total	14 130 654	14 328 052
56	OPERATIONAL COST		
	Advertising	419 790	556 022
	Assessment rates & municipal charges	3 116 637	2 853 242
	Assets expensed	51 304	87 629
	Audit fees	5 362 717	4 808 607
	Bank charges	2 177 881	1 781 007
	Bargaining council	389	-
	Bursaries	798 612	394 498
	Commission paid	1 745 160	1 973 268
	Communication costs	1 164 739	1 649 491
	Conferences and seminars	155 599	114 710
	Contribution to provisions	-	(204 488)
	Dumping fees (district council)	2 193 459	1 194 974
	Entertainment	10 173	-
	External computer service	6 689 895	5 768 750
	Fuel and oil	14 754 006	8 877 741
	Full time union representative	118 062	56 244
	Hire	5 710 722	2 891 724
	Insurance	4 449 024	3 213 501
	Learnerships and internships	2 650 764	2 650 972
	Levies	2 212 991	2 124 397
	Licences	553 184	488 374
	Motor vehicle expenses	208 933	305 281
	Postage and courier	1 068 601	864 110
	Printing and stationery	9 246	54 263
	Promotions and sponsorships	-	9 000
	Protective clothing and uniforms	2 743 635	2 445 077
	Remuneration of committee members	418 000	352 500
	Resettlement cost	67 100	52 658
	Servitudes and land surveys	8 500	-

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
Signage		841 521	645 173
Software expenses		2 903 952	3 446 917
Storage of files (archiving)		24 126	11 144
Subscriptions and membership fees		3 121 880	2 992 269
Title deed search fees		176	920
Transport provided as part of departmental activities		87 385	61 772
Travel - local		1 023 581	492 699
Total		66 861 745	53 014 447
57	LOSS ON THE DISPOSAL OF ASSETS		
Property, plant and equipment		1 528 219	1 701 224
Total		1 528 219	1 701 224
58	ACTUARIAL LOSSES		
Long service awards		-	430 473
Total		-	430 473
59	WATER LOSSES		
Water losses		1	2
Total		1	2
60	INVENTORIES LOSSES / WRITE-DOWNS		
Inventories losses/write-downs		8 628	-
Total		8 628	-
61	CASH (USED IN) GENERATED BY OPERATIONS		
Surplus for the year		79 751 608	51 788 710
Adjustment for:-			
Depreciation and amortisation		36 393 366	35 506 740
Contributed property, plant and equipment		-	(325 150)
Loss on disposal of non-current assets		1 074 350	1 701 224
Water losses		1	2
Inventories (losses)/write-downs/Inventories increase to net realisable value		8 628	(1 089)
(Impairment loss) / Reversal of impairment loss on exchange receivables		17 655 444	(5 445 692)
Reversal of impairment loss on non-exchange receivables		10 967 212	38 586 834
Bad debts written off - exchange transactions		59 081 100	81 412 349
Bad debts written off - non-exchange transactions		29 863 874	12 322 584
Movement in unspent conditional grants and receipts		(4 674 277)	399 752
Movement in unspent public contributions		-	(498 469)
Movement in operating lease assets and accruals		143 019	(30 401)
Movement in retirement benefits assets and liabilities		(871 316)	6 289 238
Movement in landfill site		-	(15 322 375)
Movement in provisions		659 753	(3 889 069)
Operating surplus before working capital changes:		230 052 763	202 495 188

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Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R
Decrease in inventories	436 579	666 082
(Increase) in receivables from exchange transactions	(88 475 956)	(78 301 234)
(Increase) in receivables from non-exchange transactions	(44 011 411)	(60 597 586)
Increase in consumer deposits	945 468	834 720
(Decrease)/increase in taxes	(5 331 589)	3 249 596
Increase in payables from exchange transactions	13 878 726	9 692 470
(Decrease)/increase in payables from non-exchange transactions	-	(633 701)
Changes in working capital:	(122 558 183)	(125 089 653)
Cash generated by operations	107 494 580	77 405 535



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62 CORRECTION OF ERROR IN TERMS OF GRAP 3

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

- a) Correction of Prior year payments for MDL Engineering that was only paid in the current year, but was in respect of the 2021-22, 2020-21 and 2019-20 financial years respectively. This Correction is as follows: Trade and other payables from exchange transactions (2021-22) Cr R 138 074.12, (2020-21) Cr R 86 126.85, Accumulated surplus / (deficit) (2021-22) Dt R 86 126.85, (2020-21) Dt R 86 126.85 and Contracted services (2021-22) Dt R 51 947.27
- b) Reclassification of Development charges from Rendering of services to Operational revenue and Correction of the Employee Post Retirement Medical benefit, Long Service Awards and Net increase/ decrease of Inventory Net Realisable Value that was incorrectly disclosed. This Correction is as follows: Rendering of services (2021-22) Dt R 1 562 368.12, Operational revenue (2021-22) Cr R 1 562 368.12, Actuarial gains (2021-22) Cr R 7 205 340.00, Employee related costs (2021-22) Cr R 3 513 517.05, Finance costs (2021-22) Dt R 8 181 000.00, Actuarial losses (2021-22) Dt R 430 473.00 and Contracted services (2021-22) Cr R 17 013.33 and Inventories Losses / Write-Downs (2021-22) Cr R 125 496.06 and Inventories Increase to net realisable value (2021-22) Dt R 125 496.06, Operational cost (2021-22) Dt R 2 124 397.38
- c) Correcting of SALGA Payments that was incorrectly accounted for in the 2020-21 and 2021-22 Financial years. This Correction is as follows: Operational cost (2021-22) Cr R 167 219.04, (2020-21) Cr R 2 675 319.70, Receivables from exchange transactions (2021-22) Dt R 2 842 538.74, (2020-21) Dt R 2 675 319.70 and Accumulated surplus / (deficit) (2021-22) Cr R 2 675 319.70
- d) Correction of Water inventory calculation for the 2021-22 financial year. This Correction is as follows: Inventories (2021-22) Dt R 37 544.40, Inventories Increase to net realisable value (2021-22) Dt R 6 814 307.24 and Water losses (2021-22) Cr R 6 851 851.64
- e) Correction of Leave, Performance Bonus and Annual Bonus provision in terms of COMAF 35 of 2021-22 Audit. This Correction is as follows: Receivables from non-exchange transactions (2021-22) Cr R 9 936.84, (2020-21) Cr R 70 144.37, Accumulated surplus / (deficit) (2021-22) Dt R 70 144.37, (2020-21) Dt R 70 144.37, Employee related costs (2021-22) Cr R 53 562.60 and Contracted services (2021-22) Cr R 6 644.93
- f) Reversal of Landing Fees that was incorrectly billed to Cemair during the 2021-22 financial year. This Correction is as follows: Rendering of services (2021-22) Dt R 464 373.92, Receivables from exchange transactions (2021-22) Cr R 534 030.01 and VAT receivable (2021-22) Dt R 69 656.09
- g) Correction of the Cashflow of interest that was incorrectly calculated during the 2021-22 financial year and Correction of in terms of COMAF 29 This Correction is as follows: Receipts - Taxes, levies and fines (2021-22) Cr R 3 991 343.60, Receipts - Goods and services provided (2021-22) Dt R 12 241 583.57, Receipts - Interest income (2021-22) Cr R 8 250 239.97 and Payments - Suppliers for goods and services (2021-22) Dt R 682 257.07 Purchase of property, plant and equipment (2021-22) Cr R 682 257.07

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Notes to the audited annual financial statements

- h)** Reversing of Debtor corrections that was done in 2021-22, because the correction at the time was based on the fact that it was billing of prior years. After investigating it was found that the information was only received on the time of correction, which wasn't consistent with the definition of a correction of error. This Correction is as follows: Accumulated surplus / (deficit) (2021-22) Dt R 199 333.82, Service charges (Exchange) (2021-22) Cr R 199 333.82, (2020-21) Dt R 199 333.82 and Receivables from exchange transactions (2020-21) Cr R 199 333.82
- i)** First Time Recognition of Moveable Assets as part of the Moveable assets verification that was done. This Correction is as follows: Property, plant and equipment (2021-22) Dt R 89 900.21, (2020-21) Dt R 110 239.36, Accumulated surplus / (deficit) (2021-22) Cr R 110 239.36, (2020-21) Cr R 110 239.36 and Depreciation and amortization (2021-22) Dt R 20 339.15
- j)** Recognition of Donated Asset's Cost that was donated. This Correction is as follows: Property, plant and equipment (2021-22) Dt R 325 150.00 and Contributed Assets (2021-22) Cr R 325 150.00
- k)** Correction of Inventory to PPE Finding by AG (COMAF 29). This Correction is as follows: Property, plant and equipment (2021-22) Dt R 1 116 156.80, (2020-21) Dt R 442 873.07, Accumulated surplus / (deficit) (2021-22) Cr R 442 873.07, (2020-21) Cr R 444 089.75 and Depreciation and amortization (2021-22) Dt R 8 973.34, (2020-21) Dt R 1 216.68 Inventories (2021-22) Cr R 682 257.07
- l)** Derecognition of bulk filer. This Correction is as follows: Property, plant and equipment (2021-22) Cr R 75 000.00, (2020-21) Cr R 75 000.00 and Receivables from non-exchange transactions (2021-22) Dt R 75 000.00, (2020-21) Dt R 75 000.00
- m)** Correction of depreciation incorrectly reversed on derecognised assets (2021-22) (Additional) an Depreciation reversal relating to Infrastructure Writ offs for 2020/21 This Correction is as follows: Property, plant and equipment (2021-22) Dt R 98 554.24, (2020-21) Dt R 152 158.46, Depreciation and amortization (2021-22) Dt R 53 604.22, (2020-21) Cr R 152 158.46 and Accumulated surplus / (deficit) (2021-22) Cr R 152 158.46
- n)** Derecognition of Infrastructure assets and Community Assets This Correction is as follows: Property, plant and equipment (2021-22) Cr R 2 662 892.81, (2020-21) Cr R 2 648 970.68, Accumulated surplus / (deficit) (2021-22) Dt R 2 648 970.68, (2020-21) Dt R 2 648 970.68 and Loss on disposal of assets and liabilities (2021-22) Dt R 13 922.13
- o)** Allocation of incorrectly allocated Unauthorized Expenditure from the Debtors Account to the correct Expenditure items. This Correction is as follows: Receivables from non-exchange transactions (2021-22) Cr R 1 160 916.65, (2020-21) Cr R 1 160 916.65, Accumulated surplus / (deficit) (2021-22) Dt R 1 160 916.65, (2020-21) Dt R 501 882.62, Contracted services (2020-21) Dt R 657 929.89 and Operational cost (2020-21) Dt R 652.17 and Finance costs (2020-21) Dt R 451.97
- p)** Correction of Collection charges of previous financial years that should not have been raised against these accounts. This Correction is as follows: Receivables from exchange transactions (2021-22) Cr R 17 288.63, (2020-21) Cr R 17 288.63, Accumulated surplus / (deficit) (2021-22) Dt R 17 288.63, (2020-21) Dt R 7 399.33 and Operational revenue (2020-21) Dt R 9 889.30

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Audited financial statements for the year ended 30 June 2023

Notes to the audited annual financial statements

- q) Reversal of Performance Bonusses prior to 2021/22 financial year due to the performance evaluations been done and the result was not to pay out any bonusses. This Correction is as follows: Current employee benefit obligation (2021-22) Dt R 2 483 132.69, (2020-21) Dt R 2 483 132.69, Accumulated surplus / (deficit) (2021-22) Cr R 2 483 132.69, (2020-21) Cr R 1 921 088.39 and Employee related costs (2020-21) Cr R 562 044.30
- r) Accounting For Rental income escalation that was unaccounted for in the 2021-22 financial year. This Correction is as follows: Receivables from exchange transactions (2021-22) Dt R 28 163.84 and Rental of facilities and equipment (2021-22) Cr R 28 163.84
- s) Correction of Unspent grant that was actually spent in the 2021-22 financial year, but not recognized as revenue. This Correction is as follows: Unspent conditional grants (2021-22) Dt R 2 836 995.67 and Government grants & subsidies - monetary (2021-22) Cr R 2 836 995.67
- t) Depreciation rollback and remaining useful live adjustments - subsequent depreciation charges and recognition of recalculated depreciation charges in terms of 2020-21 nad 2021-22 Financial Years. This Correction is as follows: Property, plant and equipment (2021-22) Dt R 802 913.82, (2020-21) Dt R 3 556.41, Accumulated surplus / (deficit) (2021-22) Cr R 3 556.41 and Depreciation and amortization (2021-22) Cr R 799 357.41, (2020-21) Cr R 3 556.41

	Note	R As previously reported	R Correction of prior period error	R Changes in accounting policy	R Reclassification	R Restated
62.01 Statement of financial position - non current assets						
2022						
Property, plant and equipment	i,j,k,l,m,n,t	1 196 038 185	(305 218)	-	-	1 195 732 967
Total		1 208 765 491	(305 218)	-	-	1 208 460 273
2021						
Property, plant and equipment	i,j,k,l,m,n,t	1 154 698 995	(2 015 143)	-	-	1 152 683 851
Total		1 176 535 178	(2 015 143)	-	-	1 174 520 034

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Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
62.02 Statement of financial position - current assets						
2022						
Inventories	d,k	16 446 634	(644 713)	-	-	15 801 922
Receivables from exchange transactions	c,f,h,p,r	35 343 763	2 319 384	-	-	37 663 147
Receivables from non-exchange transactions	e,l,o	34 581 213	(1 095 853)	-	-	33 485 360
VAT receivable	f	4 585 141	69 656	-	-	4 654 797
Total		165 192 365	648 474	-	-	165 840 839
2021						
Receivables from exchange transactions	c,f,h,p,r	30 681 867	2 458 697	-	-	33 140 564
Receivables from non-exchange transactions	e,l,o	24 953 253	(1 156 061)	-	-	23 797 192
Total		169 951 594	1 302 636	-	-	171 254 231
62.03 Statement of financial position - current liabilities						
2022						
Trade and other payables from exchange transactions	a	80 855 729	138 074	-	-	80 993 804
Current employee benefit obligation	q	36 769 786	(2 483 133)	-	-	34 286 653
Unspent conditional grants	s	6 095 196	(2 836 996)	-	-	3 258 200
Total		156 641 433	(5 182 054)	-	-	151 459 379
2021						
Trade and other payables from exchange transactions	a	71 215 207	86 127	-	-	71 301 334
Current employee benefit obligation	q	35 163 951	(2 483 133)	-	-	32 680 818
Total		162 482 376	(2 397 006)	-	-	160 085 370

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Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
62.04	Statement of financial position - net assets					
2022						
Accumulated surplus	a,b,c,d,e,f,h,i,j,k,m, n,o,p,q,r,s,t	1 048 096 087	5 525 310	-	-	1 053 621 398
Total		1 066 646 096	5 525 310	-	-	1 072 171 407
2021						
Accumulated surplus	a,b,c,d,e,f,h,i,j,k,m, n,o,p,q,r,s,t	913 642 165	1 684 499	-	-	915 326 664
Total		1 015 642 166	1 684 499	-	-	1 017 326 664
62.05	Statement of financial performance - revenue from exchange transactions					
2022						
Service charges (Exchange)	h	397 147 683	199 334	-	-	397 347 017
Rendering of services	b,f	8 638 723	(464 374)	-	(1 562 368)	6 611 981
Rental of facilities and equipment	r	1 254 556	28 164	-	-	1 282 720
Operational revenue	b,p	2 082 099	-	-	1 562 368	3 644 467
Actuarial gains	b	-	-	-	7 205 340	7 205 340
Inventories Increase to net realisable value	b,d	6 940 892	(6 814 307)	-	(125 496)	1 089
Total		435 637 777	(7 051 184)	-	7 079 844	435 666 438
62.06	Statement of financial performance - revenue from non-exchange transactions- transfer revenue					
2022						
Government grants & subsidies - monetary	s	187 797 553	2 836 996	-	-	190 634 549
Contributed Assets	j	-	325 150	-	-	325 150
Total		242 726 484	3 162 146	-	-	245 888 630

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Notes to the audited annual financial statements

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
62.06	Statement of financial performance - expenditure					
2022						
Employee related costs	b,e,q	280 224 496	(53 563)	-	(3 513 517)	276 657 416
Depreciation and amortization	i,k,m,t	36 223 181	(716 441)	-	-	35 506 740
Finance costs	b,o	11 102 209	-	-	8 181 000	19 283 209
Contracted services	a,b,e,o	102 725 891	45 302	-	(17 013)	102 754 180
Operational cost	b,c,o	51 057 269	(167 219)	-	2 124 397	53 014 447
Loss on disposal of assets and liabilities	n	1 687 302	13 922	-	-	1 701 224
Actuarial losses	b	-	-	-	430 473	430 473
Water losses	d	6 851 853	(6 851 852)	-	-	2
Inventories Losses / Write-Downs	b	125 496	-	-	(125 496)	-
Total		806 588 195	(7 729 850)	-	7 079 844	805 938 190
62.07	Cash flow statement - cash flows from operating activities					
2022						
Receipts - Taxes, levies and fines	g	157 106 967	(3 991 344)	-	-	153 115 623
Receipts - Goods and services provided	g	343 119 809	12 241 584	-	-	355 361 393
Receipts - Interest income	g	14 249 037	(8 250 240)	-	-	5 998 797
Payments - Suppliers for goods and services	g	(334 811 788)	682 257	-	-	(334 129 531)
Total		76 723 278	682 257	-	-	77 405 535
62.08	Cash flow statement - cash flows from investing activities					
2022						
Purchase of property, plant and equipment	g	(78 381 117)	(682 257)	-	-	(79 063 374)
Total		(79 130 314)	(682 257)	-	-	(79 812 571)

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
63 UNAUTHORISED EXPENDITURE			
Opening balance as previously reported		1 231 121 183	340 635 976
Correction of prior period error		(799 357)	5 530 878
Opening balance as restated		1 230 321 826	346 166 854
Add: Operating Expenditure identified		-	805 938 190
Add: Capital Expenditure identified		-	78 216 782
Less: Approved/condoned/authorised by council		(1 230 321 826)	-
Closing balance		-	1 230 321 826

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Operating Expenditure identified -2022	None	-	805 938 190
Capital Expenditure identified -2022	None	-	78 216 782
		-	884 154 972

63.1 Operating Expenditure determination

Operating	Expenditure 2023 R'000	Budget 2023 R'000	Difference 2023 R'000	Unauthorized Expenditure 2023 R
Council And General	8 072	9 268	1 196	-
Office Of The Municipal Manager	28 233	30 938	2 705	-
Corporate Services	58 195	69 303	11 108	-
Community Services	247 040	247 054	14	-
Economic Development And Planning	22 294	23 233	940	-
Financial Services	47 102	62 948	15 847	-
Engineering Services	385 871	409 082	23 210	-
	796 807	851 826	55 019	-

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Notes to the Audited Annual Financial Statements

	Note			2023	2022
				R	R
Operating	Expenditure	Budget	Difference		
	2022	2022	2022		
	R'000	R'000	R'000		
Council And General	7 818	-	(7 818)	-	(7 818 482)
Office Of The Municipal Manager	23 313	-	(23 313)	-	(23 313 146)
Corporate Services	73 833	-	(73 833)	-	(73 832 960)
Community Services	246 220	-	(246 220)	-	(246 219 996)
Economic Development And Planning	23 677	-	(23 677)	-	(23 677 387)
Financial Services	38 673	-	(38 673)	-	(38 673 244)
Engineering Services	392 403	-	(392 403)	-	(392 402 975)
	805 938	-	(805 938)		(805 938 190)

63.2 Capital Expenditure determination

Capital	Expenditure	Budget	Difference	Unauthorized Expenditure
	2023	2023	2023	2023
	R'000	R'000	R'000	R
Corporate Services	2 145	2 339	194	-
Community Services	7 249	9 715	2 466	-
Economic Development And Planning	435	435	-	-
Engineering Services	74 978	89 482	14 504	-
	84 807	101 971	17 164	-

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



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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
64 FRUITLESS AND WASTEFUL EXPENDITURE			
Opening balance as previously reported		4 465 508	4 465 508
Add: Expenditure identified - Prior Period		75 000	-
Less: Amounts repaid - Current		(75 000)	-
Closing balance		4 465 508	4 465 508

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Payment for the Bulk Filer (HR Archives) not delivered	Under investigation	75 000	-
		75 000	-

65 IRREGULAR EXPENDITURE

Opening balance as previously reported	226 813 065	226 162 103
Correction of prior period error	-	2 661 284
Opening balance as restated	226 813 065	228 823 388
Add: Expenditure identified - Current	175 345	70 573 758
Less: Amounts written off - Prior Period	(106 452 560)	(72 584 081)
Closing balance	120 535 850	226 813 065

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

Incident	Disciplinary steps taken/criminal proceedings		
SCM policy section 16- Processes for Written Price Quotations	To be reported to council	4 083	102 546
SCM policy section 17- Competitive bidding processes not followed	To be reported to council	-	485 036
Non-compliance with Section 13(b) and Section 43 of the MSCMR	To be reported to council	-	3 288 086
SCM policy section 13(c)(i): Supplier false declaration of interest	To be reported to council	3 760	413 641
SCM policy section 19- Competitive bidding processes not followed	To be reported to council	167 502	5 338 812

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	Note	2023 R	2022 R
SCM policy section 38(1)(g): Cancel a contract awarded to a person	To be reported to council	-	19 633
Non-compliance with Section 46(2) (e) and (f)	To be reported to council	-	286 487
SCM policy section 29: Composition of the Bid Adjudication Committee	To be reported to council	-	26 257 549
PPR 2017 section 8(2) - Non compliance	As identified by AG during audit -to be reported to council	-	30 812
PPR 2017 section 4,5 & 9 - Non compliance	As identified by AG during audit -to be reported to council	-	35 749
PPR 2018 section 8(2) - Non compliance	As identified by AG during audit -to be reported to council	-	232 458
MFMA Sec 116(3)(a) & MSCMR 38(1)	To be reported to council	-	28 187
	To be reported to council	-	29 086 189
Non-compliance with Section 6(1) and Section 6(6) of the PPR		-	4 968 576
SCM policy section 52(1)(iii)- Contract Implementation	To be reported to council	-	
		175 345	70 573 758

66 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

66.1 Contributions to organised local government

Opening balance	(2 842 539)	(2 675 320)
Council subscriptions	2 842 539	2 675 320
Amount paid - current	(3 233 163)	(2 842 539)
	(3 233 163)	(2 842 539)

66.2 Audit fees

Current year audit fee	6 190 682	5 529 898
Amount paid - current year	(6 189 175)	(5 529 898)
	1 507	-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
66.3	VAT		
VAT receivable		256 270 538	212 583 821
VAT payable		(246 284 151)	(207 929 024)
		9 986 386	4 654 797
Amount paid in relation to VAT for current year		(21 360 441)	(6 499 218)
Amount received in relation to VAT for current year		3 118 009	6 454 096
Amount received in relation to VAT for prior year		5 089 244	3 145 885
All VAT returns have been submitted by the due date throughout the year.			
66.4	PAYE, UIF and SDL		
Current year payroll deductions		44 277 055	42 767 619
Amount paid - current year		(44 277 055)	(42 767 619)
		-	-
66.5	Pension and medical aid deductions		
Current year payroll deductions and council contributions		73 462 496	70 379 780
Amount paid - current year		(73 462 496)	(70 379 780)
		-	-
66.6	Investments as at 30 June:		
	Short Term Investments		
Standard Bank		20 570 562	-
ABSA		10 267 051	-
NedBank		14 334 649	-
		45 172 261	-
	Long Term Investments		
NedBank		-	9 857 448
		-	9 857 448
Total Investments		45 172 261	9 857 448

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Note	2023 R	2022 R	
66.7 Councillor's arrear consumer accounts			
There was no councillors that had arrear accounts outstanding for more than 90 days during any time during the current and previous financial years.			
	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
The following councillors had arrear accounts outstanding for more than 90 days: -			
as at 30 June 2023			
Councillor J. Kam Kam	1 369	-	1 369
Councillor D. Swart	13 936	-	13 936
Councillor NT. Seti	1 369	-	1 369
Councillor AR. Olivier	1 454	-	1 454
Councillor MP. Busakwe	1 390	-	1 390
Councillor SE. Gcabayi	1 369	-	1 369
Councillor WJ. Nel	1 504	-	1 504
Councillor NS. Ndayi	1 369	-	1 369
	23 758	-	23 758

66.8 Supply chain management regulations

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

Category from SCM policy	Section		
In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	36(1)(a)(i)	1 787 068	3 182 490
Where it can be demonstrated that goods or services are produced or available from a single provider only	36(1)(a)(ii)	207 147	596 806
Exceptional case and it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	350 958	2 602 858
		2 345 174	6 382 154

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R		
66.9	Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the supply chain management policy).				
Company	Relation	Name	Designation	Organ of state	Amount
Shelf Plett 40 T/A Isolomzi	Spouse	Yonn LB	SAPS officer	South African police service	12 139 500
Zutari (Pty) Ltd	Spouse	Ahlschlager HC	Legal representative	Special investigating unit	
	Sibling	Seegers S	Head of security: architecture	City of Cape Town	
	Spouse	Nadasen K	Director: Key account management	Department of public works	
	Son	Mncube T	Specialist category manager: Supply chain	Airports company South Africa	1 936 115
Ducharme Asset Management & Accounting (Pty) Ltd	Spouse	Mbekeni L	Administrator	Department of Rural Development	28 980
Ikapa Distribution Network	Daughter	Davids C	Teacher	Western Cape: Department of Education	179 055
Sky High Consulting Engineers	Spouse	Mhlongo T	Administrator	Department of Home Affairs	63 308
SMS ICT Choice	Spouse	Maqula NJ	Administrator	Department of Human Settlement	121 224
Sonqua Consulting	Spouse	Adams BL	Administrator	Department of Health	2 437 815
Furicom (Pty) Ltd	Spouse	Nqolo / Nguza T	IDP coördinator	Bitou Municipality	546 859
Inga & Sihle (Pty) Ltd	Spouse	Pita Z	Traffic Officer	Bitou Municipality	40 253
					17 493 109



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BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

67 RELATED PARTIES

67.1 Related party transactions

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

2022

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

67.2 Councillors - rates and services billed 01 July 2022 - 30 June 2023

Councillor J. Kam Kam
 Councillor D. Swart
 Councillor NT. Seti
 Councillor AR. Olivier
 Councillor MP. Busakwe
 Councillor SE. Gcabayi
 Councillor WJ. Nel
 Councillor NS. Ndayi

	Rates and services billed	Outstanding balance as at 30 June 2023
	R	R
	16 423	1 369
	115 458	13 926
	16 423	1 369
	17 027	1 454
	16 445	1 390
	16 423	1 369
	19 924	1 504
	16 423	1 369
	234 544	23 748



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Notes to the Audited Annual Financial Statements

67.3 Directors - rates and services billed 01 July 2022 - 30 June 2023

Mr. M Memani
Me MP Mpahlwa
Mr. MJ Fourie
Ms A M Paulsen
Mr L Gericke
D Friedman
Mr V W Felton

Rates and services billed	Outstanding balance as at 30 June 2023
R	R
4 451	-
2 278	2 209
55 953	4 237
48 844	-
8 156	4 971
31 923	2 592
2 350	2 350
153 954	16 358

67.4 Councilors - rates and services billed 01 July 2021 - 30 June 2022

Councillor J. Kam Kam
Councillor D. Swart
Councillor NT. Seti
Councillor AR. Olivier
Councillor X. Matyila
Councillor AS. Windvogel
Councillor MP. Busakwe
Councillor SE. Gcabayi
Councillor WJ. Nel
Councillor NS. Ndayi
Councillor PM . Lobese
Councillor VP . Van Rhyner

Rates and services billed	Outstanding balance as at 30 June 2022
R	R
15 671	1 306
122 039	11 681
10 471	1 306
17 431	1 306
5 224	-
5 255	-
10 447	1 306
15 894	1 306
23 524	1 859
10 543	1 306
11 634	5 630
5 224	-
253 356	27 005

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Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Rates and services billed	Outstanding balance as at 30 June 2022
	R	R
67.5 Directors - rates and services billed 01 July 2021 - 30 June 2022		
Adv. LMR Ngoqo	35 794	-
M Memani	2 010	503
Mr M Dyushu	6 655	3 584
Me MP Mpahlwa	14 774	234
MJ Fourie	13 652	-
Mr L Gericke	32 378	43 736
	105 263	48 057

The remuneration of key management and councillors can be found on notes 45 & 46.

68 FINANCIAL RISK MANAGEMENT

68.1 Liquidity risk

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

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

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The landfill site was consistently reported as a liquidity risk for the past five years mainly because management holds the opinion that it is a risk encountered in the event of difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash. The liability could not be financed by raising a loan and thus the municipality is depended on cash reserves as a resource to finance the future expenditure.

BITOU LOCAL MUNICIPALITY

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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 2023

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

	Within 1 year	Between 1 and 5 years	After 5 years
	R	R	R
	29 003 367	81 656 856	34 008 806
	1 272 881	-	-
	70 656 082	-	-
	10 961 022	-	-

At 30 June 2022

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

	Within 1 year	Between 1 and 5 years	After 5 years
	R	R	R
	25 357 752	71 544 733	11 861 312
	5 222 731	1 272 881	-
	57 770 288	-	-
	3 258 200	-	-

68.2 Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

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

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, council endeavours to collect such accounts by 'levying of penalty charges', 'demand for payment', 'restriction of services' and, as a last resort, 'handed over for collection', whichever procedure is applicable in terms of council's credit control and debt collection policy.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

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

Rates
Traffic fines
Sundries

	2023 %	2023 R	2022 %	2022 R
Rates	74.50%	21 218 924	57.23%	11 879 839
Traffic fines	24.93%	7 100 819	40.49%	8 405 559
Sundries	0.57%	162 551	2.28%	473 084
		28 482 294		20 758 482

Exchange receivables

Electricity
Sundries

	2023 %	2023 R	2022 %	2022 R
Electricity	44.32%	3 753 543	20.79%	831 527
Sundries	55.68%	4 716 053	79.21%	3 167 941
		8 469 596		3 999 468

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

Rates
Traffic fines

	2023 %	2023 R	2022 %	2022 R
Rates	27.84%	32 909 401	29.85%	32 013 485
Traffic fines	72.16%	85 311 453	70.15%	75 240 158
		118 220 854		107 253 642

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Exchange Receivables

	2023 %	2023 R	2022 %	2022 R
Electricity	3.58%	8 046 095	4.87%	10 187 874
Water	31.55%	70 843 486	29.83%	62 472 434
Waste water	39.04%	87 655 248	40.14%	84 062 591
Refuse removal	23.05%	51 753 124	22.71%	47 558 460
Housing rentals	0.43%	968 731	0.42%	884 670
Sundries	2.35%	5 267 802	2.02%	4 232 436
		224 534 487		209 398 465

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R 9 857 448 was 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:

	2023 R	2022 R
Receivables from exchange transactions	49 402 559	37 663 147
Receivables from non-exchange transactions	36 665 684	33 485 360
Current investments	-	9 857 448
Long-term receivables	-	1 093
Cash and cash equivalents	95 078 061	48 627 266
	181 146 304	129 634 314

BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

68.3 Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

Sensitivity analysis

1% (2022: 1%) Increase in interest rates
1% (2022: 1%) Decrease in interest rates

	2023	2022
	R	R
1% (2022: 1%) Increase in interest rates	(354 553)	(609 933)
1% (2022: 1%) Decrease in interest rates	354 553	609 933

68.4 Foreign exchange risk

The municipality does not engage in foreign exchange transactions.

68.5 Price risk

The municipality is not exposed to price risk.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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69 FINANCIAL INSTRUMENTS DISCLOSURE

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as

The fair value of financial instruments approximates the amortised costs as reflected below.

69.1 Financial assets (at amortised cost)

Current portion of long-term receivables	-	1 093
Unpaid conditional grants	27 968 070	15 590 971
Current investments	-	9 857 448
Receivables from exchange transactions	49 402 559	37 663 147
Other receivables from non-exchange	19 108 106	11 822 210
Cash and cash equivalents	95 078 061	48 627 266
	191 556 795	123 562 135

69.2 Accumulated surplus / (deficit)

Long-term borrowings	82 546 469	65 547 008
Current portion of long-term borrowings	18 279 782	16 979 655
Finance lease liabilities	-	1 250 915
Current portion finance lease liabilities	1 250 915	4 848 632
Unspent conditional grants	10 961 022	3 258 200
Trade and other payables from exchange transactions	94 872 529	80 993 804
	207 910 718	172 878 214

70 STATUTORY RECEIVABLES

In accordance with the principles of GRAP108, statutory receivables are classified as follows:

VAT receivable	9 986 386	4 654 797
Consumer debtors - rates (non-exchange)	21 876 607	20 327 989
Fines (non-exchange)	11 062 718	11 334 909
	42 925 712	36 317 695

71 COVID-19 RELIEF NOTE

Bitou Local Municipality incurred the following expenditure related to COVID-19 in the respective financial years. No relief was offered in terms of outstanding debt thus Revenue was not affected

Expenditure for PPE	-	417 291
Fogging / disinfecting offices	-	103 073
	-	520 363

72 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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73 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

74 CAPITAL COMMITMENTS

74.1 Authorised capital expenditure

Already contracted for but not provided for

SCM/2023/37/ENG	3 087 063	-
SCM/2023/41/ENG	509 575	-
SCM/2023/44/ENG	6 064 939	-
SCM/2023/49/COMM	531 165	-
SCM/2023/57/ENG	4 587 685	-
	14 780 426	-

Total capital commitments

Already contracted for but not provided for	14 780 426	-
	14 780 426	-

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.

74.2 Operating leases - as lessee (expense)

At the statement of financial position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Minimum lease payments due

- within one year	2 735 832	1 213 334
- in second to fifth year inclusive	10 092 636	45 000
	12 828 468	1 258 334

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

BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
74.3	Operating leases - as lessor (income)		

At the statement of financial position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Minimum lease payments due

- within one year

- in second to fifth year inclusive

-later than five years

652 195	860 628
49 968	702 160
25	27
702 187	1 562 815

75 ACCOUNTING BY PRINCIPALS AND AGENTS

The municipality is a party to a principle-agent arrangement(s).

75.1 Municipality as agent

75.1.1 Details of the arrangement(s) is/are as follows:

The municipality undertakes to handle motor vehicle license issuing on behalf of the department of transport and province and collects a commission of 12% plus VAT.

75.1.2 Resources held on behalf of the principal(s), but recognised in the municipality's own financial

The resources regarding the licensing department, remain that of the department of transport and do not form part of the municipality's financial statements.

75.1.3 Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R 2 500 851 (2022: R 2 422 886).

75.1.4 Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality as Liabilities incurred, have a net effect of R 69 060 that is still owed to the municipality and will be paid over by the department of transport in the new financial year.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
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75.1.5 Additional information

75.1.5.1 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	16 141 300	15 799 041
	16 141 300	15 799 041

75.1.5.2 Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables/(payables)

Vehicle licensing

Opening balance	64 301	(270 313)
Revenue received on behalf of the principal	16 141 300	15 799 041
Amounts transferred to the principal	(16 136 541)	(15 464 426)
	69 060	64 301

All Categories

Opening balance	64 301	(270 313)
Revenue received on behalf of the principal	16 141 300	15 799 041
Amounts transferred to the principal	(16 136 541)	(15 464 426)
	69 060	64 301

75.2 Municipality as Principle

75.2.1 Details of the arrangement(s) is/are as follows:

The municipality appointed TMT and Utilities world as agents to collect revenue on its behalf. TMT receives a fixed amount per fine closed and Utilities world receives a percentage of Electricity sales

75.2.2 Resources held on behalf of the principal(s), but recognised in the municipality's own financial

No resources are under the agents custodianship .

BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
75.2.3 Fees Paid			
Fee paid as compensation to the agent			
TMT		2 905 645	1 257 197
Utilities World		1 217 333	1 281 053
		4 122 978	2 538 250

75.2.4 Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

No implication on the Municipality as no new service provider will be appointed

76 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 2023, the municipality had an accumulated surplus of R 1 121 973 015 and that the municipality's total assets exceed its liabilities by R 1 151 923 015.

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

The possible outflow of resources due to contingent liabilities is disclosed in note 80

77 LIVING AND NON-LIVING RESOURCES

The municipality has no living resources under its control

The non-living resources that the municipality have right to use via license agreements are rivers and boreholes, however a value cannot be determined since it is rivers and boreholes that is not disturbed in its natural state.

78 BBEE PERFORMANCE

Information on compliance with the B-BBEE act is included in the annual report under the section titled B-BBEE compliance performance information.

79 EVENTS AFTER THE REPORTING DATE

No events or circumstances arising after the reporting date have come to the attention of management that would require adjustments to or disclosure in the financial statements.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

	Note	2023 R	2022 R
80	CONTINGENT LIABILITIES		
		2023 R	2022 R
	Sugar Sweet Props 26 (Pty)Ltd	150 000	-
	Town planning matter, concerning the proclamation of an access road and related matters		
	Teniqua Wildfire rehabilitation and awareness	286 400	286 400
	The Plaintiff issued summons against Bitou Local Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the Regional Court. The plaintiff is suing for R 286.4 thousand.		
	Proudafrique 0004 t/a Powerhouse	600 000	-
	The company claimed monies for the work performed during the coalition strategic session held in 2016 between AUF and DA. Bitou has filed an opposition to defend the matter.		
	Johann Victor	100 000	-
	This matter involves the enforcement of the river by-law, which the applicant sued the municipality after he was arrested by the law enforcement for the contravention of the river by-law		
	South African Revenue Services - Library Grant	-	-
	Due to the issue around the VAT treatment on Grant allocations for Library Services that was raised by SARS, the municipality will disclose the matter as a contingent liability until such time that clarity is obtained. The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities, the municipality is not assigned a Library function in terms of the Constitution, and is also not acting formally in terms of an SLA as agent of the Province, but it is also expected to contribute financially to provision of library services. The Municipality is therefore unclear on the VAT treatment on all contributions received from Government, the amount of the obligation cannot be measured as it is currently unknown.		
	Total	1 136 400	286 400
81	CONTINGENT ASSETS		
		2023 R	2022 R
	CANCOM vs Bitou municipality and others	5 500 000	5 500 000
	Bitou Local Municipality is taken to court for blocking renewal of licence disks for cars of hiring companies for not redirecting outstanding fines on vehicles to the individuals, Bitou is owed by Cancom for unpaid fines to the amount of R 5.5 million.		
	Total	5 500 000	5 500 000

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences				
82	EXPLANATIONS ON BUDGET COMPARISON STATEMENTS AND DIFFERENCES				
82.1	Disclosure in terms of GRAP 24 par 38 & 42				
	The Approved budget was prepared on the accrual accounting basis. The classification basis used was the mSCOA classification method.				
	The Approved budget was prepared on the 3 year MTREF basis as prescribed by National treasury.				
82.2	Comparable Basis				
	Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.				
	The following items are affected by these classification differences:				
82.2.1	Statement of financial position				
82.2.1.1	Current assets	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Cash	49 906	Cash and cash equivalents	95 078	-
	Call investment deposits	45 172	Current investments	-	-
	Consumer debtors	68 450	Receivables from exchange transactions	49 403	215 533
	Other debtors	271 252	Receivables from non-exchange transactions	36 666	
			VAT receivable	9 986	
			Operating lease asset	155	
			Unpaid conditional grants	27 968	
	Current portion of long-term receivables	9	Current portion of long-term receivables	-	-
	Inventory	15 357	Inventories	15 357	-
		450 146		234 613	215 533



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Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Ref No		Explanation on material differences		
	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
82.2.1.2	Non current assets			
	Investment property	Investment property	12 692	-
	Property, plant and equipment	Property, plant and equipment	1 242 619	-
	Other non-current assets	Heritage assets	35	-
	1 255 346		1 255 346	-
82.2.1.3	Current liabilities			
	Borrowing	Current portion of long-term borrowings	18 280	-
		Current portion finance lease liabilities	1 251	
	Consumer deposits	Consumer deposits	10 793	-
	Trade and other payables	Trade and other payables from exchange transactions	94 873	215 533
		Unspent conditional grants	10 961	
	Provisions	Current employee benefit obligation	37 759	-
		Current provisions	1 826	
	391 275		175 742	215 533

BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

Ref No		Explanation on material differences		
	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
82.2.1.4	Non current liabilities			
	Borrowing	Current Assets - Operating lease liability	218	-
		Long-term borrowings	82 546	
	Provisions	Employee benefit obligation	79 529	-
	162 293		162 293	-
82.2.1.5	Net Assets			
	Accumulated surplus	Accumulated surplus	1 121 973	-
	Reserves	Reserves	29 950	-
	1 151 923		1 151 923	-



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Notes to the Audited Annual Financial Statements

82.2.2	Ref No	Explanation on material differences			
82.2.2.1	Statement of financial performance	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Revenue By Source				
	Property rates	151 445	Property rates	151 445	-
	Service charges - electricity revenue	212 266	Service charges (Exchange)	405 638	-
	Service charges - water revenue	86 449			
	Service charges - sanitation revenue	78 406			
	Service charges - refuse revenue	45 502	Availability charges (Non-Exchange)	16 984	-
	Rental of facilities and equipment	1 124	Rental of facilities and equipment	1 124	-
	Interest earned - external investments	8 035	Interest earned - cash and investments	8 035	-
	Interest earned - outstanding debtors	21 362	Interest charged (trading)	17 120	-
			Interest charged on non-exchange transactions	4 242	
	Fines, penalties and forfeits	46 722	Fines, penalties and forfeits	46 722	-
	Licences and permits	1 196	Licences and permits	1 196	-
	Agency services	2 501	Agency services	2 501	-
	Transfers and subsidies: Operational - Operational	155 970	Government grants & subsidies - monetary	192 537	(36 567)
	Other revenue	10 550	Sale of goods	58	-
			Rendering of services	6 809	
			Operational revenue	3 683	
	Gains	18 452	Gain on disposal of assets and liabilities	454	(13)
			Actuarial gains	18 011	
Total Revenue (excluding capital transfers and contributions)		839 979		876 559	(36 580)

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Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences				
82.2.2.2	Expenditure By Type	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Employee related costs	286 329	Employee related costs	287 508	(1 179)
	Remuneration of councillors	6 721	Remuneration of councillors	6 721	-
	Debt impairment	117 568	Impairment	28 623	-
			Bad debts written off	88 945	-
	Depreciation & asset impairment	36 393	Depreciation and amortization	36 393	-
	Finance charges	19 740	Finance costs	19 740	-
	Bulk purchases	162 599	Bulk purchases	163 818	(1 219)
	Inventory Consumed	15 349	Inventory consumed	14 131	1 219
	Contracted services	72 886	Contracted services	72 886	-
	Transfers and subsidies	5 626	Transfers and subsidies	5 626	-
	Other expenditure	72 058	Operating leases	4 017	1 179
			Operational cost	66 862	-
	Losses	1 524	Loss on disposal of assets and liabilities	1 528	(13)
			Water losses	0	-
			Inventories Losses / Write-Downs	9	-
	Total expenditure	796 794		796 807	(13)
82.2.2.3	Transfers and Subsidies - Capital	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36 567	Included under Transfers and Subsidies	-	36 567
	Surplus after capital transfers & contributions	36 567		-	36 567

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences				
82.2.3	Cash flow statement				
82.2.3.1	Cash Flow from Operating Activities				
82.2.3.1.1	Receipts	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Property rates	149 399	Taxes, levies and fines	162 102	
	Service charges	353 211	Goods and services provided	357 153	-
	Other revenue	16 645	Other cash item	-	
	Transfers and Subsidies - Operational	136 528	Government grants	189 257	
	Transfers and Subsidies - Capital	51 322	Payments / Government grants repaid	(1 407)	-
	Interest	11 407	Interest income	11 407	-
		718 512		718 512	-
82.2.3.1.2	Payments	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Suppliers and employees	(597 561)	Suppliers for goods and services	(304 539)	
			Employees	(286 301)	-
			Remuneration of councillors	(6 721)	
	Finance charges	(8 776)	Finance cost	(8 776)	-
	Transfers and Grants	(5 626)	Transfers and grants	(5 626)	-
		(611 962)		(611 962)	-

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Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Ref No

Explanation on material differences

82.2.3.2 Cash Flow from Investing Activities

82.2.3.2.1	Receipts	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Proceeds on disposal of PPE	454	Proceeds from sale of biological assets that form part of an agricultural	-	-
			Proceeds from sale of property, plant and equipment	454	-
	Decrease (increase) in non-current receivables	1	Movement in non-current receivables	1	-
	Decrease (increase) in non-current investments	9 857	Movement in non-current investments	9 857	-
		10 312		10 312	-

82.2.3.2.2	Payments	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000
	Capital assets	(84 807)	Purchase of biological assets that form part of an agricultural activity	-	-
			Purchase of property, plant and equipment	(84 807)	-
		(84 807)		(84 807)	-

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Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences																		
82.2.3.3 Cash Flow from Financing Activities																			
82.2.3.3.1 Receipts	<table border="1"> <thead> <tr> <th style="text-align: center;">Actuals per Budget Comparison R'000</th> <th style="text-align: center;">GRAP Classification</th> <th style="text-align: center;">Actuals per Statement of Financial Performance R'000</th> <th style="text-align: center;">Reclassification due to mSCOA vs GRAP Classification R'000</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">35 255</td> <td>Proceeds from long-term borrowings</td> <td style="text-align: right;">35 255</td> <td style="text-align: center;">-</td> </tr> <tr> <td rowspan="2" style="text-align: right;">945</td> <td>CASH FLOWS FROM OPERATING ACTIVITIES - Receipts - Consumer deposits</td> <td style="text-align: right;">1 287</td> <td rowspan="2" style="text-align: center;">-</td> </tr> <tr> <td>CASH FLOWS FROM OPERATING ACTIVITIES - Payments - Consumer deposits</td> <td style="text-align: right;">(341)</td> </tr> <tr> <td colspan="2" style="text-align: center;">36 201</td> <td colspan="2" style="text-align: center;">36 201 -</td> </tr> </tbody> </table>	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	35 255	Proceeds from long-term borrowings	35 255	-	945	CASH FLOWS FROM OPERATING ACTIVITIES - Receipts - Consumer deposits	1 287	-	CASH FLOWS FROM OPERATING ACTIVITIES - Payments - Consumer deposits	(341)	36 201		36 201 -	
Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000																
35 255	Proceeds from long-term borrowings	35 255	-																
945	CASH FLOWS FROM OPERATING ACTIVITIES - Receipts - Consumer deposits	1 287	-																
	CASH FLOWS FROM OPERATING ACTIVITIES - Payments - Consumer deposits	(341)																	
36 201		36 201 -																	
82.2.3.3.2 Payments	<table border="1"> <thead> <tr> <th style="text-align: center;">Actuals per Budget Comparison R'000</th> <th style="text-align: center;">GRAP Classification</th> <th style="text-align: center;">Actuals per Statement of Financial Performance R'000</th> <th style="text-align: center;">Reclassification due to mSCOA vs GRAP Classification R'000</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: right;">(21 804)</td> <td>Repayment of long-term borrowings</td> <td style="text-align: right;">(16 956)</td> <td rowspan="2" style="text-align: center;">-</td> </tr> <tr> <td>Repayment of finance leases</td> <td style="text-align: right;">(4 849)</td> </tr> <tr> <td colspan="2" style="text-align: center;">(21 804)</td> <td colspan="2" style="text-align: center;">(21 804) -</td> </tr> </tbody> </table>	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	(21 804)	Repayment of long-term borrowings	(16 956)	-	Repayment of finance leases	(4 849)	(21 804)		(21 804) -					
Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000																
(21 804)	Repayment of long-term borrowings	(16 956)	-																
	Repayment of finance leases	(4 849)																	
(21 804)		(21 804) -																	

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Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Ref No	Explanation on material differences
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82.3 Material differences between original budget and final budget

82.3.1 Statement of financial position

82.3.1.1 Current assets

Cash	A1	Decrease in cash is due to the under-performance of Revenue, based on this, the Municipality had to adjust the budget downward
Call investment deposits	A2	Decrease in the Investment was due to the lack of revenue received to be utilised for investments, thus we had to adjust the investments downwards because anticipated revenue targets were not met.
Consumer debtors	A3	Decrease is due to the under-performance of revenue targets and subsequently the debtors needed to be adjusted downward
Other debtors	A4	Increase is due to the Opening Balance that were not captured as part of the Budget submission and was included after the Audit concluded

82.3.1.2 Non current assets

Investments	B2	Investments Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded
Investment property	B2	Investment Property Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded
Property, plant and equipment	B3	Property, Plant and Equipment's Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded

82.3.1.3 Current liabilities

Trade and other payables	C2	Trade and other Payables Opening Balance was not included in the original budget submission and subsequently adjusted when the Audit was concluded
Provisions	C3	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the Audit was concluded

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Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
82.3.1.4 Non current liabilities		
Provisions	D2	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the Audit was concluded
82.3.1.5 Net assets		
Accumulated surplus	E1	Surplus was adjusted to incorporate the actual Opening balances after audit and movement
Reserves	E2	Reserves were adjusted as per the Audited Financial Statements and calculation done according to the reserve policy
82.3.2 Statement of financial performance		
82.3.2.1 Revenue		
82.3.2.1.1 Revenue By Source		
Fines, penalties and forfeits	F2	Difference is due to the late appointment of the service provider for traffic violations prosecution, we have anticipated that not all revenue initially budgeted will be collected by the end of the financial year. It was thus necessary to adjust the revenue downward by R10 Million for the financial year.
Transfers and subsidies: Operational	F3	Transfers and Subsidies (Operating) increased due to the approved Roll-over applications as well as additional funding received.
82.3.2.2 Expenditure By Type		
Debt impairment	G2	Due to the decrease in revenue, we anticipate an increase in our consumers not being able to pay their accounts. Based on this and past experience, we have adjusted the figure upwards
Bulk purchases	G4	NERSA has indicated a 18.65% increase in electricity tariffs which resulted in an adjustment to our Bulk Purchases from ESKOM. Looking at the previous years actuals and taking the percentage increase into account, it was necessary to adjust the expenditure in respect of bulk purchases

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Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
82.3.3		Cash flow statement
82.3.3.1		Cash flows from operating activities
82.3.3.1.1		Receipts
Property rates	J1	Property rates decreased due to the an under-estimation of the effect of the R350,000 valuation rebate applied to all ratepayers for the financial year
Service charges	J2	Decrease is due to various adjustment done, including Electricity and Sanitation that got adjusted downward
Other revenue	J3	Decrease is due to various adjustment done, including fines penalties and Forfeits that got adjusted downward
Transfers and Subsidies - Operational	J4	Adjustment due to additional funding received as per roll-over outcomes
82.3.3.1.2		Payments
Suppliers and employees	J5	The adjustment was due to additional funding of positions and the increase in overtime, standby and acting allowance
82.3.3.2		Cash flows from financing activities
82.3.3.2.1		Receipts
Borrowing long term/refinancing	L1	The increase is due to the Long term loan that was taken up by the Municipality and subsequently budgeted for
82.3.3.3		Net increase/(decrease) in cash and cash equivalents
Cash and cash equivalent at the beginning of the year	K1	Cash decrease is due to the decrease in the anticipated revenue and investment that was under performing causing the subsequent decrease in cash and cash equivalents

BITOU LOCAL MUNICIPALITY

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Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
82.4		Material differences between final budget and actuals
82.4.1		Statement of financial position
82.4.1.1		Current assets
Cash	A1	Difference can be attributed to the underspending on certain projects coupled with a more conservative approach to procurement
Call investment deposits	A2	Investments consists of a portion relating to grant funding and the rest is due to underspending on certain projects
Consumer debtors	A3	Decrease is due to the under-performance of revenue targets and subsequently there will be a negative effect on the debtors
Other debtors	A4	This is mainly due to the unpaid grant from the provincial housing department.
82.4.1.2		Non current assets
Investments	B1	Investment was matured
Property, plant and equipment	B3	Decrease is due to under spending on capital related projects and some projects not commencing
82.4.1.3		Current liabilities
Borrowing	C1	Difference is due to the current portion not being budgeted for separately. This has now been corrected
Trade and other payables	C2	Difference is due to an increase in Retentions and Trade Payables
Provisions	C3	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the previous Audit was concluded
82.4.1.4		Non current liabilities
Borrowing	D1	Difference is due to the current portion not being budgeted for separately. This has now been corrected
Provisions	D2	Provisions Opening Balance was not included in the original budget which was subsequently split from the Non-current portion. This adjustment was done when the previous Audit was concluded
82.4.1.5		Net Assets
Accumulated surplus	E1	The increase is due to underspending on projects and an over-performance of fines and other revenue items
Reserves	E2	Reserves were adjusted as per the Audited Financial Statements and calculation done according to the reserve policy



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	Ref No	Explanation on material differences
82.4.2		Statement of financial performance
82.4.2.1		Revenue
82.4.2.1.1		Revenue By Source
Service charges - electricity revenue	F1	Electricity revenue is influenced by fluctuating consumption during peak and off-peak periods, the performance improved as we entered the colder season.
Fines, penalties and forfeits	F2	This revenue source is overperforming after the downward adjustment which means a concerted effort was made to increase this source of revenue. Final income recognition was done and thus increased the total revenue
Transfers and subsidies: Operational	F3	Transfers and Subsidies (Operating) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.
Gains	F4	The increase is due to the actuarial outcome and cannot be estimated upon initial budgeting
82.4.2.1.2		Expenditure By Type
Employee related costs	G1	The main factor contributing to the under-spending remains the vacant positions that have not been filled to date coupled with the year-end post retirement and employee benefits gains/ losses that previously formed part of employee related costs
Finance charges	G3	Increase is due to Employee obligations interest cost being accounted for now under Finance Costs
Bulk purchases	G4	Anticipated consumption was not met due to prolonged loadshedding, thus the municipality over provided for this item
Contracted services	G5	Underspending is due to the late start to the procurement plan as a result of the judgement reading the preferential points.
Other expenditure	G6	Underspending is due to the late start to the procurement plan as a result of the judgement reading the preferential points.
82.4.3.4.3		Capital Funding
Transfers and subsidies - capital (monetary allocations) (National / Provincial and	H1	Transfers and Subsidies (Capital) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.

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	Ref No	Explanation on material differences
82.4.4		Cash flow statement
82.4.4.1		Cash flows from operating activities
82.4.4.1.1		Receipts
Property rates	J1	There was an overperformance due to the collection rate not taken into account during the amendment budget period
Service charges	J2	Under performance is due to final bad debts being written off as part of the year end processes
Other revenue	J3	Difference is due to fines penalties and Forfeits as well as other revenue items that are overperforming
Transfers and Subsidies - Operational	J4	Transfers and Subsidies (Operating) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.
82.4.4.2		Cash flows from investing activities
82.4.4.2.1		Receipts
Decrease (increase) in non-current	K1	The ceded investment matured.
82.4.4.2.2		Payments
Capital assets	K2	Transfers and Subsidies (Capital) underperformed due to the underspending of grant funds, thus the revenue recognition conditions were not fully met.

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83 SEGMENTAL REPORTING

83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	41 353 150
Rendering of services	-	-	-	1 222 293
Rental of facilities and equipment	-	830 884	-	292 784
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	65 364	-	3 598 356
Agency services Accumulated surplus / (deficit)	-	-	-	2 500 851
Licences and permits	-	8 956	-	1 186 802
Operational revenue	18 417	361 292	4 966	1 094 407
Gain on disposal of assets and liabilities	-	-	-	-
Actuarial gains	-	1 384 959	3 014 531	6 444 903
Total revenue from exchange transactions	18 417	2 651 456	3 019 497	57 693 546
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	4 148 853
Interest charged on non-exchange transactions	-	-	-	-
Transfer revenue				
Government grants & subsidies - monetary	-	129 019 000	670 558	22 865 693
Fines, penalties and forfeits	-	-	-	43 881 656
Total revenue from non-exchange transactions	-	129 019 000	670 558	70 896 202
Total revenue	18 417	131 670 456	3 690 055	128 589 748

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83 SEGMENTAL REPORTING

83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
EXPENDITURE				
Employee Related Costs	-	23 502 718	30 631 392	116 174 437
Remuneration of councillors	6 721 149	-	-	-
Depreciation and amortization	55 705	150 106	832 817	7 885 705
Impairment	-	-	-	9 570 159
Finance costs	-	767 454	2 672 419	6 024 583
Operating leases	-	-	199 547	3 797 523
Bad debts written off	-	259 496	-	39 942 758
Bulk purchases	-	-	-	-
Contracted services	51 376	1 360 774	4 111 577	38 154 563
Transfers and subsidies	-	1 698 592	-	285 000
Inventory Consumed	122 646	29 955	386 625	4 320 707
Operational Cost	1 120 827	462 777	19 281 627	20 708 222
Loss on disposal of assets and liabilities	638	1 149	78 549	176 428
Water losses	-	-	-	-
Inventories Losses / Write-Downs	-	-	-	-
Total expenditure	8 072 341	28 233 020	58 194 552	247 040 086
Surplus / (deficit) for the year	(8 053 924)	103 437 436	(54 504 497)	(118 450 338)



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83 SEGMENTAL REPORTING

83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	57 565	-	57 565
Service charges (Exchange)	-	-	364 285 010	405 638 160
Rendering of services	5 374 717	212 430	-	6 809 439
Rental of facilities and equipment	-	-	-	1 123 668
Interest earned - cash and investments	-	8 034 704	-	8 034 704
Interest charged (trading)	-	-	13 455 790	17 119 510
Agency services Accumulated surplus / (deficit)	-	-	-	2 500 851
Licences and permits	-	-	-	1 195 759
Operational revenue	-	414 539	1 789 503	3 683 125
Gain on disposal of assets and liabilities	-	78 957	374 913	453 870
Actuarial gains	1 036 954	2 182 093	3 947 924	18 011 364
Total revenue from exchange transactions	6 411 671	10 980 288	383 853 140	464 628 015
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	151 444 708	-	151 444 708
Availability charges (Non-Exchange)	-	-	12 835 453	16 984 306
Interest charged on non-exchange transactions	-	4 242 192	-	4 242 192
Transfer revenue				
Government grants & subsidies - monetary	3 127 001	1 476 886	35 377 795	192 536 933
Fines, penalties and forfeits	-	2 840 702	-	46 722 358
Total revenue from non-exchange transactions	3 127 001	160 004 488	48 213 247	411 930 496
Total revenue	9 538 672	170 984 776	432 066 388	876 558 511



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83 SEGMENTAL REPORTING

83.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023

EXPENDITURE

	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
Employee Related Costs	17 653 060	29 129 281	70 417 478	287 508 367
Remuneration of councillors	-	-	-	6 721 149
Depreciation and amortization	85 709	514 645	26 868 680	36 393 366
Impairment	-	895 916	18 156 581	28 622 656
Finance costs	574 612	1 209 173	8 492 226	19 740 467
Operating leases	-	-	19 796	4 016 866
Bad debts written off	-	1 748 335	46 994 386	88 944 975
Bulk purchases	-	-	163 817 892	163 817 892
Contracted services	379 483	2 064 465	26 763 848	72 886 087
Transfers and subsidies	3 400 000	242 239	-	5 625 831
Inventory Consumed	46 901	188 003	9 035 817	14 130 654
Operational Cost	152 321	11 100 152	14 035 818	66 861 745
Loss on disposal of assets and liabilities	1 646	922	1 268 889	1 528 219
Water losses	-	-	1	1
Inventories Losses / Write-Downs	-	8 628	-	8 628
Total expenditure	22 293 732	47 101 759	385 871 413	796 806 903
Surplus / (deficit) for the year	(12 755 060)	123 883 017	46 194 975	79 751 608



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83.02	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
REVENUE					
Revenue from exchange transactions					
	Sale of goods	-	-	-	-
	Service charges (Exchange)	-	-	-	33 439 158
	Rendering of services	-	-	-	1 171 359
	Rental of facilities and equipment	-	866 435	-	416 284
	Interest earned - cash and investments	-	-	-	-
	Interest charged (trading)	-	50 718	-	2 462 772
	Agency services	-	-	-	2 422 886
	Licences and permits	-	-	-	1 091 085
	Operational revenue	-	367 547	1	692 046
	Actuarial gains	-	-	7 205 340	-
	Inventories Increase To Net Realisable Value	-	-	-	-
	Total revenue from exchange transactions	-	1 284 699	7 205 341	41 695 591
Revenue from non-exchange transactions					
Taxation revenue					
	Property rates	-	-	-	-
	Availability charges (Non-Exchange)	-	-	-	4 014 880
	Interest charged on non-exchange transactions	-	-	-	-
Transfer revenue					
	Government grants & subsidies - monetary	2 918 000	46 885 050	276 057	36 008 899
	Public Contributions and Donations	-	-	-	-
	Fines, penalties and forfeits	-	-	-	52 377 475
	Contributed Assets	-	-	-	325 150
	Total revenue from non-exchange transactions	2 918 000	46 885 050	276 057	92 726 404
	Total revenue	2 918 000	48 169 749	7 481 398	134 421 995

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SEGMENTAL OF STATEMENT OF FINANCIAL				
83.02	PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022			
	Council	Office of the Municipal Manager	Corporate Services	Community Services
	R	R	R	R
EXPENDITURE				
Employee Related Costs	77 230	20 429 213	27 436 958	113 543 224
Remuneration of councillors	6 197 993	-	-	-
Depreciation and amortization	49 465	62 567	744 605	7 130 124
Impairment	-	-	-	34 224 210
Finance costs	-	-	8 181 000	3 364 456
Operating leases	271 910	-	561 881	3 398 287
Bad debts written off	-	-	-	24 582 491
Bulk purchases	-	-	-	-
Contracted services	91 756	1 273 197	17 416 310	43 369 808
Transfers and subsidies	-	877 545	-	249 647
Inventory Consumed	100 864	59 295	457 693	4 378 915
Operational Cost	1 027 514	605 656	18 544 520	11 839 480
Loss on disposal of assets and liabilities	1 749	5 673	59 521	139 353
Actuarial losses	-	-	430 473	-
Water losses	-	-	-	-
Total expenditure	7 818 482	23 313 146	73 832 960	246 219 996
Surplus / (deficit) for the year	(4 900 482)	24 856 604	(66 351 563)	(111 798 000)

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83.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022	Economic Development and Planning R	Financial Services R	Engineering Services R	Total R
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	182 276	-	182 276
Service charges (Exchange)	-	-	363 907 859	397 347 017
Rendering of services	5 219 781	217 340	3 500	6 611 981
Rental of facilities and equipment	-	-	-	1 282 720
Interest earned - cash and investments	-	3 746 776	-	3 746 776
Interest charged (trading)	-	-	9 617 311	12 130 801
Agency services	-	-	-	2 422 886
Licences and permits	-	-	-	1 091 085
Operational revenue	3 000	546 863	2 035 010	3 644 467
Actuarial gains	-	-	-	7 205 340
Inventories Increase To Net Realisable Value	-	1 089	-	1 089
Total revenue from exchange transactions	5 222 781	4 694 344	375 563 680	435 666 438
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	157 193 635	-	157 193 635
Availability charges (Non-Exchange)	-	-	12 316 769	16 331 649
Interest charged on non-exchange transactions	-	2 646 549	-	2 646 549
Transfer revenue				
Government grants & subsidies - monetary	13 972 948	12 453 500	78 120 095	190 634 549
Public Contributions and Donations	498 469	-	-	498 469
Fines, penalties and forfeits	-	1 607 837	445 150	54 430 462
Contributed Assets	-	-	-	325 150
Total revenue from non-exchange transactions	14 471 418	173 901 521	90 882 013	422 060 463
Total revenue	19 694 199	178 595 865	466 445 693	857 726 900



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83.02 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2022	Economic		Engineering	Total
	Development and Planning	Financial Services	Services	
EXPENDITURE	R	R	R	R
Employee Related Costs	16 003 449	31 090 163	68 077 180	276 657 416
Remuneration of councillors	-	-	-	6 197 993
Depreciation and amortization	64 090	955 099	26 500 790	35 506 740
Impairment	-	(6 171 116)	5 088 048	33 141 143
Finance costs	-	-	7 737 753	19 283 209
Operating leases	-	-	91 150	4 323 228
Bad debts written off	-	475 187	68 677 256	93 734 933
Bulk purchases	-	-	160 337 958	160 337 958
Contracted services	763 453	2 070 860	37 768 796	102 754 180
Transfers and subsidies	3 400 000	-	-	4 527 192
Inventory Consumed	64 139	301 801	8 965 344	14 328 052
Operational Cost	3 382 159	9 928 716	7 686 403	53 014 447
Loss on disposal of assets and liabilities	97	22 535	1 472 296	1 701 224
Actuarial losses	-	-	-	430 473
Water losses	-	-	2	2
Total expenditure	23 677 387	38 673 244	392 402 975	805 938 190
Surplus / (deficit) for the year	(3 983 188)	139 922 621	74 042 718	51 788 710

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
	R	R	R	R
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	-
Service charges (Exchange)	-	210 201 356	-	-
Rendering of services	38 245	-	-	-
Rental of facilities and equipment	67 673	-	-	830 884
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	1 159 916	-	65 364
Agency services	-	-	-	-
Licences and permits	-	-	-	8 956
Operational revenue	1 898	229 348	-	379 709
Gain on disposal of assets and liabilities	-	374 913	-	-
Actuarial gains	1 339 904	1 055 615	-	969 707
Total revenue from exchange transactions	1 447 720	213 021 148	-	2 254 620
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	2 064 215	-	-
Interest charged on non-exchange transactions	-	-	-	-
Transfer revenue				
Government grants & subsidies - monetary	11 867 000	9 305 648	-	129 019 000
Fines, penalties and forfeits	3 311	-	-	-
Total revenue from non-exchange transactions	11 870 311	11 369 862	-	129 019 000
Total revenue	13 318 031	224 391 010	-	131 273 620

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
EXPENDITURE	R	R	R	R
Employee Related Costs	20 244 396	22 474 666	-	16 021 362
Remuneration of councillors	-	-	-	6 721 149
Depreciation and amortization	1 364 954	4 868 738	-	220 236
Impairment	-	(1 567 220)	-	-
Finance costs	1 104 842	2 712 445	-	537 348
Operating leases	380 632	19 796	-	-
Bad debts written off	-	1 527 942	-	259 496
Bulk purchases	-	162 599 090	-	-
Contracted services	3 679 558	5 364 171	-	1 065 400
Transfers and subsidies	285 000	-	-	1 698 592
Inventory Consumed	470 132	2 985 396	-	227 637
Operational Cost	1 003 490	5 326 693	-	1 893 258
Loss on disposal of assets and liabilities	11 048	16 195	-	1 786
Water losses	-	-	-	-
Inventories Losses / Write-Downs	-	-	-	-
Total expenditure	28 544 052	206 327 911	-	28 646 265
Surplus / (deficit) for the year	(15 226 021)	18 063 099	-	102 627 356

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Finance and Administration R	Housing R	Internal Audit R	Other R
REVENUE				
Revenue from exchange transactions				
Sale of goods	57 565	-	-	-
Service charges (Exchange)	-	-	-	-
Rendering of services	1 005 538	-	-	95 192
Rental of facilities and equipment	-	-	-	225 111
Interest earned - cash and investments	8 034 704	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	-	-	-
Licences and permits	-	-	-	-
Operational revenue	437 672	-	-	1 005 384
Gain on disposal of assets and liabilities	78 957	-	-	-
Actuarial gains	5 311 364	465 856	343 466	168 371
Total revenue from exchange transactions	14 925 800	465 856	343 466	1 494 058
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	151 444 708	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	4 242 192	-	-	-
Transfer revenue				
Government grants & subsidies - monetary	2 147 444	10 984 557	-	-
Fines, penalties and forfeits	2 840 702	-	-	-
Total revenue from non-exchange transactions	160 675 046	10 984 557	-	-
Total revenue	175 600 846	11 450 413	343 466	1 494 058

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Finance and Administration	Housing	Internal Audit	Other
EXPENDITURE	R	R	R	R
Employee Related Costs	62 867 791	6 577 193	4 109 066	2 478 287
Remuneration of councillors	-	-	-	-
Depreciation and amortization	1 953 888	80 223	24 889	405 826
Impairment	895 916	-	-	10 071 296
Finance costs	4 630 222	496 337	190 326	93 300
Operating leases	3 309 725	-	-	-
Bad debts written off	1 748 335	-	-	-
Bulk purchases	-	-	-	-
Contracted services	8 656 949	11 614 143	117 179	253 615
Transfers and subsidies	242 239	-	-	-
Inventory Consumed	1 097 677	558 377	3 526	64 085
Operational Cost	31 085 486	483 965	76 738	857 731
Loss on disposal of assets and liabilities	81 894	535	-	1
Water losses	-	-	-	-
Inventories Losses / Write-Downs	8 628	-	-	-
Total expenditure	116 578 750	19 810 774	4 521 724	14 224 140
Surplus / (deficit) for the year	59 022 096	(8 360 361)	(4 178 258)	(12 730 082)

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	-
Rendering of services	5 374 717	295 747	-	-
Rental of facilities and equipment	-	-	-	-
Interest earned - cash and investments	-	-	-	-
Interest charged (trading)	-	-	-	-
Agency services	-	2 500 851	-	-
Licences and permits	-	1 070 740	-	116 062
Operational revenue	1 539 969	12 326	-	21 267
Gain on disposal of assets and liabilities	-	-	-	-
Actuarial gains	2 065 334	2 235 722	535 877	941 211
Total revenue from exchange transactions	8 980 020	6 115 386	535 877	1 078 540
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-
Transfer revenue				
Government grants & subsidies - monetary	3 268 908	-	-	-
Fines, penalties and forfeits	-	43 878 345	-	-
Total revenue from non-exchange transactions	3 268 908	43 878 345	-	-
Total revenue	12 248 928	49 993 731	535 877	1 078 540

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Planning and Development	Public Safety	Road Transport	Sport and Recreation
EXPENDITURE	R	R	R	R
Employee Related Costs	33 411 832	43 424 982	8 217 121	17 074 003
Remuneration of councillors	-	-	-	-
Depreciation and amortization	142 088	1 486 758	8 564 415	1 613 536
Impairment	4 653 795	-	-	-
Finance costs	1 144 473	1 636 665	2 566 824	570 082
Operating leases	-	-	-	-
Bad debts written off	-	26 291 200	-	-
Bulk purchases	-	-	-	-
Contracted services	1 727 877	15 321 373	12 029 359	1 947 541
Transfers and subsidies	3 400 000	-	-	-
Inventory Consumed	133 084	1 238 364	251 193	689 089
Operational Cost	427 274	5 659 543	1 173 481	1 196 221
Loss on disposal of assets and liabilities	2 546	64 141	15 918	100 697
Water losses	-	-	-	-
Inventories Losses / Write-Downs	-	-	-	-
Total expenditure	45 042 969	95 123 026	32 818 310	23 191 170
Surplus / (deficit) for the year	(32 794 041)	(45 129 295)	(32 282 433)	(22 112 630)

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Waste Management R	Waste Water Management R	Water Management R	Total R
REVENUE				
Revenue from exchange transactions				
Sale of goods	-	-	-	57 565
Service charges (Exchange)	41 353 150	72 644 993	81 438 662	405 638 160
Rendering of services	-	-	-	6 809 439
Rental of facilities and equipment	-	-	-	1 123 668
Interest earned - cash and investments	-	-	-	8 034 704
Interest charged (trading)	3 598 356	6 634 205	5 661 669	17 119 510
Agency services	-	-	-	2 500 851
Licences and permits	-	-	-	1 195 759
Operational revenue	35 367	-	20 186	3 683 125
Gain on disposal of assets and liabilities	-	-	-	453 870
Actuarial gains	1 028 632	725 515	824 789	18 011 364
Total revenue from exchange transactions	46 015 505	80 004 713	87 945 305	464 628 015
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	-	-	-	151 444 708
Availability charges (Non-Exchange)	4 148 853	5 760 587	5 010 651	16 984 306
Interest charged on non-exchange transactions	-	-	-	4 242 192
Transfer revenue				
Government grants & subsidies - monetary	-	5 600 000	20 344 376	192 536 933
Fines, penalties and forfeits	-	-	-	46 722 358
Total revenue from non-exchange transactions	4 148 853	11 360 587	25 355 027	411 930 496
Total revenue	50 164 358	91 365 300	113 300 333	876 558 511

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83.03 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Waste Management	Waste Water Management	Water Management	Total
EXPENDITURE	R	R	R	R
Employee Related Costs	22 586 924	13 039 665	14 981 079	287 508 367
Remuneration of councillors	-	-	-	6 721 149
Depreciation and amortization	2 431 341	5 524 665	7 711 809	36 393 366
Impairment	(501 137)	80 687 040	(65 617 034)	28 622 656
Finance costs	1 615 318	1 071 998	1 370 287	19 740 467
Operating leases	306 712	-	-	4 016 866
Bad debts written off	13 651 558	23 542 721	21 923 723	88 944 975
Bulk purchases	-	-	1 218 802	163 817 892
Contracted services	3 625 431	2 682 218	4 801 273	72 886 087
Transfers and subsidies	-	-	-	5 625 831
Inventory Consumed	1 149 902	1 008 138	4 254 054	14 130 654
Operational Cost	10 789 173	4 590 496	2 298 195	66 861 745
Loss on disposal of assets and liabilities	6	842 057	391 395	1 528 219
Water losses	-	-	1	1
Inventories Losses / Write-Downs	-	-	-	8 628
Total expenditure	55 655 227	132 988 999	(6 666 413)	796 806 903
Surplus / (deficit) for the year	(5 490 869)	(41 623 699)	119 966 746	79 751 608

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83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
REVENUE					
Revenue from exchange transactions					
	Sale of goods	-	-	-	-
	Service charges (Exchange)	-	201 024 874	-	-
	Rendering of services	55 388	-	-	-
	Rental of facilities and equipment	37 034	-	-	866 435
	Interest earned - cash and investments	-	-	-	-
	Interest charged (trading)	-	908 271	-	50 718
	Agency services	-	-	-	-
	Licences and permits	-	-	-	-
	Operational revenue	6 036	288 372	-	367 547
	Actuarial gains	-	-	-	-
	Inventories Increase To Net Realisable Value	-	-	-	-
	Total revenue from exchange transactions	98 458	202 221 517	-	1 284 699
Revenue from non-exchange transactions					
Taxation revenue					
	Property rates	-	-	-	-
	Availability charges (Non-Exchange)	-	2 156 063	-	-
	Interest charged on non-exchange transactions	-	-	-	-
Transfer revenue					
	Government grants & subsidies - monetary	11 850 461	27 679 787	-	49 803 050
	Public Contributions and Donations	-	-	-	-
	Fines, penalties and forfeits	7 943	156 125	-	-
	Contributed Assets	-	-	-	-
	Total revenue from non-exchange transactions	11 858 404	29 991 975	-	49 803 050

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83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
EXPENDITURE					
	Employee Related Costs	21 711 112	19 617 385	-	14 359 389
	Remuneration of councillors	-	-	-	6 197 993
	Depreciation and amortization	1 161 460	5 044 163	-	139 809
	Impairment	-	(789 932)	-	-
	Finance costs	459 577	2 560 575	-	-
	Operating leases	398 606	91 150	-	271 910
	Bad debts written off	-	3 826 842	-	-
	Bulk purchases	-	159 802 421	-	-
	Contracted services	4 111 931	8 773 276	-	1 123 039
	Transfers and subsidies	249 647	-	-	877 545
	Inventory Consumed	822 487	3 717 562	-	206 758
	Operational Cost	656 456	2 632 451	-	2 505 130
	Loss on disposal of assets and liabilities	32 255	61 757	-	6 895
	Actuarial losses	-	-	-	-
	Water losses	-	-	-	-
	Total expenditure	29 603 531	205 337 649	-	25 688 468
	Surplus / (deficit) for the year	(17 646 670)	26 875 843	-	25 399 282

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83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Finance and Administration R	Housing R	Internal Audit R	Other R
REVENUE					
Revenue from exchange transactions					
	Sale of goods	182 276	-	-	-
	Service charges (Exchange)	-	-	-	-
	Rendering of services	1 137 953	-	-	87 380
	Rental of facilities and equipment	(10 121)	175 400	-	213 971
	Interest earned - cash and investments	3 746 776	-	-	-
	Interest charged (trading)	-	-	-	-
	Agency services	-	-	-	-
	Licences and permits	-	-	-	-
	Operational revenue	754 553	850	-	162 029
	Actuarial gains	7 205 340	-	-	-
	Inventories Increase To Net Realisable Value	1 089	-	-	-
	Total revenue from exchange transactions	13 017 866	176 250	-	463 381
Revenue from non-exchange transactions					
Taxation revenue					
	Property rates	157 193 635	-	-	-
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	2 646 549	-	-	-
Transfer revenue					
	Government grants & subsidies - monetary	12 729 557	10 824 238	-	-
	Public Contributions and Donations	-	-	-	-
	Fines, penalties and forfeits	1 607 837	-	-	-
	Contributed Assets	-	-	-	-
	Total revenue from non-exchange transactions	174 177 578	10 824 238	-	-

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83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Finance and Administration R	Housing R	Internal Audit R	Other R
	EXPENDITURE				
	Employee Related Costs	64 918 782	7 820 463	4 182 559	1 727 190
	Remuneration of councillors	-	-	-	-
	Depreciation and amortization	4 278 962	79 195	23 594	300 573
	Impairment	(72 788 450)	-	-	29 729 196
	Finance costs	8 989 100	299 775	-	-
	Operating leases	3 347 619	-	-	-
	Bad debts written off	475 187	2 096 581	-	-
	Bulk purchases	-	-	-	-
	Contracted services	24 084 675	8 118 278	141 110	139 516
	Transfers and subsidies	-	-	-	-
	Inventory Consumed	1 086 831	1 431 886	13 049	78 432
	Operational Cost	28 634 965	318 913	47 502	596 817
	Loss on disposal of assets and liabilities	183 815	3 359	527	-
	Actuarial losses	430 473	-	-	-
	Water losses	-	-	-	-
	Total expenditure	63 641 959	20 168 451	4 408 341	32 571 723
	Surplus / (deficit) for the year	123 553 485	(9 167 963)	(4 408 341)	(32 108 342)



AUDITOR-GENERAL
SOUTH AFRICA

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30 Nov 2023

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
REVENUE					
Revenue from exchange transactions					
	Sale of goods	-	-	-	-
	Service charges (Exchange)	-	-	-	-
	Rendering of services	5 219 781	107 979	-	-
	Rental of facilities and equipment	-	-	-	-
	Interest earned - cash and investments	-	-	-	-
	Interest charged (trading)	-	-	-	-
	Agency services	-	2 422 886	-	-
	Licences and permits	-	918 005	-	173 080
	Operational revenue	1 565 368	267 715	-	47 726
	Actuarial gains	-	-	-	-
	Inventories Increase To Net Realisable Value	-	-	-	-
	Total revenue from exchange transactions	6 785 149	3 716 585	-	220 807
Revenue from non-exchange transactions					
Taxation revenue					
	Property rates	-	-	-	-
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	-	-	-	-
Transfer revenue					
	Government grants & subsidies - monetary	16 291 185	-	230 000	-
	Public Contributions and Donations	498 469	-	-	-
	Fines, penalties and forfeits	181 336	52 369 532	107 688	-
	Contributed Assets	-	-	-	325 150
	Total revenue from non-exchange transactions	16 970 991	52 369 532	337 688	325 150



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
EXPENDITURE					
	Employee Related Costs	27 868 710	41 043 909	7 976 819	17 041 083
	Remuneration of councillors	-	-	-	-
	Depreciation and amortization	94 988	1 120 908	7 695 742	1 722 428
	Impairment	4 449 658	-	-	-
	Finance costs	-	507 720	2 719 896	65 769
	Operating leases	-	-	-	-
	Bad debts written off	-	8 831 800	-	-
	Bulk purchases	-	-	-	-
	Contracted services	2 633 370	19 013 309	15 816 807	2 345 461
	Transfers and subsidies	3 400 000	-	-	-
	Inventory Consumed	98 255	638 087	709 586	533 217
	Operational Cost	3 524 413	3 341 267	655 884	926 802
	Loss on disposal of assets and liabilities	97	43 095	476	48 104
	Actuarial losses	-	-	-	-
	Water losses	-	-	-	-
	Total expenditure	42 069 490	74 540 094	35 575 210	22 682 864
	Surplus / (deficit) for the year	(18 313 350)	(18 453 978)	(35 237 522)	(22 136 907)



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Waste Management R	Waste Water Management R	Water Management R	Total R
REVENUE					
Revenue from exchange transactions					
	Sale of goods	-	-	-	182 276
	Service charges (Exchange)	33 439 158	82 748 518	80 134 467	397 347 017
	Rendering of services	-	-	3 500	6 611 981
	Rental of facilities and equipment	-	-	-	1 282 720
	Interest earned - cash and investments	-	-	-	3 746 776
	Interest charged (trading)	2 462 772	4 482 561	4 226 478	12 130 801
	Agency services	-	-	-	2 422 886
	Licences and permits	-	-	-	1 091 085
	Operational revenue	-	184 270	-	3 644 467
	Actuarial gains	-	-	-	7 205 340
	Inventories Increase To Net Realisable Value	-	-	-	1 089
	Total revenue from exchange transactions	35 901 930	87 415 349	84 364 445	435 666 438
Revenue from non-exchange transactions					
Taxation revenue					
	Property rates	-	-	-	157 193 635
	Availability charges (Non-Exchange)	4 014 880	5 315 554	4 845 151	16 331 649
	Interest charged on non-exchange transactions	-	-	-	2 646 549
Transfer revenue					
	Government grants & subsidies - monetary	13 084 200	8 722 799	39 419 272	190 634 549
	Public Contributions and Donations	-	-	-	498 469
	Fines, penalties and forfeits	-	-	-	54 430 462
	Contributed Assets	-	-	-	325 150
	Total revenue from non-exchange transactions	17 099 080	14 038 354	44 264 424	422 060 463

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

83.04	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2022	Waste Management R	Waste Water Management R	Water Management R	Total R
EXPENDITURE					
	Employee Related Costs	20 241 097	13 098 200	15 050 717	276 657 416
	Remuneration of councillors	-	-	-	6 197 993
	Depreciation and amortization	1 929 986	4 746 658	7 168 275	35 506 740
	Impairment	4 495 014	73 796 853	(5 751 196)	33 141 143
	Finance costs	1 586 902	850 686	1 243 209	19 283 209
	Operating leases	213 943	-	-	4 323 228
	Bad debts written off	13 654 110	23 531 691	41 318 723	93 734 933
	Bulk purchases	-	-	535 538	160 337 958
	Contracted services	6 078 754	2 900 287	7 474 367	102 754 180
	Transfers and subsidies	-	-	-	4 527 192
	Inventory Consumed	821 796	399 174	3 770 932	14 328 052
	Operational Cost	5 525 851	2 536 230	1 111 766	53 014 447
	Loss on disposal of assets and liabilities	824	1 255 898	64 123	1 701 224
	Actuarial losses	-	-	-	430 473
	Water losses	-	-	2	2
	Total expenditure	54 548 279	123 115 676	71 986 455	805 938 190
	Surplus / (deficit) for the year	(1 547 268)	(21 661 973)	56 642 414	51 788 710

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 20

Grant description	Opening balance R	Correction R	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R
Monetary allocations - other								
Local Government, Water And Related Service SETA	496 544	-	496 544	398 900	-	(535 558)	-	359 886
Total monetary allocations - other	496 544	-	496 544	398 900	-	(535 558)	-	359 886
Monetary Allocations: National Government								
Integrated National Electrification Programme	15 414	-	15 414	8 718 000	(15 000)	-	(8 718 414)	-
Municipal Infrastructure	1 588 228	-	1 588 228	22 508 000	(982 000)	-	(13 765 376)	9 348 852
Water Services Infrastructure	-	-	-	6 579 000	-	-	(6 579 000)	-
Local Government Financial Management	-	-	-	1 721 000	-	(1 043 293)	-	677 707
Extended public works program (EPWP)	-	-	-	1 155 000	-	(1 155 000)	-	-
Total Monetary Allocations: National Government	1 603 642	-	1 603 642	40 681 000	(997 000)	(2 198 293)	(29 062 790)	10 026 559



AUDITOR-GENERAL SOUTH AFRICA

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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 20

Grant description	Opening balance R	Correction R	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R
<u>Monetary Allocations: Provincial Government</u>								
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	2 836 996	(2 836 996)	-	-	-	-	(1 392 542)	(1 392 542)
Local Government Public Employment Support	127 771	-	127 771	-	-	(127 771)	-	-
Library Services Replacement Funding for most vulnerable B3 Municipalities	-	-	-	9 572 000	-	(9 560 659)	(11 341)	-
Western Cape Financial Management Capability	-	-	-	800 000	-	(433 594)	-	366 407
Community Development Workers (CDW)	15 616	-	15 616	19 000	(15 616)	(14 136)	-	4 864
Community Library Services	-	-	-	2 295 000	-	(2 295 000)	-	-
Human Settlement Development	(15 590 971)	-	(15 590 971)	-	-	(10 984 557)	-	(26 575 528)
Proclaimed Roads Maintenance	-	-	-	135 000	-	(135 000)	-	-
Regional Social Economic Projects (RSEP)	894 628	-	894 628	-	(394 628)	-	(500 000)	-
Thusong Services Centres	-	-	-	150 000	-	(79 459)	-	70 541
Western Cape Municipal Energy Resilience (WC MER)	-	-	-	587 234	-	(574 468)	-	12 766
Emergency Municipal Loadshedding Relief	-	-	-	5 600 000	-	-	(5 600 000)	-



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BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX A

DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2023

Grant description	Opening balance R	Correction R	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R
Total Monetary Allocations:								
Provincial Government	(11 715 961)	(2 836 996)	(14 552 957)	19 158 234	(410 244)	(24 204 644)	(7 503 883)	(27 513 493)
<u>Monetary allocations: District municipalities</u>								
Safety Plans	120 000	-	120 000	-	-	-	-	120 000
Total monetary allocations: District municipalities	120 000	-	120 000	-	-	-	-	120 000
Total grants	(9 495 775)	(2 836 996)	(12 332 771)	60 238 134	(1 407 244)	(26 938 494)	(36 566 673)	(17 007 048)
Grand total	(9 495 775)	(2 836 996)	(12 332 771)	60 238 134	(1 407 244)	(26 938 494)	(36 566 673)	(17 007 048)

The unspent grants are cash-backed. The municipality complied with the conditions attached to all grants received. No grants were withheld.

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX A

DISCLOSURES OF GRANTS, SUB23

Grant description	Unspent grants R (Creditor)	Unspent public contributions R (Creditor)	Unpaid grants R (Debtor)
Monetary allocations - other			
Local Government, Water And Related Service SETA	359 886		-
Total monetary allocations - other	359 886	-	-
Monetary Allocations: National Government			
Integrated National Electrification Programme	-		-
Municipal Infrastructure	9 348 852		-
Water Services Infrastructure	-		-
Local Government Financial Management	677 707		-
Extended public works program (EPWP)	-		-
Total Monetary Allocations: National Government	10 026 559	-	-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX A

DISCLOSURES OF GRANTS, SUB23

Grant description	Unspent grants R	Unspent public contributions R	Unpaid grants R
<u>Monetary Allocations: Provincial Government</u>			
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	-		(1 392 542)
Local Government Public Employment Support	-		-
Library Services Replacement Funding for most vulnerable B3 Municipalities	-		-
Western Cape Financial Management Capability	366 407		-
Community Development Workers (CDW)	4 864		-
Community Library Services	-		-
Human Settlement Development	-		(26 575 528)
Proclaimed Roads Maintenance	-		-
Regional Social Economic Projects (RSEP)	-		-
Thusong Services Centres	70 541		-
Western Cape Municipal Energy Resilience (WC MER)	12 766		-
Emergency Municipal Loadshedding Relief	-		-

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX A

DISCLOSURES OF GRANTS, SUB23

Grant description	Unspent grants R	Unspent public contributions R	Unpaid grants R
Total Monetary Allocations:			
Provincial Government	454 577	-	(27 968 070)
Monetary allocations: District municipalities			
Safety Plans	120 000	-	-
Total monetary allocations: District municipalities	120 000	-	-
Total grants	10 961 022	-	(27 968 070)
Grand total	10 961 022	-	(27 968 070)

The unspent grants are cash-backed. Th

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX B

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
Annuity loans				
Banks: ABSA				
ABSA - 2015/2016	10 525 494.93	-	-2 239 628	8 285 867
ABSA - 2016/2017	15 529 785.80	-	-2 529 644	13 000 142
Banks: Nedbank				
Nedbank - 7831 033912 / 000 001	4 305 108.49	-	-1 270 314	3 034 795
Nedbank - 2017/2018	22 134 392.13	-	-2 811 671	19 322 721
Nedbank 2022/2023	-	35 255 300	-	35 255 300
Banks: Standard Bank				
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)	7 273 289.29	-	-2 160 448	5 112 841
Standard Bank - 282022589(old acc number)/ 000537648(new acc number)	1 888 487.81	-	-1 888 488	-
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)	3 577 351.48	-	-1 689 064	1 888 287
Banks: Development Bank of South Africa				
DBSA - 100225/1	412 000.05	-	-412 000	-
DBSA - 103437/1	16 198 314.79	-	-1 631 876	14 566 439
DBSA - 103437/2	682 438.10	-	-322 579	359 859
Total annuity loans	82 526 662.87	35 255 300	-16 955 712	100 826 251

BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2023

APPENDIX B

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
Finance leases				
Standard Bank				
Finance lease - SCM/2020/20/ENG	6 099 547.42	-	-4 848 632	1 250 915
Total finance leases	6 099 547.42	-	-4 848 632	1 250 915
Grand total	88 626 210.29	35 255 300	-21 804 344	102 077 166

Bitou Municipality

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2023

We are pleased to present the report of the Audit and Performance Audit Committee (APAC) for the financial year ended 30 June 2023.

The APAC is constituted in terms of sections 166(1) and (2) and 166(6)(b) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) read with the applicable Treasury Regulations. The APAC is an independent advisory body which must advise Council, the municipal manager, management and staff of the municipality on matters relating to :

- Internal financial control and internal audits
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting, records and information
- Performance management
- Effective governance
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- Performance evaluation
- Any other matter referred to it by the institution

Sections 166(2)(b), (c), (d) and (e) of the MFMA also requires the APAC to review the Annual Financial Statements and respond to Council on matters raised by the Auditor-General of South Africa (AGSA) in the management letter and audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by Council.

The role and responsibilities of the APAC are set out in the APAC Charter which is reviewed annually and approved by Council, taking into account relevant legislative precepts which may be applicable thereto and recommended good practice. The APAC endeavours at all times to conduct its oversight role in compliance with its Charter and the provisions of the MFMA.

The advice tendered by the APAC is recorded in the minutes of the various meetings. The Municipal Manager, all Directors, the Auditor-General of South Africa (AGSA) and the MPAC chairperson have standing invitations to all APAC meetings.

The APAC comprises of four independent external members. During the period under review, five hybrid meetings were held, being four ordinary quarterly meetings and one special meeting to review the 2022/23 Annual Financial Statements as well as the Annual Performance Report. Below is a summary of the meeting attendance of the members pertaining to the financial period which ended 30 June 2023:

Member	Appointment dates	Number of meetings attended out of five
Ms R Shaw (Chairperson)	11 March 2019	Five
Mr K Zono	11 March 2019	Three
Mr M Hennessy	1 January 2021	Five
Mr M Brewis	1 January 2022	Five

Mr M Hennessy, who chairs the Risk Management Committee, provides a report on Risk Management to the APAC at the quarterly meetings to keep the APAC abreast of matters relating to Risk Management within the municipality and to afford the APAC the opportunity to provide its oversight of the risk management process of the municipality as required by section 166(2)(a)(II) of the MFMA.

EFFECTIVENESS OF INTERNAL CONTROLS

The systems of internal control are the legislative responsibility of the Municipal Manager and senior management as required by the MFMA, read in conjunction with National Treasury Audit and Risk Framework, MFMA Circular 65 and International Standards for the Professional Practice of Internal Auditing.

Internal Audit evaluated the effectiveness of the municipal system of internal controls following Internal Audit Methodology aligned with the Institute of Internal Audit (IIA) Standards.

The APAC reviewed the three year rolling internal audit plan compiled by Internal Audit together with the annual internal audit plan. The annual internal audit plan was prepared taking cognizance of those identified emerging and residual risks identified by the Risk Management Unit as the risk register underpins the internal audit plan.

The APAC considered the work performed by Internal Audit on a quarterly basis. These quarterly reports detail

- reviews according to the approved internal audit plan
- recommended corrective action
- suggested enhancements to controls and processes where appropriate
- management comments/responses

After the 2022/23 audit, the AG(SA) stated in the signed audit report that no significant deficiencies in internal controls were identified.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The APAC

- reviewed the municipality's annual financial statements for the 2022/23 financial year
- reviewed the draft annual performance report for the 2022/23 financial year before submission to AGSA for audit purposes.

The APAC furthermore took note of AGSA's management report and monitors management's response and corrective measures thereto on a quarterly basis.

The APAC concurs with and accepts AGSA's opinion and report on the municipality's Annual Financial Statements for the 2022/23 financial year. The municipality has obtained an unqualified audit opinion without findings, thus a clean audit, which is highly commendable.

RISK MANAGEMENT

The municipality has a separate Risk Management Committee. The Chairperson of the Risk Management Committee reports to the APAC at the quarterly meetings to appraise the APAC of strategic and operational risks that may impact the long-term sustainability of the municipality.

THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Annual Internal Audit Plan had been prepared taking cognizance of the Risk Assessment Results supplied to the Internal Audit unit. Amendments to the audit plan are approved by the APAC as and when the need arises. APAC was presented with the Internal Audit Charter for its review.

The following internal audit work was completed during the year under review :

- Annual Stock take
- Division of Revenue Act
- Disaster Management
- Surprise Cash Count
- Proclaimed Roads
- Quarterly Reviews of Performance Information
- Quarterly Reviews of Risk Management
- Supply Chain Management
- Monitoring the Operation Clean Audit plan (OPCAR)

The Internal Audit Unit reported that it had completed 99% of its planned audits for 2022/23 as at 30 June 2023.

The APAC is satisfied with Internal Audit's quarterly assurance reports together with the recommended remedial action. We are of the opinion that Internal Audit effectively carried out its mandate and responsibilities in accordance with the MFMA and the approved Internal Audit Charter.

FINANCIAL REPORTING

The acting CFO reported that the financial performance outlook as at the end of June 2023 had greatly improved since the commencement of the financial year and that the cash flow at the end of June 2023 was sufficient to sustain operations in the medium term.

Debtors Collection

The collection rate of debt remains a huge challenge

- with the total outstanding debt at 30 June 2023 increasing by R4,4million compared to the month of May 2023.

- with 96% of the outstanding debt being households.
- the collection rate for the month of June 2023 was 94.37% with the annual rate being 84%

The poor collection rate would undoubtedly impact negatively on the municipality's medium to long-term financial sustainability and solvency.

Creditors

Creditors older than 30 days outstanding at the year end amounted to R3,7million which is contrary to the regulated 30 days within which creditors should be settled.

Overtime

Overtime remains a concern and little progress has been made in curbing the excessive overtime claims. The use of excessive overtime hours must be controlled to avoid incurring unauthorised expenditure.

CAPEX

The APAC expressed its disappointment at the 83% CAPEX spend for the year versus the adjusted budget and recommended that the procurement processes commence in the last quarter of the prior year, as soon as the budget is approved by Council, to ensure maximum capital expenditure whilst following the SCM processes to the letter.

PERFORMANCE MANAGEMENT

The APAC reviews the quarterly reports submitted by Internal Audit on performance management. In reviewing the performance management system, the committee focuses on performance targets set by the municipality as well as the risk to the municipality if targets are not attained.

Internal audit made a number of recommendations to improve the effectiveness of performance management within the municipality.

CONCLUSION

The APAC would like to express its appreciation towards the officials and all other role players for their reports and participation at the APAC meetings.



R Shaw (CA(SA))
Chairperson, Audit and Performance Audit Committee
02 January 2024

Report of the auditor-general to the Western Cape Provincial Parliament and the council of the Bitou Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Bitou municipality set out on pages 5 to 168, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bitou municipality as at 30 June 2023, 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 5 of 2022 (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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 62 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Material impairments

8. As disclosed in note 11 to the financial statements, the municipality provided for the impairment of receivables from exchange and non-exchange transactions amounting to R358,4 million (2021-22: R327,1 million).

Material losses

9. As disclosed in the statement of financial performance and note 51 to the financial statements, the municipality has written off bad debts of R88,9 million during the year (2021-22: R93,7 million).
10. As disclosed in note 50.02 to the financial statements, material water losses of 35.85% (2021-22: 37.71%).

Other matter

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

Unaudited disclosure note

12. 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.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. 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.

Responsibilities of the auditor-general for the audit of the financial statements

15. 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.

16. 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

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objective presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following objective presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected an objective that measures the municipality’s performance on its primary mandated functions and that is of significant national, community or public interest.

Objective	Page numbers	Purpose
Objective 6 – provision of basic services	17 - 23	The indicator relates to the delivery of basic services

19. I evaluated the reported performance information for the selected objective against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality’s planning and delivery on its mandate and objectives.

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality’s mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any measures taken to improve performance.

21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

22. I did not identify any material findings on the reported performance information for the selected objective.

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

27. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported on in this auditor's report.

28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

32. I did not identify any significant deficiencies in internal control.

Auditor - General

Cape Town

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected objective and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the 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

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 – paragraph (a), (b) & (d) of the definition: irregular expenditure</p> <p>Section 1 – definition: service delivery and budget implementation plan</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1)</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b)</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i)</p> <p>Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b)</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e)</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1)</p> <p>Sections 126(1)(a), 127(2), 127(5)(a)(i), 127(5)(a)(ii)</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170</p> <p>Sections 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a)</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b), 22(2), 27(2)(a)</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b)</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c)</p> <p>Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43</p> <p>Regulations 44, 46(2)(e), 46(2)(f)</p>
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b)

Legislation	Sections or regulations
	Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a) Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 5 of 2022	Section 12(5), 16(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)