



**Bitou Local Municipality  
Bitou Plaaslike Munisipaliteit  
Umasipala WeBitou**

# **Agenda**

## **SPECIAL MUNICIPAL COUNCIL MEETING**

Venue: Council Chambers, Municipal Offices,  
Sewell Street, Plettenberg Bay

**DATE: 29 SEPTEMBER 2022**

**Time: 14h00**

## **BITOU LOCAL MUNICIPALITY**

26 September 2022

The Executive Mayor  
Councillors  
Municipal Manager and Directors

### **SPECIAL COUNCIL MEETING: THURSDAY, 29 SEPTEMBER 2022 AT 14H00**

**NOTICE** is hereby given that a Special Council Meeting will be held in the Council Chambers, Municipal Offices, Plettenberg Bay on Thursday, 29 September 2022 AT 14h00 to discuss the business set forth in the Agenda.

Yours faithfully



**C N J TERBLANCHE**  
**SPEAKER OF COUNCIL**

### **Constitution of the Council**

The Speaker, Councillor C N J Terblanche  
The Executive Mayor, Councillor D J Swart

Councillor M A M Botha  
Councillor M P Busakwe  
Councillor S E Gcabayi  
Councillor J N Kamkam  
Councillor N P Kolwapi  
Councillor S A Mangxaba  
Councillor T Mhlana  
Councillor N Ndayi  
Councillor W J Nel  
Councillor A R Olivier  
Councillor N T Seti



# **Bitou Local Municipality**

## **Special Council Agenda:**

**29 September 2022**

**Time: 14h00**

### **Order of Business**

**1. OPENING**

**2. ATTENDANCE**

The attendance registers of members of the Municipal Council, Officials will be circulated for signature.

**3. APPLICATION FOR LEAVE OF ABSENCE**

Application for leave of absence, if necessary, will be considered.

**4. DECLARATION OF INTERESTS**

Disclosure of interest by Councillors

**5. CONFIRMATION OF MINUTES FOR PREVIOUS MEETINGS(OPEN)**

**5.1. Minutes of the Special Council meeting dated 31 August 2022**

Circulated herewith

**6. STATEMENTS AND COMMUNICATIONS BY:**

6.1. The Executive Mayor

6.2. The Speaker

**7. PRESENTATIONS**

None



**8. ITEMS FOR INFORMATION, WHICH HAVE BEEN DEALT WITH BY THE EXECUTIVE MAYOR IN TERMS OF DELEGATED AUTHORITY**

None

**9. NOTING OF OUTSTANDING / PARTIALLY IMPLEMENTED COUNCIL RESOLUTIONS**

None

**10. CONSIDERATION OF REPORTS (NON- DELEGATED MATTERS)**

Items for consideration: Schedule of Items attached.

**11. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER**

None received

**12. CONSIDERATION OF NOTICES OF MOTION**

None received

**13. CONSIDERATION OF NOTICES OF QUESTION**

None received

**14. CONSIDERATION OF MOTIONS OF EXIGENCY**

None received

**15. IN-COMMITTEE MATTERS**

**15.1 CONFIRMATION OF MINUTES: (IN-COMMITTEE)**

**15.1.1 Minutes of the Special Council In-Committee meeting dated 31 August 2022**

In-Committee Minutes circulated separately as part of the In-Committee Addendum.





**15.2 CONSIDERATION OF IN-COMMITTEE REPORTS (NON- DELEGATED MATTERS)**

Items for consideration: Schedule of Item circulated separately as part of the In-Committee Addendum.

**16. RECORDING OF COUNCILLORS PRESENT**

**17. CLOSURE**

## **5.CONFIRMATION OF MINUTES**

**MINUTES OF THE SPECIAL COUNCIL MEETING OF BITOU LOCAL MUNICIPALITY  
HELD IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES, SEWELL STREET,  
PLETTENBERG BAY ON WEDNESDAY, 31 AUGUST 2022 AT 9H08**

**1. OPENING**

The Speaker, Councillor C N-J Terblanche welcomed everyone present at 9h08 and requested a moment of silence out of respect for the different denominations.

**2. ATTENDANCE**

As per attached attendance register.

**3. APPLICATION FOR LEAVE OF ABSENCE**

None, all Councillors present

**4. DECLARATION OF INTERESTS**

None

**5. CONFIRMATION OF MINUTES**

**5.1 Minutes of the Special Council Meeting dated 28 July 2022**

That the minutes of the Special Council Meeting of 28 July 2022, be and are hereby **CONFIRMED AND SIGNED.**

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor D J Swart

**6. STATEMENTS AND COMMUNICATIONS BY:**

**6.1 The Executive Mayor**

*“Council Comments - 31 August 2022*

*Morning to councillors, Bitou directors, managers and staff and all who are following this meeting remotely.*

*I want to focus my comments on the image of Bitou/Plettenberg Bay that representing to the general public in Bitou nationally and internally.*

*Currently our focus is on growing the Bitou economy, to create an environment of investment and development that will ultimately increase in income for Bitou Municipality and create jobs for our citizens. In the past we have seen people that were disgruntled for whatever reason, either threaten to close the N2 or actually have closed the N2 to further their aims or to make their point. These actions have already lost us potential investors and people have sold their homes and moved away from Bitou.*

*If we are serious about developing our town and improving the lives of all our citizens, as a community we can't allow these sentiments and these threats to continue.*

*On Monday, 29 August 2022, our Western Cape Minister of Infrastructure visited us to hand over a further 36 completed houses from the Qolweni 169 Project. Again, we had disruptions and threats to close the N2 prior to and during the Minister's presentation. The actions are reported in the press and does not do Bitou any good. This cannot continue if we are serious about developing our area as the message sent to investors is one of instability. No one wants to invest in an area where their property and possibly lives of people are at risk.*

*At a meeting last night in Council Chambers with various stakeholders of Kwanokuthula, Members of the Kwanokuthula Landlords Association, expressed this exact concern regarding possible damage to their properties, because of the community decision that all foreigners should leave Kwanokuthula by today, 31 August 2022. While the concerns of the Kwanokuthula people are real, we need to deal with these issues through the correct channels and not send out messages of instability and possible unrest to the general public. Such messages are ultimately going to lose Bitou much needed investment and jobs that will benefit all our citizens.*

*There is a community meeting in Kwanokuthula tonight and I appeal to the people of Kwanokuthula to reconsider their decision. Both South African Police Services and the Department of Home Affairs have given their commitment to address the community concerns and to work with the community to make Kwanokuthula safe for all its residents.*

*I must also appeal to all our residents to make use of the opportunity given by Bitou Municipality to settle their outstanding municipal accounts and to pay for the services they are receiving. Without receiving these payments Bitou Municipality will not be able to continue to provide the high level of service delivery that it currently does."*

## **6.2 The Speaker**

None

## **7. PRESENTATIONS**

None

## **8. ITEMS FOR INFORMATION, WHICH HAVE BEEN DEALT WITH BY THE EXECUTIVE MAYOR IN TERMS OF DELEGATED AUTHORITY**

### **Resolved**

That cognisance be taken of the resolution taken by the Executive Mayor at the Mayoral Committee meeting of 21 July 2022.

### **FOR INFORMATION**

**9. NOTING OF OUTSTANDING / PARTIALLY IMPLEMENTED COUNCIL RESOLUTIONS****Resolved**

That the Council Outstanding Resolution feedback report be NOTED.

**FOR INFORMATION****10 CONSIDERATION OF REPORTS (OPEN)****Section 1: Office of the Municipal Manager**

Resolution C/1/73/08/22

**2021/22 QUARTERLY BUDGET AND PERFORMANCE REPORT FOR QUARTER 4: 1 APRIL – 30 JUNE 2022 SUBMITTED IN TERMS OF SECTION 52(d) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003)**

**Portfolio Comm:** Strategic Services and Office of the MM

**File Ref:** 5/1/1/4

**Demarcation:** All ward

**Delegation:** Council

**Resolved**

1. That the quarterly performance report for Quarter 4 (1 April - 30 June 2022) be noted.
2. That this report be read in conjunction with the Quarterly Budget Report which is submitted to Council in terms of Section 52(d) of the Municipal Finance Management Act, Act 56 of 2003.
3. That it be noted that all information and figures contained in this report are provisional and may change pending the finalization of the Annual Financial Statements at the end of August 2022.

**Proposed:** Councillor D J Swart

**Seconded:** Councillor W J Nel

**FOR INFORMATION** Senior Manager: Governance and Compliance

Resolution C/1/74/08/22

**APPROVAL OF IDP PROCESS PLAN AND IDP/BUDGET/ PMS TIME SCHEDULE**

**Department:** Office of the Municipal Manager

**File Ref:**

**Demarcation:** All Wards

**Delegation:** Council

**Resolved**

1. That the IDP Process Plan, Budget and Performance time schedule be approved.

2. That a notice be placed in the local newspaper and municipal website for public information.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION** Manager Integrated Development Planning  
cc. Senior Manager: Governance and Compliance

Resolution C/1/75/08/22

**ERF 2186: AUGMENTATION FEES**

**Portfolio Comm:** Strategic Services & Office of the MM  
**File Ref:** 18/2186/PB

**Demarcation:** Ward 2  
**Delegation:** Council

**Resolved**

1. That it be noted that Erf 2186, Plettenberg Bay currently has a split zoning whereby a portion of the site is zoned for Business purposes and a portion zoned for Light Industrial purposes.
2. That it be noted that an error has occurred during 2012 (and repeated during 2018) whereby a zoning certificate was issued confirming that the whole property is zoned for Business purposes.
3. That it be noted that this error will be corrected when the approved Zoning By-Law is promulgated, and that the whole of Erf 2186, Plettenberg Bay will be deemed to be zoned for Business purposes.
4. That, subject to 5 below, Council approves to waive augmentation levies in respect of water and sewerage to the amount of R1,2million in relation to a portion of Erf 2186, Plettenberg Bay that has always been zoned for Business purposes.
5. That, it further be accepted that the developer must pay augmentation levies to the amount of approximately R1.5million and development charges in respect of electricity to the amount of approximately R1.5million.

**Proposed:** Councillor S E Gcabayi  
**Seconded:** Councillor D J Swart

**FOR EXECUTION** Municipal Manager, Manager Revenue Services Manager:  
cc. Building Control  
Director Economic Development and Planning, Director Financial Services

<b>Resolution C/1/76/08/22</b>
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<b>ESTABLISHMENT OF JUNIOR TOWN COUNCIL – BITOU MUNICIPALITY</b>
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**Portfolio Comm:** Strategic Services and Office of the MM    **Demarcation:** All Wards  
**File Ref:** 17/17/8    **Delegation:** Council

**Resolved**

1. That Council takes note of the report on the establishment of Junior Town Council for Bitou Municipality and the proposal.
2. That Council mandates the Office of the Speaker to engage all the high schools **and colleges** in the Bitou area **targeting the 16-20 years age group** with the objective of formalizing the Bitou Town Council area with objective of establishing and formalizing the Junior Town Council.
3. That Council mandates the office of Office of the Speaker **to form a Bitou Junior Town Council Framework as per Annexure A and B** (circulated with the agenda).
4. That the Office of the Speaker reports back to Council in October 2022.

**Proposed:** Councillor A R Olivier  
**Seconded:** Councillor W J Nel

**FOR EXECUTION**                      **Manager: Office of the Speaker**  
**cc.**                                      **Municipal Manager**

<b>Resolution C/1/77/08/22</b>
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<b>DRAFT POLICY: BURIAL OR CREMATION OF DESTITUTE PERSONS AND EXCEPTIONAL CASES RELATING TO THE DECEASED</b>
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**Portfolio Comm:** Strategic Services & Office of the MM    **Demarcation:** All Wards  
**File Ref:** 16/6/P    **Delegation:** Council

**Resolved**

1. That the Draft Policy on the Burial or Cremation of destitute persons and exceptional cases relating to the deceased, be NOTED.
2. That the Draft Policy on the Burial or Cremation of destitute persons and exceptional cases relating to the deceased be workshopped.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION**                      **Municipal Manager,**  
**cc.**                                      **Director Community Services, Manager Facilities and**  
    **Maintenance Management**

**Resolution C/1/78/08/22****DRAFT POLICY: POLICY FOR THE MAYOR'S SPECIAL FUND IN TERMS OF SECTION 12 OF THE MFMA**

**Portfolio Comm:** Strategic Services & Office of the MM  
**File Ref:** 3/4/P

**Demarcation:** All Wards  
**Delegation:** Council

**Resolved**

1. That the Draft Policy for the Mayor's Special Fund, be NOTED.
2. That the Draft Policy for the Mayor's Special Fund be referred for a workshop.
3. That the Draft Policy for the Mayor's Special Fund be sent back to Council in September for final approval.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION**                      **Municipal Manager**  
**cc.**                                      **Manager: Office of the Executive Mayor**

**Resolution C/1/79/08/22****DRAFT POLICY: GRANT –IN-AID POLICY**

**Portfolio Comm:** Strategic Services & Office of the MM  
**File Ref:** 3/4/P

**Demarcation:** All Wards  
**Delegation:** Council

**Resolved**

1. That the Draft Grant –In-Aid Policy, be NOTED.
2. That the Draft Grant –In-Aid Policy be workshopped with Councillors and internal stakeholders.
3. That after the workshop has been concluded, the Draft Grant –In-Aid Policy be re-submitted to Council in September for approval.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION**                      **Municipal Manager**  
**cc.**                                      **Manager: Office of the Executive Mayor**



**Resolution C/1/80/08/22****FINAL CONSEQUENCE MANAGEMENT FRAMEWORK AND STANDARD OPERATING PROCEDURE (SOP) FOR DEALING WITH UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL (UIFW) EXPENDITURE, SUPPLY CHAIN MANAGEMENT (SCM) ABUSE, FINANCIAL MISCONDUCT AND FINANCIAL OFFENSES MISCONDUCT**

**Portfolio Comm:** Strategic Services and Office of the MM **Demarcation:** All Wards  
**File Ref:** 5/15/5/1 **Delegation:** Council

**Resolved**

1. That it be noted that Draft Consequence Management Framework and Standard Operating Procedure was workshopped on 13 May 2022.
2. That Council approve the Final Consequence Management Framework and Standard Operating Procedure (SOP) for treatment and dealing with Unauthorised, Irregular, Fruitless & Wasteful (UIFW) expenditure and Supply Chain Management (SCM) abuse.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION** Municipal Manager  
cc. All Directors

**Section 2: Financial Services****Resolution C/2/63/08/22****OUTSTANDING DEBT REPORT: JUNE 2022**

**Portfolio Comm:** Finance & Corporate Services **Demarcation:** All Wards  
**File Ref:** 9/1/3/4 **Delegation:** Council

**Resolved**

That the Billing & Debt Collection statistics for the month of June 2022 be noted.

**Proposed:** Councillor J N Kamkam  
**Seconded:** Councillor A R Olivier

**FOR INFORMATION** Manager Revenue Services

<b>Resolution C/2/64/08/22</b>
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<b>DISPOSAL OF CAPITAL ASSETS FOR THE 2021/2022 FINANCIAL YEAR</b>
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**Portfolio Comm:** Finance and Corporate Services**File Ref:** 5/13/3**Demarcation:** All Wards**Delegation:** Council**Resolved**

1. That it be noted, that all assets as listed within Annexures A and B, are not required and/or able to deliver the minimum level of basic services.
2. That all movable assets listed in Annexure A, with a total book value of R41 993,17 as at 30 June 2022, be approved by Council to be written off and for disposal purposes, in accordance with the Council's Asset Management Policy.
3. That all infrastructure assets listed in Annexure B, with an estimated market value of R 448,250, be approved by Council to be written off and for disposal purposes, in accordance with the Council's Asset Management Policy.
4. That Council approve in principle, the transfer of certain movable asset types to Small Medium and Micro Enterprises as a means of disposal for future consideration, pending the submission of a detailed report on this strategy by the Local Economic Development Section.
5. That Directors enforce the implementation of Council's Asset Management and other related Policies, to ensure assets are properly safeguarded, maintained and managed over their respective life cycles.

**Proposed:** Councillor J N Kamkam**Seconded:** Councillor M A M Botha**FOR EXECUTION**  
cc.**Manager: Assets and Liabilities**  
**Director Financial Services (CFO)**

<b>Resolution C/2/65/08/22</b>
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<b>OUTSTANDING DEBT REPORT: JULY 2022</b>
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**Portfolio Comm:** Finance & Corporate Services**File Ref:** 9/1/3/4**Demarcation:** All Wards**Delegation:** Council**Resolved**

That the Billing & Debt Collection statistics for the month of July 2022 be noted.

**Proposed:** Councillor J N Kamkam**Seconded:** Councillor S E Mangxaba**FOR INFORMATION:** Manager Revenue Services

**Resolution C/2/66/08/22**

**REPORT ON THE ANNUAL INVENTORY COUNT AT THE MUNICIPAL STORES AS AT 30 JUNE 2022**

**Portfolio Comm:** Finance and Corporate Services

**Demarcation:** All Wards

**File Ref:**

**Delegation:** Council

**Resolved**

1. That Council to approve adjustments on stock shortages and cognisance be taken of the annual Inventory Count Report for the 2021/2022 Financial Year, shortages expensed as set out in the report to the appropriate votes to the following values:
  - (a) Shortages: R363 290.06
  - (b) Surpluses: R123 451.03
2. That inventory count reports MUST be submitted quarterly.

**Proposed:** Councillor J N Kamkam

**Seconded:** Councillor S E Mangxaba

**FOR EXECUTION**

**Manager: Supply Chain Management**

**cc.**

**Senor Manager: Expenditure and SCM**

**Section 3: Corporate Services**

**Resolution C/3/50/08/22**

**PROGRESS REPORT: - ESTABLISHMENT OF EMPLOYMENT EQUITY MONITORING COMMITTEE**

**Portfolio Comm:** Finance and Corporate Services

**Demarcation:** All Wards

**File Ref:** 4/3/5/1/2

**Delegation:** Council

**Resolved**

1. That the Human Resources Management Division be mandated to redo the elections of Officials to serve on the Employment Equity Monitoring Committee and that the said process be finalised by 31 **October** 2022.
2. That concerted efforts be made to ensure compliance with the election criteria in respect of the establishment of the Employment Equity Monitoring Committee.
3. That a report be submitted to the next Local Labour Forum to nominate LLF members to serve on the Employment Equity Committee which consist out of the following;
  - a. One representative from each recognized Labour Union; and*

- b. *Two Officials from the Local Labour Forum to serve on the Employment Equity Monitoring Committee.*

**Proposed:** Councillor A R Olivier  
**Seconded:** Councillor N T Seti

**FOR EXECUTION**                      **Manager: HR Administration**  
**cc.**                                      **Senior Manager: HRM Services**

Resolution C/3/51/08/22

**SOCIAL MEDIA GUIDELINES FOR BITOU LOCAL MUNICIPALITY**

**Portfolio Comm:** Finance & Corporate Services  
**File Ref:** 9/1/3/3

**Demarcation:** All Wards  
**Delegation:** Council

**Resolved**

1. That the Draft Bitou Social Media Guidelines be NOTED.
2. That the Draft Bitou Social Media Guidelines be workshopped and resubmitted for approval once the workshop has been finalised.

**Proposed:** Councillor J N Kamkam  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION**                      **Manager: Communications and Customer Relations**  
**cc.**                                      **Director: Corporate Services**

Resolution C/3/52/08/22

**REVISED COMMUNICATION STRATEGY FOR THE BITOU LOCAL MUNICIPALITY**

**Portfolio Comm:** Finance & Corporate Services  
**File Ref:** 9/1/3/3

**Demarcation:** All Wards  
**Delegation:** Council

**Resolved**

1. That the Revised Draft Communications Strategy for the Bitou Municipality be NOTED.
2. That the revised Draft Communication strategy be workshopped and resubmitted for approval once the workshop has been finalised.

**Proposed:** Councillor A R Olivier  
**Seconded:** Councillor N Ndayi

**FOR EXECUTION**                      **Manager: Communications and Customer Relations**  
**cc.**                                      **Director: Corporate Services**

**Resolution C/3/53/08/22****CUSTOMER CARE SECTION: REPORT FOR JUNE & JULY 2022****Portfolio Comm:** Finance & Corporate Services**File Ref:** 9/1/3/3**Demarcation:** All Wards**Delegation:** Council**Resolved**

1. That the report of the Customer Care Section for the month of June 2022 – July 2022 be noted.
2. That the after-hours emergency contact details be published / advertised on all the municipal media platforms.

**Proposed:** Councillor J N Kamkam**Seconded:** Councillor D J Swart**FOR EXECUTION**  
cc.**Manager: Communications and Customer Relations**  
**Director: Corporate Services****Resolution C/3/54/08/22****COMMUNICATIONS: LANGUAGE POLICY FOR THE BITOU MUNICIPALITY AND SUGGESTED ACTIONS TO COMPLY WITH THE REVIEW BY THE PAN SOUTH AFRICAN LANGUAGE BOARD (PANSALB)****Portfolio Comm:** Finance & Corporate Services**File Ref:** 2/10/P**Demarcation:** All Wards**Delegation:** Council**Resolved**

1. That the Bitou Language Policy be noted.
2. That the Draft Language Policy be workshopped.
3. That Council note the suggested road map to comply with the expected language coordinating structure within the Municipality as mentioned in the discussions above.

**Proposed:** Councillor J N Kamkam**Seconded:** Councillor A R Oliver**FOR EXECUTION**  
cc.**Manager: Communications and Customer Relations**  
**Director: Corporate Services**

**Section 4: Community Services**

Resolution C/4/19/08/22

**BITOU MUNICIPALITY STANDARDIZED WESTERN CAPE DISASTER MANAGEMENT PLAN****Portfolio Comm:** Engineering & Community Services**File Ref:** 14/4/1**Demarcation:** All Wards**Delegation:** Council**Resolved**

1. That the Draft Disaster Management Plan be NOTED.
2. That the Draft Disaster Management Plan be workshopped and be resubmitted to Council upon completion of the workshop.

**Proposed:** Councillor N P Kolwapi**Seconded:** Councillor N Ndayi**FOR EXECUTION**

cc.

**Disaster Management Officer****Senior Manager: Public Safety, Director Community Services**

Resolution C/4/22/08/22

**DISPOSAL OF MUNICIPAL PROPERTIES****Portfolio Comm:** Engineering & Community Services**File Ref:** 17/7/1/2**Demarcation:** All Wards**Delegation:** Council**Resolved**

1. That the Council, in principle approves the disposal of Erven 2101, 2096, 2668, 2941, 2244, 23224, 2324, 2325, 3333, 2884 and 2875.
2. That Council consider the disposal of the above - mentioned erven due to the following facts:
  - (a) *Reduce the maintenance cost associated with managing these properties*
  - (b) *Eliminate the risk associated with owning the properties*
  - (c) *Generate more revenue for the municipality if it is disposed or alienated.*
3. That the report be updated to include the market related values of the properties before circulation for Council consideration.
4. That the disposal of erven be referred for public participation to invite comments before submission to Council for final approval.

5. That Council confirms that the properties is not needed to provide basic services.

**Proposed:** Councillor N Ndayi

**Seconded:** Councillor W J Nel

**FOR EXECUTION** Manager: Facilities Management & Maintenance

cc. Director Community Services

Resolution C/4/23/08/22

**BITOU LOCAL MUNICIPALITY, WASTE MINIMISATION PLAN (WMP) FINAL DOCUMENT**

**Portfolio Comm:** Engineering & Community Services

**File Ref:** 16/2

**Demarcation:** All Wards

**Delegation:** Council

**Resolved**

1. That the Bitou Municipal Council note the report on Bitou Local Municipality Waste Minimisation Plan (WMP) Final Document.
2. That Bitou Municipal Council support, adopt and approve the Final Bitou Local Municipality Document on the Waste Minimisation Plan.

**Proposed:** Councillor N Ndayi

**Seconded:** Councillor M P Busakwe

**FOR EXECUTION**

Manager: Integrated Waste Management

cc.

**Section 5: Engineering Services**

Resolution C/5/34/08/22

**CAPITAL PROJECTS IMPLEMENTATION PLAN (CPIP): PROGRESS REPORT FOR PERIOD ENDING JUNE 2022**

**Portfolio Comm:** Engineering & Community Services

**File Ref:** 5/7/1/12

**Demarcation:** All wards

**Delegation:** Council

**Resolved**

That Council takes cognizance of the Capital Project Implementation Plan (CPIP) for the period ending June 2022 and progress recorded therein.

**Proposed:** Councillor N Ndayi

**Seconded:** Councillor T Mhlana

**FOR INFORMATION:**

Manager Project Management,  
Management Unit

Administrator: Project

cc.

Director Engineering Services

**Section 6: Economic Development & Planning**

Resolution C/6/42/08/22

**ERF 4131, PLETTENBERG BAY: PROPOSED DEVELOPMENT: STATUS REPORT**

**Portfolio Comm:** Strategic Services and Office of the MM  
**File Ref:** 18/4131/PB

**Demarcation:** Ward 2  
**Delegation:** Council

**Resolved**

That the Council notes the status of the 'call for proposals' process in relation to Erf 4131, Plettenberg Bay.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor M P Busakwe

**FOR INFORMATION** Director: Economic Development & Planning

Resolution C/6/43/08/22

**ERF 13206, KWANOKUTHULA: PROPOSED LEASE FOR PARKING PURPOSES**

**Portfolio Comm:** Strategic Services and Office of the MM  
**File Ref:** 18/13206/PB

**Demarcation:** Ward 6  
**Delegation:** Council

**Resolved**

1. That the Council resolution of 31 May 2022 be amended to read as follows:
  - "1. That the Council notes the following:
    - (a) That an unsolicited bid has been received from the owner of Erf 13466 (Kwanokuthula) to lease the vacant Erf 13206 (Kwanokuthula) for parking purposes.
    - (b) That as the purpose of the proposed lease is to provide parking for a specific purpose it was not deemed necessary for a formal tender process to be conducted.
  2. That it be resolved for the purposes of Regulation 36 (a) of the Asset Transfer Regulations that Erf 13206 (Kwanokuthula) will not be required by the municipality for its own use during the lease period.
  3. That a public participation process be followed and after conclusion thereof referred to council for approval."
2. That it be noted that the proposed lease of Erf 13206 (Kwanokuthula) was advertised for public comment and that no representations were received.



3. That an in-principle approval be granted for the management and control of the asset on condition that the space be utilised for sole purposes of parking space only, and that the necessary supply chain management processes be followed.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor M P Busakwe

**FOR EXECUTION** Director: Economic Development & Planning

**Resolution C/6/44/08/22**

**APPROVAL OF DRAFT BITOU HOUSE SHOP POLICY FOR PURPOSES OF PUBLIC PARTICIPATION**

**Portfolio Comm:** Strategic Services and Office of the MM **Demarcation:** All Wards  
**File Ref:** 1/1/P **Delegation:** Council

**Resolved**

1. That the draft Bitou House Shop Policy be workshopped with Councillors and thereafter referred for public participation.
2. That the matter be referred back to Council after conclusion of an extensive public participation process for final approval.
3. That Councillors in their public meetings address the Draft House Shop Policy to ensure effective community participation and to gain maximum community input.

**Proposed:** Councillor A R Olivier  
**Seconded:** Councillor J N Kamkam

**FOR EXECUTION** Spatial Planner  
cc. Senior Manager: Town Planning

**Resolution C/6/45/08/22**

**ERF 156, PLETTENBERG BAY: DEMOLITION OF UNLAWFUL BUILDING**

**Portfolio Comm:** Strategic Services and Office of the MM **Demarcation:** Ward 2  
**File Ref:** 18/156/PB **Delegation:** Council

**Resolved**

1. That Council notes the content and implications of the Court Order dated 8 November 2016.
2. That tenders be invited for the demolition of the partially completed unlawful building on Erf 156, Plettenberg Bay.

3. That it be noted that the Municipality became aware that the property is being auctioned, and that the auctioneer be informed of the Demolition Court Order.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION** Director: Economic Development & Planning

Resolution C/6/46/08/22

**BUILDING CONTROL: QUARTERLY REPORT: APRIL 2022 – JUNE 2022**

**Portfolio Comm:** Strategic Services and Office of the MM  
**File Ref:** 9/1/3/7

**Demarcation:** All Wards  
**Delegation:** Portfolio

**Resolved**

1. That the quarterly report of the Building Control section for the period April 2022 – June 2022 be noted.
2. That the section be commended for the significant improvement in respect of the turnaround time for approval of building plans, i.e.,
  - a. Buildings < 500m<sup>2</sup> - 85% of plans approved within 30 days
  - b. Buildings ≥ 500m<sup>2</sup> - 85% of plans approved within 60 days

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR INFORMATION:** Manager Building Control

Resolution C/6/47/08/22

**ECONOMIC DEVELOPMENT AND TOURISM REPORT: 01 APRIL 2022 – 30 JUNE 2022**

**Portfolio Comm:** Strategic Services & Office of the MM  
**File Ref:** 9/1/3/6

**Demarcation:** All Wards  
**Delegation:** Portfolio

**Resolved**

1. That cognizance be taken of the content of the Economic Development and Tourism Report for the quarter ending 30 June 2022.
2. That it be noted that the progress of the Qolweni Cultural Village project is not satisfactory, and that greater attempts be made to speedup same, since it has a significant impact on the attraction of tourists to the area.

3. That the Manager: Local Economic Development meets with the relevant Section 80 Committee (Strategic Services and Office of the Municipal Manager Portfolio Committee) to discuss the expectations in respect of the standard reporting information required.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor D J Swart

**FOR EXECUTION**                      **Manager: Economic Development**  
**cc.**                                      **Director: Economic Development and Planning**

Resolution C/6/50/08/22

**UNREGISTERED ERF 12 916 (A PORTION OF ERF 256), PLETTENBERG BAY:  
PROPOSED TRANSFER AND DEVELOPMENT: CURRENT STATUS AND WAY  
FORWARD**

**Portfolio Comm:** Strategic Services and Office of the MM      **Demarcation:** Ward 2  
**File Ref:**                      18/256/PB                      **Delegation:** Council

**Resolved**

1. That the Council takes note of the report.
2. That Council inform the developer that the rights have lapsed.
3. That Council resolve and approve that the process be redone in accordance with the MFMA, Section 14(2) as well as the Municipal Asset Transfer Regulations dated 22 August 2008.

**Proposed:** Councillor W J Nel  
**Seconded:** Councillor A R Olivier

**FOR EXECUTION**                      **Director: Economic Development & Planning**

**11. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER**

None

**12. CONSIDERATION OF NOTICES OF MOTION**

That it be noted that the responses to the motions, that formed part of the agenda of the Special Council Meeting of 28 July 2022, was circulated to Councillors and was not further discussed at the meeting.

**FOR INFORMATION**

**13. CONSIDERATION OF NOTICES OF QUESTION**

None received

**14. CONSIDERATION OF MOTIONS OF EXIGENCY**

The Municipal Manager verbally raised the below which was referred for discussion to the Special In-Committee Meeting of even date.

**MINUTES OF THE SPECIAL COUNCIL MEETING OF BITOU LOCAL MUNICIPALITY HELD IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES, SEWELL STREET, PLETTENBERG BAY ON MONDAY, 24 MAY 2021 AT 9H01, SUBSEQUENTLY ADJOURNED AT 9H35 AND RECONVENED ON MONDAY, 31 MAY 2021 AT 09H00 WHICH WAS ADJOURNED TO 8 JUNE 2021** and reference was made to the following unconfirmed two resolutions.

- 1. Resolution C/1/218/05/21: ADOPTION OF REVISED 2021-2022 INTEGRATED DEVELOPMENT PLAN**
- 2. Resolution C/2/236/05/21: FINAL ANNUAL BUDGET: 2021/22 TO 2023/24 MEDIUM TERM REVENUE AND EXPENDITURE FORECAST (MTREF)**

**15. IN-COMMITTEE MATTERS**

Please refer to the In-Committee Minutes of even date.

**16. RECORDING OF COUNCILLORS PRESENT**

The recording of Councillors was performed during the Special Council In-Committee meeting of even date.

The Speaker, Councillor C N-J Terblanche requested that Councillors verbally record their presence in the following order;

Councillor D J Swart, Councillor M P Busakwe, Councillor W J Nel, Councillor J N Kamkam, Councillor N Ndayi, Councillor A R Olivier, Councillor M A M Botha, Councillor N P Kolwapi, Councillor N T Seti, Councillor S A Mangxaba, Councillor S E Gcabayi, Councillor T Mhlana and Councillor C N-J Terblanche

**17. CLOSURE**

The Speaker adjourned the Ordinary Council meeting where OPEN items were discussed at **12h53**.

**CONFIRMED AND SIGNED**

**SIGNATURE:**

\_\_\_\_\_  
The Speaker, Councillor C N-J Terblanche

**DATE:**

\_\_\_\_\_



## ATTENDANCE REGISTER

**SPECIAL COUNCIL MEETING OF BITOU LOCAL MUNICIPALITY HELD IN  
THE COUNCIL CHAMBER, MUNICIPAL OFFICES, SEWELL STREET,  
PLETTENBERG BAY ON WEDNESDAY, 31 AUGUST 2022 AT 09h00**

<u>NAME</u>	<u>SIGNATURE</u>
COUNCILLOR M A M BOTHA	
COUNCILLOR M P BUSAKWE (Deputy Executive Mayor)	
COUNCILLOR S E GCABAYI	
COUNCILLOR J N KAMKAM	
COUNCILLOR N P KOLWAPI	
COUNCILLOR S A MANGXABA	
COUNCILLOR T MHLANA	
COUNCILLOR N NDAYI	
COUNCILLOR W J NEL	
COUNCILLOR A R OLIVIER	
COUNCILLOR N T SETI	
COUNCILLOR D J SWART (Executive Mayor)	
COUNCILLOR C N-J TERBLANCHE (Speaker)	



## ATTENDANCE REGISTER

### BITOU LOCAL MUNICIPALITY

**SPECIAL COUNCIL MEETING OF BITOU LOCAL MUNICIPALITY HELD IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES, SEWELL STREET, PLETTENBERG BAY ON WEDNESDAY, 31 AUGUST 2022 AT 09H00**

### OFFICIALS

<u>DESIGNATION</u>	<u>NAME</u>	<u>SIGNATURE</u>
Municipal Manager	Mr M Memani	
<b>DIRECTORS</b>		
Director: Financial Services (ACTING)	Mr. F Lötter	
Director: Economic Development and Planning	Mr. L Gericke	
Acting Director: Community Services	Mr. A Sakati	
Acting Director: Engineering Services	Mr M Rhode	
Director: Corporate Services	Mrs M Mpahlwa	
<b>MANAGERS</b>		
Manager: Administration	Mrs T Wildeman	
Manager: Governance and Compliance	Mr F Lötter	
Manager: Office of the Executive Mayor	Mr H Nieuwoudt	VIRTUAL
Manager: Deputy Executive Mayor	Mr X Bangela	
Manager: Office of the Speaker	Mr R Plaatjies	
Chief Audit Executive	Ms H Bester	VIRTUAL
Chief Risk Officer	Mrs C V Staden	
Manager: Communications	Mr A Namntu	VIRTUAL
Principle Committee Officer	Ms J Jansen	
Committee Clerk	Ms T Mpembe	
Senior Communications Officer	Mr R Kova	VIRTUAL

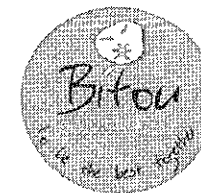
**BITOU LOCAL MUNICIPALITY**

[illegible]

# ATTENDANCE REGISTER

Interested members of the Public

Thank you for attending



Name	Contact number	Email address	Representing	Signature
C. van Graaf	0827745008	chris@public-beat.co.za	K4, P Helder	

SPECIAL COUNCIL MEETING HELD IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES, SEWELL STREET, PLETTENBERG BAY ON WEDNESDAY, 31 AUGUST 2022 AT 9H00



## **10. CONSIDERATION OF REPORTS (NON-DELEGATED MATTERS)**

**PORTFOLIO INDEX**  
**CONSIDERATION OF REPORTS**  
**SPECIAL COUNCIL MEETING**  
**29 September 2022**

**SECTION 1: OFFICE OF THE MUNICIPAL MANAGER**

ITEM NO	SUBJECT	FILE REF	PAGE NO
C/1/87/09/22	DECLARATION OF VACANCY, APPROVAL OF SELECTION AND RECRUITMENT PROCESS FOR THE FILLING OF POSITION OF DIRECTOR CORPORATE SERVICES	4/3/5/1/3	32-34
C/1/88/09/22	APPOINTMENT OF ACTING DIRECTOR CORPORATE SERVICES FOR THE PERIOD 01 OCTOBER 2022 UNTIL 31 DECEMBER 2022	4/3/5/1/3	35
C/1/89/09/22	DRAFT OPERATIONAL PLAN FOR THE MANAGEMENT OF CENTRAL BEACH PUBLIC LAUNCH SITE	5/1/1/4	36-49
C/1/90/09/22	MEDIATION OF DISPUTES ON PERFORMANCE MANAGEMENT OUTCOMES OF THE MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER	2/9/2.	50-52
C/1/91/09/22	REVISION OF BITOU ORGANIZATIONAL MICRO STRUCTURE	2/1/8.	53-117
C/1/94/09/22	SUBMISSION OF THE VOLUNTARY FINANCIAL RECOVERY PLAN FOR APPROVAL	2/11/4	118-200

**SECTION 2: FINANCE**

ITEM NO	SUBJECT	FILE REF	PAGE NO
	No Items for consideration		

**SECTION 3: CORPORATE SERVICES**

ITEM NO	SUBJECT	FILE REF	PAGE NO
	No Items for consideration		

**SECTION 4: COMMUNITY SERVICES**

ITEM NO	SUBJECT	FILE REF	PAGE NO
	No Items for consideration		

**SECTION 5: ENGINEERING SERVICES**

ITEM NO	SUBJECT	FILE REF	PAGE NO
	No Items for consideration		

**SECTION 6: ECONOMIC DEVELOPMENT & PLANNING**

ITEM NO	SUBJECT	FILE REF	PAGE NO
C/6/51/09/22	DEVELOPMENT OF THE NEW HORIZONS TAXI RANK	7/1/10.	202-206
C/6/52/09/22	PLETT TOURISM ASSOCIATION: CURRENT STATUS AND THE WAY FORWARD	9/1/3/6	207-208

**SECTION 1**

**OFFICE OF THE MUNICIPAL  
MANAGER**

## Section 1: Office of the Municipal Manager

ITEM C/1/87/09/22

### DECLARATION OF VACANCY, APPROVAL OF SELECTION AND RECRUITMENT PROCESS FOR THE FILLING OF POSITION OF DIRECTOR CORPORATE SERVICES

**Portfolio Comm:** Strategic Services & Office of the MM      **Delegation:** Council  
**File Ref:** 4/3/5/1/3      **Demarcation:** All Wards

**Attachments:** None

**Report from:** Municipal Manager

**Author of report:** Manager: Human Resources Administration

**Date:** 12 September 2022

#### **Purpose of the report**

The purpose of this report is to seek Council's approval to;

1. **Declare a vacancy** for the position of Director Corporate Services.
2. Obtain approval regarding the **contractual term of appointment**.
3. Obtain **approval for the recruitment and selection process** for the filling of the vacancy as prescribed in the Municipal Systems Act.

#### **Background**

Mrs. Misiwe Mpahlwa resigned from her position as Director Corporate Services with effect from 31 August 2022, therefore her last day of employment was 31 August 2022.

The filling of this key vacancy is critical to the effective functioning of the Directorate Corporate Services.

Section 56(1) (a) of the Local Government Municipal Systems Act, 32 of 2000 states that the municipal council after consultation with the Municipal Manager must appoint a Manager directly accountable to the Municipal Manager.

The appointment of senior managers are regulated by Regulation 3 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, No. 37245 dated 17 January 2014.

The recruitment, selection and appointment of Senior Managers must take place in accordance with the municipal systems act and procedures contemplated in Section 67 of the Act.

Regulation 7 (1) of the regulations stipulates that when a senior manager post becomes vacant, **or is due to become vacant**, the municipal manager in the case of a manager directly accountable to the municipal manager, must, upon receipt of official notification that the post of a senior manager will

## Section 1: Office of the Municipal Manager

become vacant, obtain approval from the municipal council for the filling of such vacant post in its next council meeting or as soon as it is reasonable possible to do so.

Notwithstanding the aforementioned sub regulation, the Speaker may convene a special meeting to obtain Council approval for the filling of a senior manager post.

Regulation 12 (4) of the Regulations specify that the selection panel for the appointment of a manager directly accountable to a municipal manager must consist of at least three and not more than five members; constituted as follows;

- (a) **The municipal manager who will be the chairperson;**
- (b) **A member of the mayoral committee or councillor who is the portfolio head of the relevant portfolio; and**
- (c) **At least one other person; who is not a councillor or a staff member of the municipality, and who has the expertise or experience in the area of the advertised post.**

### 4. Timeframes for the Selection Process

ACTIVITY	DATE
Advertising for position of Director Corporate Services ( <i>minimum of 14 days from the date of advertisement appearing and not more than 30 days</i> )	2 October 2022
Closing Date	27 October 2022
Shortlisting (within 30 days of closing of advert)	10 November 2022
Screening and competency assessments (within 21 days of shortlisting)	16 November 2022
Interviews (within 21 days of screening)	24 November 2022
Outcome report tabled in Council	30 November 2022
Successful candidate report for duty	01 January 2023

### Financial Implication

The position is on the approved staff establishment and is budgeted for.

### Relevant Legislation

- *Local Government: Municipal Systems Act, Act 32 of 2000,*

## Section 1: Office of the Municipal Manager

### **RECOMMENDED BY THE MUNICIPAL MANAGER**

1. That Council note that the post of Director Corporate Services become vacant on 01 September 2022.
2. That Council approve and declare the post Director Corporate Services vacant with effect from 01 September 2022.
3. That the following persons be approved by Council as the Selection and Interview Panel in terms of both Regulations 12 and 15 of Government Gazette No. (37245) respectively:
  - (a) The Municipal Manager who will be the chairperson;
  - (b) A member of the Mayoral Committee or Councillor who is the portfolio head of the relevant portfolio; **Councillor J Kamkam**
  - (c) At least one other person, who is not a Councillor or a staff member of the municipality, and who has the expertise or experience in the area of the advertised post.
  - (d) *Two (2) Union Representatives, 1 union presentative from IMATU and 1 Union Representative from SAMWU who will sit as an observers*
4. That Council approves the Recruitment and Selection processes hereunder, in line with the Local Government: *Regulations on Employment and Conditions of Employment of Senior Managers*, as promulgated on 17 January 2014.

ACTIVITY	DATE
Advertising for position of Director Corporate Services ( <i>minimum of 14 days from the date of advertisement appearing and not more than 30 days</i> )	2 October 2022
Closing Date	27 October 2022
Shortlisting (within 30 days of closing of advert)	10 November 2022
Screening and competency assessments (within 21 days of shortlisting)	16 November 2022
Interviews (within 21 days of screening)	24 November 2022
Outcome report tabled in Council	30 November 2022
Successful candidate report for duty	01 January 2023

6. That upon completion of the selection process, a report containing the proposed appointment be tabled to Council in order for Council to make the necessary appointment.
7. That, upon Council approving the appointment, the Municipal Manager be **mandated to negotiate** an offer of employment with the preferred candidate within the parameters of the specific service conditions and budgetary guidelines relating to the position.

## Section 1: Office of the Municipal Manager

ITEM C/1/88/09/22

### APPOINTMENT OF ACTING DIRECTOR CORPORATE SERVICES FOR THE PERIOD 01 OCTOBER 2022 UNTIL 31 DECEMBER 2022

**Portfolio Comm:** Strategic Services & Office of the MM      **Demarcation:** All Wards  
**File Ref:** 4/3/5/1/3      **Delegation:** Council

**Attachments:** NONE

**Author:** Municipal Manager

**Submitted by:** Municipal Manager

**Date:** 12 September 2022

#### **Purpose**

The purpose of this report is to seek Council's approval to appoint an official to act as Director Corporate Services for the period 01 October 2022 until 31 December 2022.

#### **Background**

The position of Director Corporate Services is left vacant since the mutual agreement to terminate the employment with the Municipality and the previous incumbent, Mrs MP Mpahlwa.

Section 56 (1)(a) of the Local Government Municipal Systems Act, 32 of 2000 states that a Municipal Council, after consultation with the Municipal Manager, appoint an acting Manager directly accountable to the Municipal Manager under circumstances and for a period as prescribed.

Section 56 (b) A person appointed as Municipal Manager in terms of paragraph (1) must at least have the skills, expertise, competencies and qualifications as prescribed.

Section 56 (c) states that a person appointed in terms of paragraph (a) (ii) may not be appointed to act for a period that exceeds three months: Provided that a Municipal Council may, in special circumstances and on good cause shown, apply in writing to the MEC for local government to extend the period of appointment contemplated in paragraph (a), for a further period that does not exceed three months.

#### **Legislative requirements**

Municipal Systems Act, Act 32 of 2000

#### **RECOMMENDED BY THE MUNICIPAL MANAGER**

That Council appoint Mr/Mrs.....to act as Director Corporate Services for the period 01 October 2022 to 31 December 2022.

## Section 1: Office of the Municipal Manager

ITEM C/1/89/09/22

### DRAFT OPERATIONAL PLAN FOR THE MANAGEMENT OF CENTRAL BEACH PUBLIC LAUNCH SITE

**Portfolio Comm:** Strategic Services & Office of the MM  
**File Ref:** 5/1/1/4  
**Demarcation:** All Wards  
**Delegation:** Council

**Attachments:** Annexure “A”: Draft operational plan for the management of central beach public launch site

**Report from:** Director: Economic Development and Planning

**Date:** 13 September 2022

#### **Purpose of the report**

The purpose of the report is to submit the Draft Operational Plan for the management of central beach public launch site for Council consideration.

#### **Background**

The National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008) and the associated Management of Public Launch Sites in the Coastal Zone Regulations GN. R497, 27 June 2014 are applicable to the listing and management of Public Launch Sites within South Africa.

The Central Beach Public Launch Site (previously referred to as the Plettenberg Bay Ski Boat Club) was listed by MEC: Local Government, Environmental Affairs and Development Planning, Mr. Anton Bredell, as an official Public Launch Site and Bitou Municipality identified as the responsible Management Body, in the Provincial Gazette 7410, Provincial Notice 193/2015, on 26 June 2015.

The Public Launch Site Regulations 2(2) specifies that a Public Launch Site is to be managed in terms of an Operational Plan which must:

- a) *Determine the maximum daily, monthly or annual limit for the number of vehicles used to launch a vessel or vessels from each public launch site;*
- b) *Determine the type or class of vessel which may be launched from a particular public launch site;*
- c) *Impose any prohibitions or conditions relating to the use or management of a public launch site in general or, for any specific launch site; or*
- d) *Regulate any other activity relating to the management of a public launch site*



## **Section 1: Office of the Municipal Manager**

### **Legislative requirement**

Section 2(2) of the Public Launch Site Regulations (2014)  
Integrated Coastal Management Act, 2008 (Act No. 24 of 2008)

### **RECOMMENDED BY THE MUNICIPAL MANAGER**

1. That Council takes note of the Draft Operational Plan for the management of Central Beach public launch site.
2. That Council in-principle approves the Draft Operational Plan for the management of Central Beach public launch site for public consultation/participation with the relevant stakeholders where after it must be resubmitted to Council for final approval.

## BITOU MUNICIPALITY

## Annexure A

### OPERATIONAL PLAN FOR THE MANAGEMENT OF CENTRAL BEACH PUBLIC LAUNCH SITE

In terms of Section 2(2) of the management of Public launch Sites in the Coastal Zone  
(Regulations GN. NO. R.497, 26 June 2014).



Version	1.0
Date	August 2022

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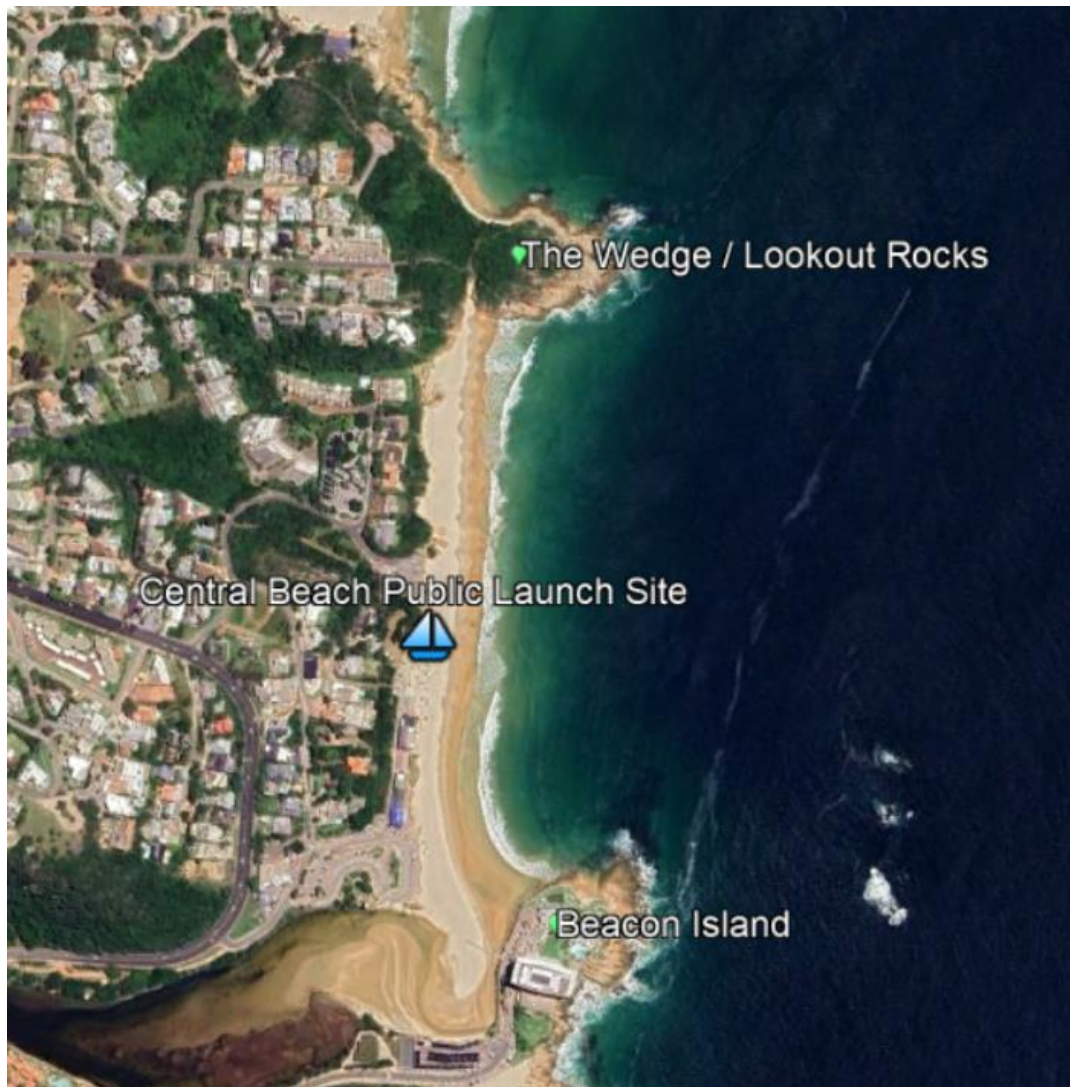
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## 1. INTRODUCTION

### 1.1. **History and Background**

The Central Beach Public Launch Site (PLS) in the Bitou Municipal area has historically been used to safely access the ocean for more than 100 years. It is situated within a sheltered bay enclosed by two rocky outcrops namely the Beacon Island, and the Wedge (also known as the Lookout Rocks).



*Figure 1 - Central Beach Public Launch Site, Plettenberg Bay*

The area was historically used by timber merchants, fishermen and whalers. A whaling station was operated from Beacon Island and ceased operation in 1916. In the more recent past the area has been used by recreational and commercial fishermen as well as hosting ecotourism and adventure operators. Users have also included Jet Ski enthusiasts, sailors as well as inflatable and semi-rigid skippers.

The launch site was registered as an official boat launching site in 2005 after a Scoping Environmental Process was concluded. An Environmental Authorisation (EA) was granted by the Department of Environmental Affairs and Development Planning (DEA&DP). An

Operational Management Plan (OMP) was approved as part of the process and has been used to manage the launching site.

In 2014, regulations came into effect that govern the listing and management of Public Launch Sites in the Coastal Zone (Regulations GN. NO. R.497, 26 June 2014). This Operational Plan is drafted to give effect to Section 2(2) of these regulations.

## 1.2. Site Location

Table 1 - Site Location of Central Beach Public Launch Site

Geographical Information			
Location Description			
<b>Province</b>	Western Cape	<b>District Municipality</b>	Garden Route
<b>Local Municipality</b>	Bitou Municipality	<b>Town</b>	Plettenberg Bay
GPS Co-ordinates			
<b>Latitude</b>	34° 3'29.23"S	<b>Longitude</b>	23°22'41.19"E

## 1.3. Legislative Framework

The National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008) and the associated Management of Public Launch Sites in the Coastal Zone Regulations GN. R497, 27 June 2014 are applicable to the listing and management of Public Launch Sites within South Africa.

The Central Beach Public Launch Site (referred to as the Plettenberg Bay Ski Boat Club) was listed by MEC: Local Government, Environmental Affairs and Development Planning, Anton Bredell, as an official Public Launch Site and Bitou Municipality identified as the responsible Management Body, in the Provincial Gazette 7410, Provincial Notice 193/2015, on 26 June 2015.

The Public Launch Site Regulations 2(2) specifies that a Public Launch Site is to be managed in terms of an Operational Plan which must:

- (a) Determine the maximum daily, monthly or annual limit for the number of vehicles used to launch a vessel or vessels from each public launch site;
- (b) Determine the type or class of vessel which may be launched from a particular public launch site;
- (c) Impose any prohibitions or conditions relating to the use or management of a public launch site in general or, for any specific launch site; or
- (d) Regulate any other activity relating to the management of a public launch site.

This document will serve as the Operational Plan required in terms of Section 2(2) of the Public Launch Site Regulations (2014).

## **2. VISION**

The vision remains to utilize the Public Launching Site on Central Beach in a manner that is holistic, efficient, and well maintained by reducing the ecological impacts, taking the social and economic needs of all users into account and providing an environmental management point for activities within the bay. It is imperative that future development incorporate empowerment of marginalised sectors of the local community as a core principle.

## **3. OPERATIONAL PROCEDURES AND CONDITIONS OF USE**

### **3.1. Operating hours**

The PLS will be operational between sunrise and sunset. The following specify these times in terms of seasonal changes:

September to April: 04:30 – 20:00

May to August: 06:30 – 18:00

Variation to these hours are at the discretion of the management authority. Special circumstances as described in Section 3.8 of this document may be applicable.

### **3.2. Access Control and Management Fees**

- 3.2.1. Access control is exercised through the payment of a municipal service fee. All vehicles entering the launching area, to launch a boat, needs to pay the approved municipal service fees.
- 3.2.2. Municipal service fees may be issued on a daily, weekly or an annual rate and will be charged according to and in line with the approved Municipal Rates and Tariffs which are reviewed annually.
- 3.2.3. No alcohol or any other intoxicating substance shall be allowed on the premises.
- 3.2.4. Vehicle access to the slipway is restricted to tow vehicles directly associated with boat/vessel launching.

### **3.3. Parking and Traffic Control**

- 3.3.1. Vehicle access to the launch area will only be allowed via the designated access point.
- 3.3.2. The extent of the Central Beach parking areas is indicated in Figure 2 below.





*Figure 2 - Extent of parking areas (indicated in yellow) at Central Beach, Public Launch Site.*

- 3.3.3. Parked vehicles/trailers should not obstruct access to the launch site by any user or visitor, nor interfere with reasonable use of the area by any user. Non-compliance is to be addressed in terms of section 6 of this report.
- 3.3.4. Boats should not be left unattended on the launch area and no parking of vehicles on or adjacent to the launch area is permitted.
- 3.3.5. Towing vehicles are parked on the beach during daylight hours only.
- 3.3.6. The NSRI parking area is to be kept clear at all times for stationed NSRI members and in case of an emergency.
- 3.3.7. Parking must not be permitted on dune vegetation or have an adverse impact on the environment.

### 3.4. **Launching and Beach Control**

- 3.4.1. All launching and beaching of vessels is controlled and co-ordinated through the Beach Control Office.
- 3.4.2. Communication occurs via the VHF/UHF base station radios in the Beach Control Office. All motorised vessels (excluding Tenders and PWCs) are required to have an operational VHF/UHF/29 MHz radio aboard and operating at all times.
- 3.4.3. All radio checks must be done prior to the launching of all vessels. Should the radio of a vessel be faulty, the vessel may not launch until the radio is fully functional.
- 3.4.4. Upon return all vessels must communicate via radio beaching (excluding Tenders and PWCs).
- 3.4.5. All vessels and skippers must have the necessary SAMSA approved certification and safety equipment before obtaining an Access Permit and being allowed to operate from the PLS.
- 3.4.6. No motorised or sailing vessels are to be navigated through the area of water between the Blinder Rocks and the Beacon Isle Hotel at any time.

### 3.5. **Limit on number of boats that may be launched**

The launching of boats is limited to the availability of parking within the demarcated parking area.

### 3.6. **Maximum overall length that shall apply to boats/vessels**

Launching at the site is restricted to:

Type	Restriction
All boats / vessels	10.3m

### 3.7. **Vessel and Public Safety**

The municipality, its contractors or any appointed management agent are not responsible for any accidents that may occur at the launch site or in the adjacent swimming areas. Use of these facilities shall be entirely at the risk of the user.

The following is applicable:

- 3.7.1. All vessels are to establish radio contact and permission to launch from the Beach Control Office while in a stationary position on the beach and prior to launching.
- 3.7.2. All vessels are to establish radio contact and permission to beach from Beach Control prior to beaching.
- 3.7.3. All vessels are to be marked according to SAMSA Regulations. This must include Seaworthy Certificates.
- 3.7.4. All vessels must have a VHF/UHF/29 MHz radio on board to communicate with Beach Control.
- 3.7.5. No person may picnic or sunbathe within the boundaries of the Boat Launching Site, or swim in the water along the Launch Area shoreline.
- 3.7.6. Any emergency on the beach must be reported to the Beach Control Office and NSRI who will then implement the required emergency procedure. A trauma pack is available at Beach Control



### 3.8. Seasonality / Special Circumstances

High season, emergencies and registered small-scale fisheries warrant special circumstances. Management of these instances are at the discretion of the management authority but are to be broadly guided by the following:

#### 3.8.1. High Season

During high tourist season Plettenberg Bay, and Central Beach in particular, experience an exponential increase in users of the area and the facility. Additional trailer and vehicle parking areas are required and is to be guided and monitored by Municipal Beach Control. In order to accommodate the additional recreational users during this time period the grassed platform above the beach is utilised for the supplementary parking of approximately 30 trailers. Additional overflow parking is also available on the corner of Hopwood and Meeding Street. All trailers parked in this area have to clearly display their cell phone number. Beach Control is to assist in guiding the parking of trailers and vehicles in order to maintain access and control of the facility. Contact numbers of users are to be noted to be able to communicate with them should vehicles or trailers need to be moved.



Figure 3 - Additional overflow parking areas (shown in blue) during High Season conditions

#### 3.8.2. Emergencies

In the case of emergency conditions vessels may need to be launched or beached in the dark. This poses safety risks to the vessel operators in terms of poor visibility of obstacles and potentially to persons on the beach at the time. All precautions are to be taken where possible to ensure that no persons are within the area of launching or beaching prior to it being undertaken. The municipality will not be held liable for any injury that occurs during these circumstances. All emergency incidents are to be reported to Beach Control.

### 3.8.3. Small-scale Fisheries

Small-Scale Fishers are defined as being fully reliant on the marine environment for their basic food and livelihood needs. Section 1 of the Marine Living Resources Act (MLRA, Act 18 of 1998, as amended) contain the following definition:

**‘Small-scale fisher’** means a member of a small-scale fishing community engaged in fishing to meet food and basic livelihood needs, or directly involved in processing or marketing of fish, who –

- (a) traditionally operate in near-shore fishing grounds;
- (b) predominantly employ traditional low technology or passive fishing gear;
- (c) undertake single day fishing trips; and
- (d) is engaged in consumption, barter or sale of fish or otherwise involved in commercial activity, all within the small-scale fisheries sector

Regulations relating to Small-Scale Fishing (2016) have been promulgated in terms of the MLRA and further aim to manage this sector. These regulations and definition as quoted above are applicable. The municipal service fee applicable to small-scale fishers for the use of the launching facilities are at the discretion of Council and may be revised as they see fit.

Special arrangements may be made between Beach Control and registered small-scale fishers regarding use of the facility. It should be noted that launching or beaching in the dark poses safety risks to the vessel operator in terms of poor visibility of obstacles and potentially to persons on the beach at the time. The municipality will not be held liable for any injury that occurs during these circumstances.

## 4. CODE OF CONDUCT

A copy of the Code of Conduct is to be signed by every user of the boat launching facility as acknowledgement of the rules and regulations. Signed documentation is to be kept at the beach control offices as record.

### 4.1. Slipway Etiquette and Guidelines

- 4.1.1. Only **registered and seaworthy** vessels are allowed to make use of the Central Beach launching facilities.
- 4.1.2. Boat operators must be in possession of a **valid skipper license**.
- 4.1.3. Vessels are **not allowed to create an obstruction** to the launch area which hinders the entry and exit route to the launch area.
- 4.1.4. In the interest of safety and minimising frustration to boaters and others, everyone is required to **adhere strictly to these guidelines** and to report any ongoing disregard thereof to the offenders or to the compliance officers in serious cases.\
- 4.1.5. All skippers shall strive to **minimise the time that their boats and trailers occupy the slipway** in the interest of other boaters and bathers alike. In this regard, skippers are encouraged to prepare a pre-launch checklist, including pre-season equipment checks, and to ensure that all crew and driver are all available to avoid delay, prior to entering the queue to launch. No-one may enter the queue if boats are waiting to return from sea.
- 4.1.6. There shall be only **one vehicle and trailer permitted on the slipway** at any given time.

- 4.1.7. All trailers and boats shall be fitted with **safety chains/ropes** and these shall be used at all times that the boat is on the trailer.
- 4.1.8. The skipper, prior to commencing his passage to sea shall **nominate a crew member also to look out for bathers in the water**, before proceeding at a safe speed.
- 4.1.9. The **SAMSA regulations** regarding required trailer markings, applicable safety equipment, limitations on vessels and skippers compliance certificates shall **strictly be adhered to**. Marine radio and cell phone reception is poor in some areas so skippers shall ensure that their intended destinations (and when altered) are known to their emergency contact person.
- 4.1.10. **Boats returning from sea shall have priority** access to the slipway over boats wanting to launch (except for those boats already queued up to launch) and the latter shall not obstruct access to the slipway nor hinder retrieval.
- 4.1.11. The skipper, prior to commencing his **return to the slipway**, shall advise his intention to do so and shall also nominate a crew member to look out for bathers in the water, before proceeding at a safe speed. The onus shall then be with bathers to get out of the way.
- 4.1.12. No boats may be left unattended on the slipway at any time.
- 4.1.13. Boats, **once retrieved shall drive sufficiently up the road** to provide others attempting to launch sufficient space to do so and for other vehicles to pass. They shall then move on timeously to enable the next vehicle and trailer sufficient space to stop. Removal of bungs, etc. may not result in water running down the slipway or into the sea.
- 4.1.14. **Compliance Officers** are requested not to perform their inspections in areas that obstruct or unreasonably delay the launching or retrieval of other boats nor, for safety reasons, shall they board a retrieved boat without prior advice to the skipper/driver.

## 5. **ENVIRONMENTAL CONSIDERATIONS**

The users of this site must comply with the provisions of the general duty of care principle and the remediation stipulated in terms of section 28 of the National Environmental Management Act, 1998 (Act No. 107 of 1998), the provisions of the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008) as well as all other relevant legislation.

The vegetated areas surrounding the launching facility are demarcated as "no-go" areas and are to be protected, maintained and rehabilitated where necessary. Potential erosion areas are to be monitored and treated as soon as possible. Driving over sand dunes and vegetation of any sort is prohibited.

All fishing vessels must wash their decks at sea beyond the one kilometre radius off Central Beach Boat Launching Site. No washing of vessels, trailers or vehicles, scaling and cleaning of fish, disposal of bait or the selling of any fish may take place. No dumping of bait is allowed at the beach. Burning or burying of any waste is not permitted on this site. Everyone using the site and the beach areas shall collect their litter, including cigarette butts, and dispose of these in the refuse bins provided.

Fuels and oils are to be transported in recognised sealed fuel or oil containers and are only to be opened once on the deck of the vessel. No containers are to be left at the launching site overnight. Should an oil spill occur, sand is to be spread over the spill to absorb the fuel

or oil. The contaminated sand is to be removed and appropriately disposed of. No boat engines are to be serviced or given oil changes within the site.

## **6. COMPLIANCE AND ENFORCEMENT**

The Bitou Municipality or its authorised management agent have the responsibility to ensure compliance with the Operational Management Plan and have the authority to enforce the requirements specified in this document. Enforcement actions are to be undertaken taking the following guidelines into consideration:

- First time offenders are to be given verbal warning which is to be followed up in writing.
- First time offenders committing serious acts of non-compliance that jeopardise the safety of people may be immediately liable to a fine.
- Second time offenders may be subject to a fine as per the fining scheme as specified below.
- Second time offenders may be blacklisted at the discretion of the Management Agent.
- Third time offenders are liable for a fine at a compounded rate and may be banned from the Public Launch Site for a minimum period of 3 months.
- Enforcement action and fines issued should be recorded by the Management Agent and reported to the relevant senior officials within the municipality on a monthly basis.

### **6.1. Fining Scheme**

The following fining scheme is proposed to address non-compliance with the Operational Management Plan. The Bitou Municipality reserve the right to amend the fining scheme on an annual review basis.

*Table 2 - Fining Scheme applicable to non-compliance with the OMP for the Public Launch Site*

<b>Contravention</b>	<b>Second-time Offender</b>	<b>Third-time Offender</b>
Non-compliance with Operational Management Plan for minor offences related to parking and similar instances	R500.00	R1 500.00
Non-compliance with Operational Management Plan for acts of pollution or similar instances	R750.00	R2 250.00
Non-compliance with Operational Management Plan for offences that compromises the safety of people or similar instances	R1 000.00	R3 000.00

## **7. MANAGEMENT RESPONSIBILITY**

The Bitou Municipality is responsible for the management and access control to Central Beach Public Launching Site. The Bitou Municipality may appoint a management agent to manage this public launch site on its behalf in terms of a service level agreement (SLA).

### 7.1. **Central Beach Forum**

A Central Beach Forum is to be established which will meet on a quarterly basis to discuss matters relating to the operations and use of the Public Launch Site. Representation should be sought from the following sectors:

- 7.1.1. Bitou Municipality
- 7.1.2. NSRI
- 7.1.3. Commercial Operators
- 7.1.4. Recreational Fishermen
- 7.1.5. Small Scale Fishers
- 7.1.6. Research and Science
- 7.1.7. Sports and tourism operators
- 7.1.8. Lease holders of buildings at the launch site

A terms of reference is to be drafted which should detail the composition and governance of the forum which should include inter alia the election of a chairperson, vice-chairperson and secretary as well as what constitutes a Quorum and any envisaged voting procedures. The objectives of the Central Beach Forum would be to provide a platform where all users of the facility are able to interact, provide relevant feedback and table requests regarding the operations of the launch site.

## Section 1: Office of the Municipal Manager

ITEM C/1/90/09/22

### MEDIATION OF DISPUTES ON PERFORMANCE MANAGEMENT OUTCOMES OF THE MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER

**Portfolio Comm:** Finance & Corporate Services  
**File Ref:** 2/9/2

**Demarcation:** All Wards  
**Delegation:** Council

**Attachments:** Annexure “A” Extract of the Performance Management Regulations

**Report from:** Municipal Manager

**Date:** 22 August 2022

#### **Purpose of the report**

To bring to the attention of Council that performance evaluations of the Municipal Manager and Managers directly accountable to the Municipal Manager for the 2019/2020 and 2020/2021 were performed. The outcome of the evaluations was communicated to the respective employees and several disputes were declared after failed deliberations between the Municipal Manager and themselves. The declared disputes must now be mediated upon in terms of Regulation 33 (2) (b) the Performance Regulations.

#### **Background**

Performance evaluations were conducted in terms of the Performance Regulations on the performance of the Municipal Manager and Managers directly accountable to the Municipal Manager for the 2019/2020 and the 2020/2021 financial years. The outcome of the performance evaluations was communicated to the affected employees and several disputes on the outcome of the performance evaluations were declared by them in accordance with the provisions of the Performance Regulations.

Upon conferring on the issues in disputes in an attempt to settle the differences between the Employer and Employees in accordance with Clause 12.3 of the performance agreement, the disputes could not be resolved and it still subsists because the following disputes were lodged by the respective Senior Managers:-

1. Mr D Friedman - former Director: Economic Development and Planning for the 2019 - 2020 financial year performance assessment outcome.
2. Mr L Gericke Director - Economic Development and Planning for the 2020/2021 financial year performance assessment outcome.

## **Section 1: Office of the Municipal Manager**

3. Mrs M Mpahlwa – Former Director: Corporate Services for the 2020 / 2021 financial year performance assessment outcome.
4. Mr Michael Rhode – Former Director: Engineering Services and later Acting Director: Engineering Services for the 2019/2020 financial year performance assessment outcome as well as the 2020/2021 financial performance assessment outcome.

Accordingly, the disputes must be mediated upon in terms of Regulation 33 (2) (b) of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 by a member of the Municipal Council provided that such member was not part of the evaluation panel, whose decision will be final and binding on the parties, in order to bring it to finality.

### **Applicable legislation:**

Constitution of South Africa, 1996 as amended.

Local Government: Municipal Systems Act 32 of 2000 as amended

Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 (An extract)

### **Financial implications**

None

### **RECOMMENDATIONS OF THE MUNICIPAL MANAGER:**

That Council appoints Councillor Michelle Botha as the mediator to mediate the disputes between the Employer and the Employees in terms of Regulation 33 (2) (b) of the Municipal Performance Regulations, whose decision will be final and binding on both parties as provided for in the Performance Regulations.

**Dispute resolution**

33. (1) Any disputes about the nature of the employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or salary increment in the agreement, must be mediated by –

(a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and

(b) In the case of managers directly accountable to the municipal manager, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

(2) Any disputes about the outcome of the employee's performance evaluation, must be mediated by –

(a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and

(b) In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

**General**

34. (1) The contents of the performance agreement must be made available to the public by the employer in accordance with the Municipal Finance Management Act, 2003 and Section 46 of the Act.



## Section 1: Office of the Municipal Manager

ITEM C/1/91/09/22

### REVISION OF BITOU ORGANIZATIONAL MICRO STRUCTURE

**Portfolio Comm:** Strategic Services & Office of the MM      **Demarcation:** All Wards  
**File Ref:** 2/1/8      **Delegation:** Council

**Attachments:**

Annexure “A”:-	Micro Structure: Office of the Municipal Manager
Annexure “B”:-	Micro Structure: Financial Services
Annexure “C”:-	Micro Structure: Corporate Services
Annexure “D”:-	Micro Structure: Planning & Development
Annexure “E”:-	Micro Structure: Engineering Services
Annexure “F”:-	Micro Structure: Community Services

**Author:** Manager HR Administration

**Submitted by:** Municipal Manager

**Date:** 12 September 2022

#### **Purpose of the report**

For Council to consider the first draft amendments on the revised organizational structure which were drafted in line with the provisions in the Staff Regulations and workshopped with all staff members during the months of April, May and June 2022.

#### **Background**

Section 66 of the Municipal Systems Act states that the Municipal Manager, within a policy framework determined by the Municipal Council and subject to any applicable legislation, must develop a staff establishment for the municipality and submit the staff establishment to the municipal council for approval.

Council at its Special Council meeting of 07 April 2022 resolved under Council Resolution C/1/43/04/22 to adopt and approve the implementation of the macro-structure with effect from 01 July 2022 with the following directorates;

- a) Office of the Municipal Manager;
- b) Corporate Services;
- c) Engineering Services;
- d) Community Services;
- e) Planning and Development; and
- f) Financial Services

Chapter 2 4. (2) of the Staff Regulations (*referred to as the Regulations*) states that a municipal council must –

- (a) Determine the municipality’s staff establishment, which will provide the basis for each department’s strategic workforce and human resources planning. The human resource planning

## Section 1: Office of the Municipal Manager

will, in the staff supply planning process, take into account race, gender, disability, occupational level and grade with reference to their competencies, training needs and capacities;

- (b) determined the staff establishment necessary to perform its functions which will guide staff demand planning, with particular reference to-
  - (i) *the number of staff members required;*
  - (ii) *the minimum competencies which the staff members must possess;*
  - (iii) *the posts and post levels in which each of the staff members will be appointed; and*
- (c) plan for the recruitment; retention and development of staff members according to the municipality's requirements within the available budgeted funds, including funds for the remaining period of the relevant medium-term revenue and expenditure framework.

The Regulations further states under Section 4. (3) that the plan referred to in sub-section (1)(c) must-

- (a) further to staff establishments, be aligned to the municipality's integrated development plan, budget, employment equity plan, skills development strategy and workplace skills plan, as contemplated in Chapter 5 of these Regulations;
- (b) set realistic goals and measureable targets for achieving representativeness; taking into consideration sub-regulation (4);
- (c) include targets for the training of staff members per occupational category and of specific staff members, with specific plans to meet the training needs or historically disadvantaged persons; and
- (d) provide mechanisms and procedures for dealing with staff members affected by the abolition of unnecessary posts in terms of the Labour Relations Act.

The Regulations further states that the municipal council must review its staff establishment having regard to the principles set out in the regulations, the functions and powers listed in Part B of Schedules 4 and 5 of the Constitution of the Republic of SA, Chapter 5 of the Local Government: Municipal Structures, Act 117 of 1998 and Chapter 5 of the Local Government Systems Act, Act 32 of 2000 based on;

*A municipality's strategic objectives; and*  
*A municipality's core and support functions*

The staff establishment must provide for permanent and fixed term posts, and with regard to fixed term posts certain criteria have to be considered.

The Municipal Manager and Managers directly accountable to the Municipal Manager have engaged on a process of review. This process was done in line with the mandate of local government as set out in Schedules 4B and 5B of the constitution and in line with the stipulations of the Staff Regulations that was implemented with effect from 01 July 2022.

### **The rational used in this process is based on:**

1. The need of the municipality to render its services as required by the Constitution;
2. The money and or budget available for staff costs as part of the operational budget;
3. Human capacity needed by the departments to execute their work in terms of the minimum services agreed to and;
4. Support functions that needs to be in place to assist the service delivery departments

The Regulations furthermore states that the Municipal Manager must review the draft staff establishment in consultation with recognised trade unions within the local labour forum.

## **Section 1: Office of the Municipal Manager**

### **Process of Consultation Undertaken:**

- Departmental meetings were convened to discuss the draft structures with staff and solicit their views and proposals;
- Workshops was facilitated with Managers in order for them to present their proposed structures to the Executive Management team;
- Consultation meetings were convened with the Local Labour Forum on 15 September 2022 to present the first draft to Unions to allow them to present the draft to their constituencies.
- After the draft structures has been finalised at Local Labour Forum level, it will be tabled to Council for pre-approval, within a period of 30 days;
- After Council's in-principal approval, the structure will be referred to CoGTA for their input and comment;
- Within one month of receiving the documents CoGTA must consider the proposed staff establishment and submit comments to Council.
- Council must consider those comments and thereafter adopt the staff establishment;
- Within 30 days after adopting the staff establishment, the Mayor must submit the approved structure, council resolution and the processes that were followed to the MEC.

### **Applicable legislation**

The Constitution of the Republic of SA

Municipal Systems Act, Act 32 of 2000

Municipal Structures Act, Act 117 of 1998

Local Government: Municipal Planning and Performance Management Regulations, 2001

Local Government: Appointment and Conditions of Employment of Senior Managers Regulations, 2014

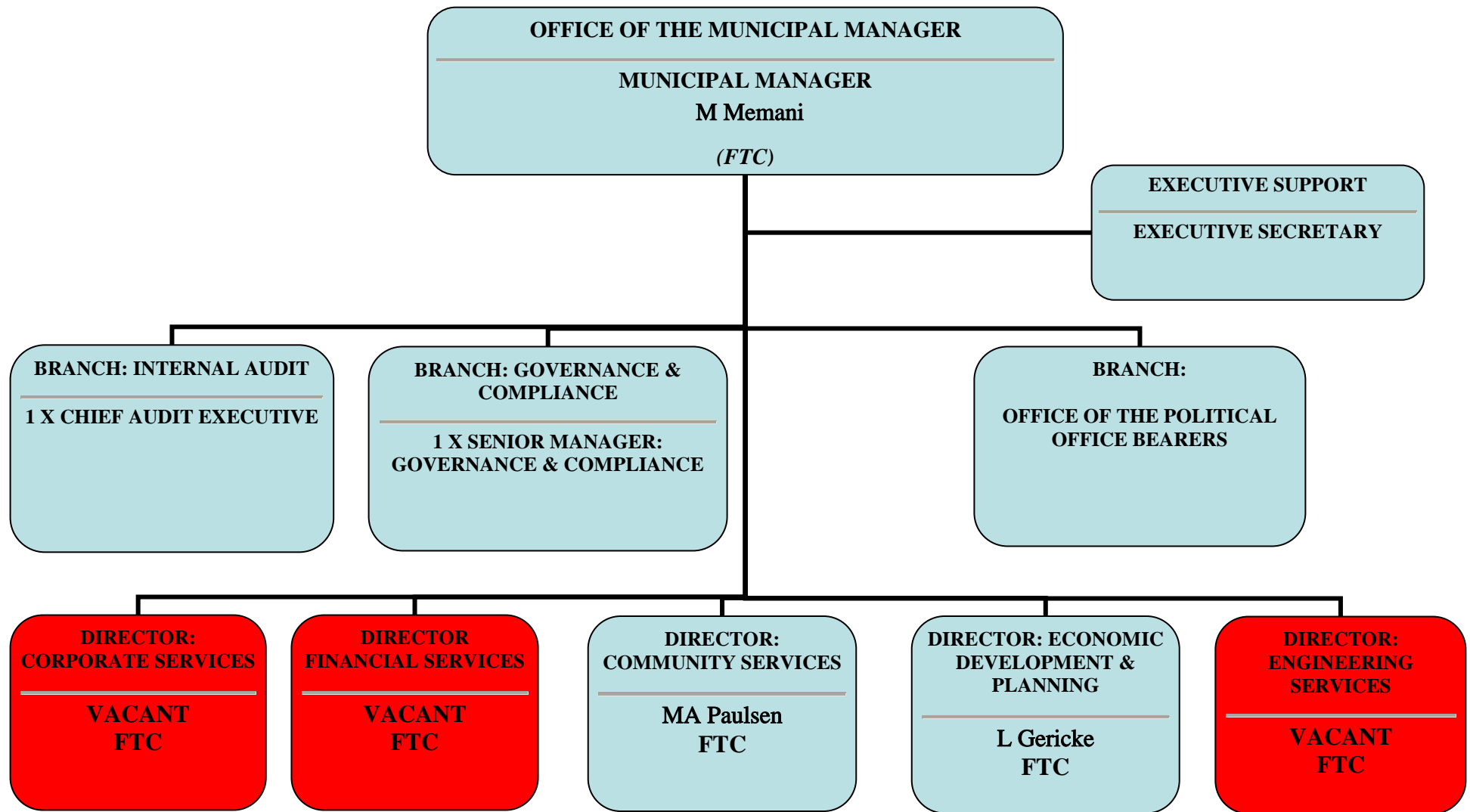
Local Government: Municipal Performance Regulations of Senior Managers, 2006

Government Gazette No. 45181 dated 20 September 2021 – Local Government Staff Regulations

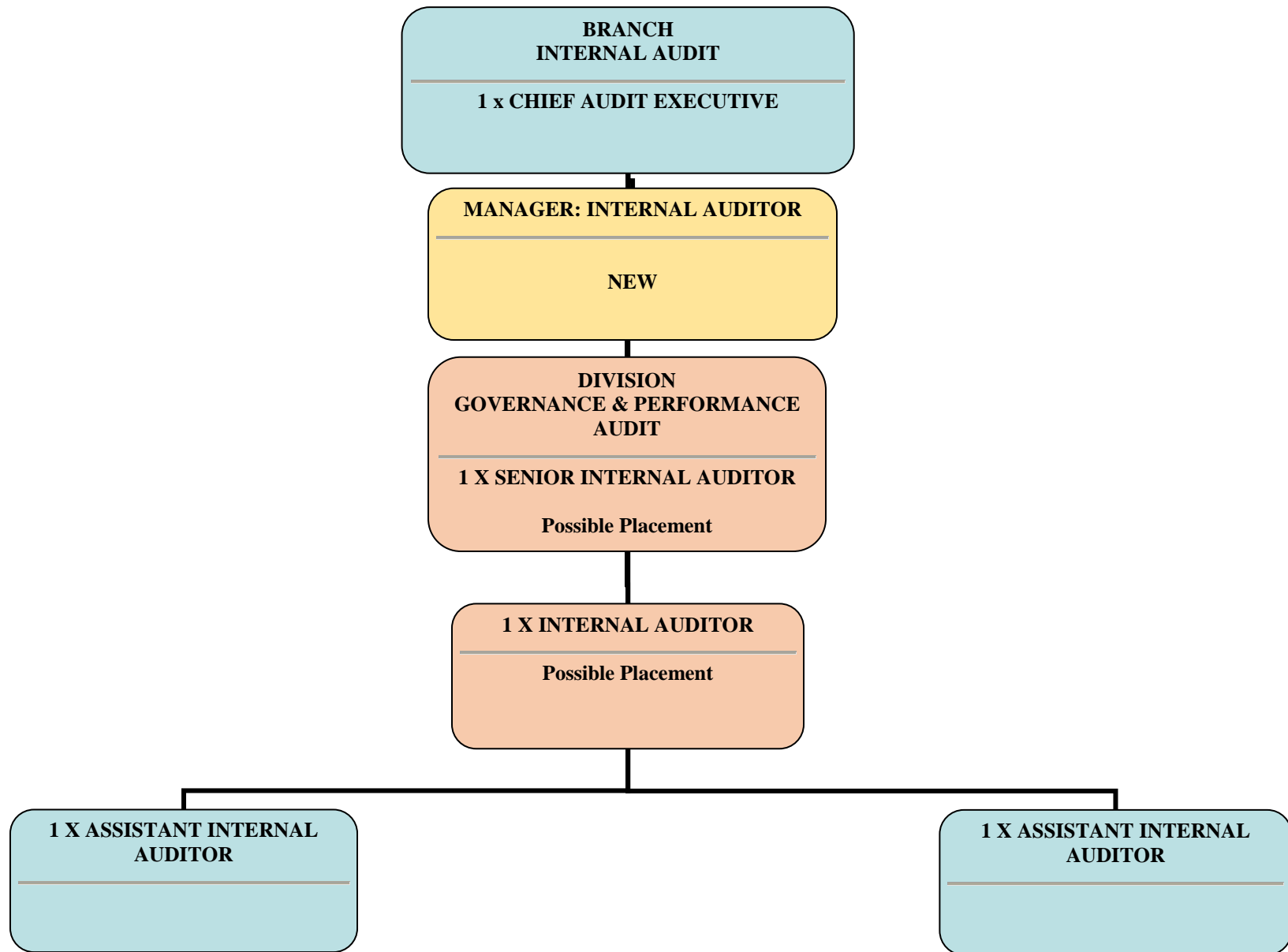
### **RECOMMENDATION BY THE MUNICIPAL MANAGER**

1. That the Council takes cognizance of the draft micro-structures of all directorates.
2. That the draft micro-structure be approved in-principal and be referred to CoGTA for their input and comments.
3. That the final micro-structure be re-submitted to Council after receipt and consideration of CoGTA's comments.

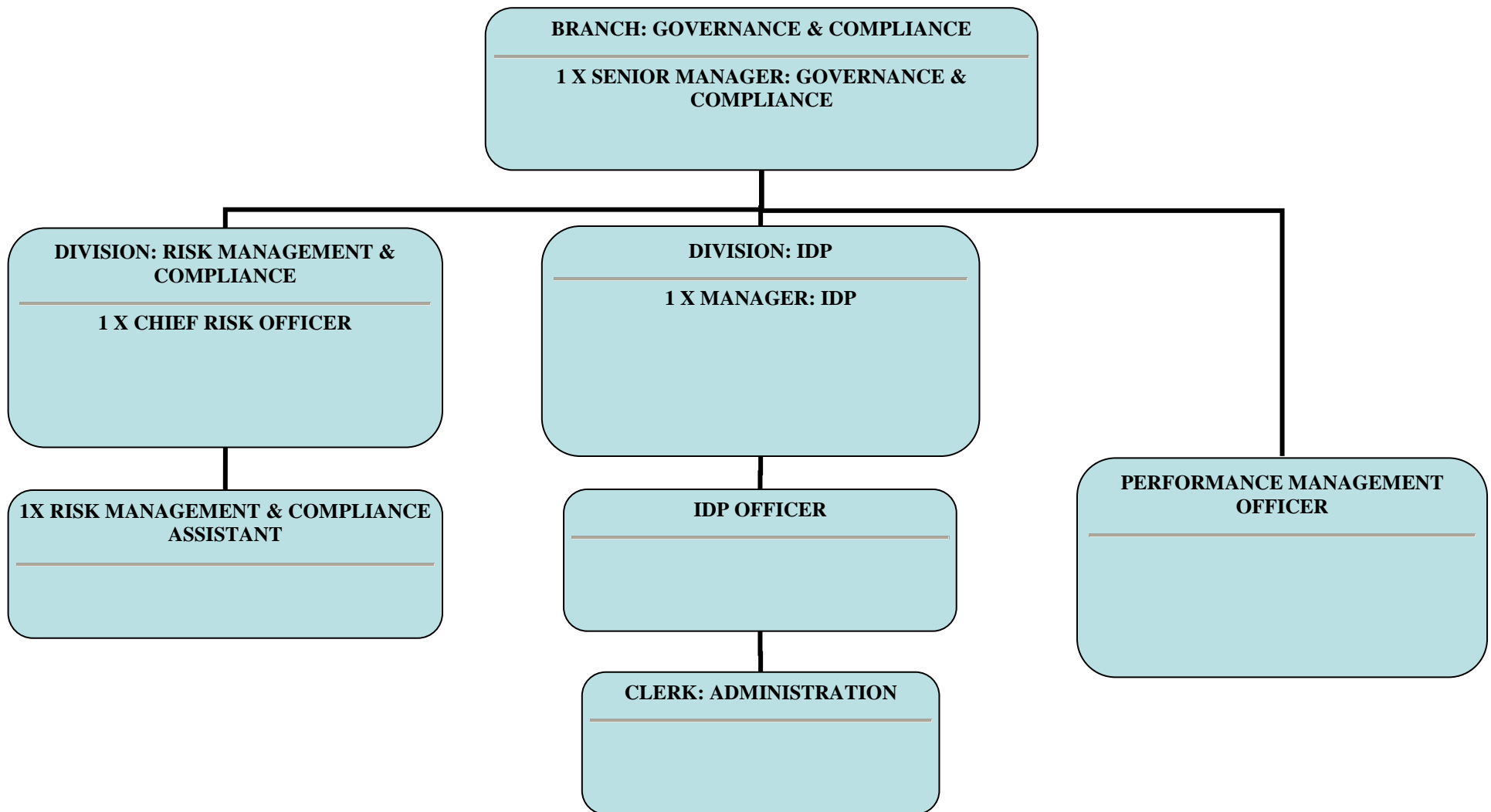
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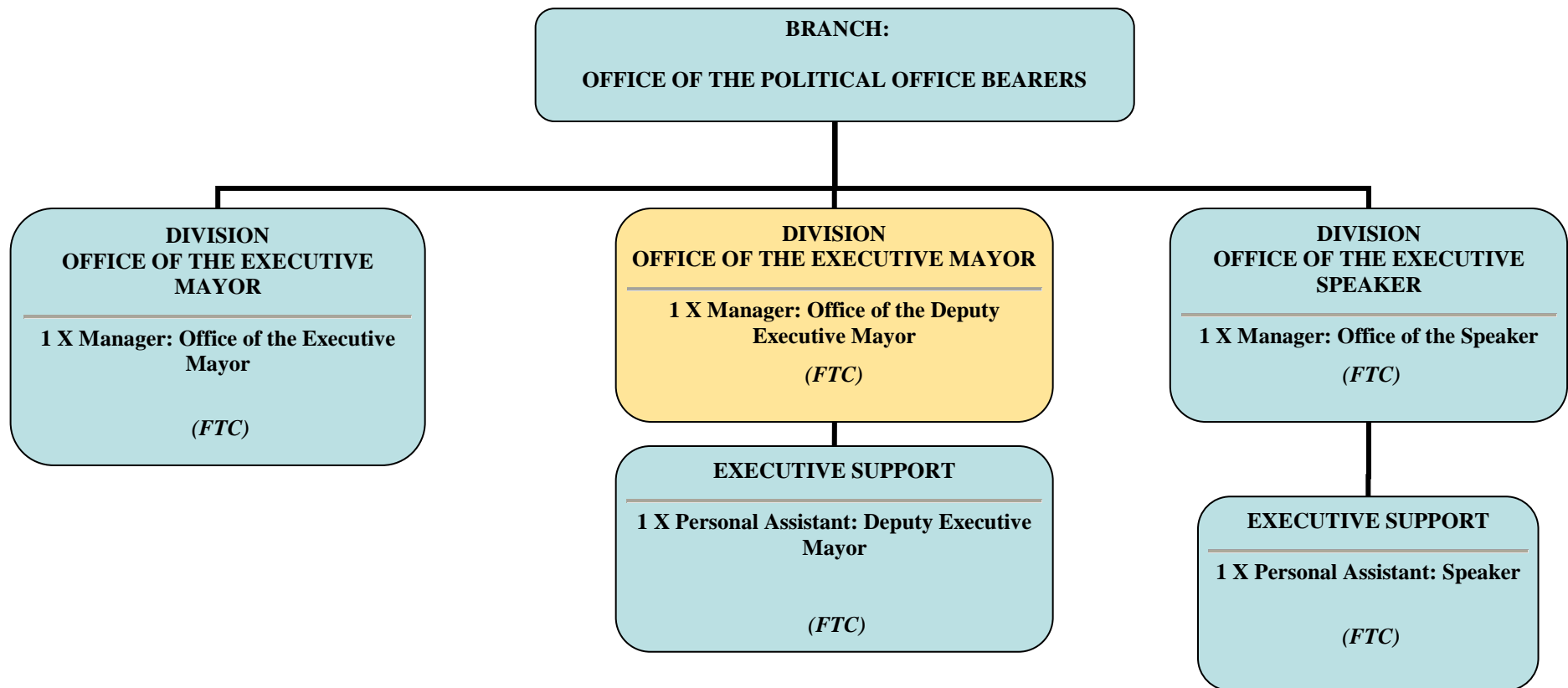
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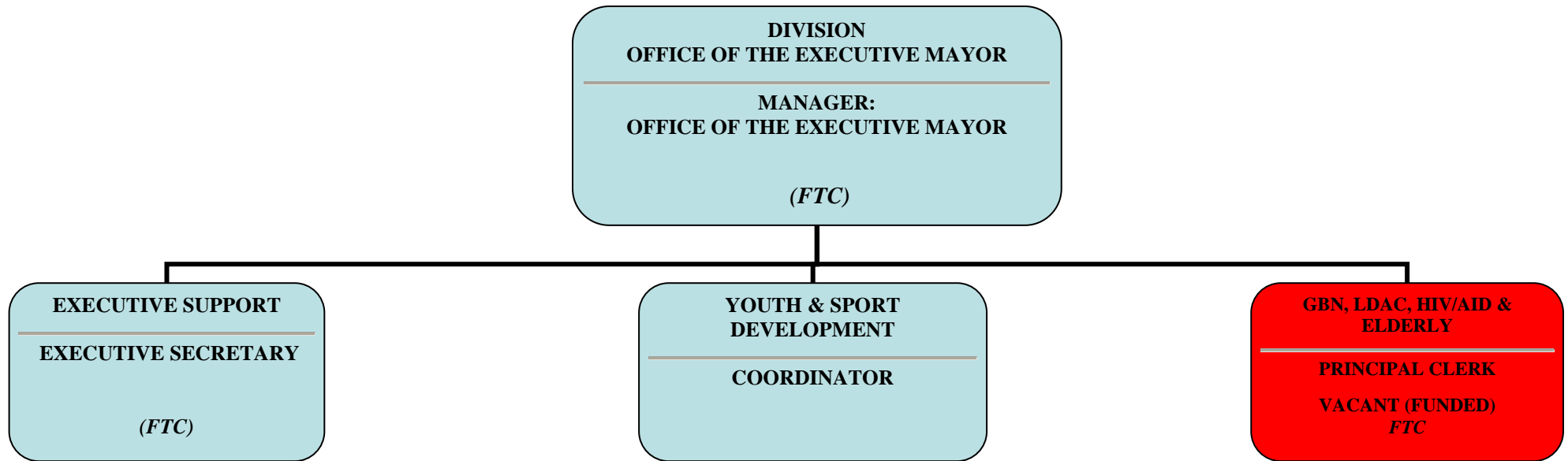
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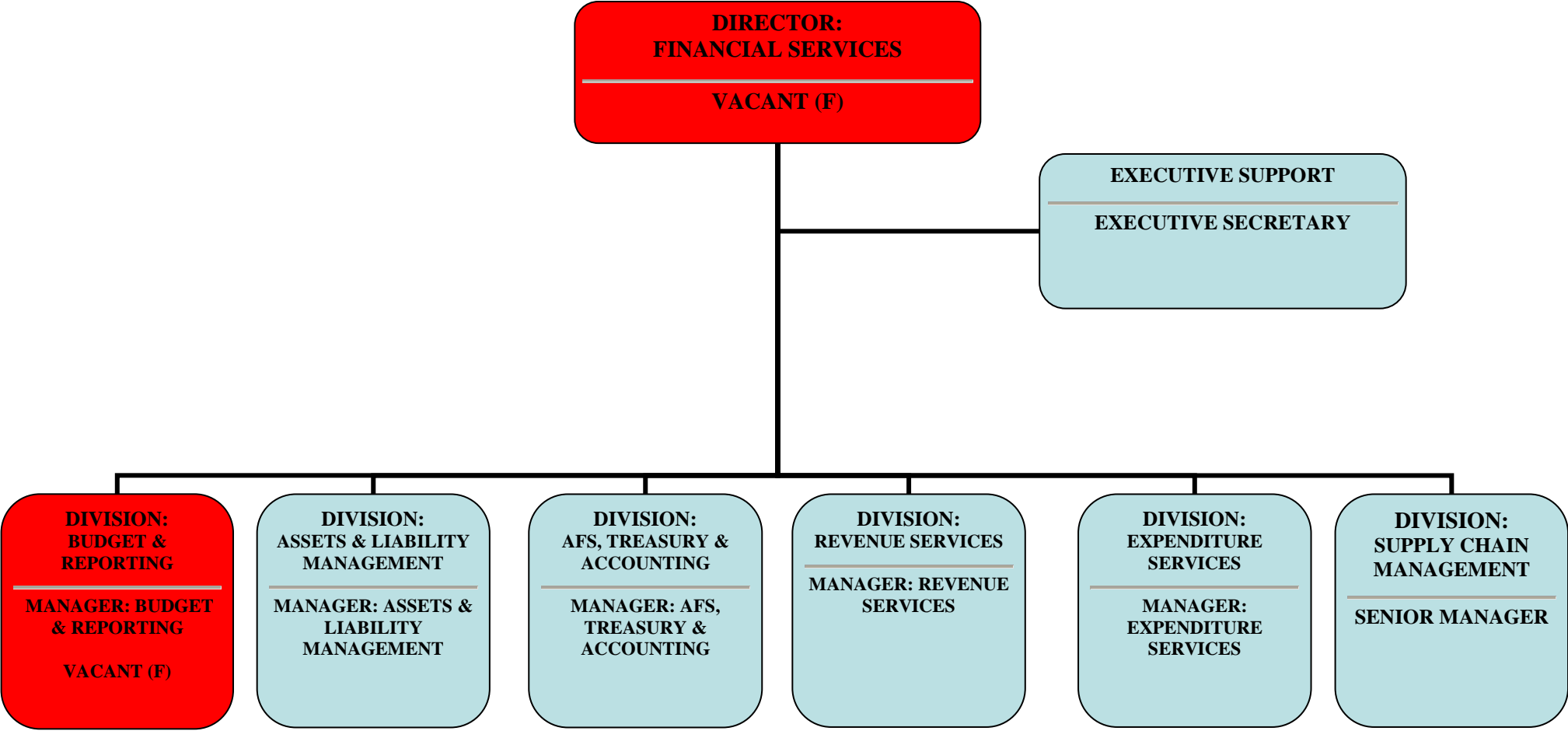


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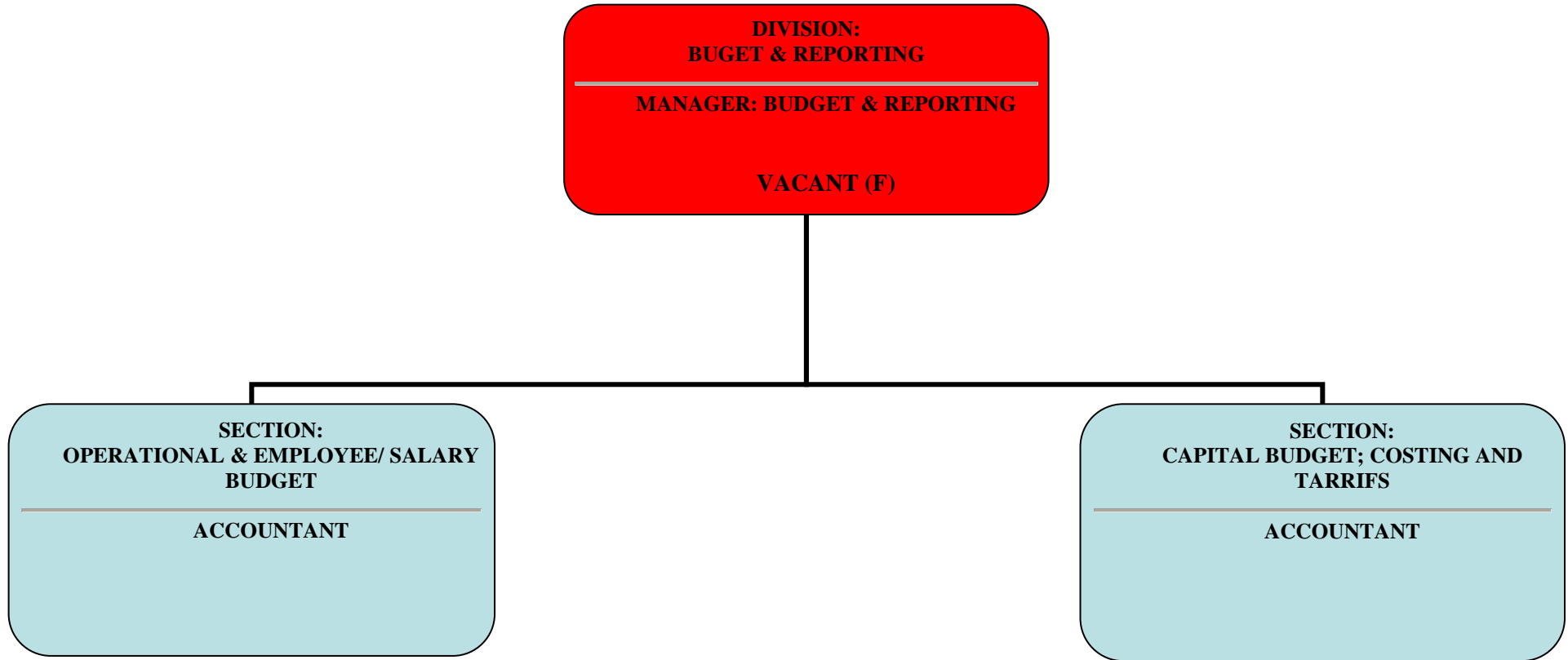




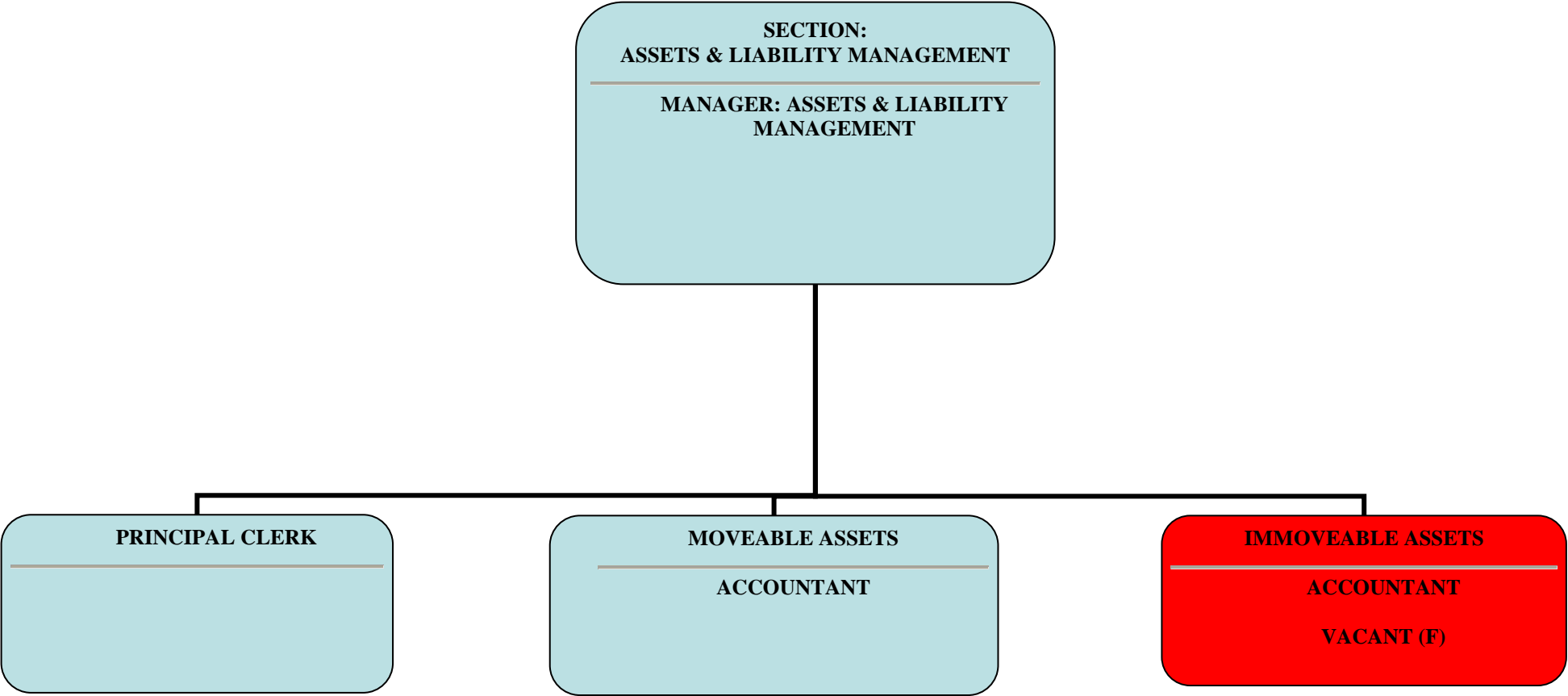
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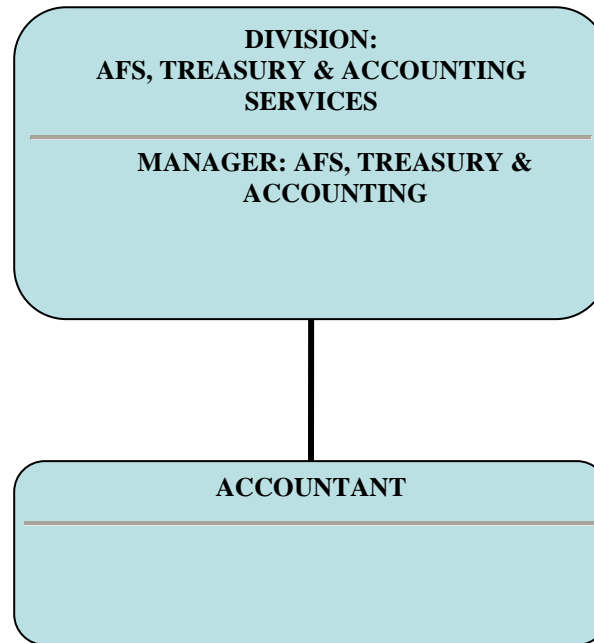
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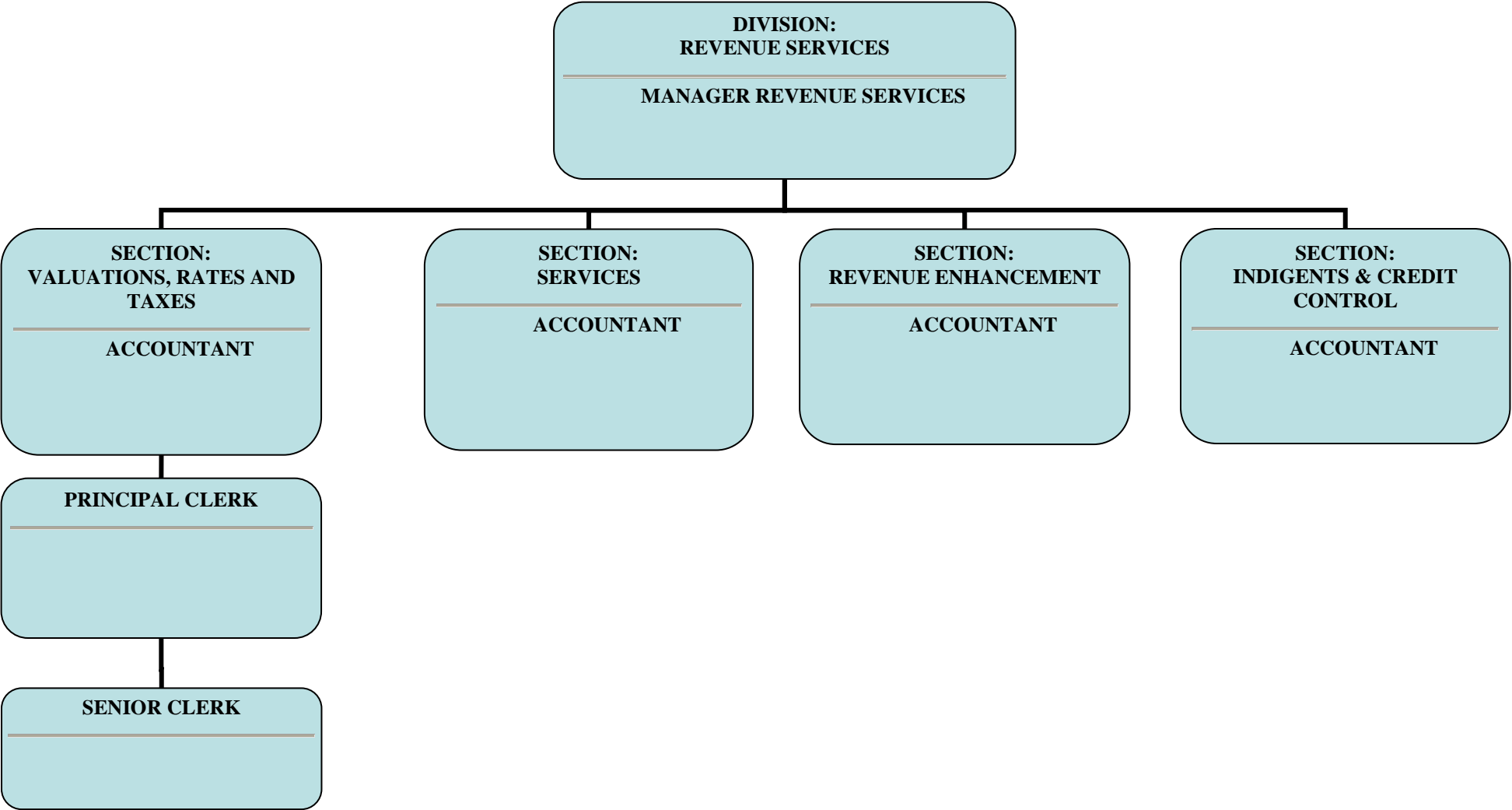
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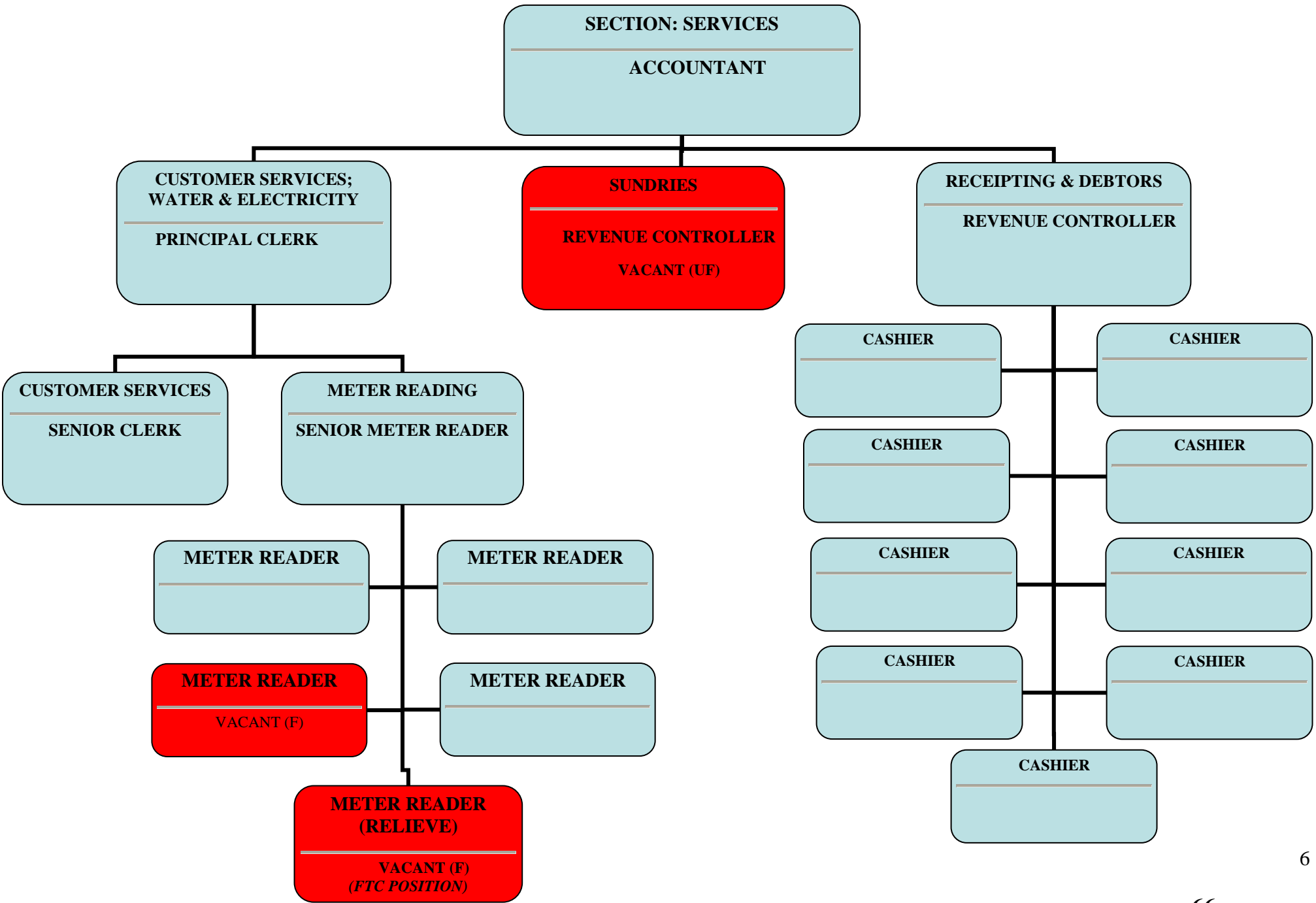
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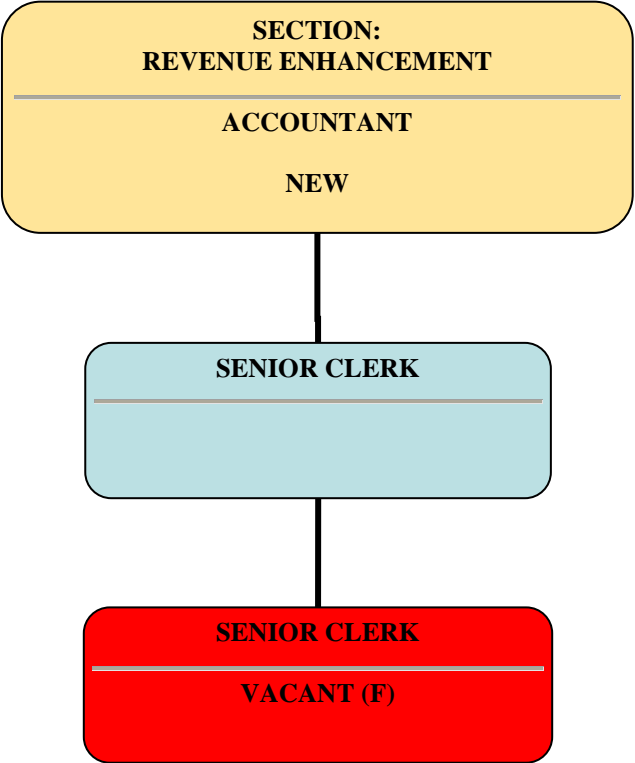
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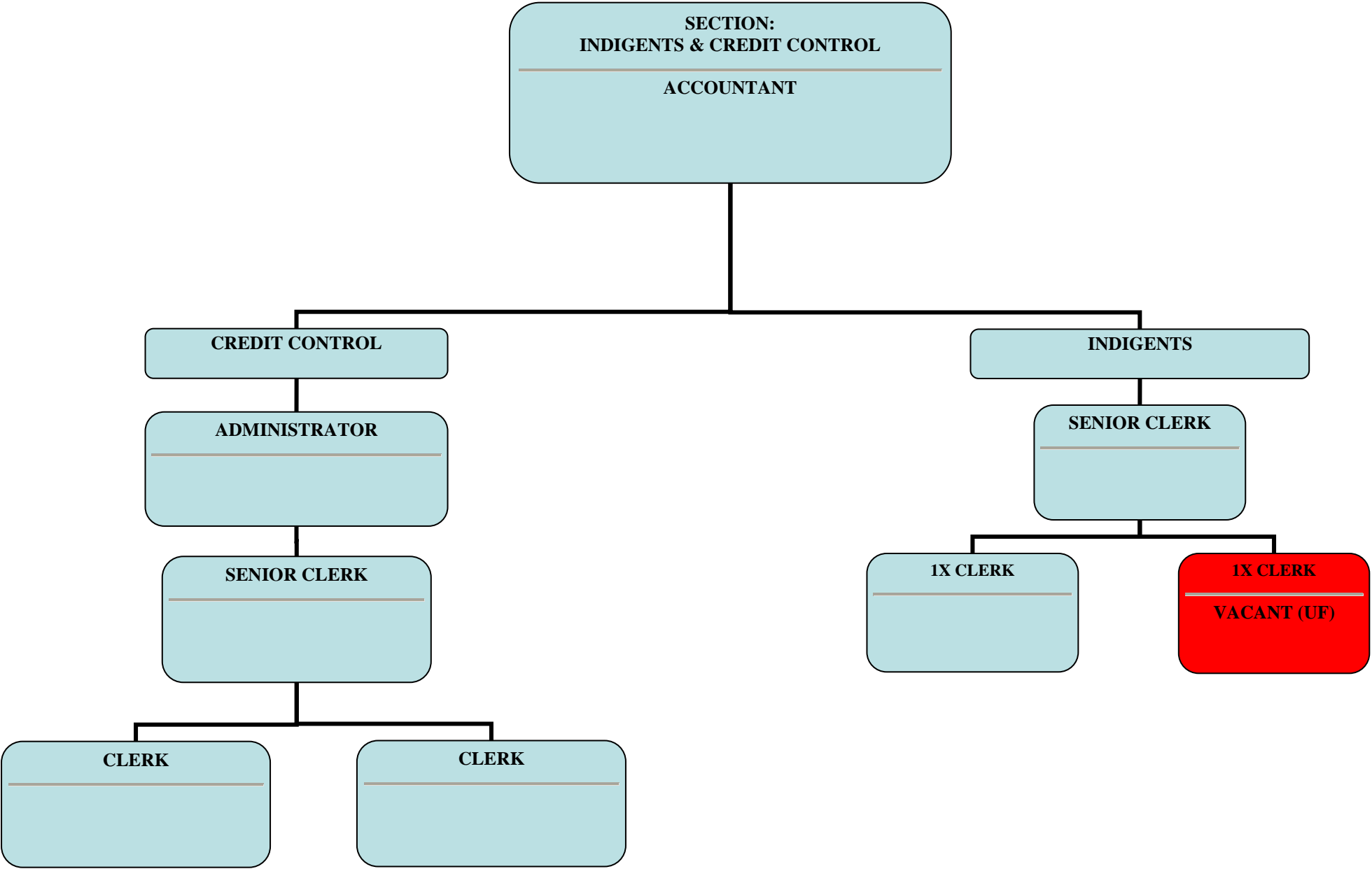
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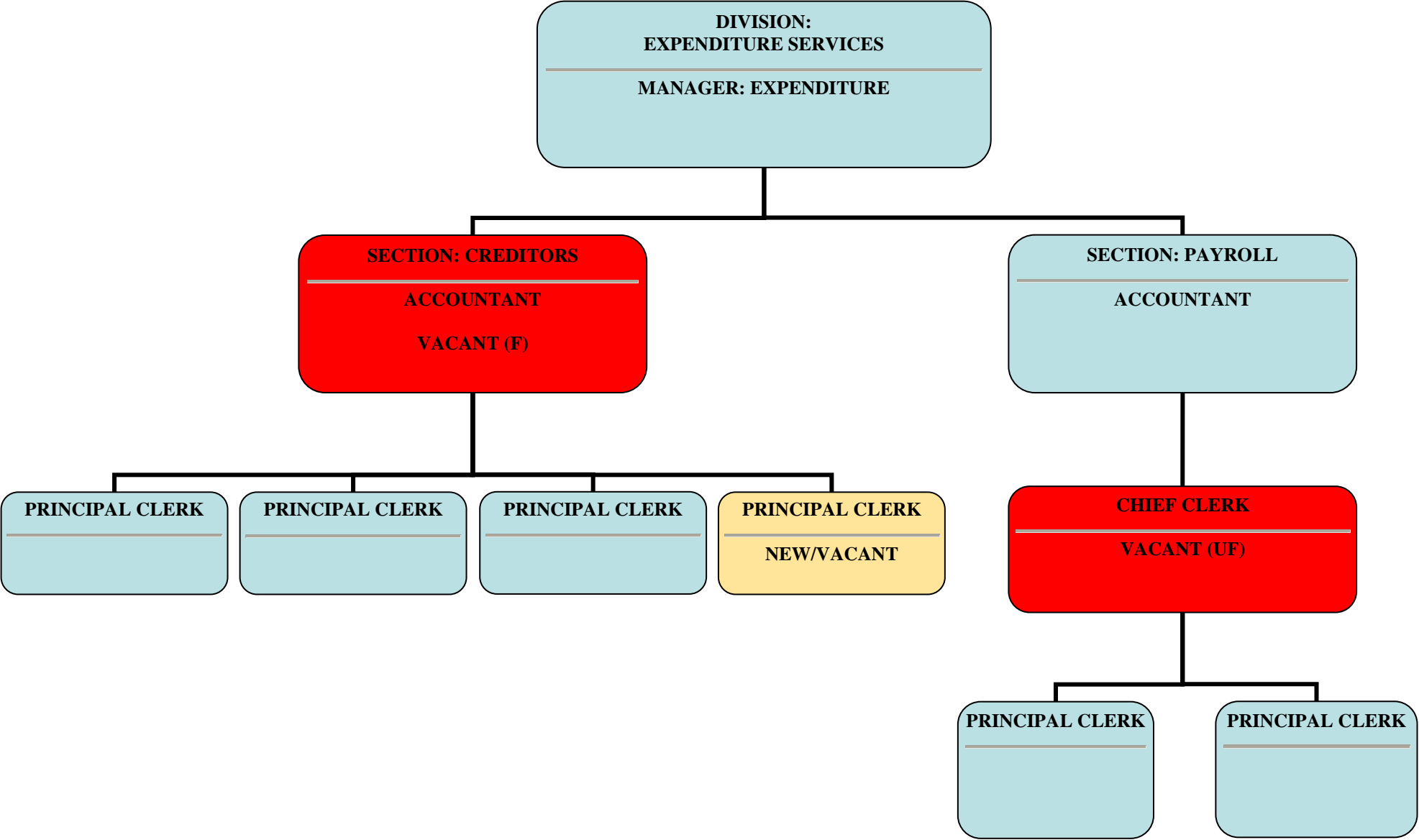


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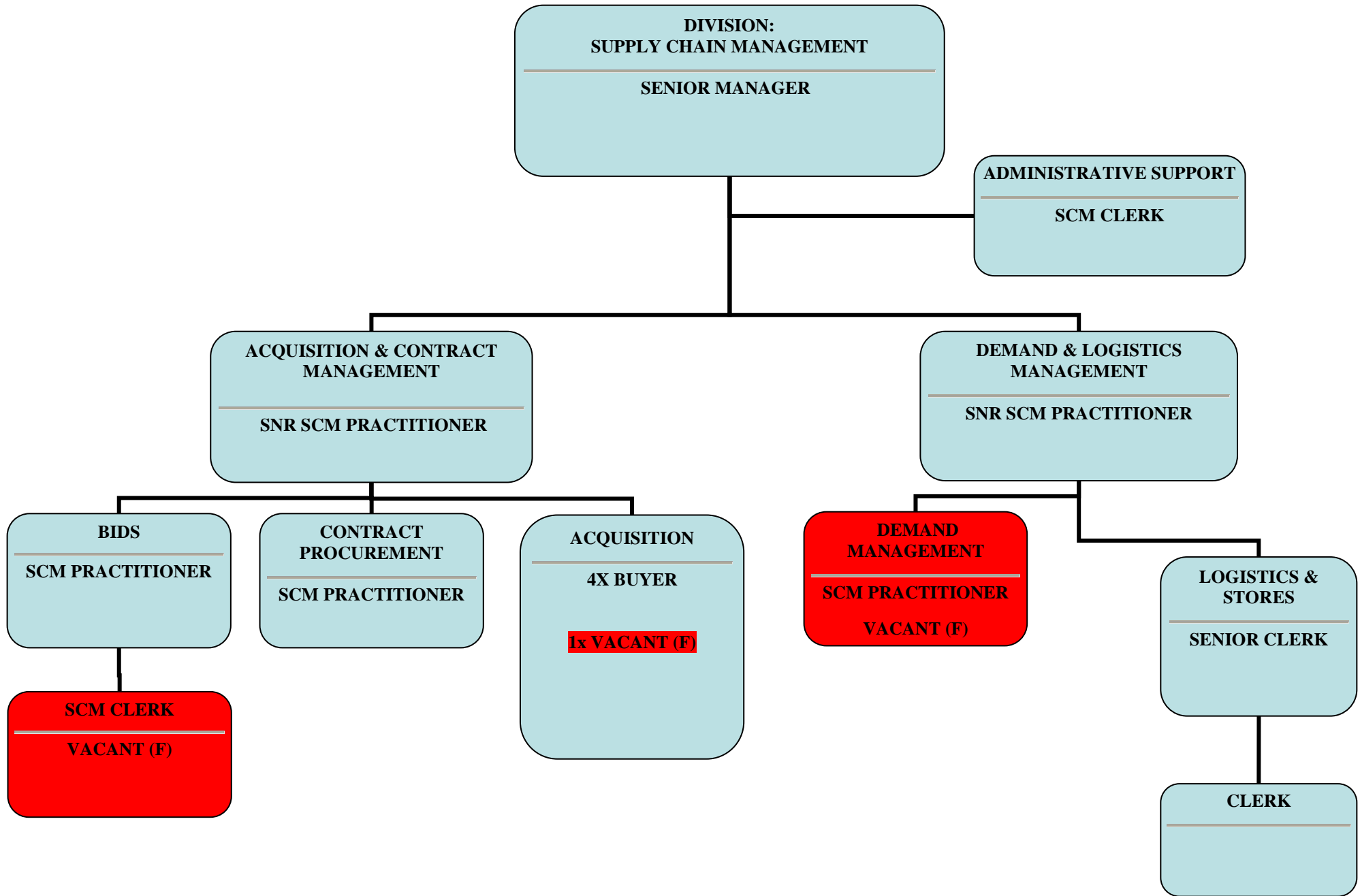




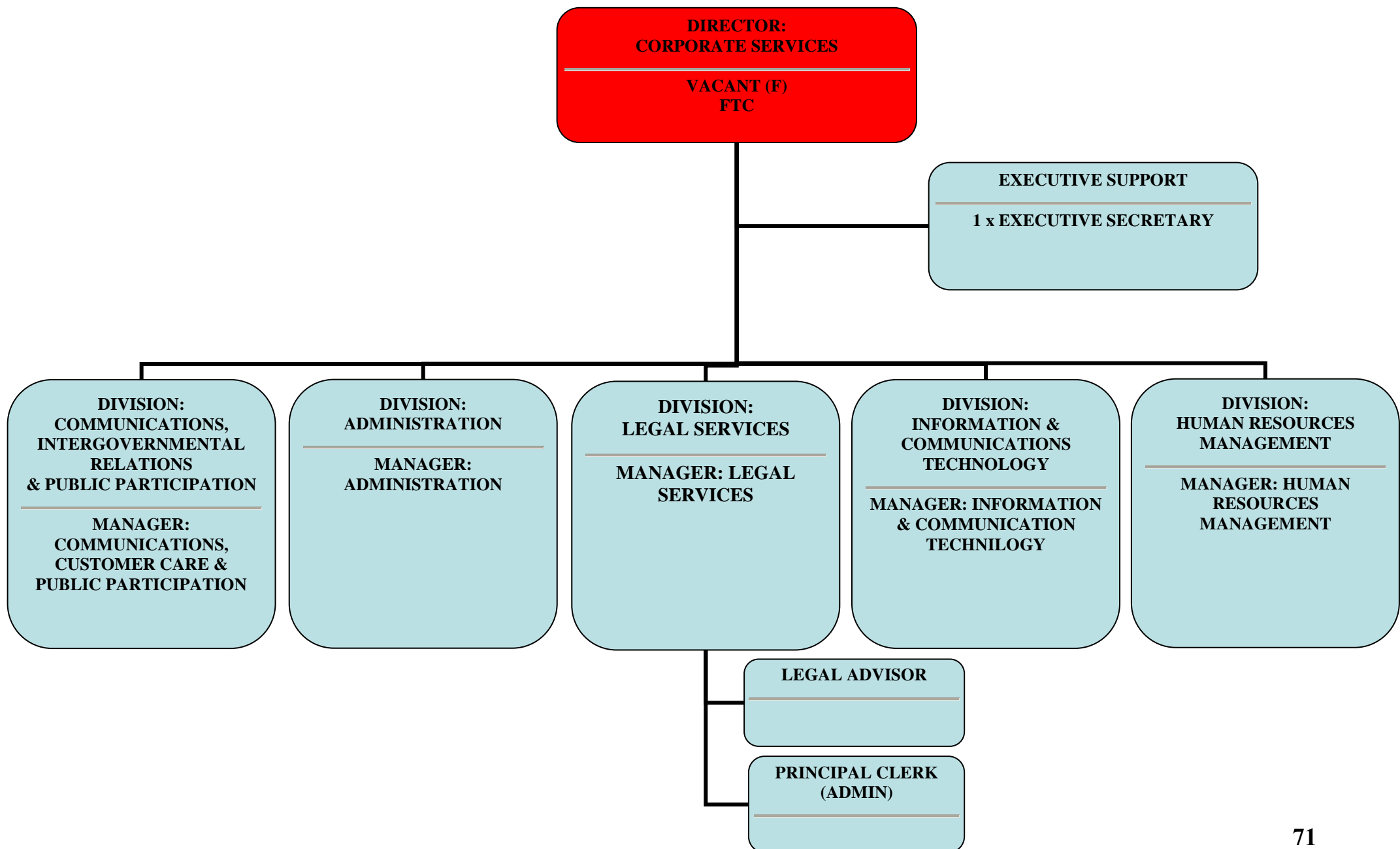
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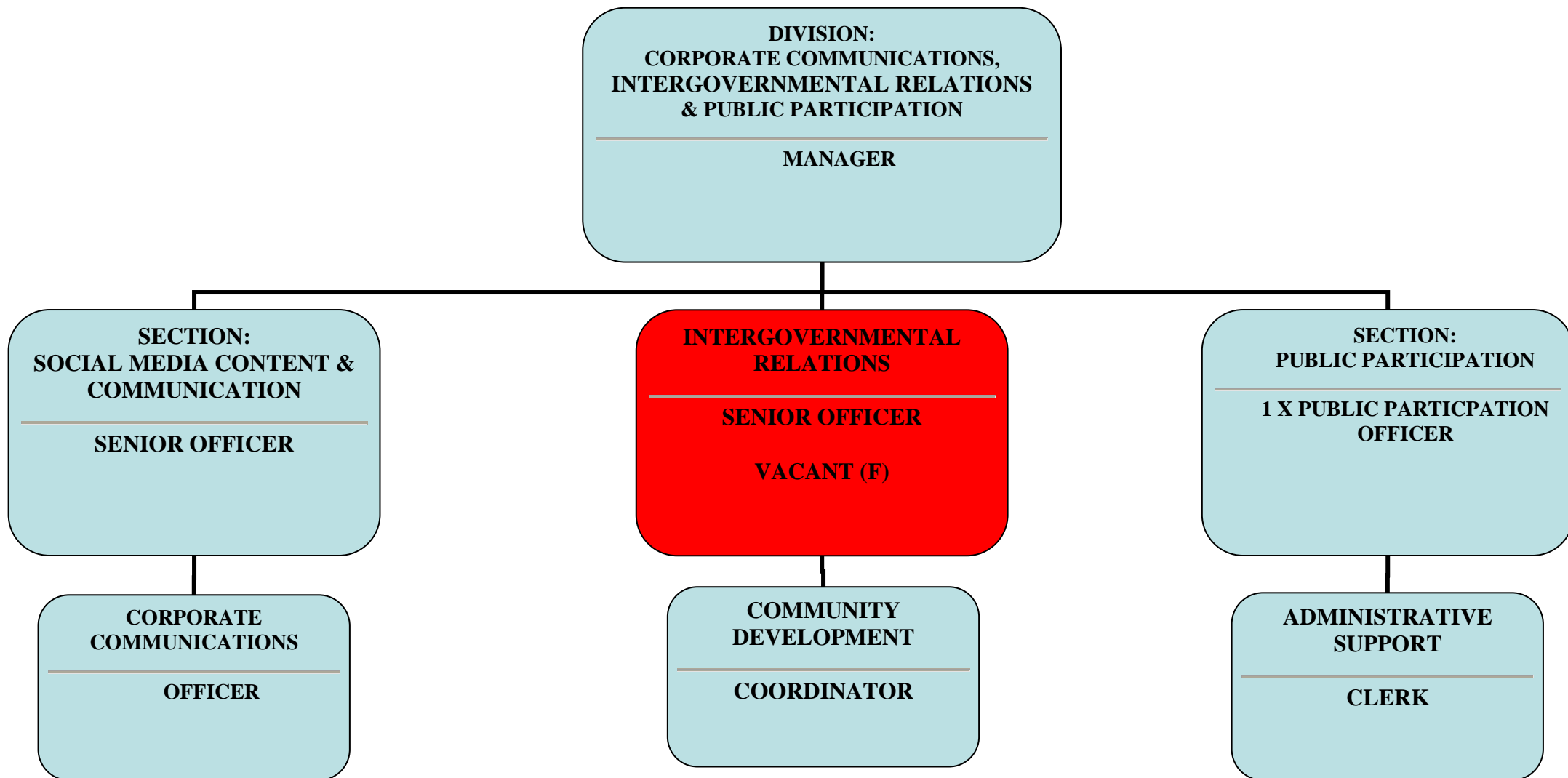
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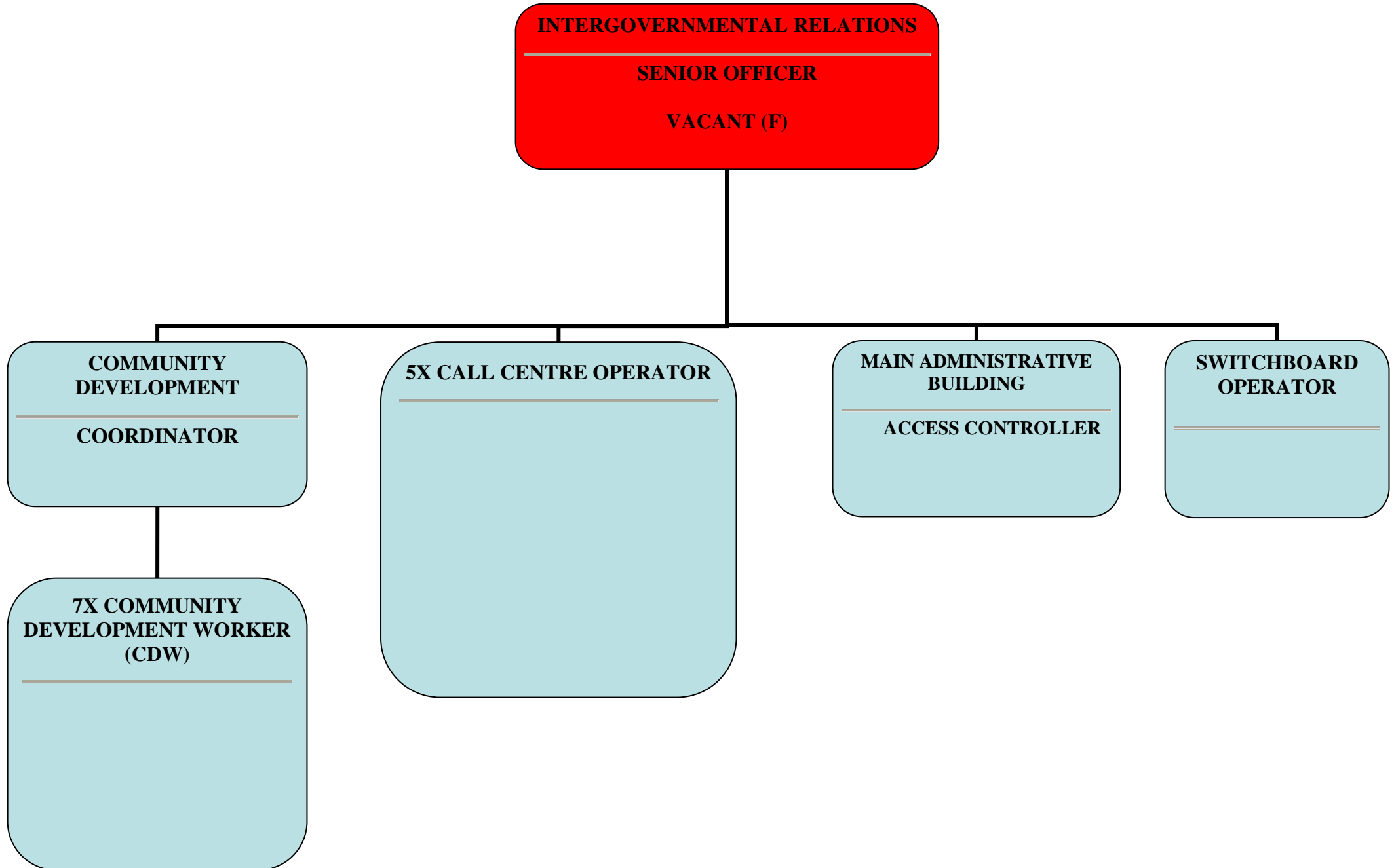
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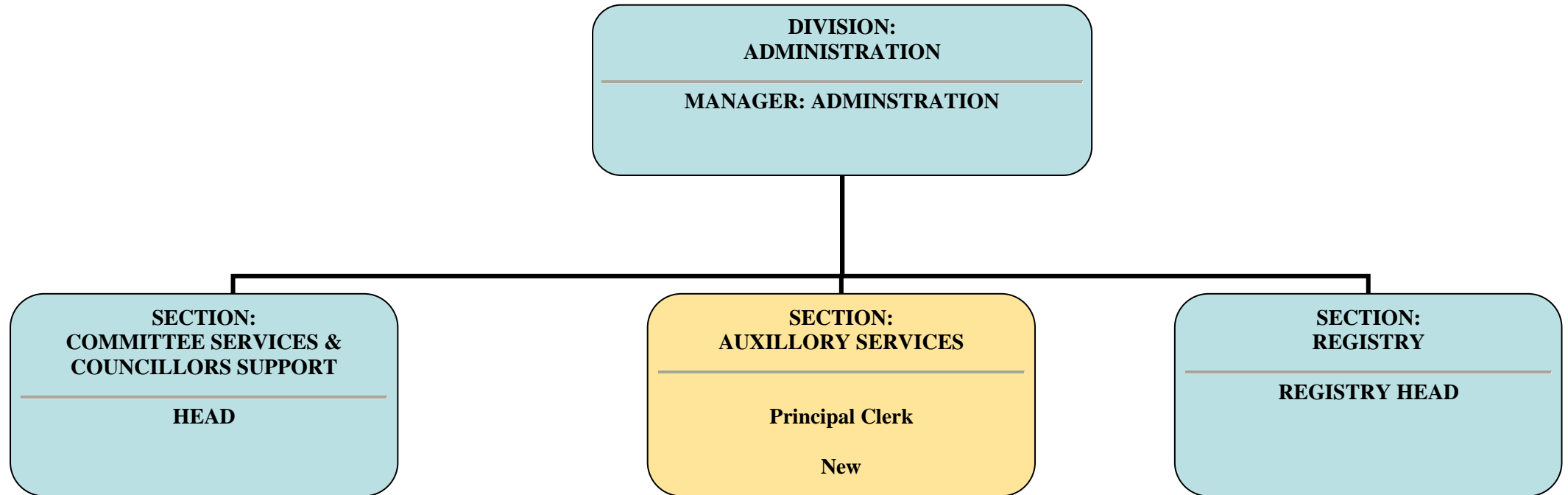
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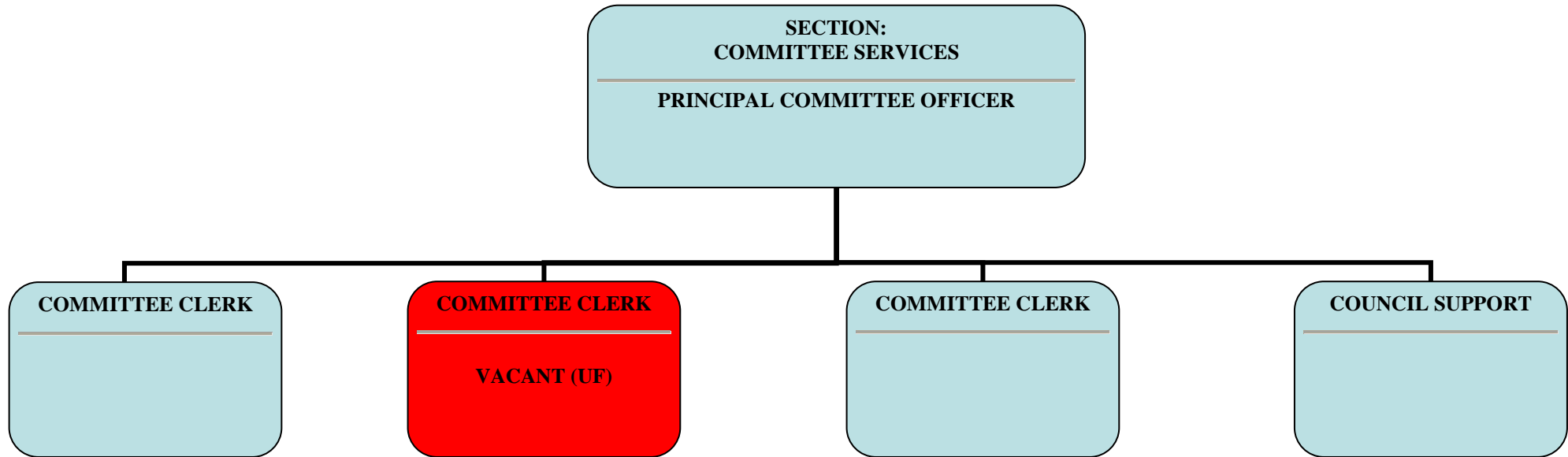
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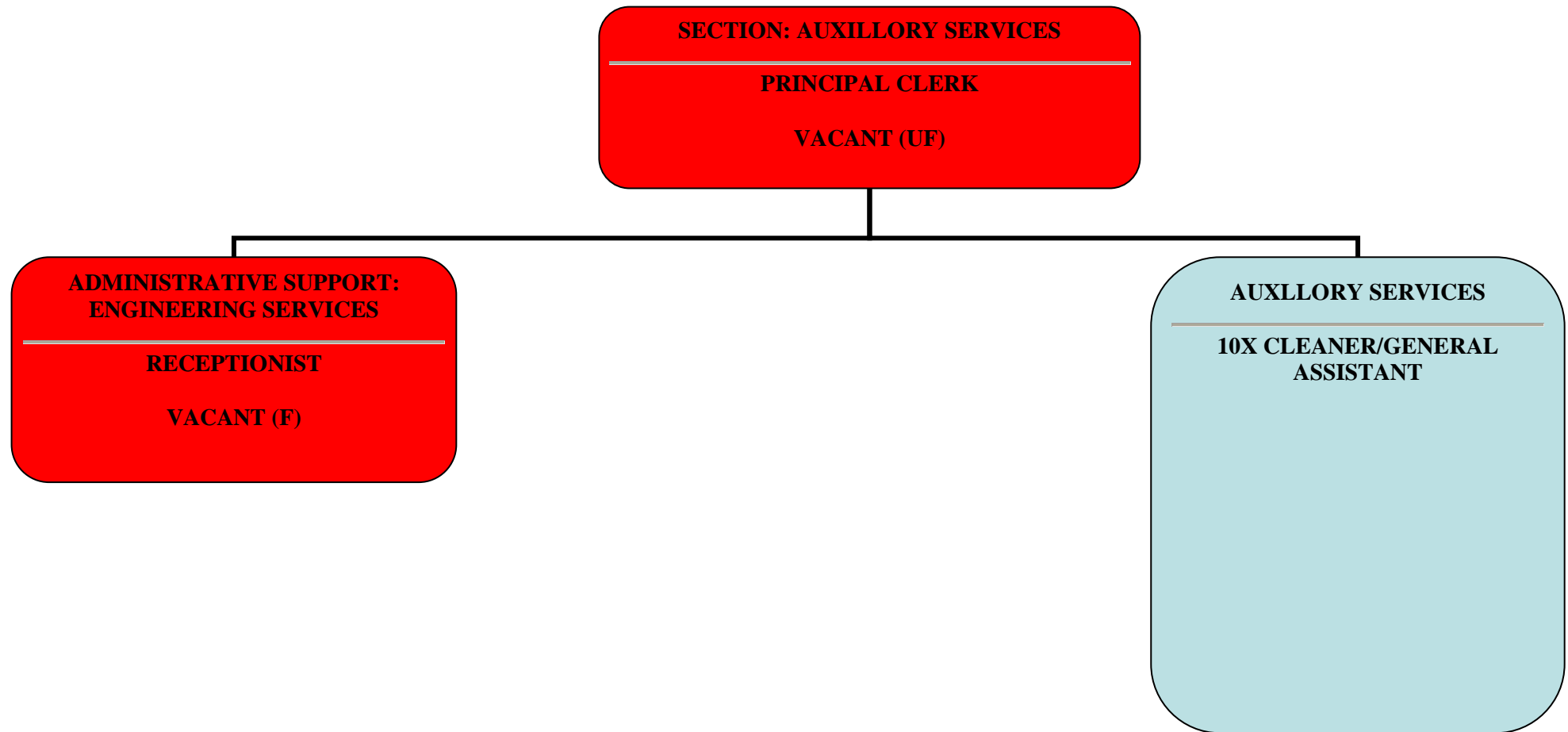
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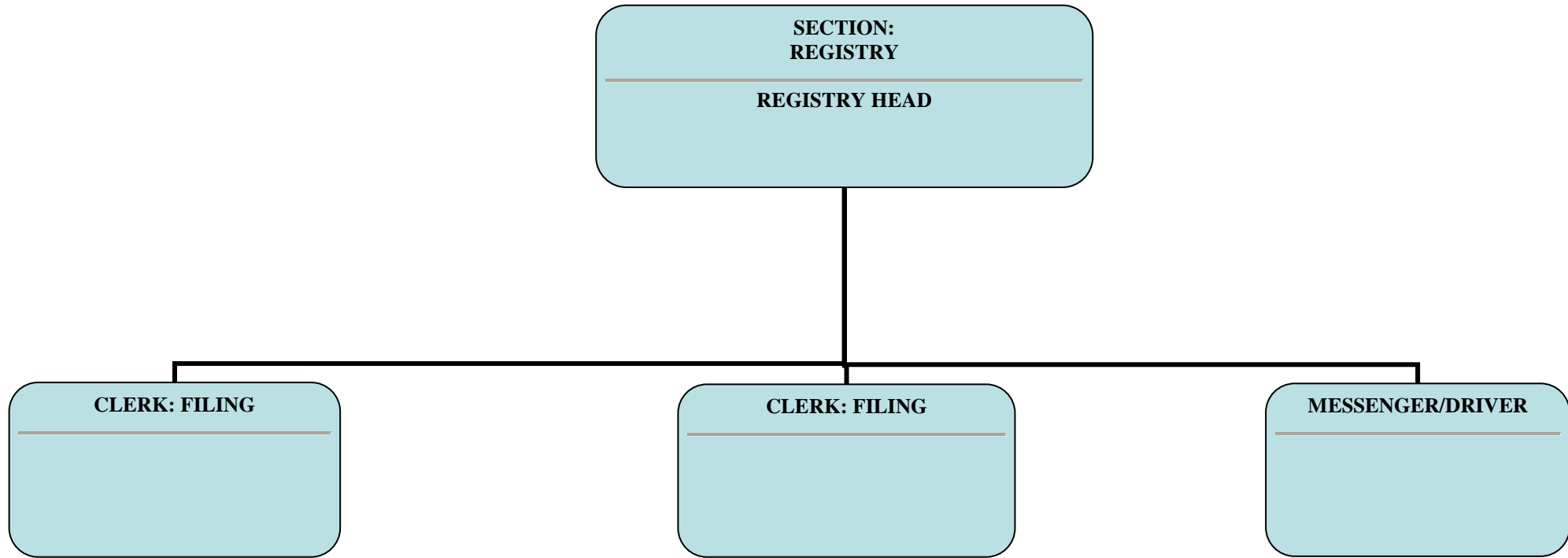


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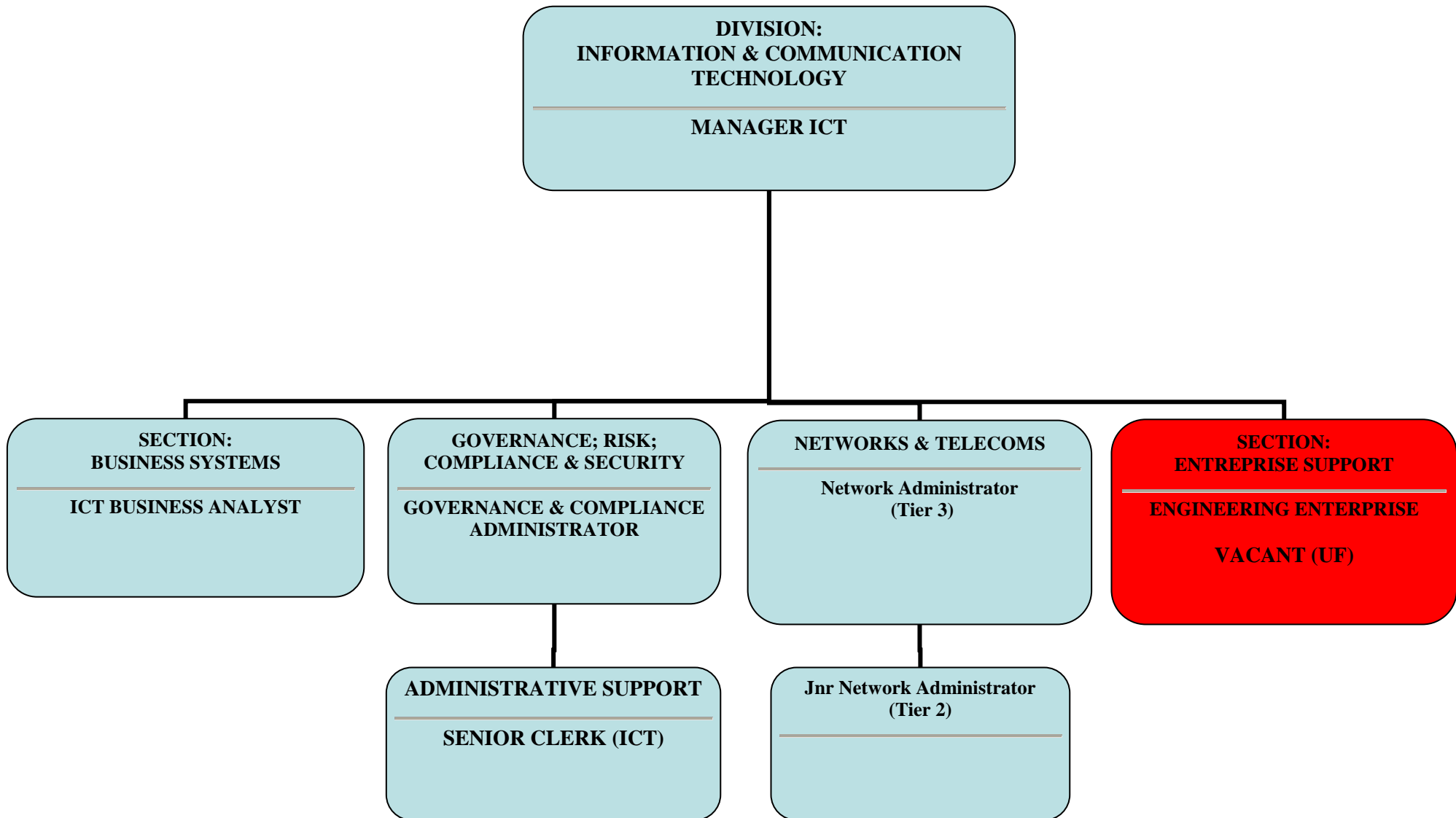




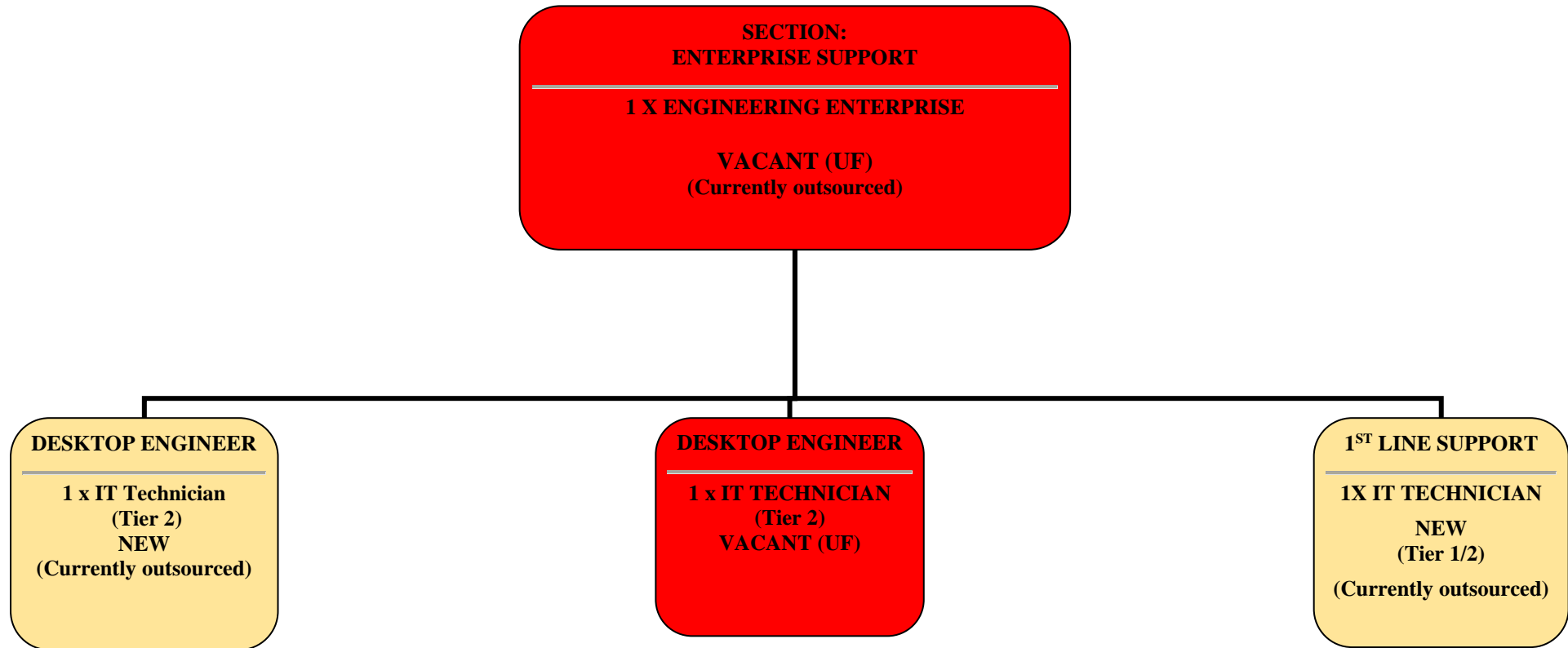
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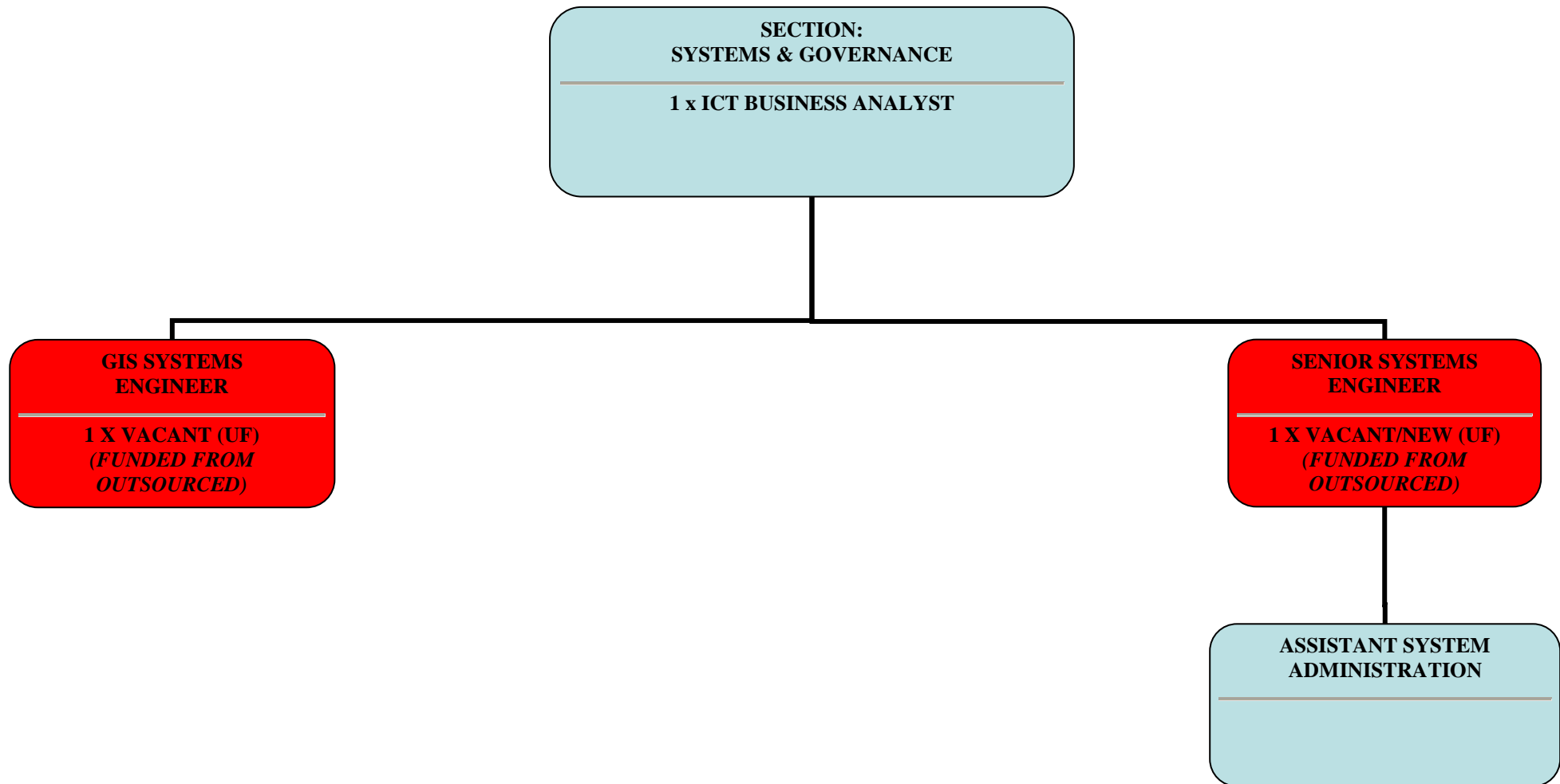
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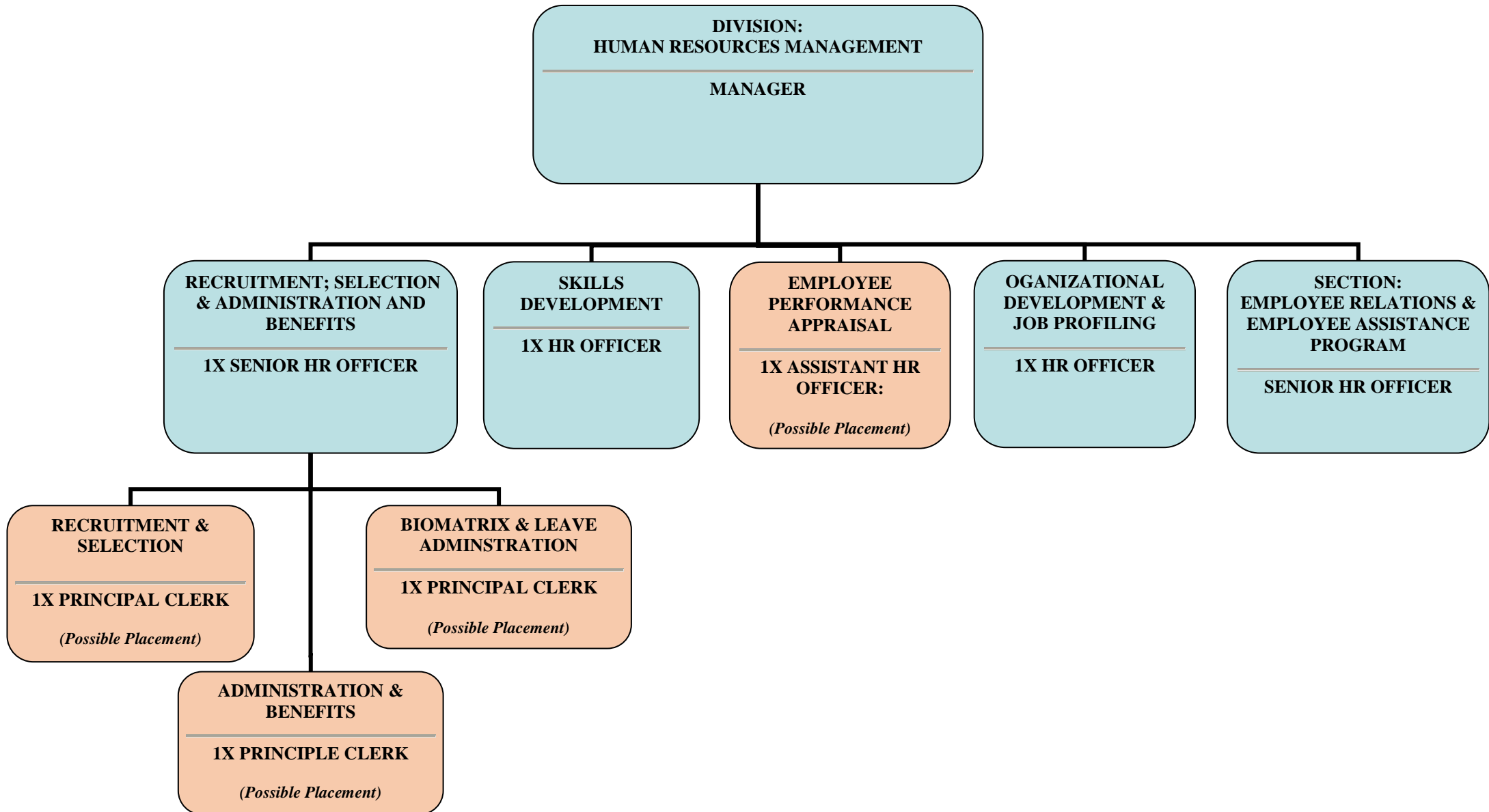
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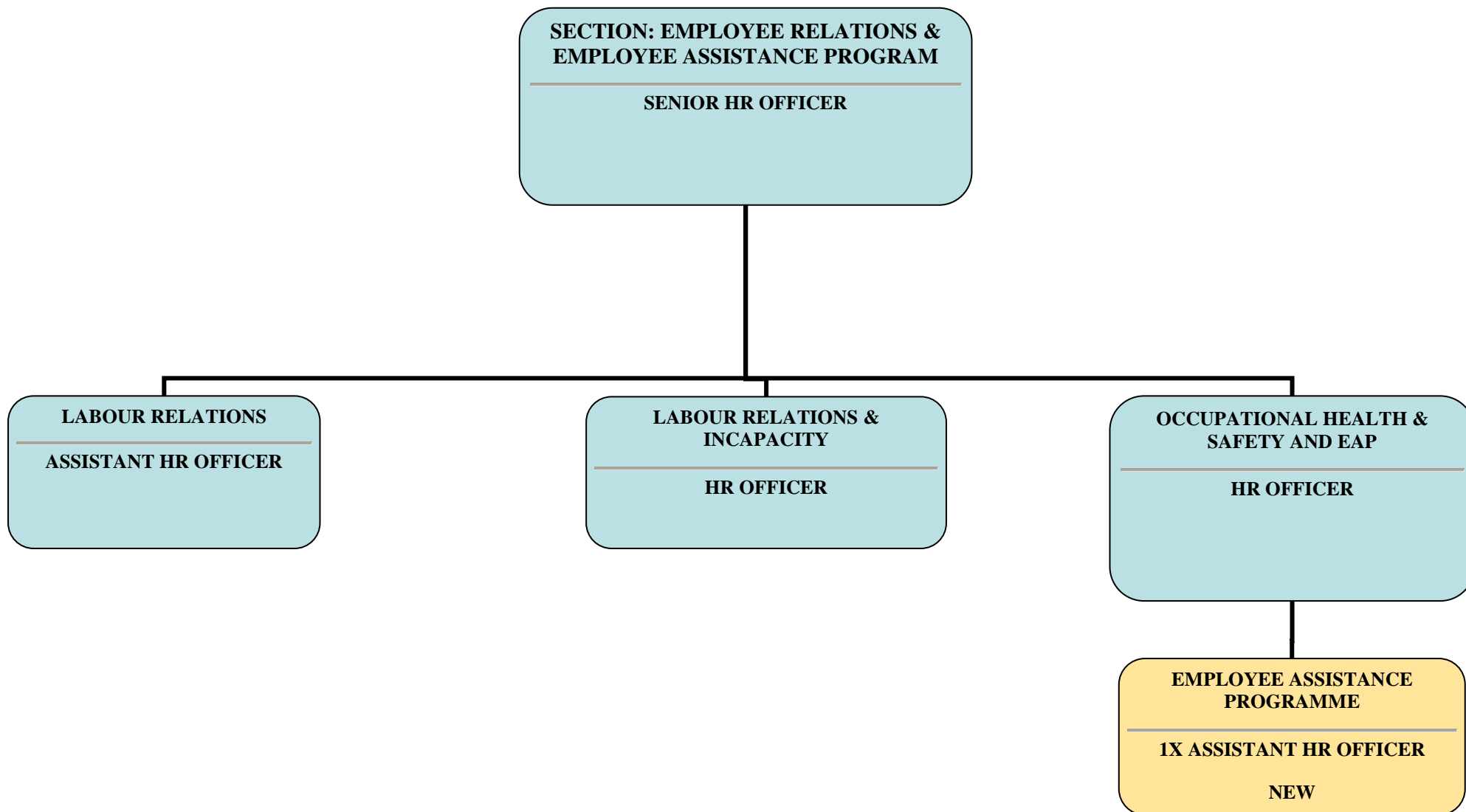
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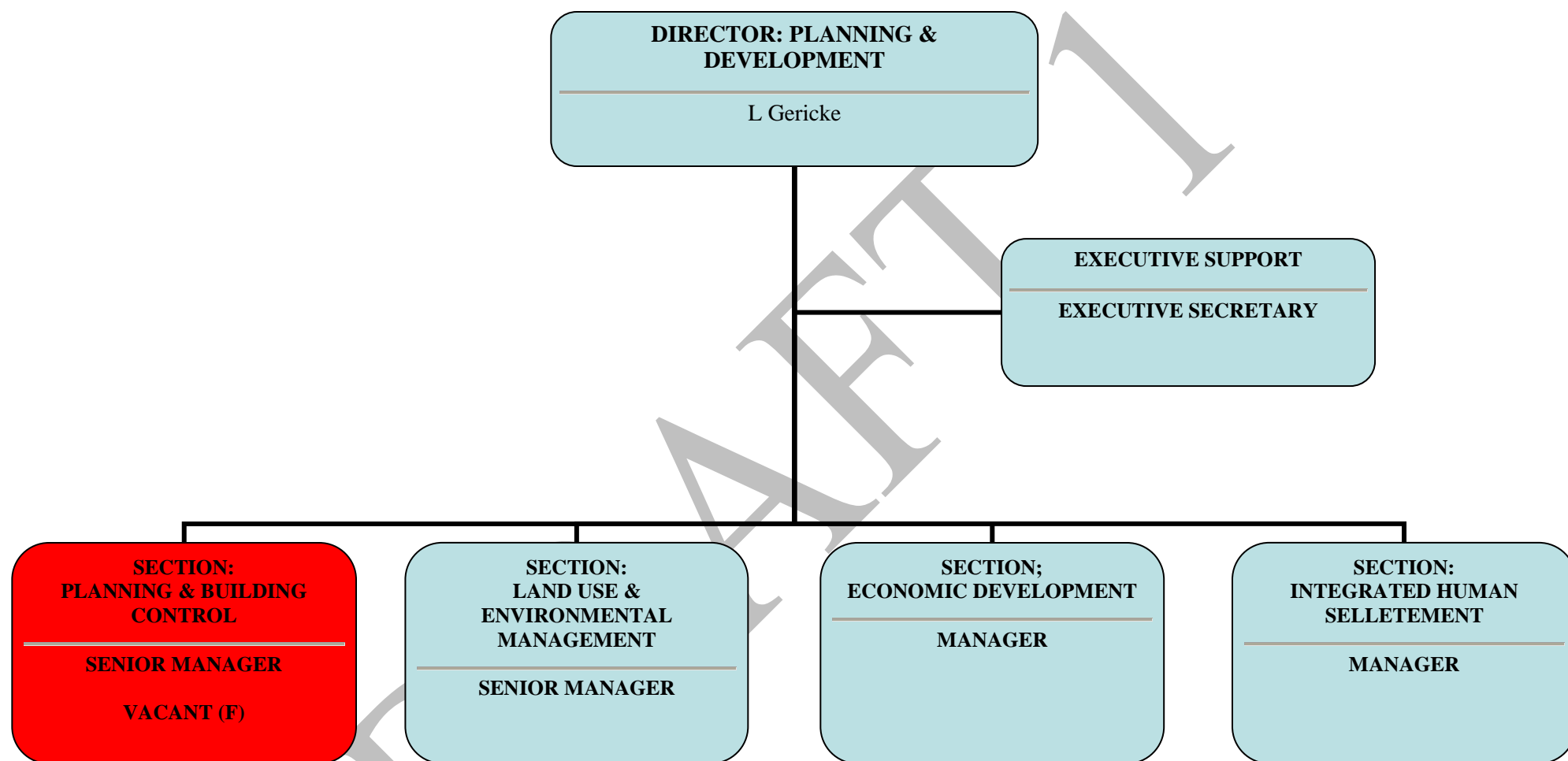
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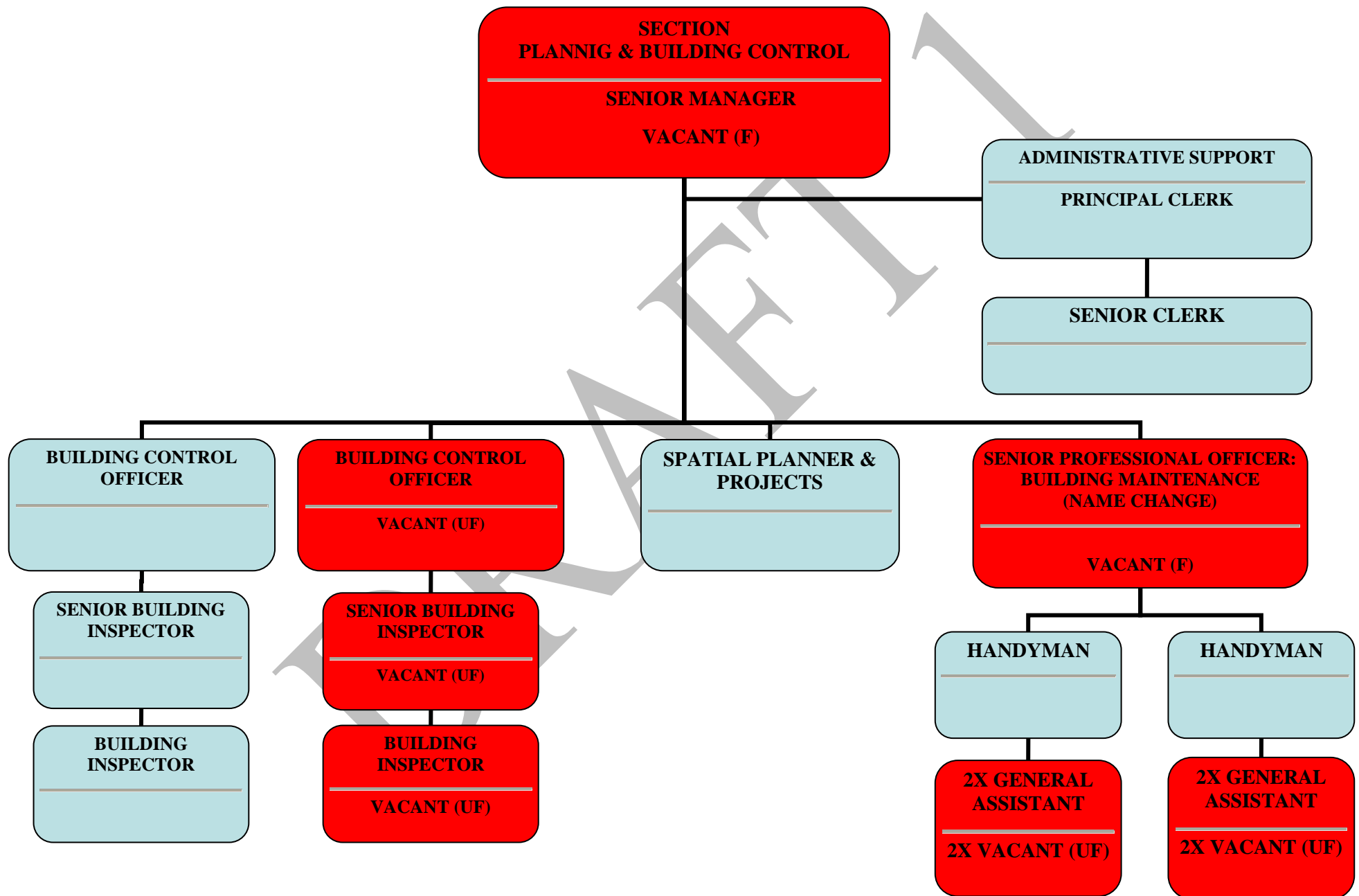
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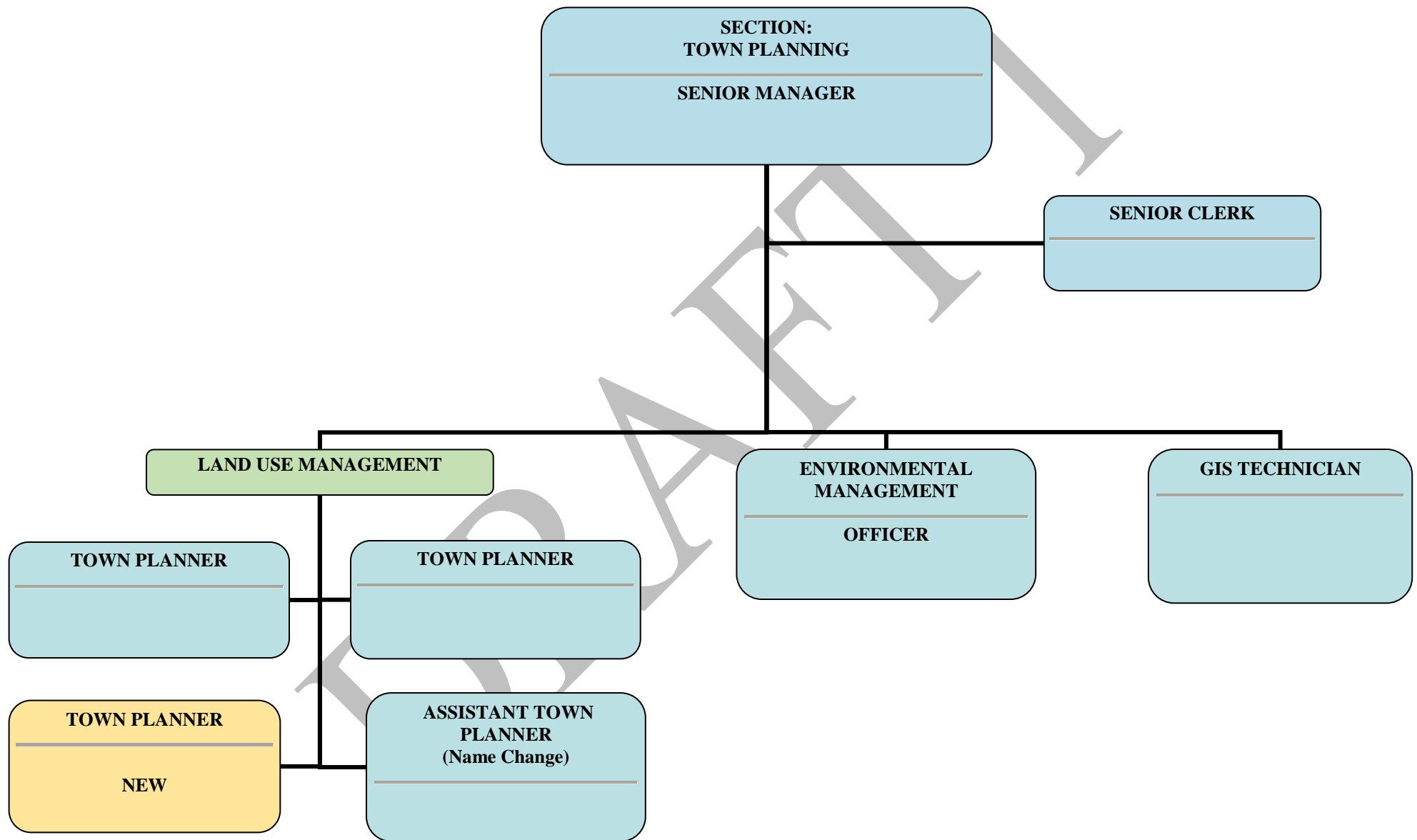


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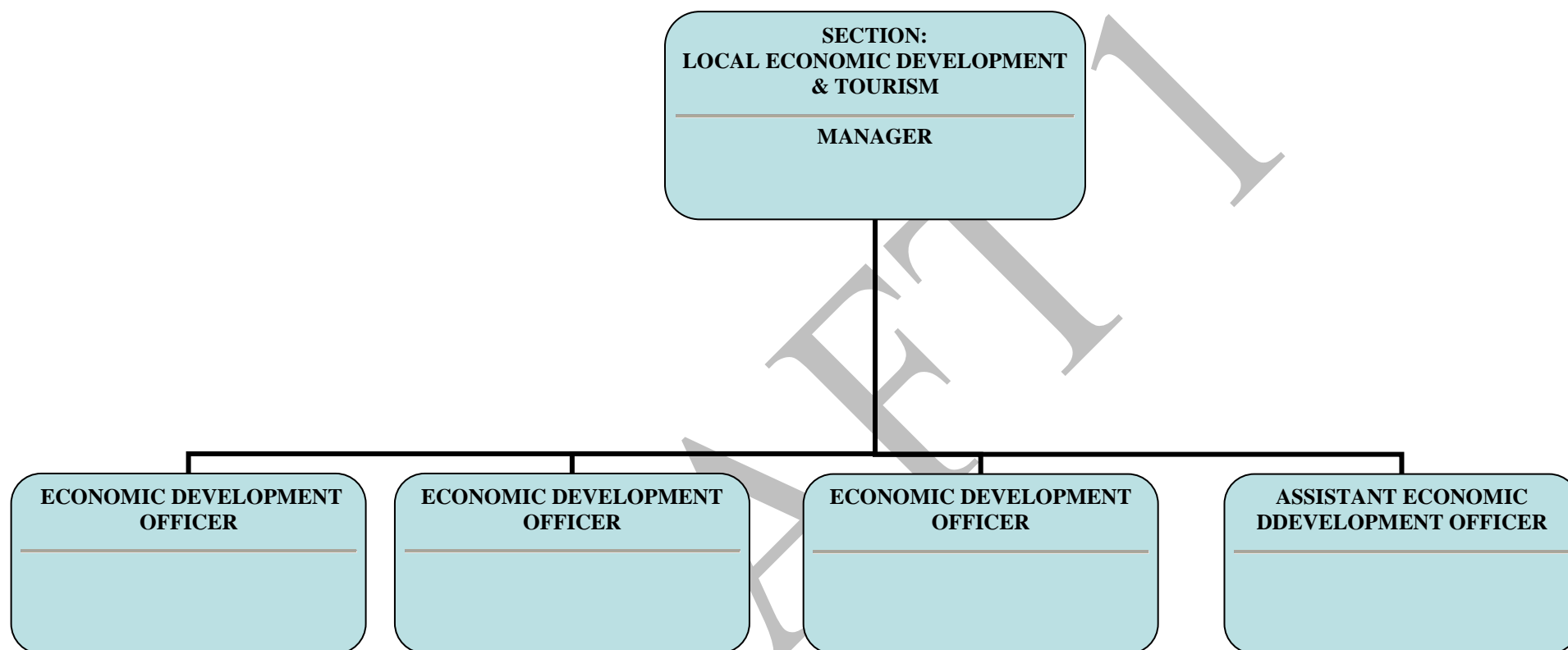




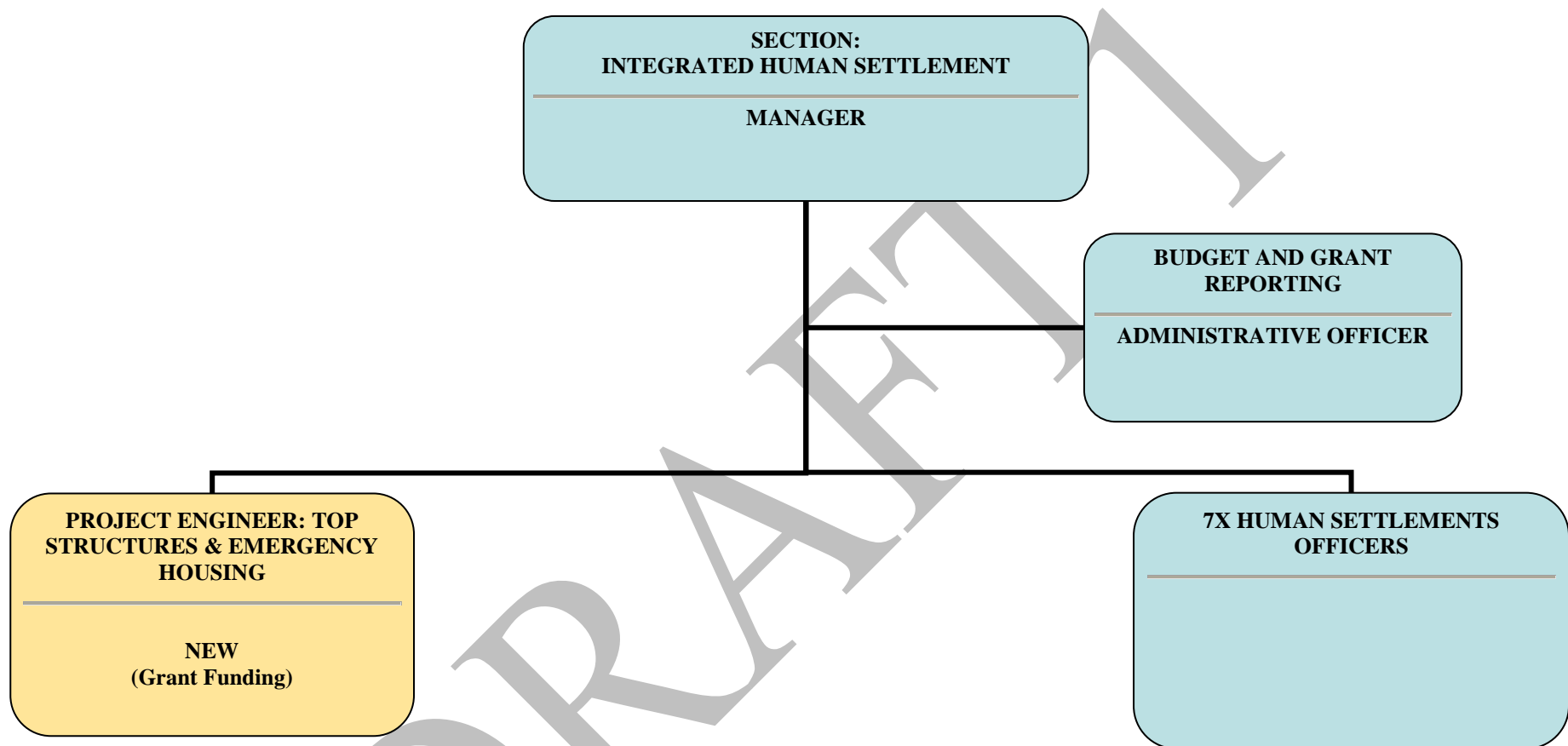
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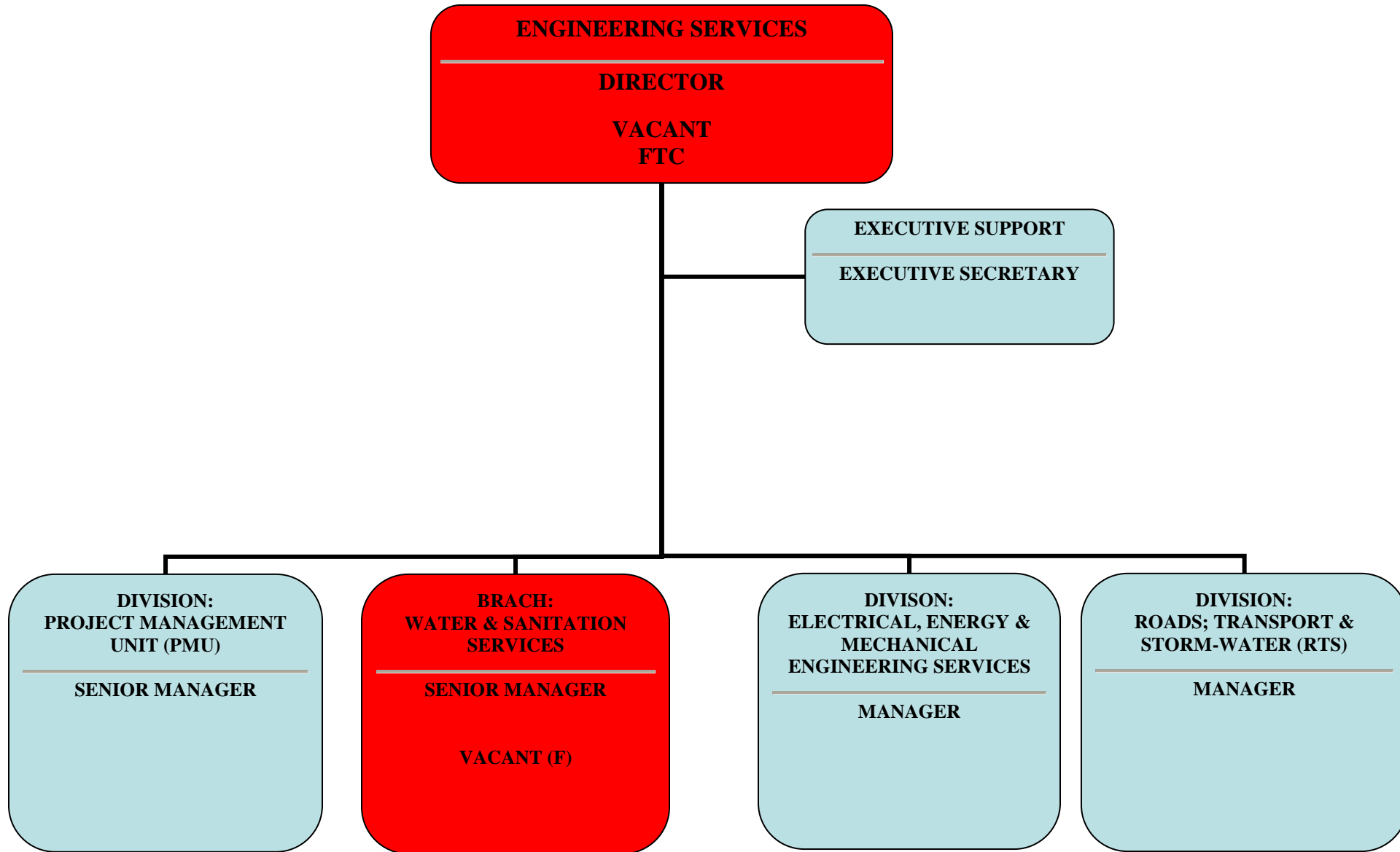
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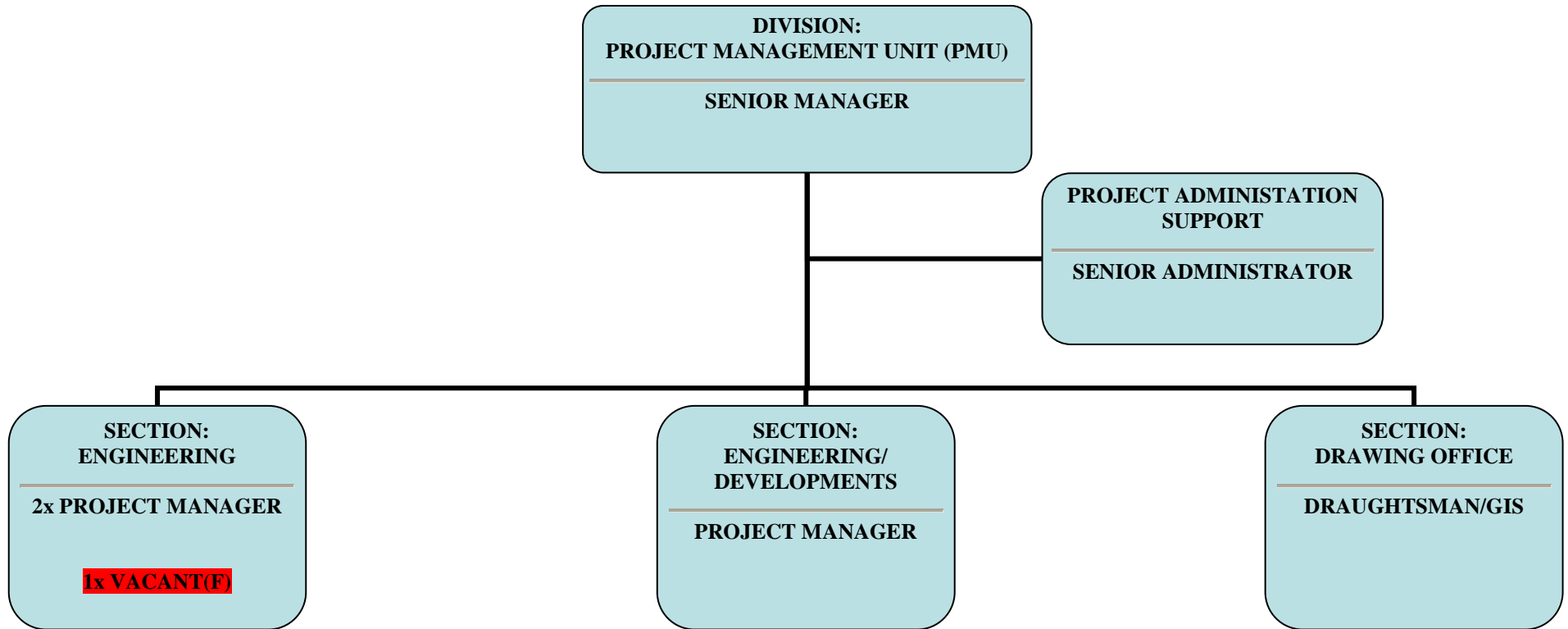
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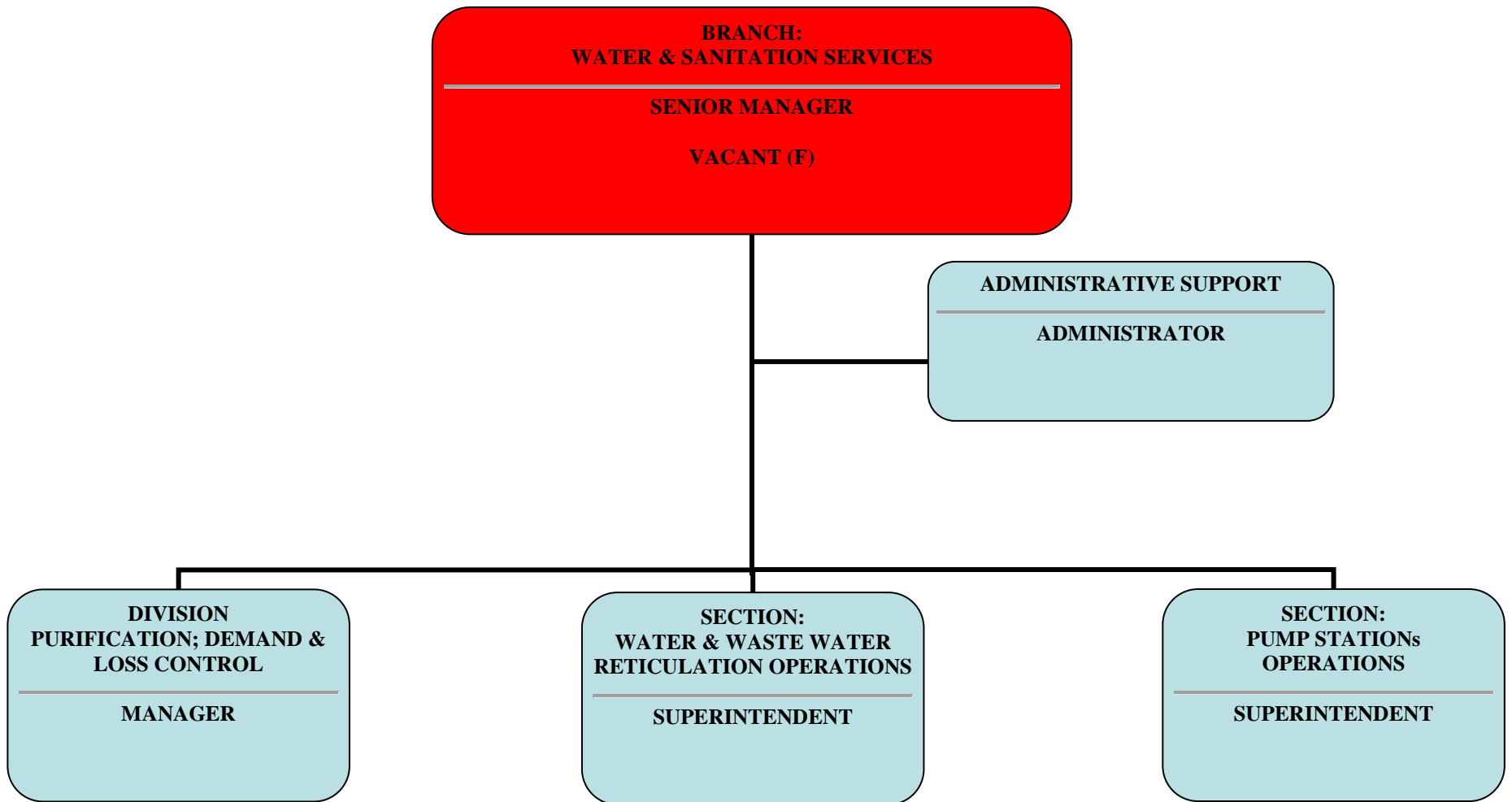
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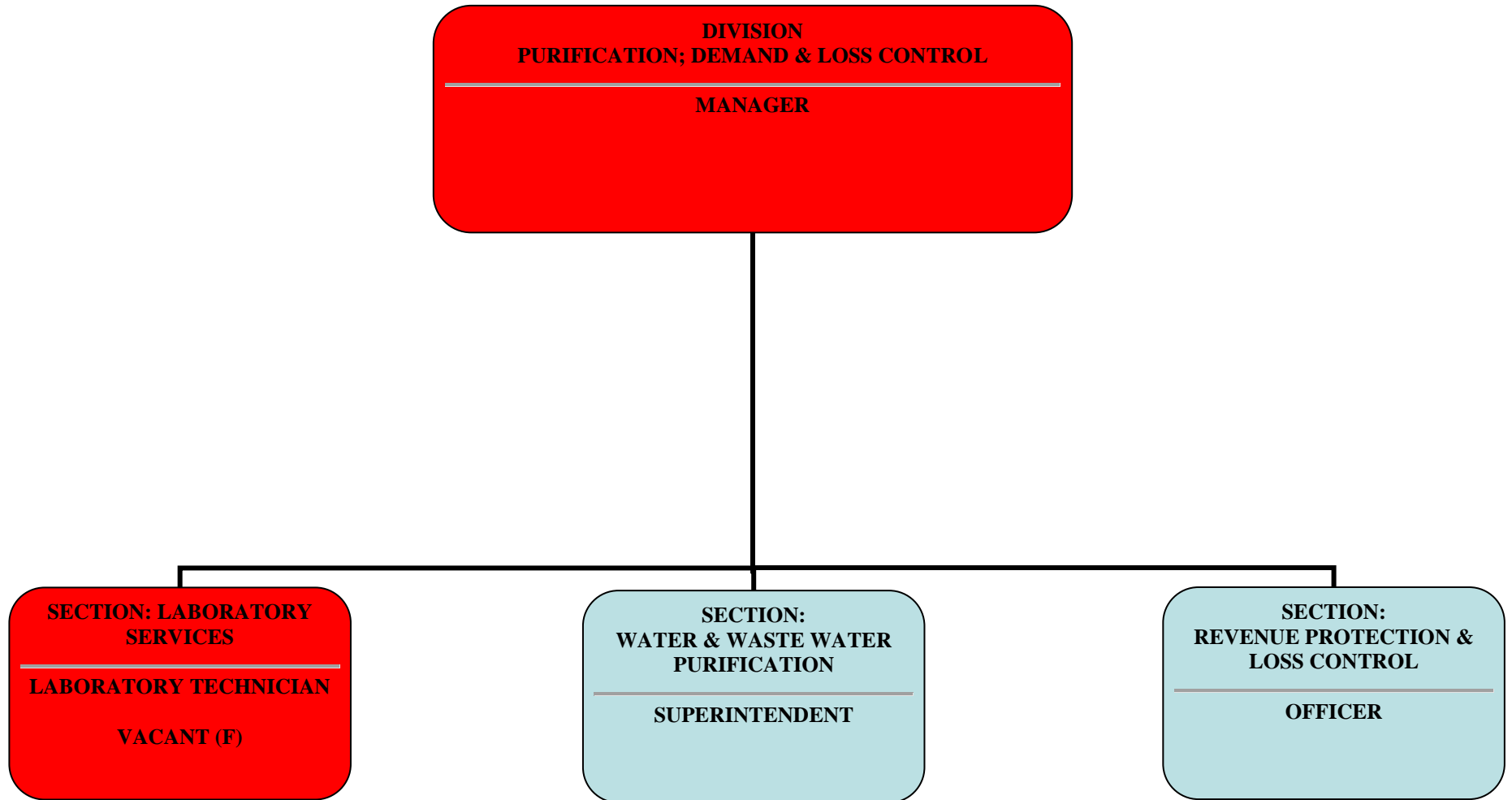
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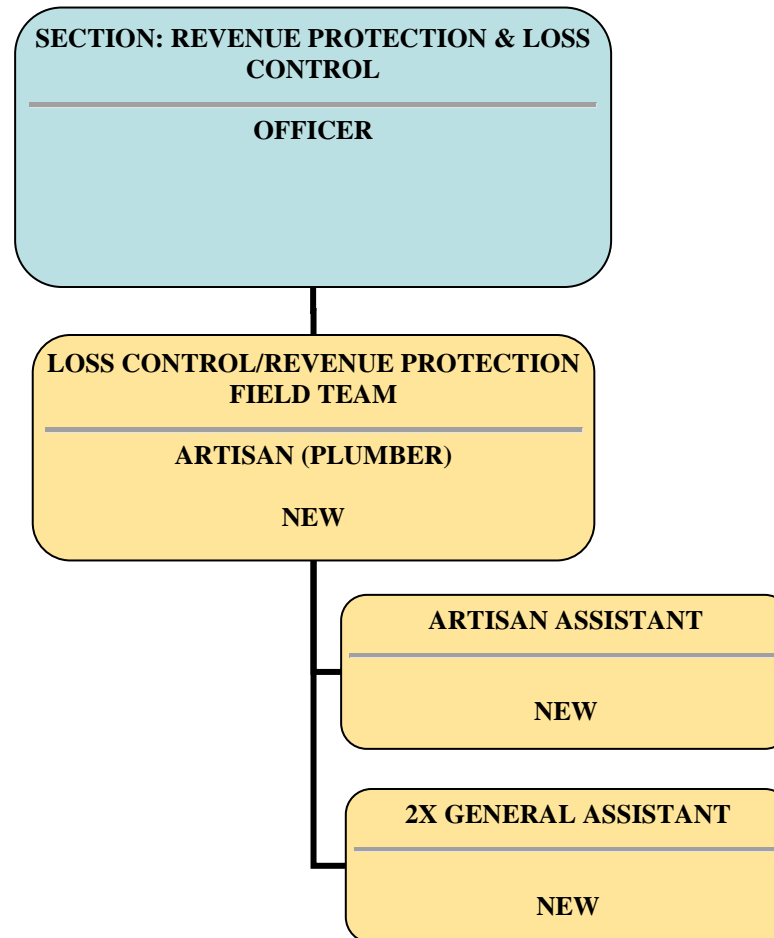
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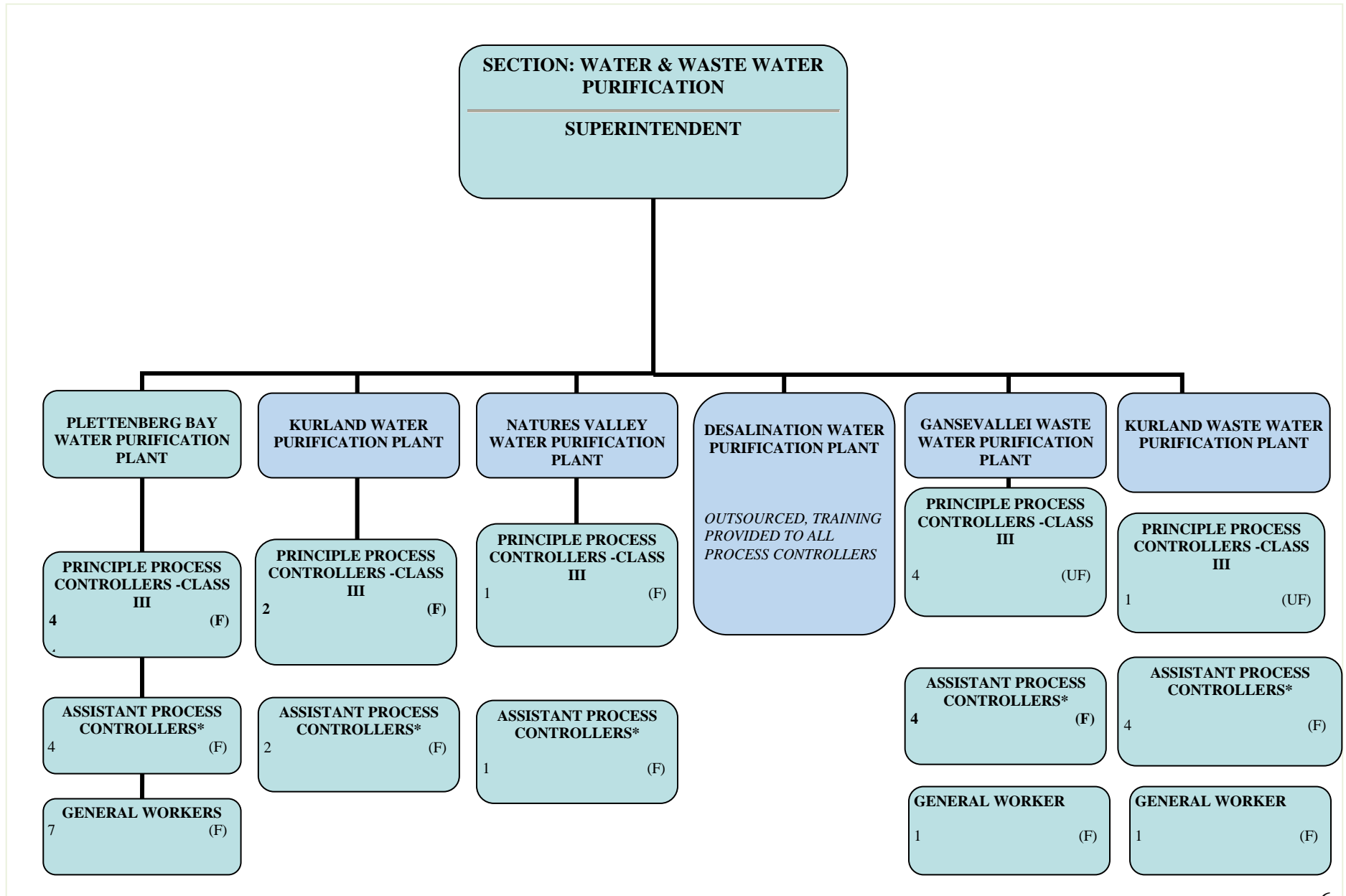
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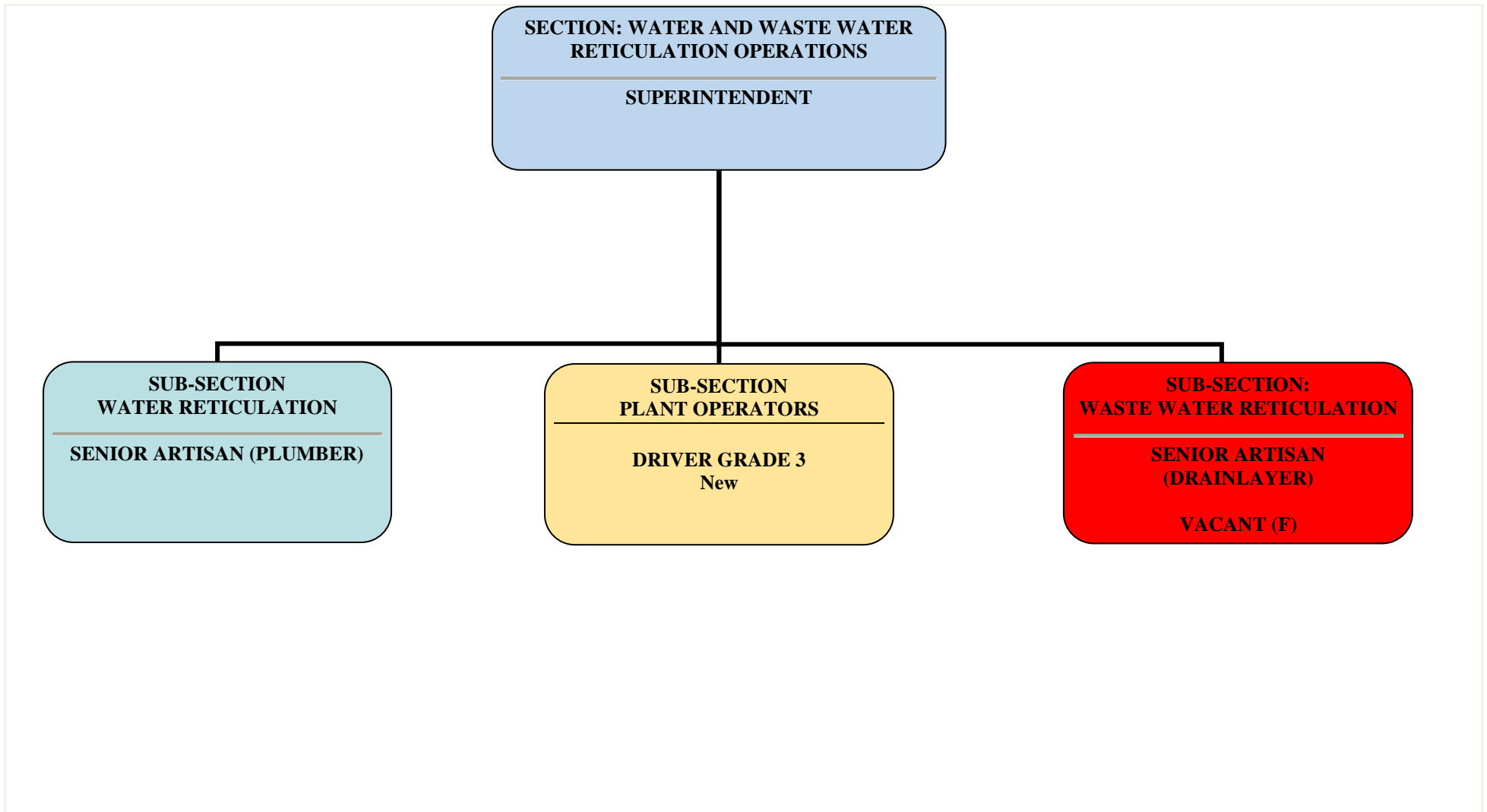


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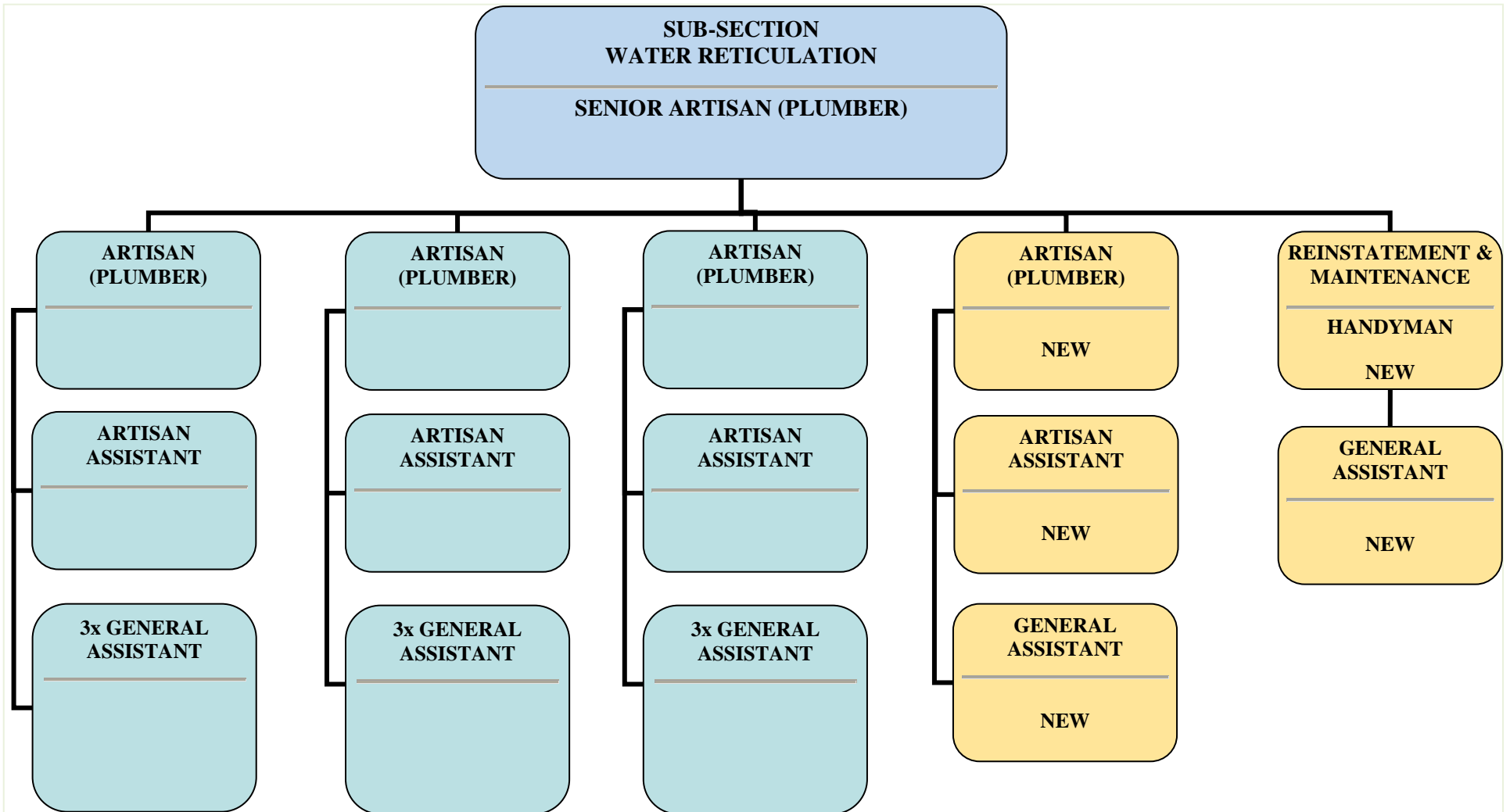
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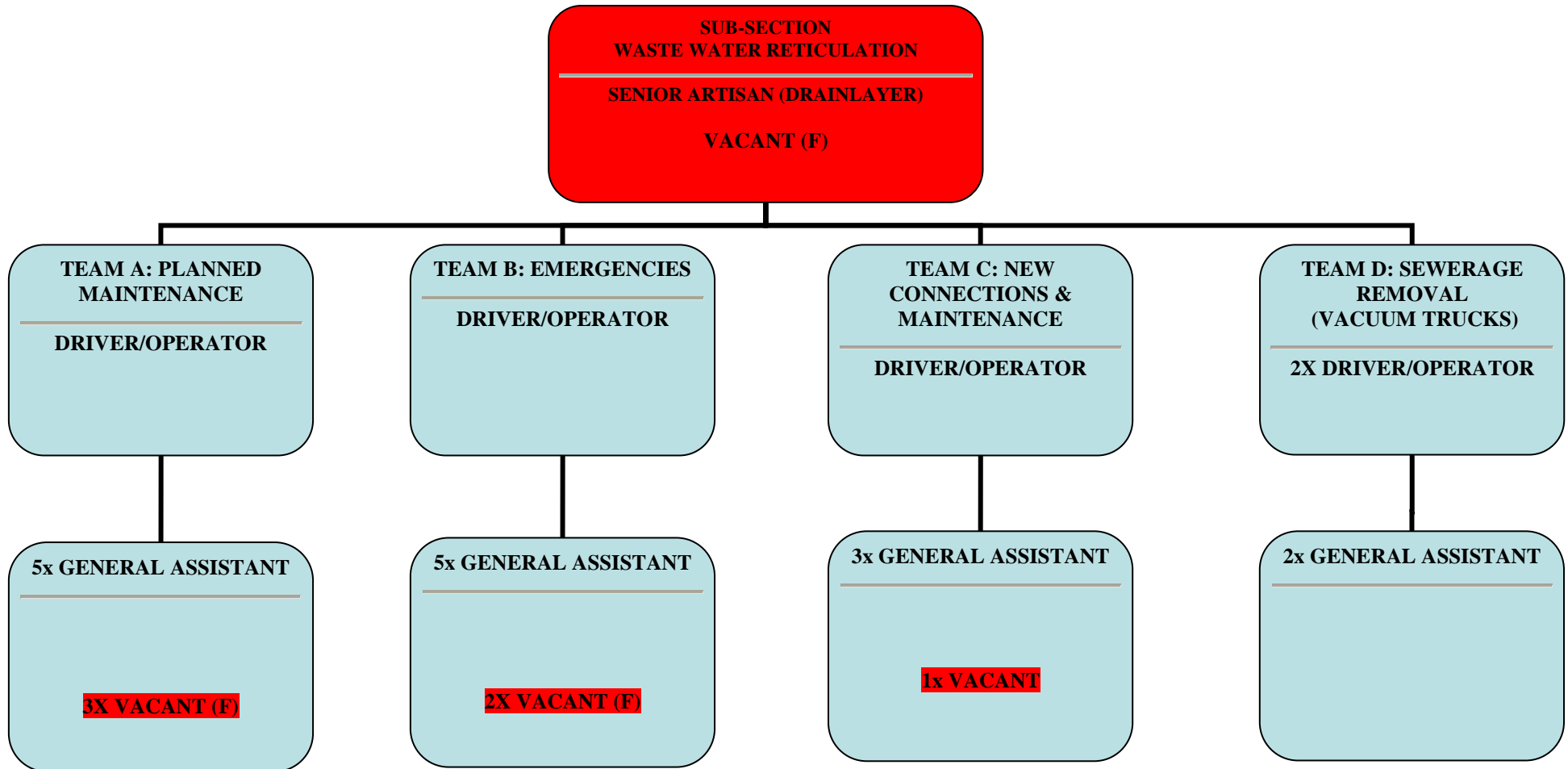
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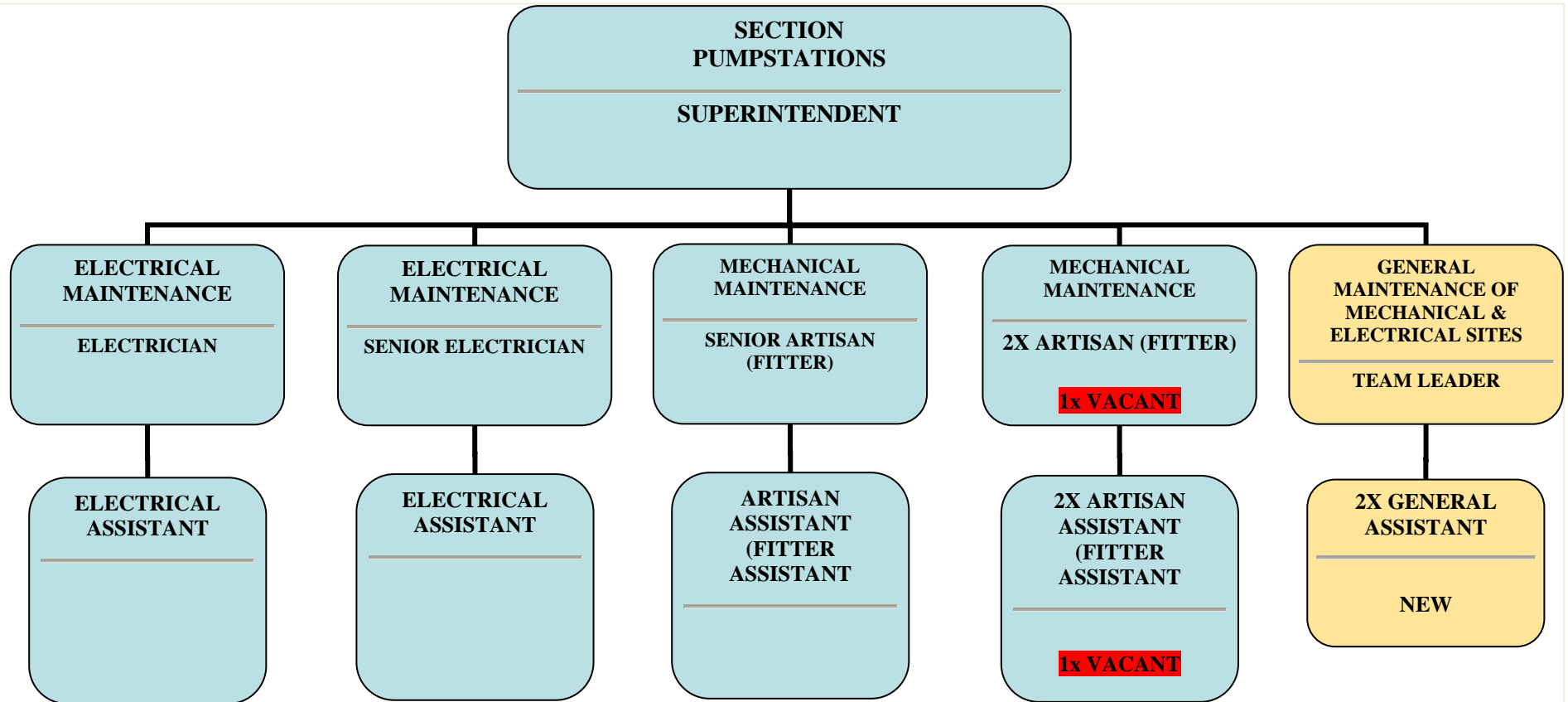
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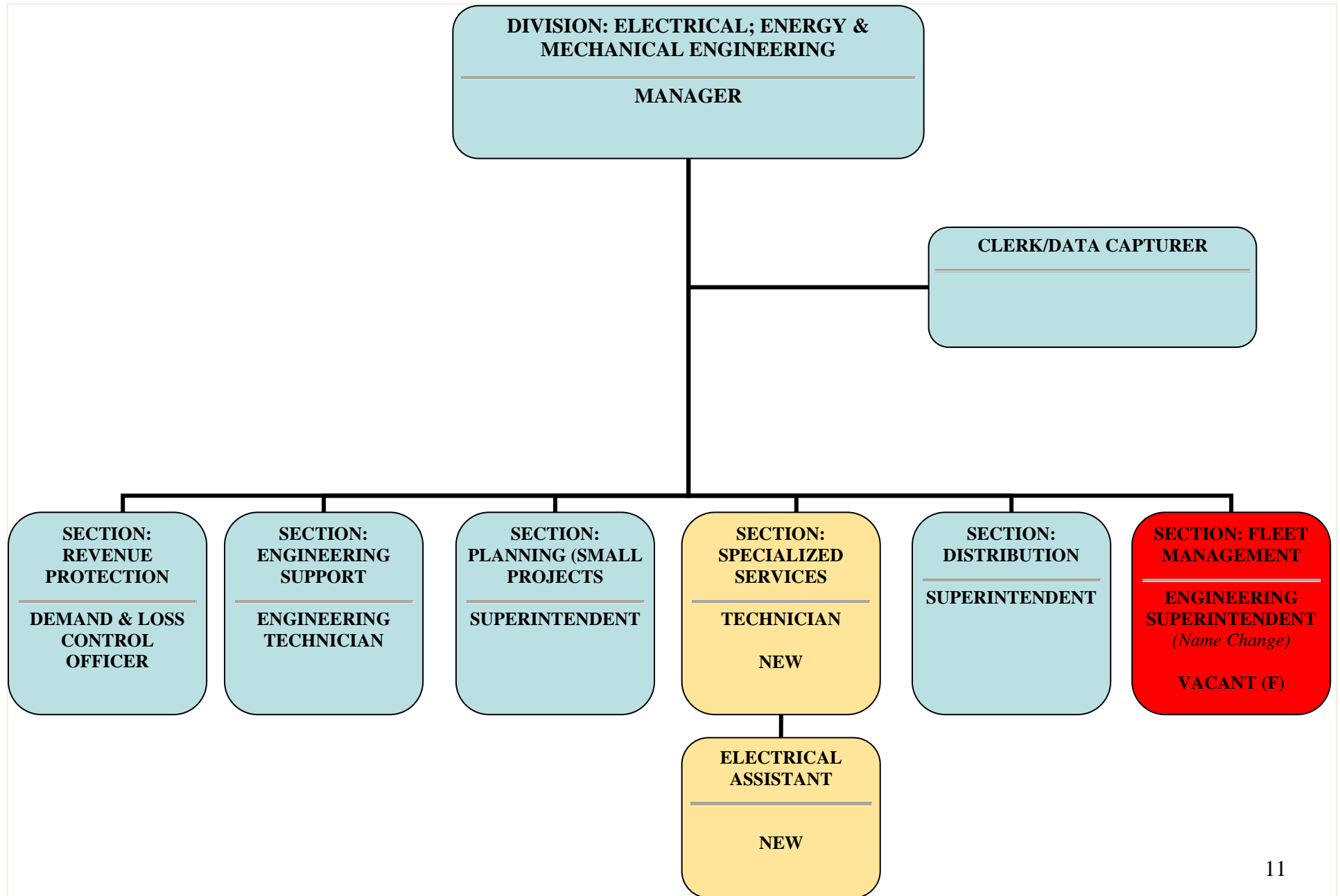
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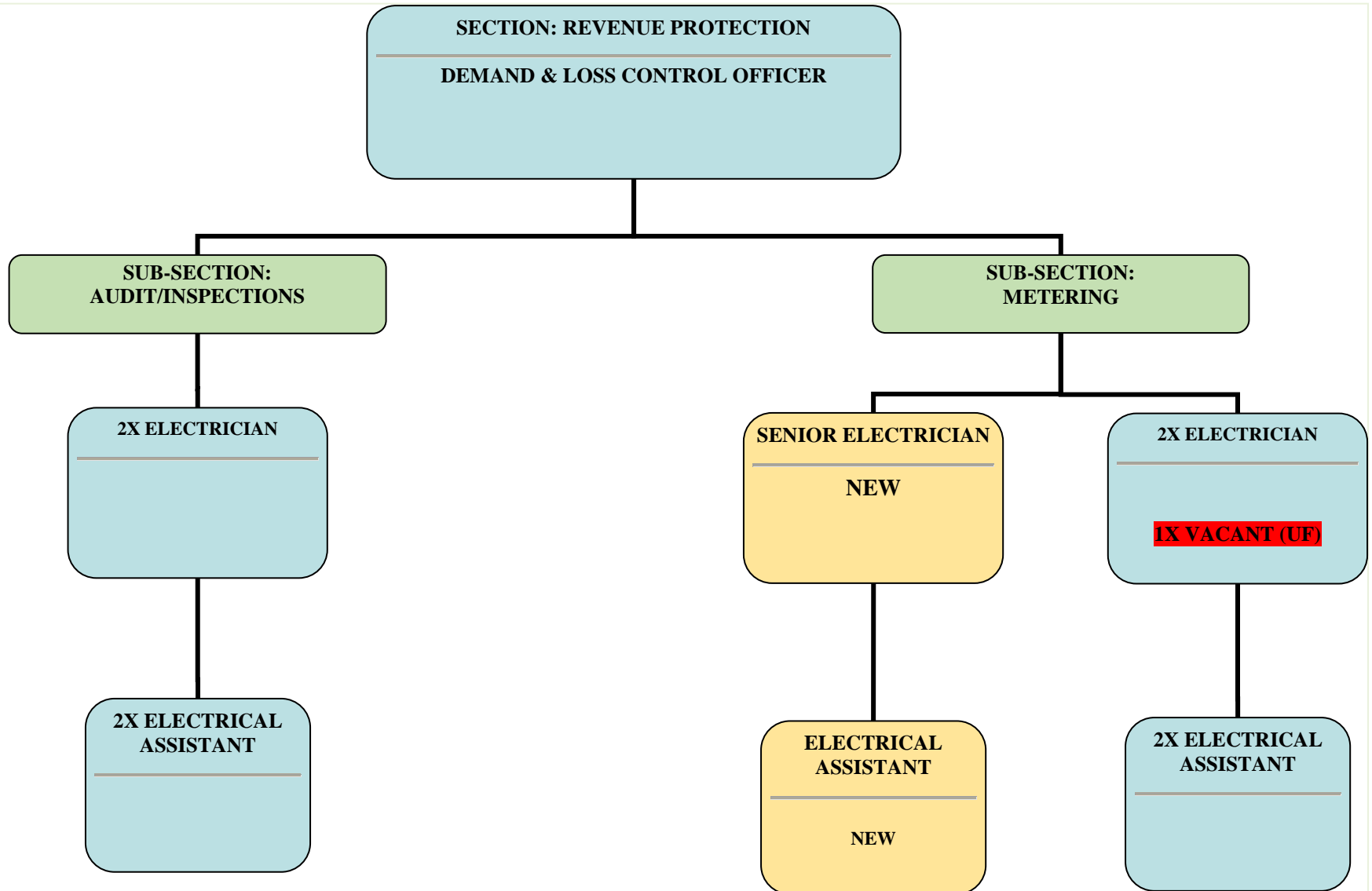
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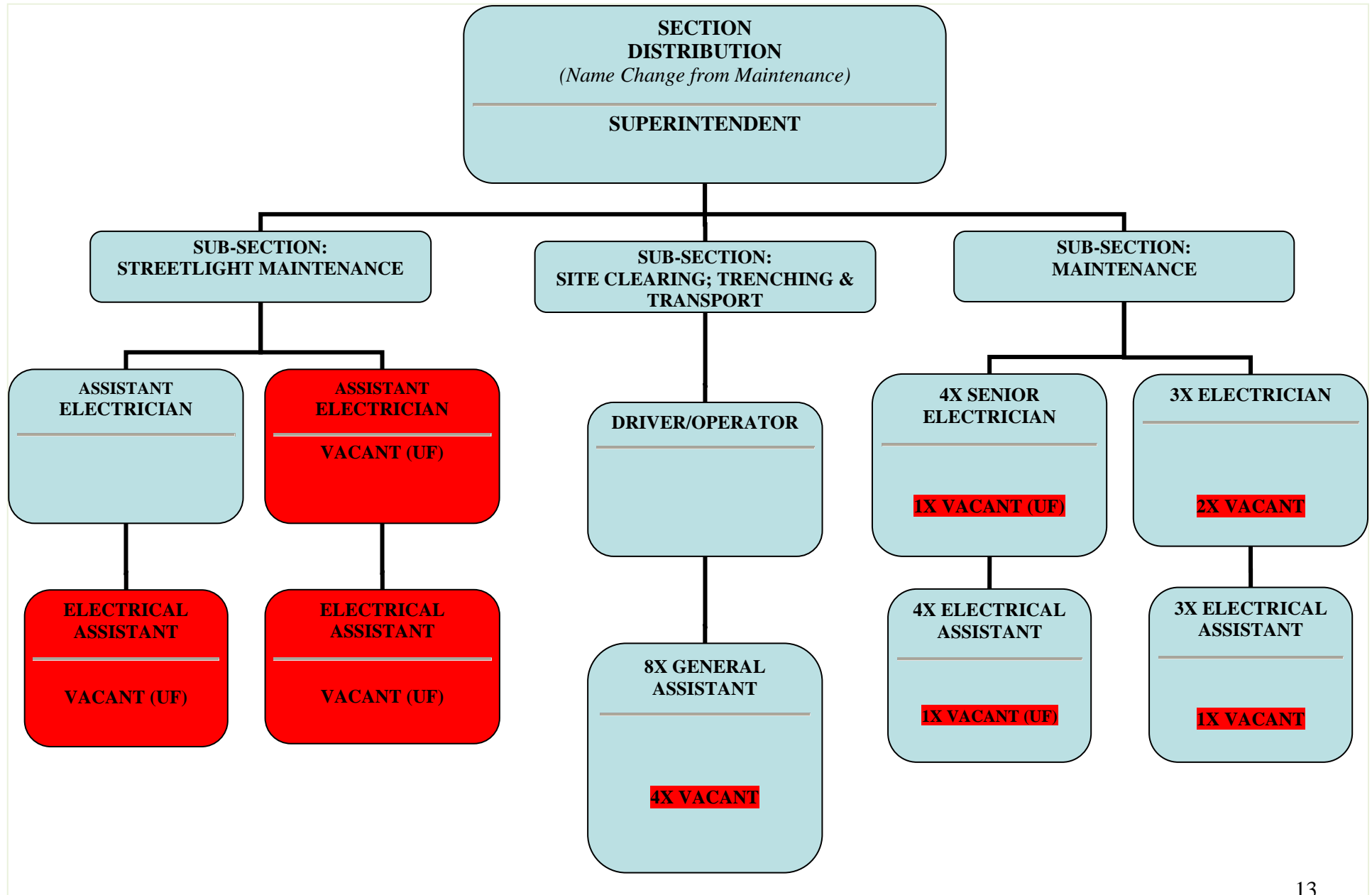
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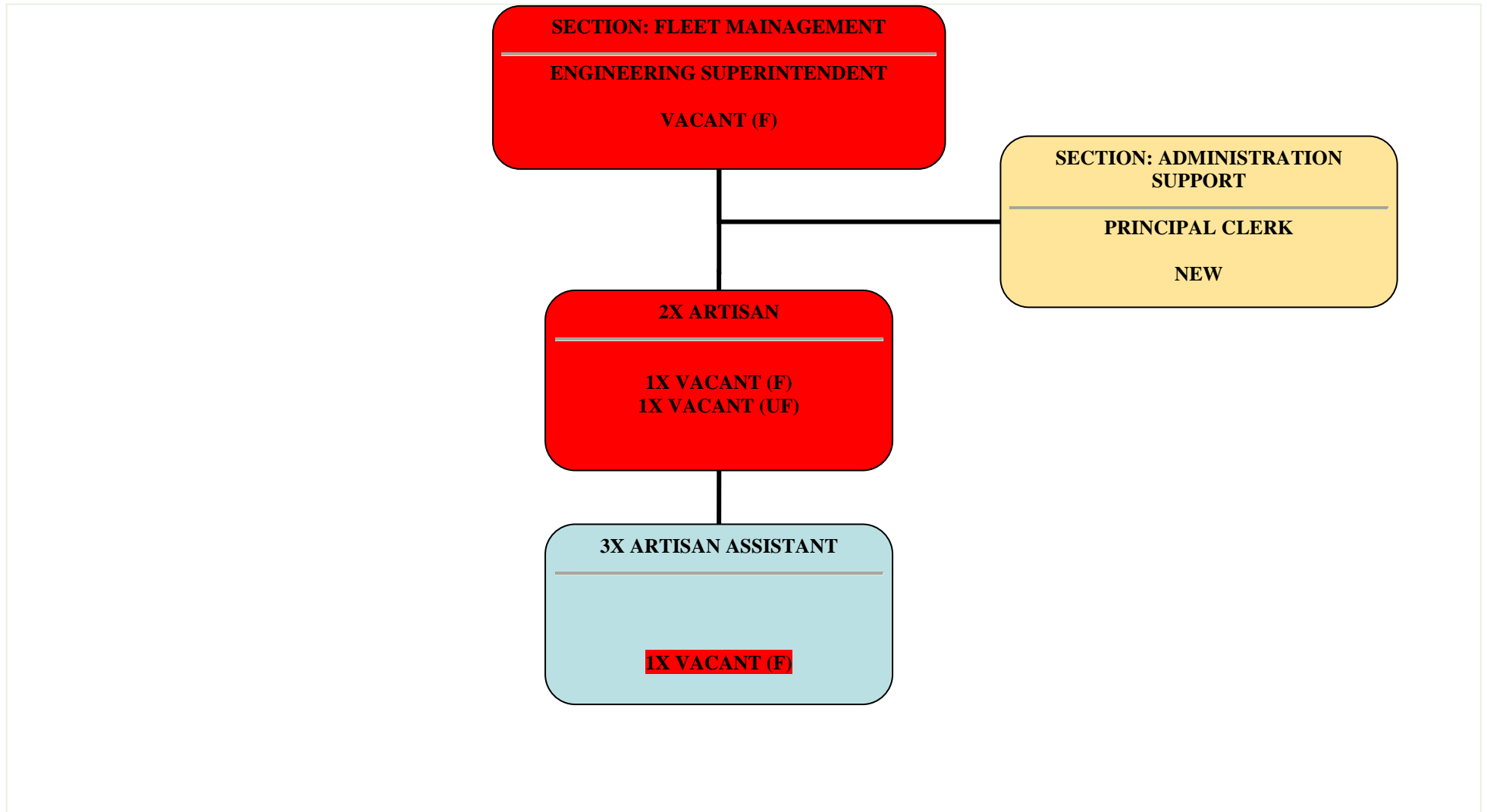


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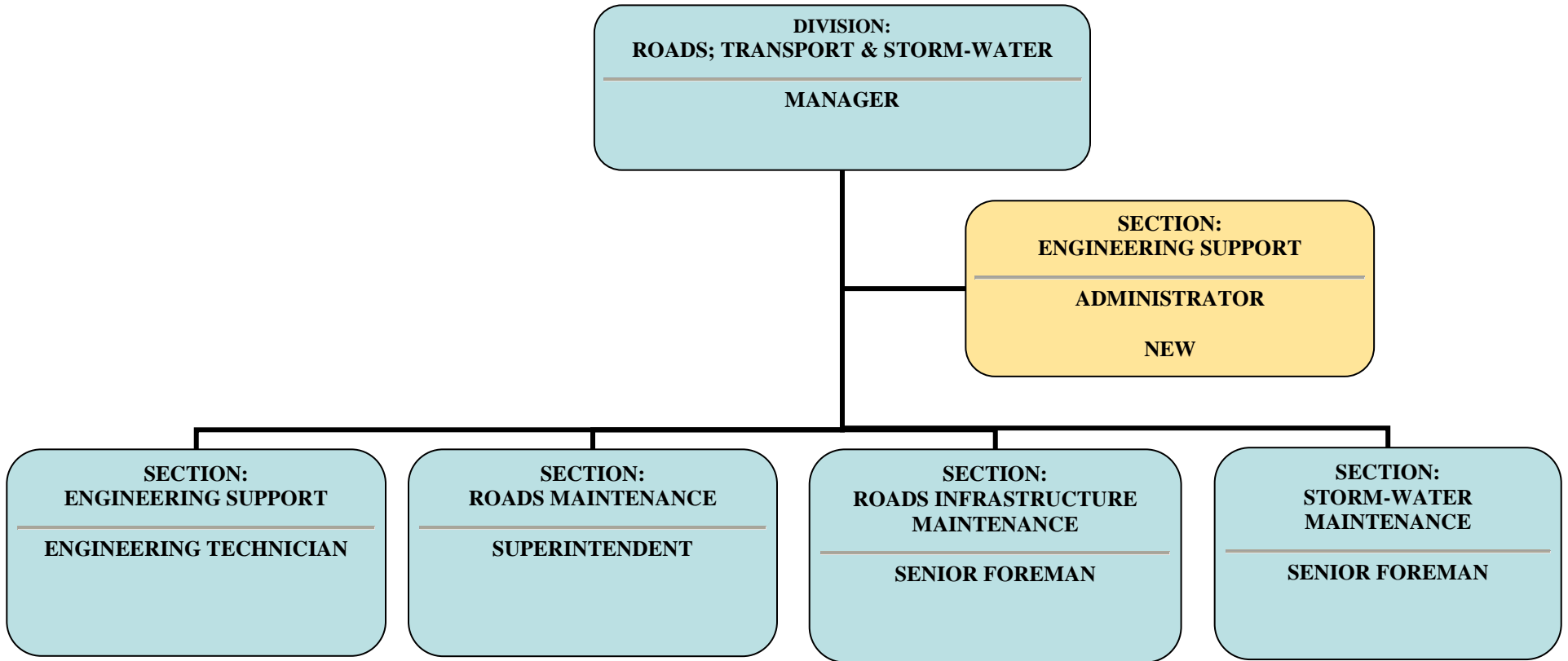




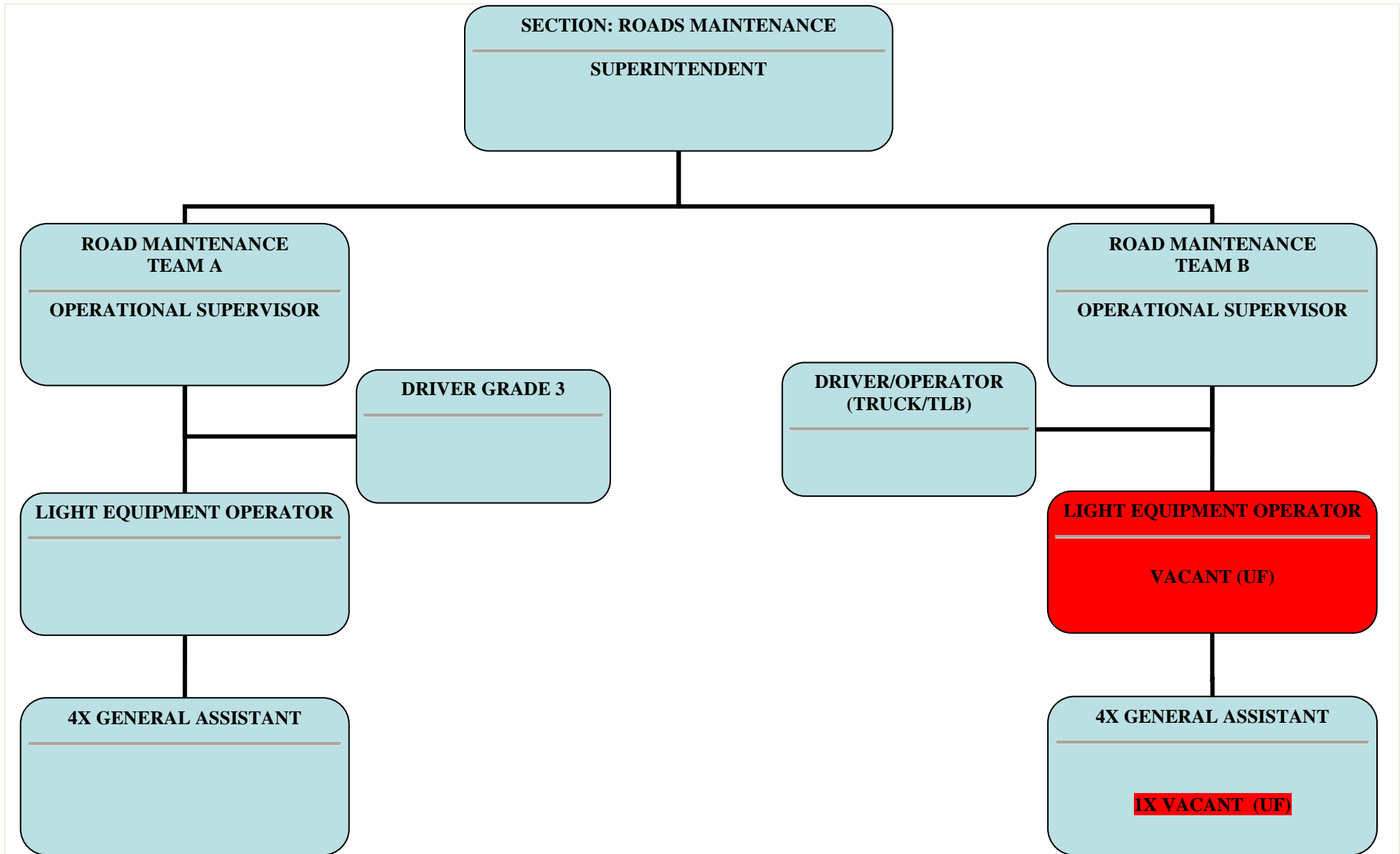
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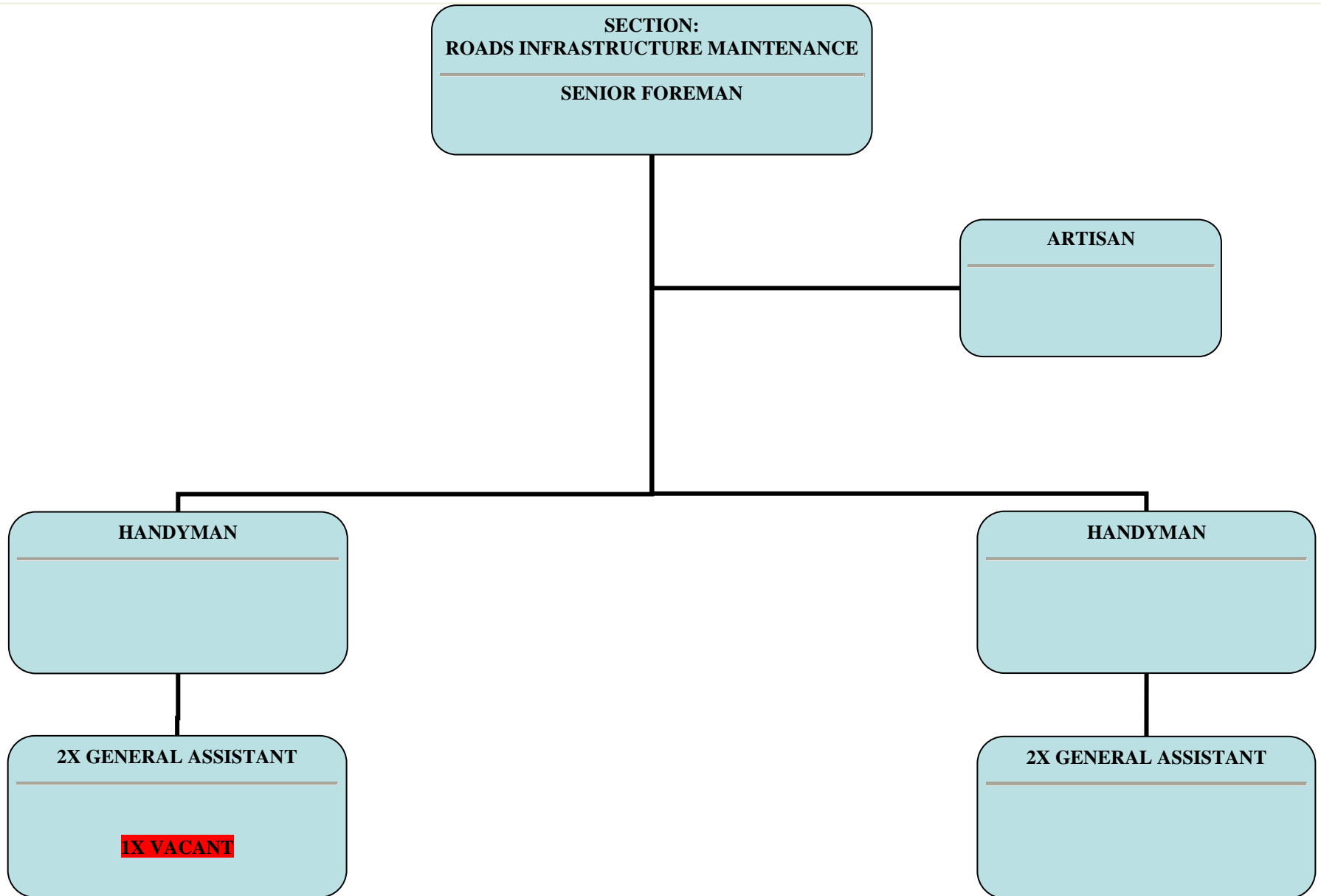
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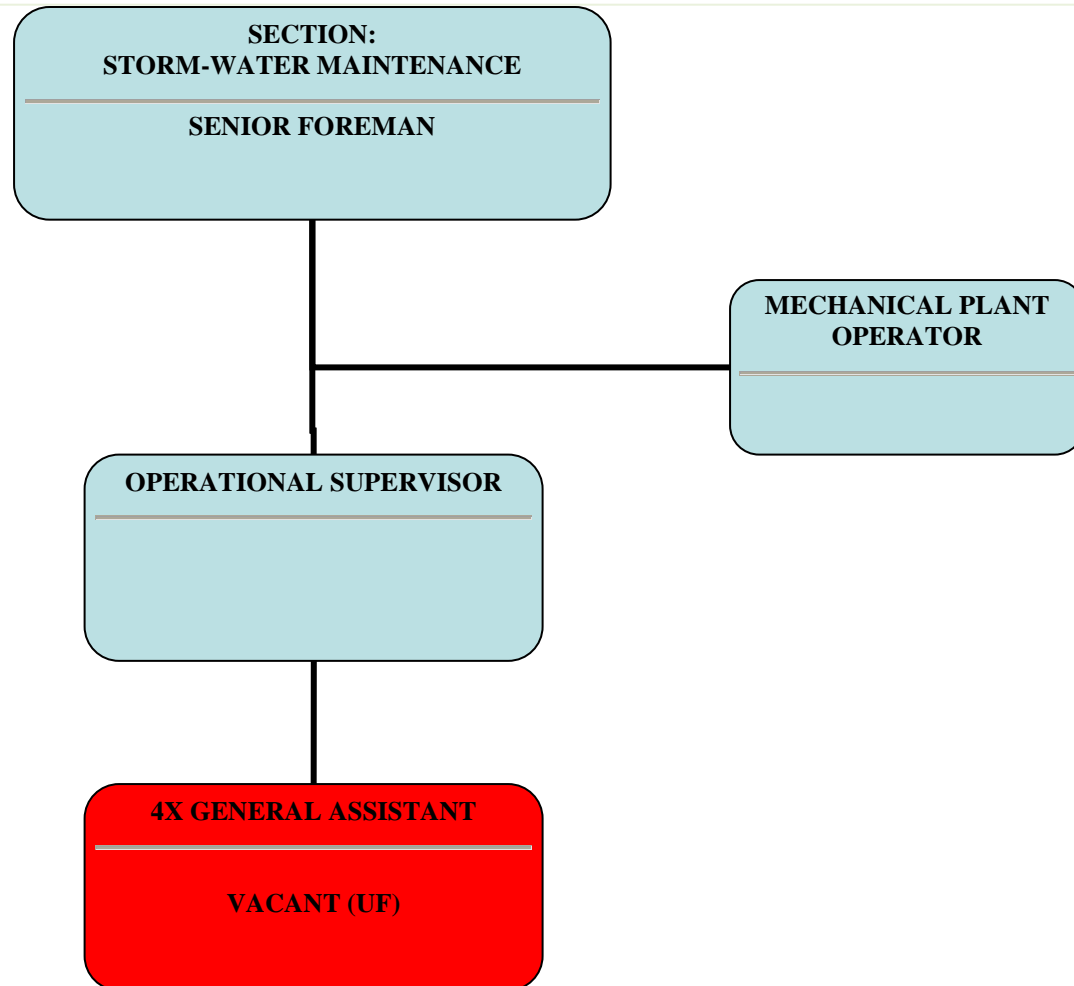
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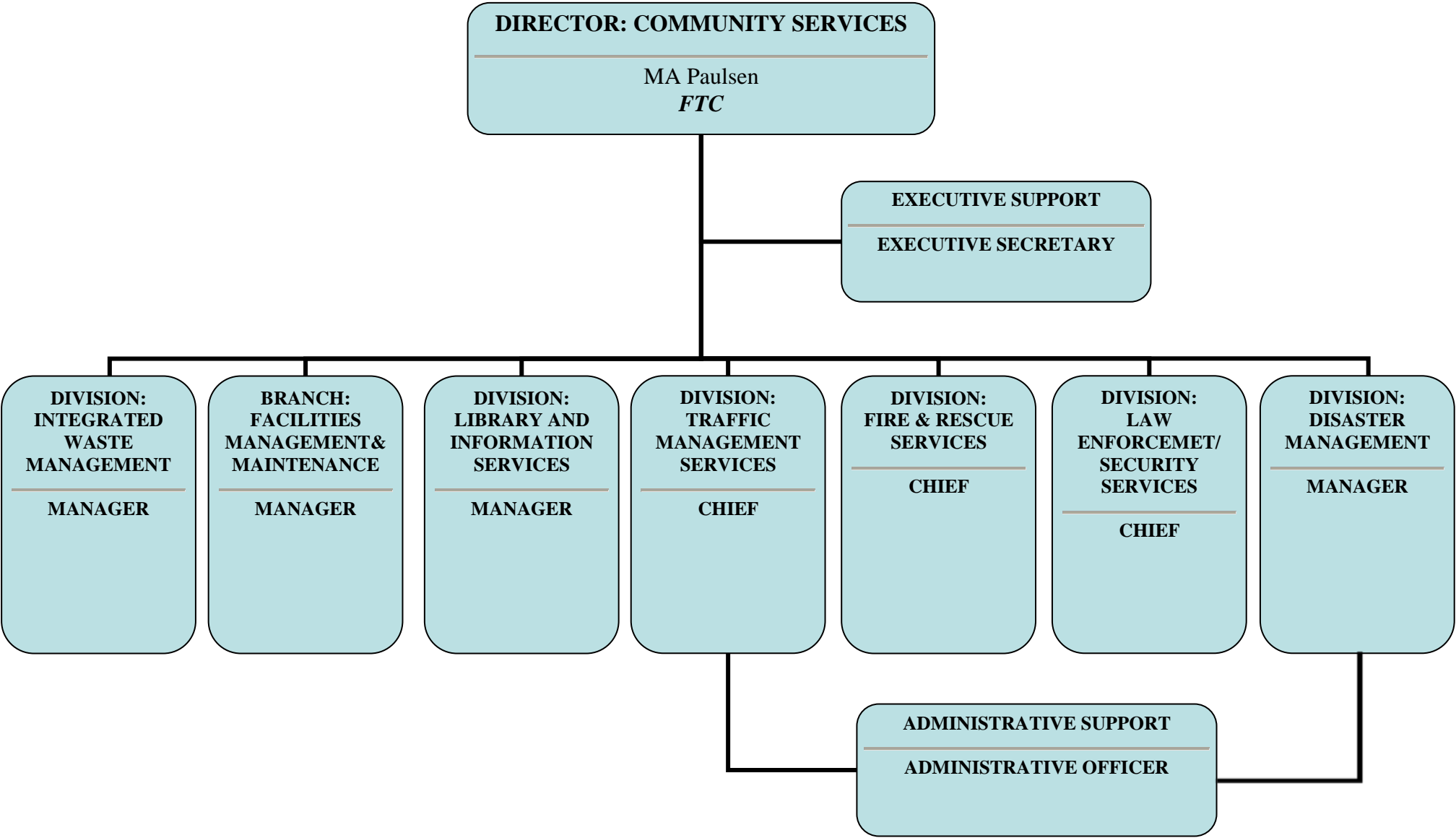


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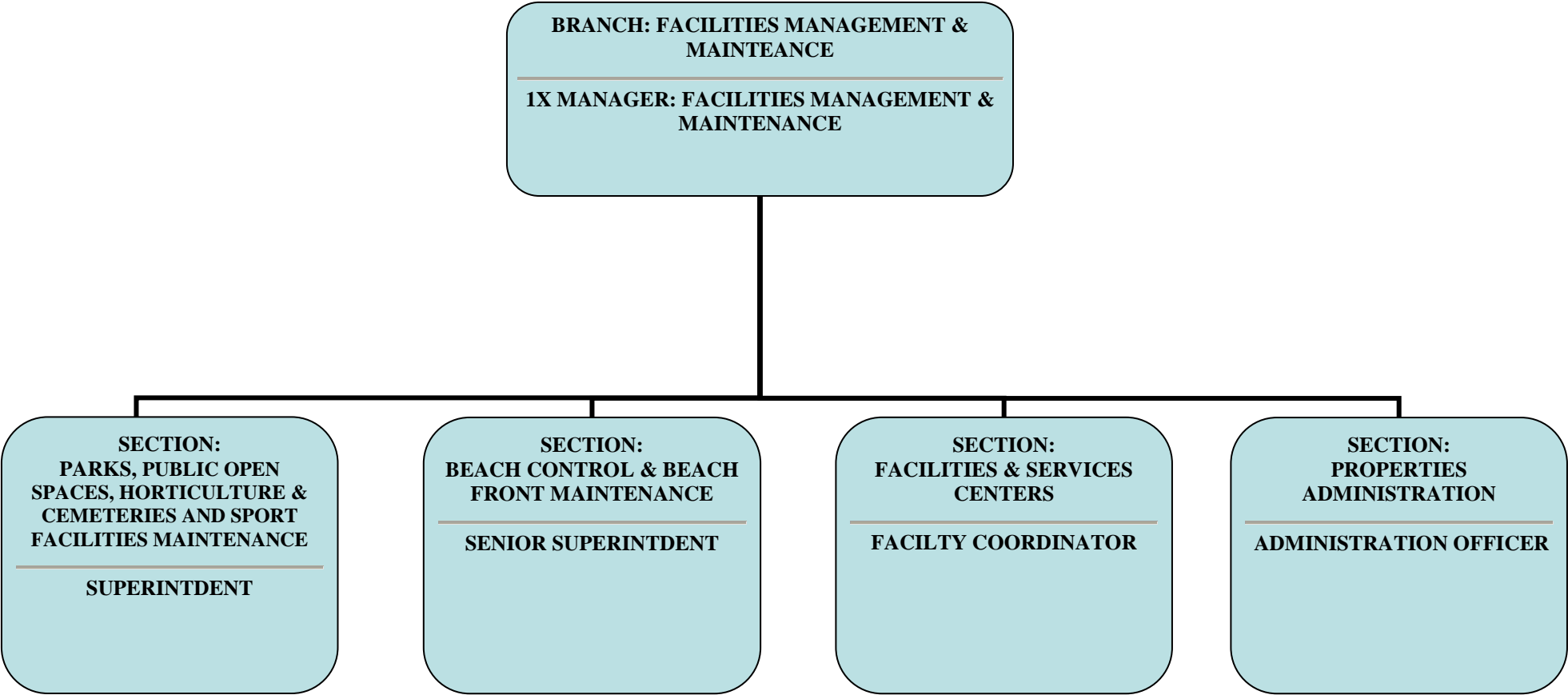


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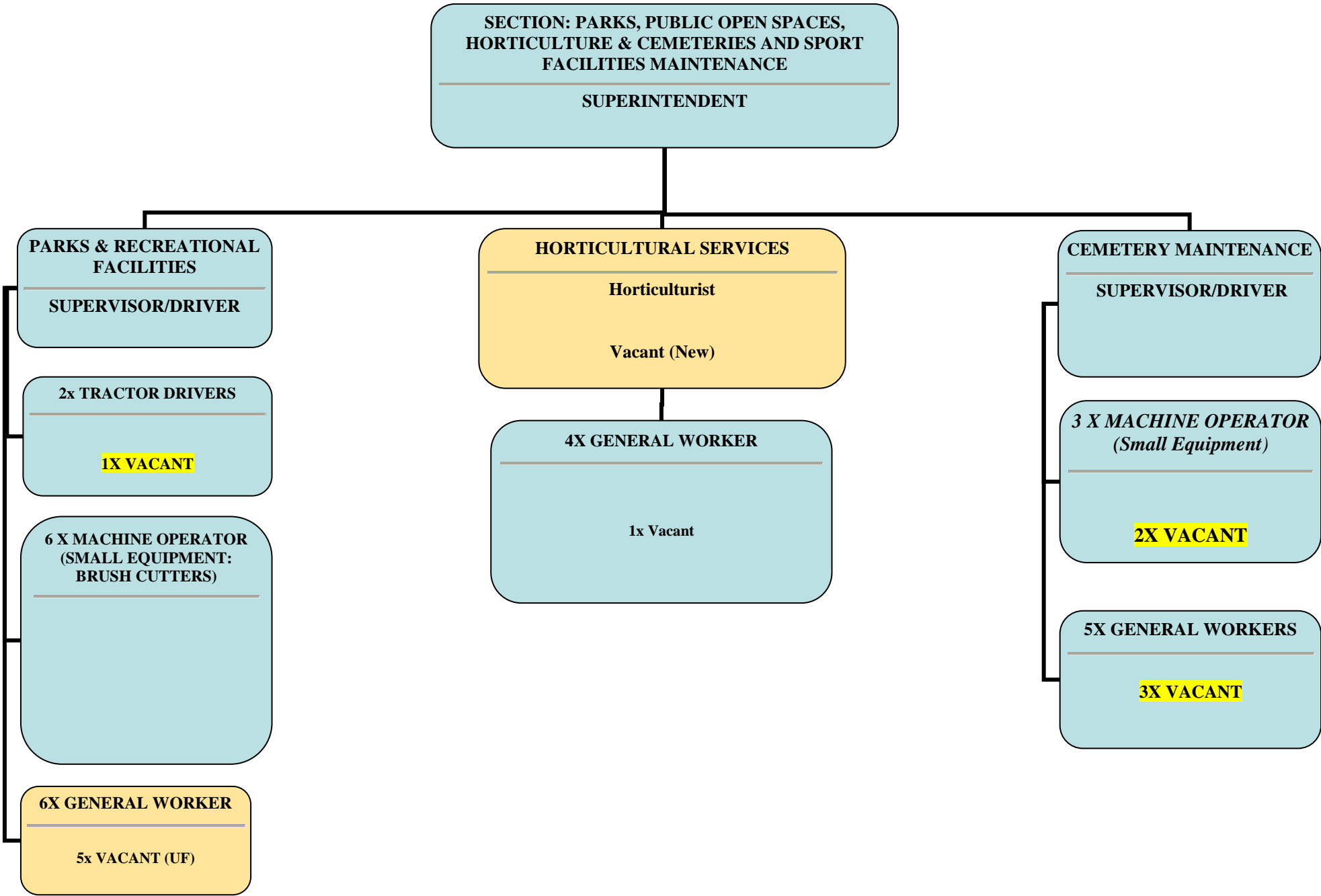


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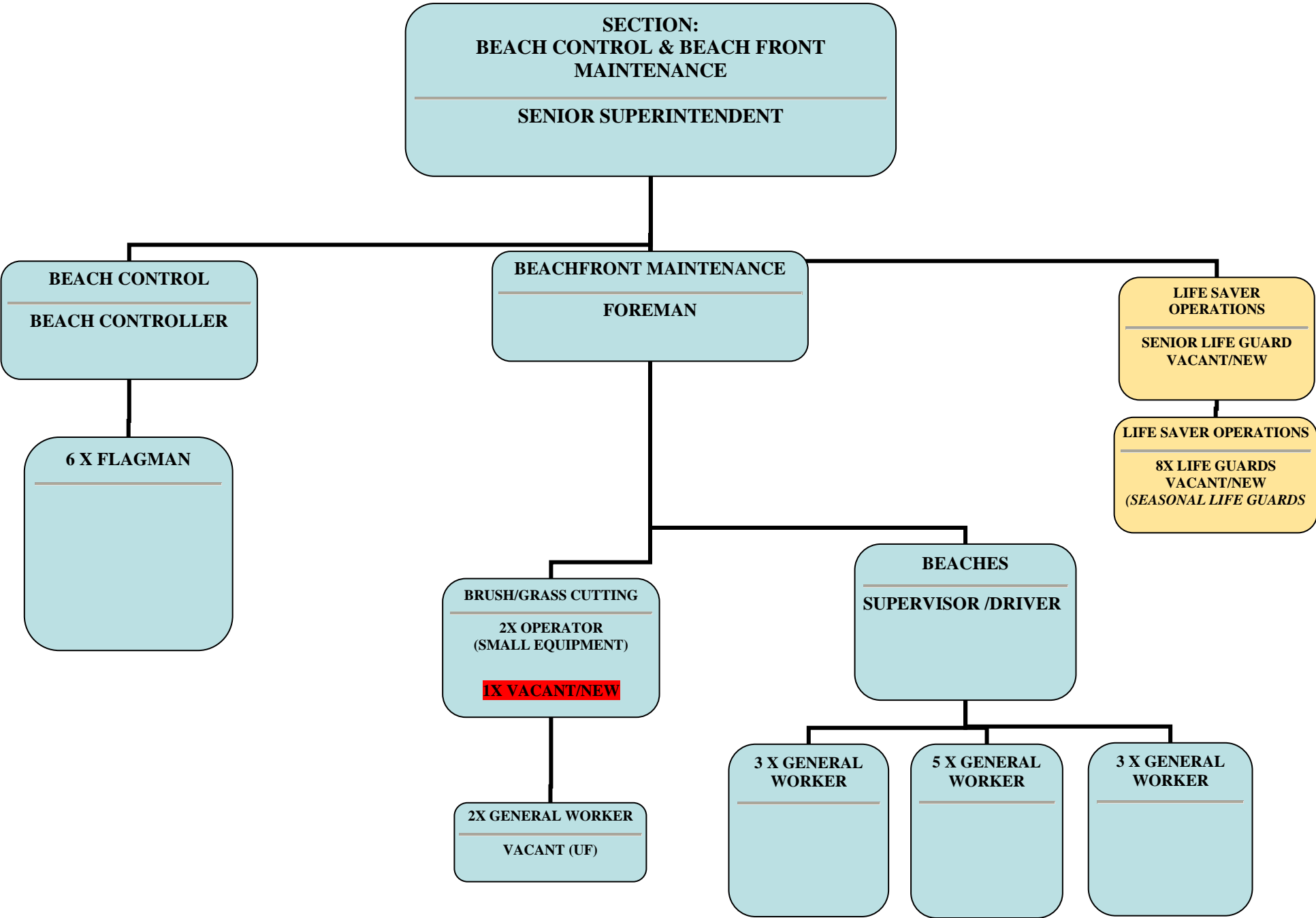




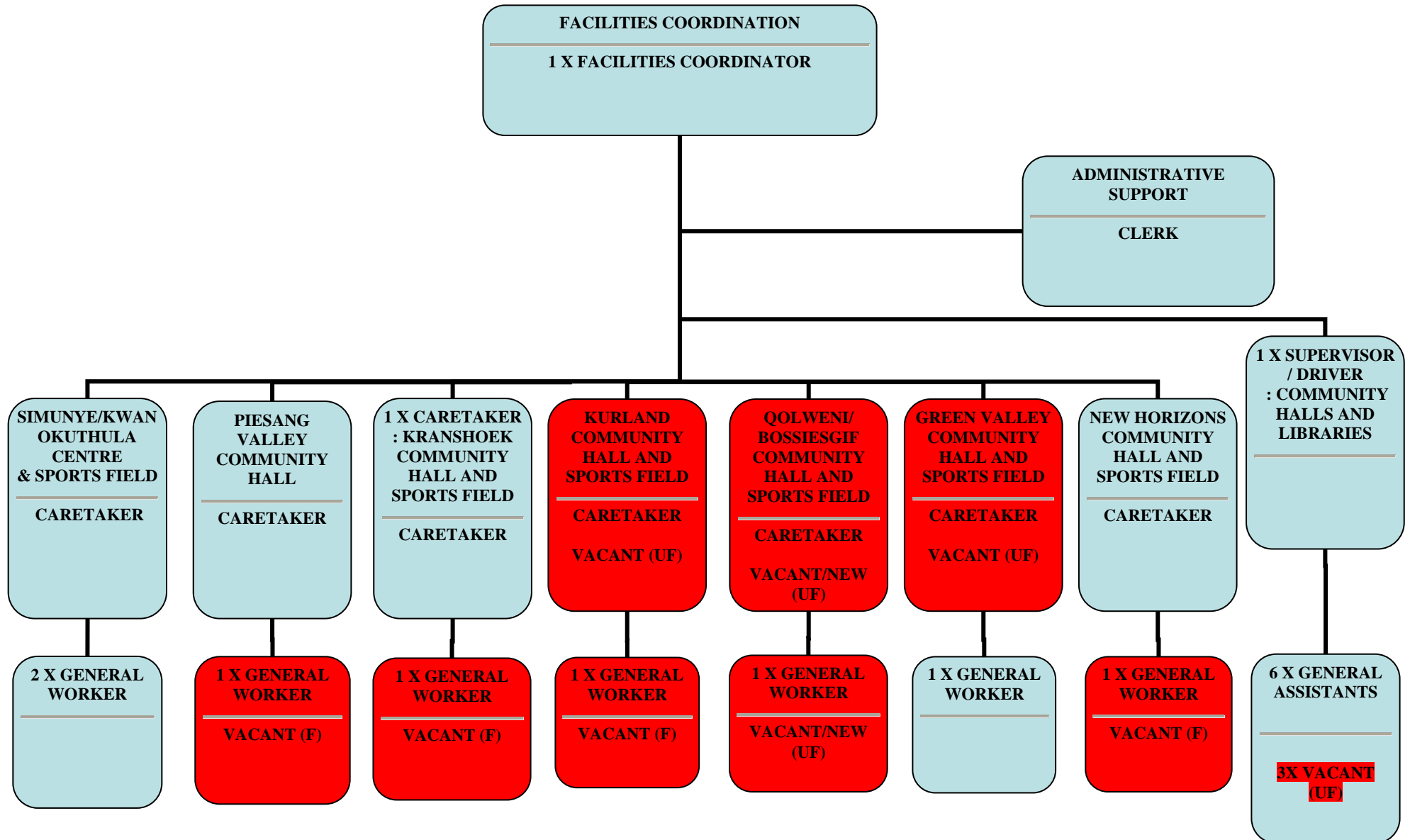
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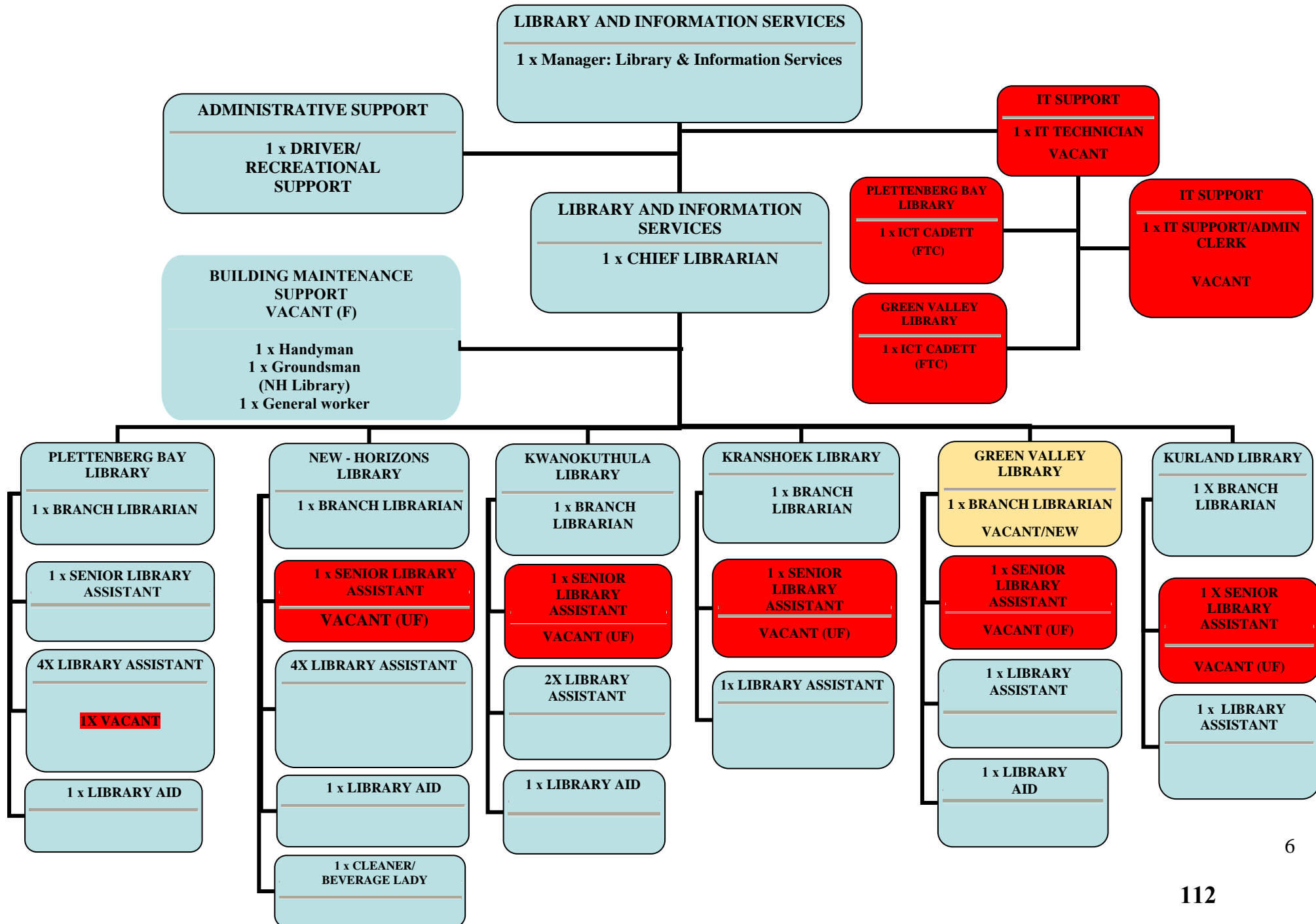
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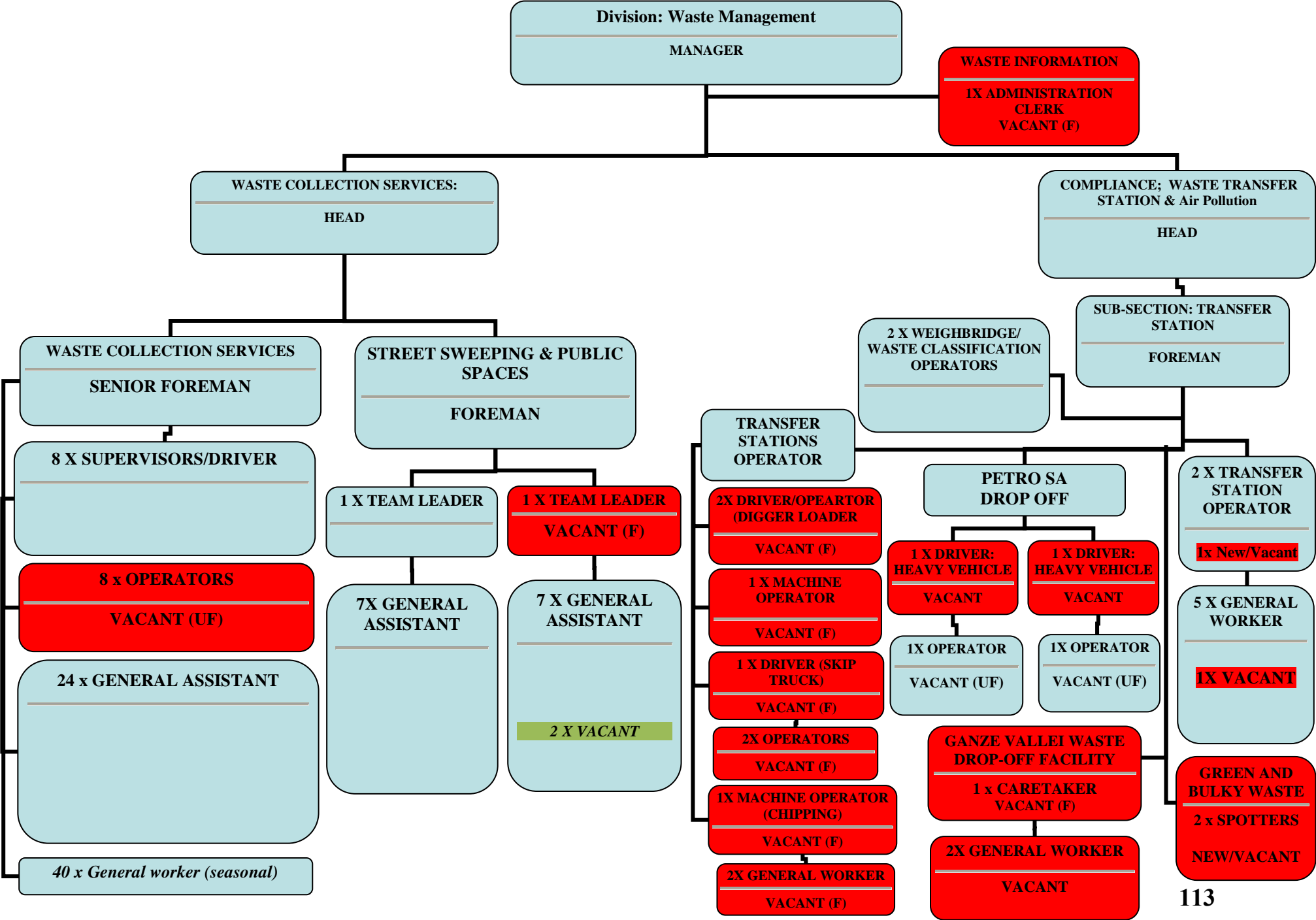
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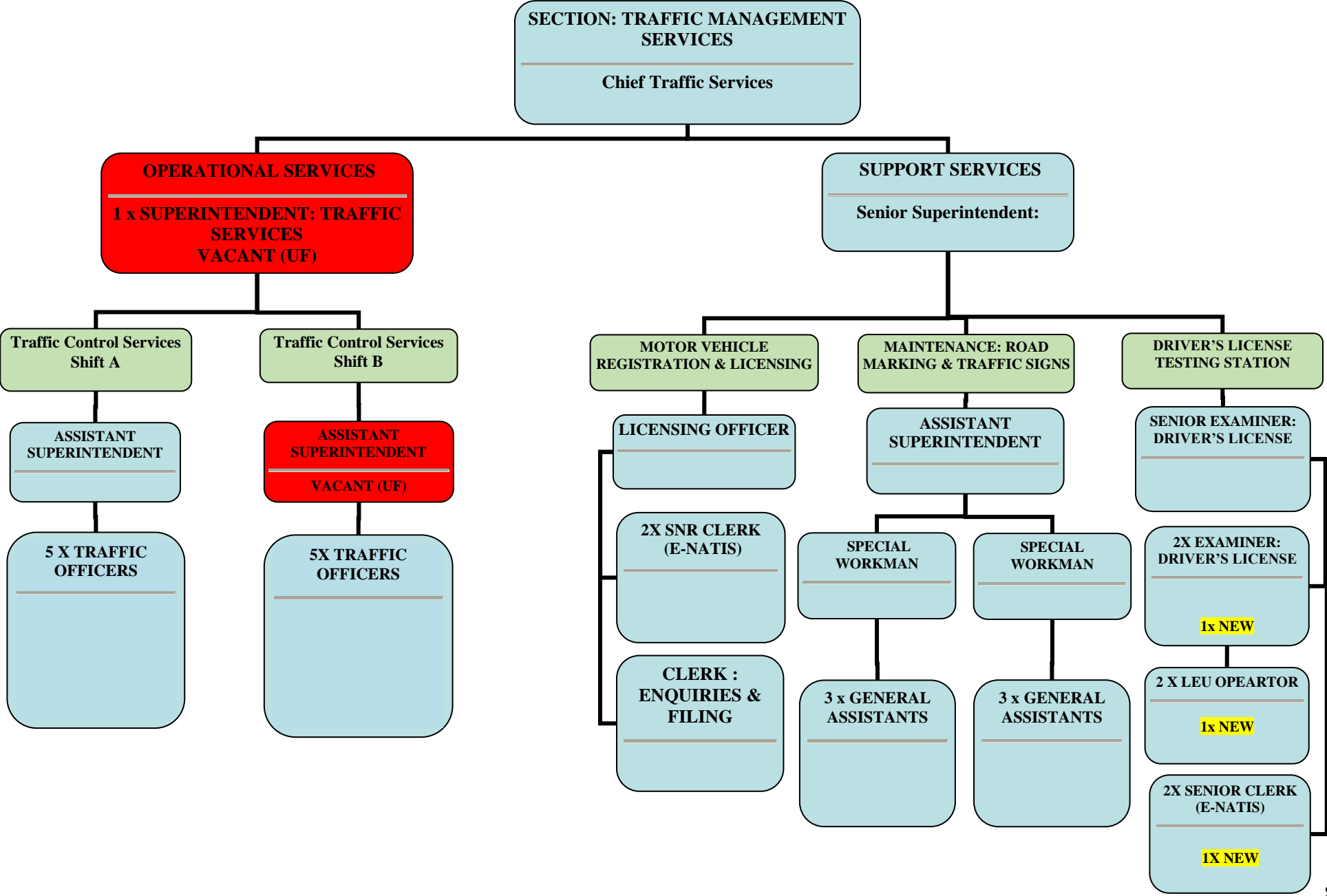
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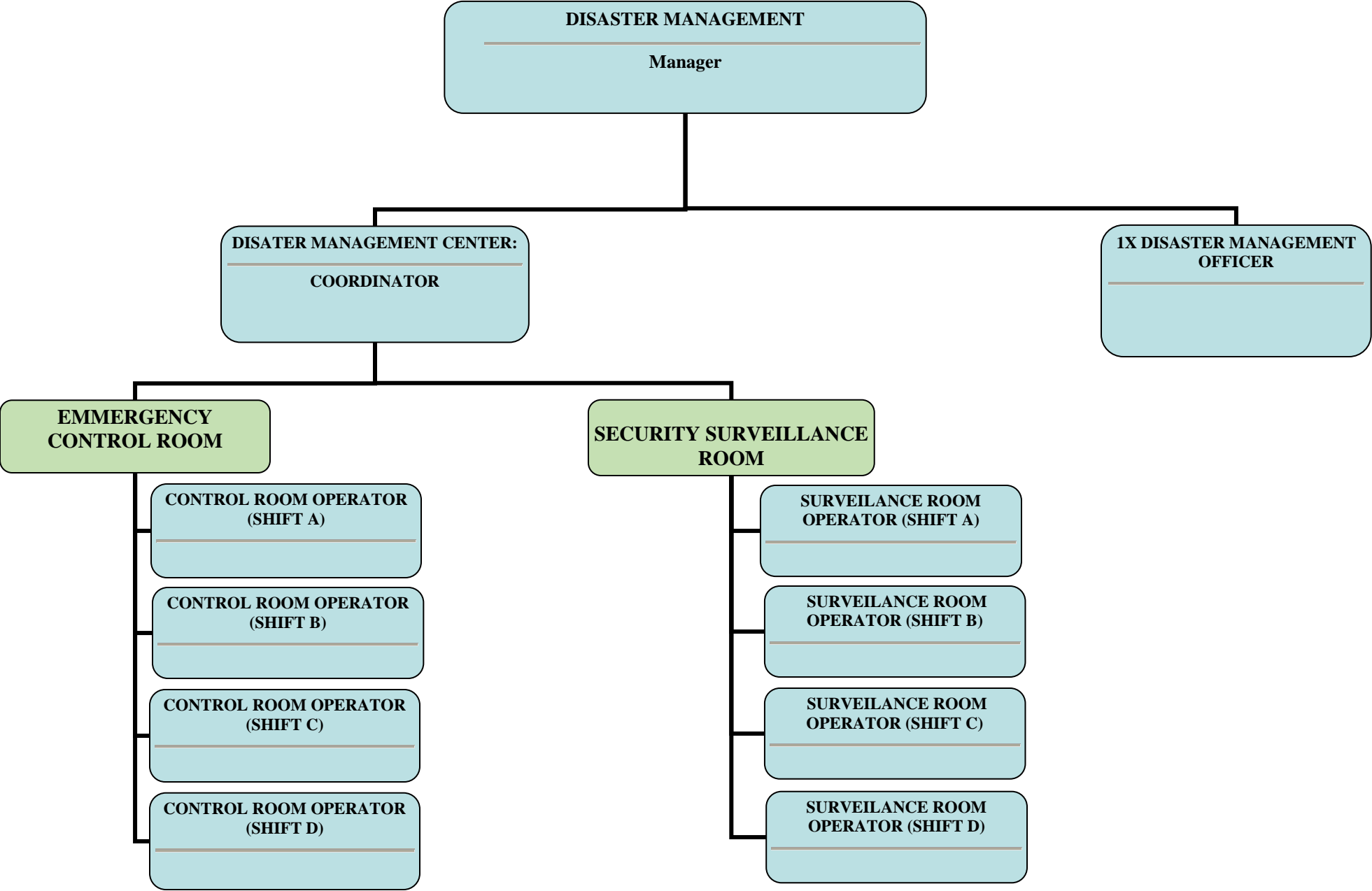
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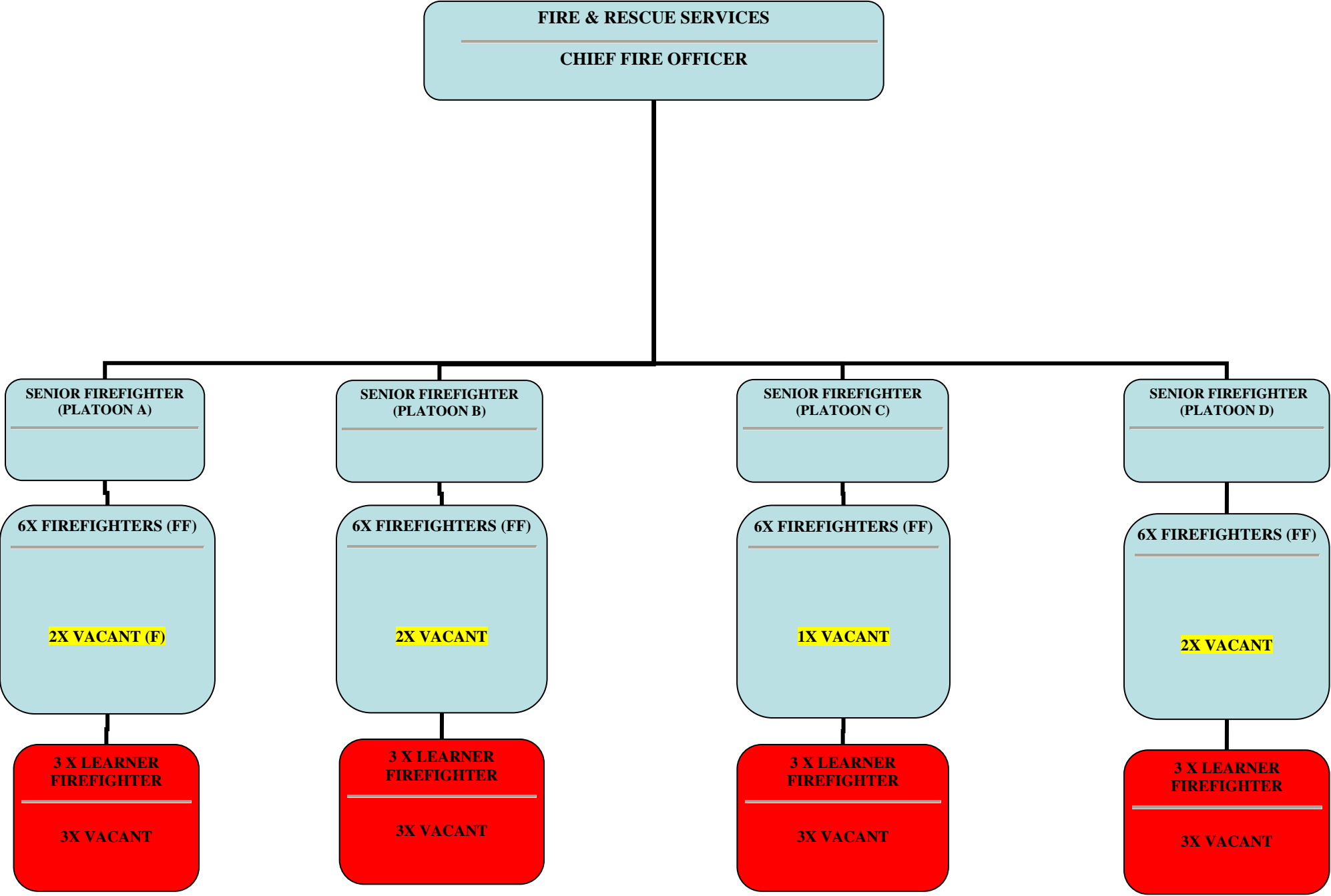
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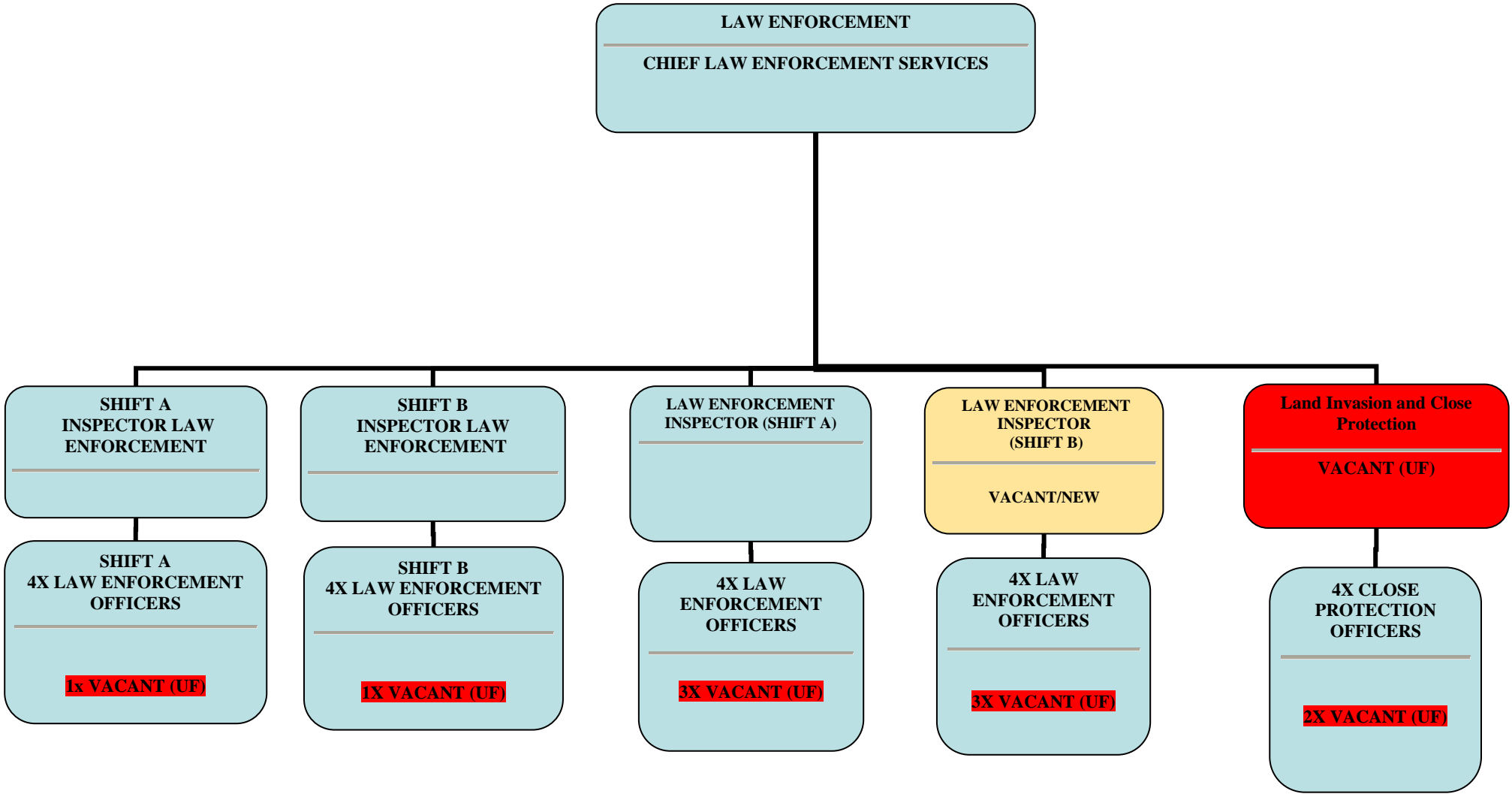


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**FINAL DRAFT: REVISED STRUCTURE: COMMUNITY SERVICES**



## Section 1: Office of the Municipal Manager

ITEM C/1/94/09/22

### SUBMISSION OF THE VOLUNTARY FINANCIAL RECOVERY PLAN FOR APPROVAL

**Portfolio Comm:** Strategic Services and Office of the MM  
**File Ref:** 2/11/4  
**Demarcation:** All wards  
**Delegation:** Council

**Attachments**      **Annexure A:** Proposed voluntary recovery plan and annexures  
                             **Annexure B:** Financial analysis and status quo presentation

**Report from:**      Municipal Manager

**Author:**              Acting Chief Financial Officer

**Date:**                  13 September 2022

#### **Purpose of the report**

To submit the proposed voluntary financial recovery plan for approval.

#### **Executive summary**

A voluntary financial recovery plan was drafted as a result of the dismal financial position that the municipality finds itself in. There are immanent going concern risks as cash resources have been depleted over the last 5 financial years to the extent that insufficient cash resources are available to continue with operations.

#### **Background /discussion**

It is common cause that the financial position of the municipality has regressed over the last 5 years to the extent that we find ourselves on the verge of financial distress.

Should the municipality not manage itself out of the predicament, an intervention from either the Western Cape Provincial Government or the National Department of Local Government may be immanent in accordance with Section 139 of the MFMA as well as Section 139 of the Constitution of the Republic of South Africa, 1996

#### **Financial implication**

As indicated in the voluntary financial recovery plan.

## **Section 1: Office of the Municipal Manager**

### **Relevant legislation**

Section 139 of the MFMA

Section 139 of the Constitution of the Republic of South Africa, 1996

### **Comments: Acting Director Financial Services**

The recommendations are supported

### **Comments: Acting Director Corporate Services**

N/A

### **Comments: Director Community Services**

The recommendations are supported

### **Comments: Director Engineering Services**

The recommendations are supported

### **RECOMMENDED BY THE MUNICIPAL MANAGER**

1. That Council take note of the content of the financial analysis presentation attached as Annexure “D”
2. That Council notes the content of the voluntary recovery plan submitted herewith.
3. That the Council support and approve the voluntary recovery plan submitted including the detailed programs as per Annexure “A” and the mandatory financial limits, ratios and budget parameters included in Annexure “B”.
4. That Council take note of the provisional costing of the recovery plan as attached per Annexure “C” and that provision be made to fund the most critical elements contained therein where possible upon the mid-year revision of the budget.
5. That progress reports on the implementation of the voluntary recovery plan be submitted to the Council on a quarterly basis.

# **BITOU MUNICIPALITY**

## **FINANCIAL RECOVERY PLAN**

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## EXECUTIVE SUMMARY

The Financial Recovery Plan is prepared because of the regression in the financial performance as well as the financial position of the municipality over the last 6 years. It is evident from the trends that has established in the financial results that the municipality is currently on a downward trajectory that if not turned around as a matter of urgency may end up in financial distress and which may further result in a discretionary Provincial Intervention in accordance with Section 137 of the Local Government Municipal Finance Management Act, (Act 56 of 2003).

The recovery plan serves as a necessary intervention to place Bitou on a sustainable footing which will result in an effective and efficient organisation that is financially stable and provide services to the community on a sustainable basis.

The Bitou Municipality is facing significant fiscal and service delivery difficulties, which undermine the effective and efficient performance of its functions and mandate. More importantly these difficulties are becoming increasingly severe and unless focussed action is undertaken to address the underlying causes, Bitou Municipality will find it increasingly difficult to perform its mandate.

Bitou Municipality has a duty to improve financial management systems across expenditure, revenue, and indebtedness to determine the most effective way of solving its financial difficulties. The principal strategic objective of the Voluntary Financial Recovery plan is to identify priority areas and to set out specific intervention projects which will address the financial problems identified. The Plan will include mandatory parameters which will bind the Municipality in the preparation of future Budgets until the Long-Term Financial plan is adopted by the Municipal Council or amended in terms of section 144 of the Municipal Finance Management Act (Act 56 of 2003).

### **Key components of this plan are:**

- Review and implement expenditure and management systems to ensure efficient and effective service delivery in line with Bitou Municipality priorities.
- Review and implement revenue management systems to maximize revenue generation possibilities and improve revenue performance.
- Enhance levels of customer care, increase responsiveness to consumer billing.
- Review and implement cash and debt management strategies and practices.
- Review and implement internal controls and delegations regarding financial management.

- Implement asset management through an integrated infrastructure and asset management plan.
- Review governance practices in the Supply Chain Management practices and implement proper controls and risk management practices.
- Conduct organizational redesign, compile or revise all job descriptions and have job evaluations done to have a proper organisational structure in place.
- Review Information Technology (IT) infrastructure and support structures and systems and implement Accounting and Budget Reforms as well as operational best practices.
- Review the capital funding mix to ensure that sufficient liquidity is available to fund current commitments as well as the Asset Finance reserve and adhere to financial best practice ratios.
- Implement cost savings initiatives, austerity measures, and ensure value for money in all procurement processes.

This Financial Recovery Plan clearly identifies the fact that a holistic approach is required in order for a successful outcome of the intervention. This **will ensure** Bitou Municipality is placed on a sustainable footing, resulting in an effective and efficient organisation that is financially stable and can provide services to the community on a sustainable basis. The holistic approach must include strategies that will deal with, namely **Strategic Leadership, Institutional Stabilisation and Transformation, Financial Management and Focused Sustainable Service Delivery.**



# BITOU MUNICIPALITY FINANCIAL RECOVERY PLAN

## 1. INTRODUCTION

The Financial Recovery Plan is prepared the regression in the financial performance as well as the financial position of the municipality over the last 6 years. It is evident from the trends that have established in the financial results, that the municipality is currently on a downward trajectory and that if it is not turned around as a matter of urgency may end up in financial distress and which may further result in a Provincial Intervention in accordance with Section 137 of the Local Government Municipal Finance Management Act, (Act 56 of 2003).

- The municipality must implement the approved recovery plan; all revenue, expenditure and budget decisions must be taken within the framework of, and subject to the limitations of, the recovery plan.
- The municipality must report monthly to the Section 80 committee for finance and to the mayor on a quarterly basis on the implementation of the recovery plan in such manner as the plan may determine.

### 1.1 Purpose of the recovery plan:

The recovery plan is a voluntary intervention strategy to place Bitou on a sustainable footing which will result in an effective and efficient organisation that is financially stable and provide services to the community on a sustainable basis as informed by section 137 of the MFMA.

## 2. THE LEGAL FRAMEWORK/CRITERIA FOR THE RECOVERY PLAN

The recovery plan proposed herein is a voluntary recovery plan and therefore the criteria as set out in the Municipal Finance Management Act (MFMA) Act 56 of 2003, Section 142 are not necessarily applicable.

Some guidance is taken from Section 142(2)(b) of the MFMA in respect of what Council could consider to aid in the financial recovery as follows:

- (i) Spending limits and revenue targets
- (ii) Budget parameters for a specific period or until stated conditions have been met.
- (iii) Specific revenue-raising measures that are necessary for financial recovery.

### 3. FINANCIAL PROBLEMS IDENTIFIED

The Bitou Municipality has been experiencing a financial regression since the commencement of the 2018/2019 financial year, and more specifically after the conclusion of the 2017/2018 financial year when it seems that debt collection failed as the provision for uncollected debt increased exponentially in the 2017/2018 and subsequent financial years.

The following factors have collectively added to the financial difficulties currently experienced by the municipality:

- Bitou has been plagued by political instability and a struggle for power and political control over the municipality seem to have taken priority resulting in service delivery and administrative processes suffering during the period from 2017 to 2021. Legal fees in this regard have exceeded R5 Million
- Critical managerial positions have been vacated through a combination of staff being unable to cope with the political pressure and incapable senior and lower-level managers being appointed based on personal preference and bias instead of management and governance capabilities and appropriate experience.
- The legal fees in respect of the battle with the MEC for Local Government in the Western Cape regarding the appointment of Senior Management that resulted in a battle lost caused fruitless and wasteful expenditure in the amount of more than R6 Million in ratepayers' money.
- A lack of oversight, risk management and control coupled with leadership inefficiencies have created opportunity for the misappropriation of funds, non-value for money spending and excessive occurrences of irregular, fruitless and wasteful and unauthorised expenditure. The following table illustrates the extent of this occurrence:

**Table 1: Irregular, fruitless and wasteful and unauthorised expenditure**

<b>Financial ratios and norms</b>	<b>Norm</b>	<b>2017 Audited</b>	<b>2018 Audited</b>	<b>2019 Audited</b>	<b>2020 Audited</b>	<b>2021 Audited</b>
Irregular, Fruitless and Wasteful and Unauthorised Expenditure/Total Operating Expenditure	<b>0%</b>	<b>3%</b>	<b>9%</b>	<b>37%</b>	<b>23%</b>	<b>11%</b>

*Source: Audited Annual Financial Statements*

- From evidence gathered it seems that the budget for the 2021/2022 financial year was not appropriately approved by a majority of council,

there were only 12 councillors present and 6 voted against the budget, the requirements of the legislative framework was therefore never met for the approval of the budget and associated policies, tariffs and by-laws. This may have a devastating effect on the financial wellbeing if challenged in a court of law. The matter was never escalated to the MEC for Local Government in the Western Cape to approve a budget and revenue raising measures and accompanying tariffs.

- A lack of restraint in budgeting, management and control has resulted in misappropriation of budget and other resources as well as overspending of budget votes and conditional grant allocations.
- Overspending of conditional grants, with specific reference to the Human Settlements Grant amounts to approximately R17 Million up to the year ended 30 June 2022 which is compounded by the fact that value for money in the spending could not be confirmed.
- Service delivery has been hampered, and in many instances, basic service delivery infrastructure has been allowed to deteriorate to the extent that service delivery mechanisms in many instances require excessive remedial work and upgrades which are currently unaffordable.
- Unauthorised expenditures were incurred by instruction from the Accounting Officer and Senior Management where they merely opened a vote, called it unauthorised expenditure and allocated expenses thereto.
- It is very unfortunate that it seems that certain previous senior managers did not fulfil their fiduciary responsibilities as required by the legislative frameworks by advising the council appropriately in respect of legislative, administrative and financial matters impacting on Bitou municipality and its communities.
- The municipal budgets for the 2021/2022 financial year as well as the 2022/23 financial year were scrutinised and found to be fundamentally flawed in respect of the anomalies evident in the compilation thereof which negated the strive towards financial sustainability to the extent that the municipality currently finds itself on the brink of financial distress as the budget is not cash funded, neither credible, nor did it support the principles of financial sustainability and viability.
- It is evident that certain revenue streams included in the 2022/2023 budget are unlikely to realise as budgeted, and a correction needs to be done, i.e., assessment rates revenue overstated by more than R5 Million

- It was also evident that the budget was fraught with blatant errors and omissions that were intentionally in or excluded to balance the budget thereby further jeopardizing the financial wellbeing of the municipality. As an example, it must be pointed out that fuel expenditure was under-budgeted by approximately R5 million for 2021/2022 as well as 2022/2023.
- The municipality received a clean audit opinion up and to the 2016/2017 financial year and the audit opinion for the subsequent years have regressed and the likelihood that a clean audit will be attained is very small.
- Systems, policies, and procedures in respect for an array of corporate, institutional, and administrative functions have not been designed nor have been put in place to ensure adequate corporate governance required to ensure a healthy organization.
- Staff members were appointed on an ad hoc basis with a total disregard for appropriate Human Resource processes being followed, jeopardising employer-employee relationships and adding to the unaffordability of staffing cost. Junior staff members seem to have been promoted into higher positions and have been afforded appointments at the top notch of salary scales without proper motivation or justification.
- Overtime, standby as well as other ad-hoc allowances have spiralled out of control whereas the budget for the said items have in many cases been reduced by management in an attempt to balance the budget.
- Control over the application of certain HR policies seems not to have been applied for a number of years.
- A revision of the organizational structure is underway in accordance with the requirements of the Municipal Systems Act, yet the current financial position will hamper the municipality in the appointment of positions that are critical for the delivery of basic services.
- Debt collection and credit control failed to the extent that non-payment for services became the norm, further adding to the depletion of funds and reserves. Provision for irrecoverable debt from the 2017/2018 financial year has totalled more than R600 million this is indicative of the failure to collect revenue due to the municipality and is thus adding to the cash flow woes.
- Conditional grants were inadequately managed resulting in a loss of more than R 1,5 million in respect of the repayment of unspent conditional grants.
- A lack of restraint in all categories of expenditure has resulted in many instances of non-value for money spending and the conclusion of contracts

with service providers that left the municipality financially vulnerable and exposed to litigation.

- The socio-economic profile of the municipality, high levels of unemployment and a high percentage of indigent customers have placed a further strain on municipal resources and the ability to function as a going concern.
- Lack of long-term financial planning and capable financial decision making has cost the municipality dearly and brought it to the brink of bankruptcy.
- The community and stakeholders of the municipality have lost trust in the municipality.
- The municipality has fallen behind with the implementation of the Municipal Staff regulations and a concerted effort is necessary to ensure that implementation will be done within the required time frame.
- The tariff structure applied by the municipality has not been cost-reflective thereby under recovering on the cost-of-service rendering and allowing infrastructure and PPE to deteriorate as an example only 2 out of 7 refuse compactors are regularly functioning and repairs and maintenance cost are becoming excessive, this is placing an immense strain on service delivery and causing overtime expenses to be incurred to ensure service delivery.
- An investigation is currently underway in respect of the misappropriation of Human Settlement Grants, various other incidents of possible fraud, corruption and mismanagement are being investigated.
- The AFR (Asset Finance Reserve) is depleted and not cash backed, gearing(borrowing) as a funding option have been budgeted for capital yet when considering the current liquidity position, it is doubtful whether the municipality will be able to raise funding for capital investment.
- Danger-pay in excess of R4,2 million was paid during the time of the pandemic to the majority of staff members, irrespective of not being frontline workers, Bitou was also one of, if not the only municipality in the Western cape paying these allowances.
- 3000 Smart meters were purchased from the inventory vote without budgetary provision for booking out the items, these meters were not checked for compatibility with current software systems and cannot

currently be used due to a lack of budget. R 6 million from the cash flow was used for the procurement of these items.

#### **4. Financial Trend Analysis**

The trend analysis in the table and graphs below have reconfirmed the poor financial management practices as identified above which have, over the past five years, culminated in the dire financial position the Bitou Municipality finds itself in.

The trend analysis is based on key data information extracted from Bitou Municipality's Financial Statements for the past 7 years. The extraction of data was limited to certain figures contained in the financial statements and it was not intended to do an in-depth analysis. The complete analysis will be undertaken when the Long-Term Financial Plan is completed.

Table 2 below reflects certain Financial Trend Analysis data for Bitou Municipality which illustrates the financial distress of the Municipality for the past 5 years.

**Table 2: Financial trend analysis**

Column1	Financial Year	Financial Year	Financial Year 3	Financial Year 4	Financial Year 5	Financial Year 6	Financial Year 7
DESCRIPTION	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	.000	.000	.000	.000	.000	.000	.000
<b>Financial Position</b>							
Property Plant and Equipment(additions only)	96 762	120 645	113 062	92 741	51 982	79 203	71 781
Debtors before Provisions	152 747	195 339	264 471	322 112	351 809	349 826	398 317
Provision for Impairment	105 135	138 159	204 992	255 827	287 199	293 441	297 403
Annual Surplus/Deficit	76 285	86 562	100 596	27 496	41 917	- 798	80 386
Creditors /Payables	28 308	50 431	49 714	22 842	52 015	39 069	48 429
<b>Financial Performance</b>							
<b>Revenue</b>							
Property Tax	108 387	112 556	121 810	129 516	137 416	149 321	156 890
Service charges - electricity revenue	118 617	131 936	134 570	154 388	162 483	168 628	181 409
Service charges - water revenue	44 529	52 077	67 107	80 846	82 154	80 711	90 230
Service charges - sanitation revenue	35 537	40 711	47 743	76 337	73 742	78 675	85 319
Service charges - refuse revenue	21 910	25 370	28 891	44 342	43 566	46 413	52 316
<b>Total</b>	<b>328 979</b>	<b>362 650</b>	<b>400 122</b>	<b>485 431</b>	<b>499 360</b>	<b>523 748</b>	<b>566 163</b>
<b>Expenditure</b>							
Employee Related Costs	167 736	189 893	197 932	171 580	227 170	266 759	271 276
Debt impairment : Contributions	29 619	31 491	94 720	167 321	99 353	116 969	103 540
: Debts written off	7 810	6 016	31 341	70 706	76 663	108 578	84 903
Repairs and Maintenance	28 032	26 069	24 726	33 301	44 557	42 251	43 300
Finance Charges	16 336	23 643	17 658	18 417	14 825	13 399	11 090
Contracted Services	23 695	34 305	68 262	140 906	92 707	98 624	119 776
Legal Fees	1 891	6 320	6 258	10 113	12 747	16 293	15 006
Unauthorised, Irregular Fruitless & Wasteful	1 573	15 207	47 590	299 042	146 691	84 447	70 275
<b>Cash Flow Statement</b>							
Cash Generated by by Operations	106 806	117 567	114 181	61 146	106 954	38 162	76 244
Cash Out Flow by Investing activities(Capex)	(90 082)	(120 520)	(113 838)	(92 787)	(51 330)	(66 107)	(78 654)
Net cash from financing activities (Repayment)	(14 389)	(16 952)	(16 460)	(19 083)	(19 996)	(24 321)	(22 426)
Loans Taken up	20 000	24 998	30 874	-	-	-	-
Net movement in cash and cash equivalents	22 335	5 092	14 758	(50 724)	35 627	(52 252)	(24 836)

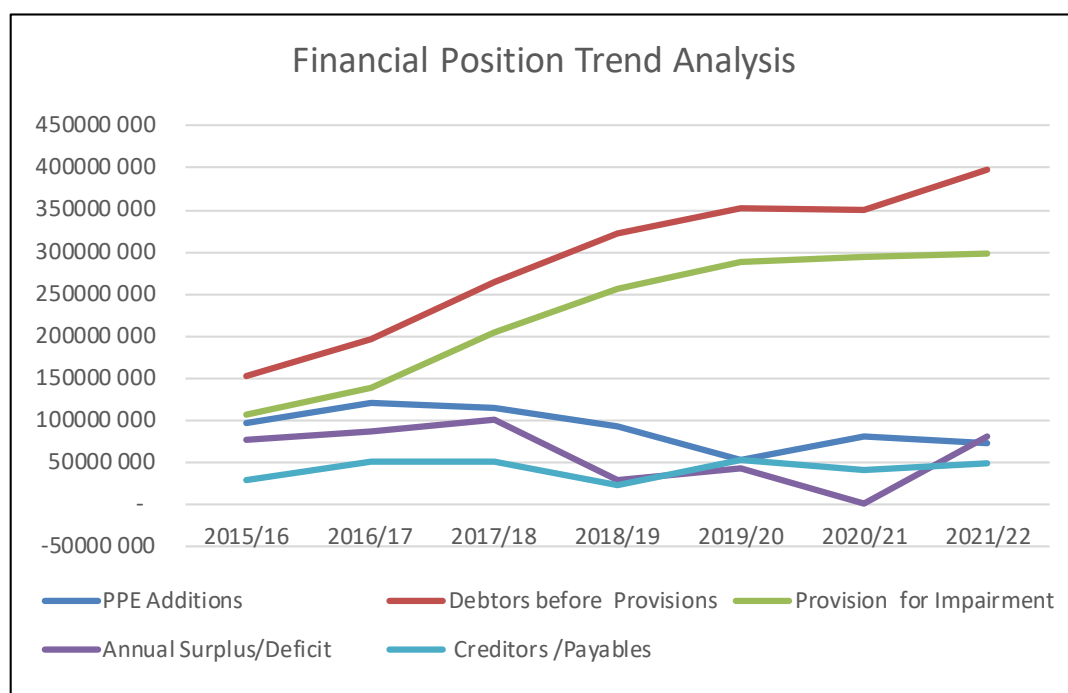
Source: Audited Annual Financial Statements

Key trends will be illustrated by means of graphs indicating certain patterns of financial management.

#### 4.1.1 Financial Position

Figure 1 below illustrates graphically the trends in certain key financial data in respect of the financial position of Bitou Municipality.

**Figure 1: Financial position trend analysis**



Capital expenditure moves in a narrow band over the 7-year horizon with moderate fluctuation year-on-year, however from the 2017/2018 financial year onwards where capital investment increased significantly, an over reliance on the AFR (Asset Finance Reserve) is evident causing cash resources to be depleted.

Debtors have shown an alarming growth of 160.77% over the 7-year horizon, clearly indicative that debt collection was not sufficiently done. It is acknowledged that Covid-19 had an impact, yet it is evident that the **highest increase in debtors was in the period before the pandemic hit.**

Provision for irrecoverable debt has increased in line with the increase in debtor balances with a total of R 192,27 million being provided, thus an increase of 182.88% over a 7-year period.

The operating surplus diminished to the extent that an operating loss was evident in 2020/21, this illustrates a lack of restraint in both budgeting and expenditure decisions as well as poor budgeting practices and expenditure control.

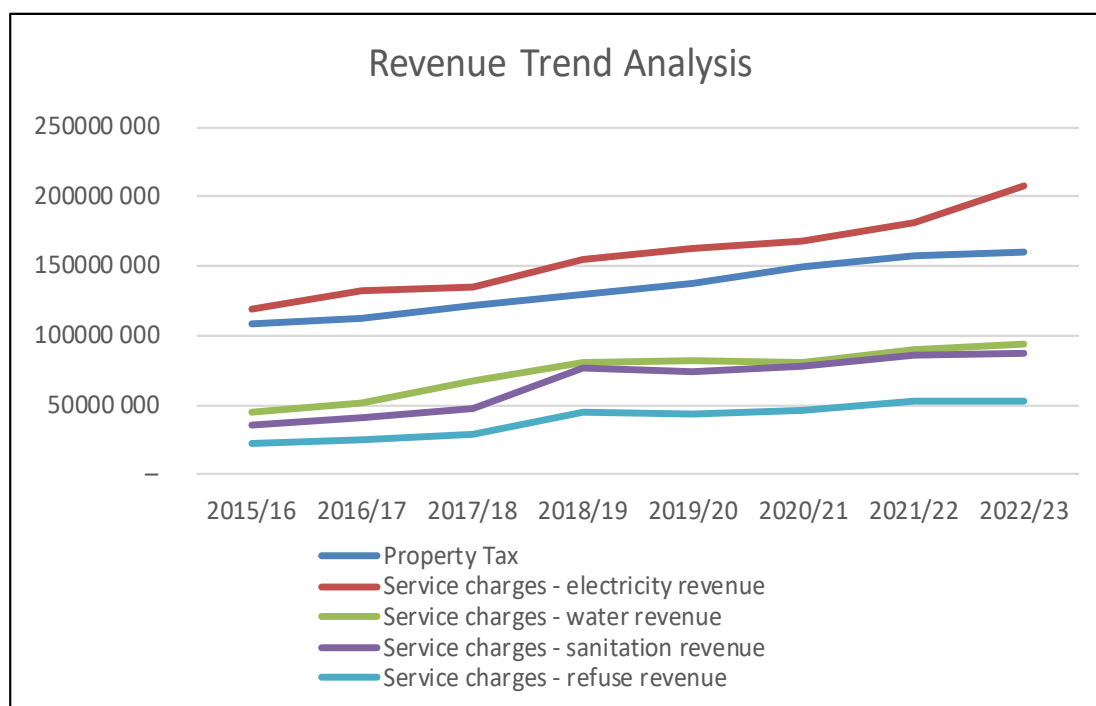


Payables remain high thus absorbing all available liquidity with no provision for an operating reserve/buffer.

#### 4.1.2 Financial Performance

Figure 2 below illustrates graphically certain key revenue trends.

**Figure 2: Revenue Trend analysis**



Revenue from property taxes indicate an annual growth rate of less than 6% the average increase in the assessment rate tariff was 4.68% this includes the lowering of the rate to make provision for the new 2021 valuation roll. Over the 7-year horizon, the total rates base increased to R31,43 Billion from the R26.7 Billion of the 2017 valuation roll, the average annual supplementary roll from 2017 to 2021 did not add a significant value to the valuation roll, a valuation amount of only R11,36 million average addition was added to the valuation roll and no real increase to the rates base were therefore evident.

The amount collected in building plan fees for the period 2017 to 2021, thus over the validity of the valuation roll amounted to R 15,8 Million representing approximately R4 Billion in building values or additions to the rates base. It is however not evident that additional revenue was billed according to the additional values added to properties, it should be clear that a revenue enhancement process needs to be engaged with as it seems that revenue is not growing in accordance with the increase in the rates base.

The value of improvements estimated in building plan submissions from July 2020 to June 2022 equalled R 845,4 Million, representing additional revenue of R4,6 million that cannot be found in past revenue trends.

The table hereunder indicates the revenue from building plan fees amounting to R20,088 million over the last 7 years, yet the associated revenue in the form of assessment rates billed are not evident.

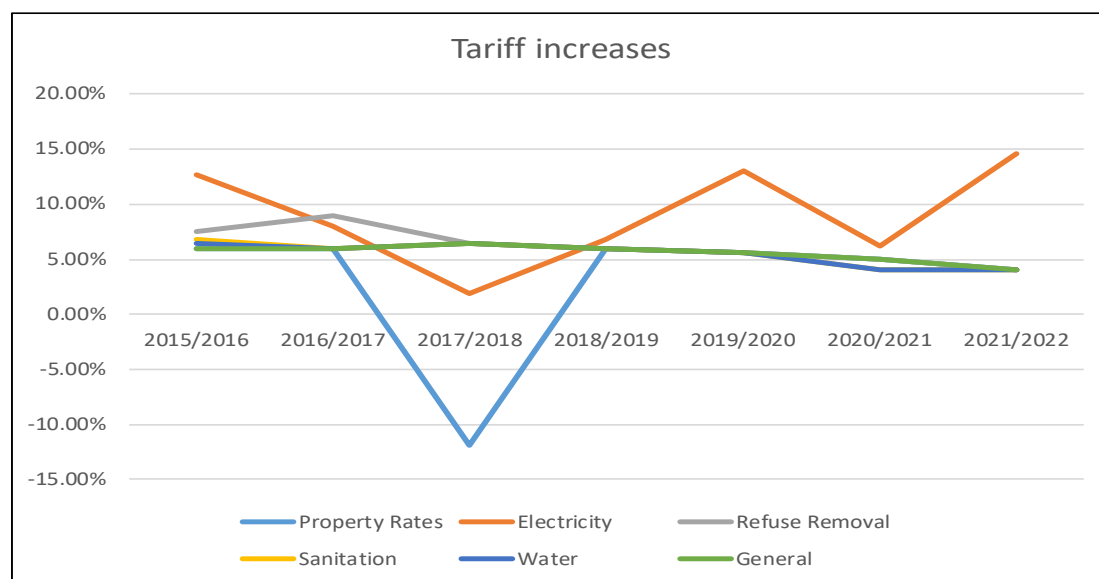
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
1 974 497.00	2 289 989.00	2 549 624.00	3 001 470.00	2 227 023.54	3 365 026.75	4 680 479.20

Electricity sales have increased as expected as Eskom increases dictate annual tariff increases. It is however a concern that despite the increase in the rates base, electricity unit sales have remained constant over the 7-year period. This can be ascribed to a combination of unaccounted losses and consumer savings initiatives as a result of the price increase.

Average tariff increases have remained low and have not kept up with inflationary pressure and cost drivers of municipal services such as annual salary adjustments, the cost of maintenance and materials, the cost of fuel, spares, telecommunication, security services, insurance as well as an array of other expenses and commodities necessary for service delivery.

Figure 3 below illustrates the average tariff increases over a 7-year horizon

**Figure 3: Tariff Increases**



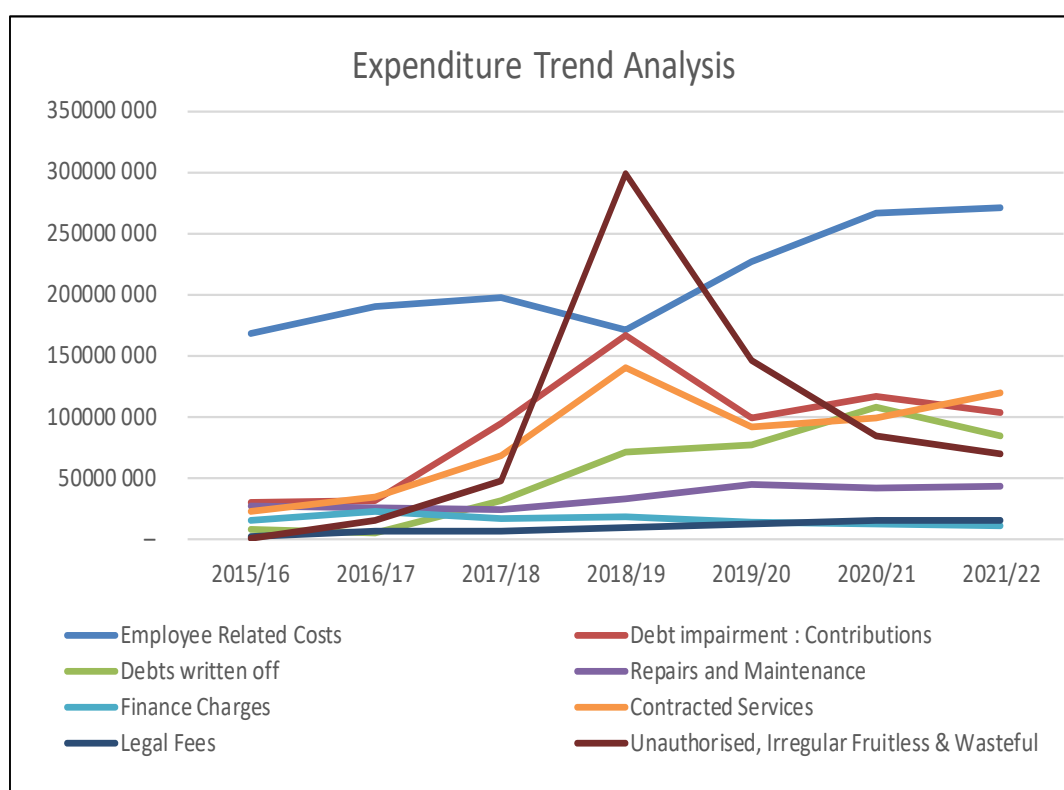
Tariff increases have on average increased with 6.1% for the basket of services over the 7-year horizon, if electricity is excluded the average increase is only

5.5% over the 7 years, this hardly kept up with inflation and the associated increase in the cost of providing municipal services. To illustrate this, it should be noted that the price of fuel has increased with 125.6% over the last 10 years.

The production price index, which represents an indicator of the rise in cost of manufactured goods increased by 88.48% over a 10-year horizon, this is indicative of the additional cost associated with the production of goods associated with service delivery, thus on average 8.84% per annum.

Figure 4 below illustrates graphically certain trends in expenditure data.

**Figure 4: Expenditure trends**



Employee related costs increased by 61,72 per cent over the past 6 years indicating an annual growth rate of approximately 10.28 per cent however contracted services showed an alarming growth rate of 405 per cent over the 6 years with an average increase of 67.58 per cent per annum.

The contribution for debt impairment grew by 249,5 per cent or an average of 41.6 per cent over the 6 years which should raise the alarm in respect of the efficacy of debt collection efforts. Debts written off have amounted to more than R 340 million over the last 4 years alone emphasizing the concerns with regards to debt collection.

Legal fees have increased from R 1,8 Million in 2015/2016 to an average of R11,1 million over the next 6 years, with the last 3 years alone costing the municipality R44 Million in legal fees.

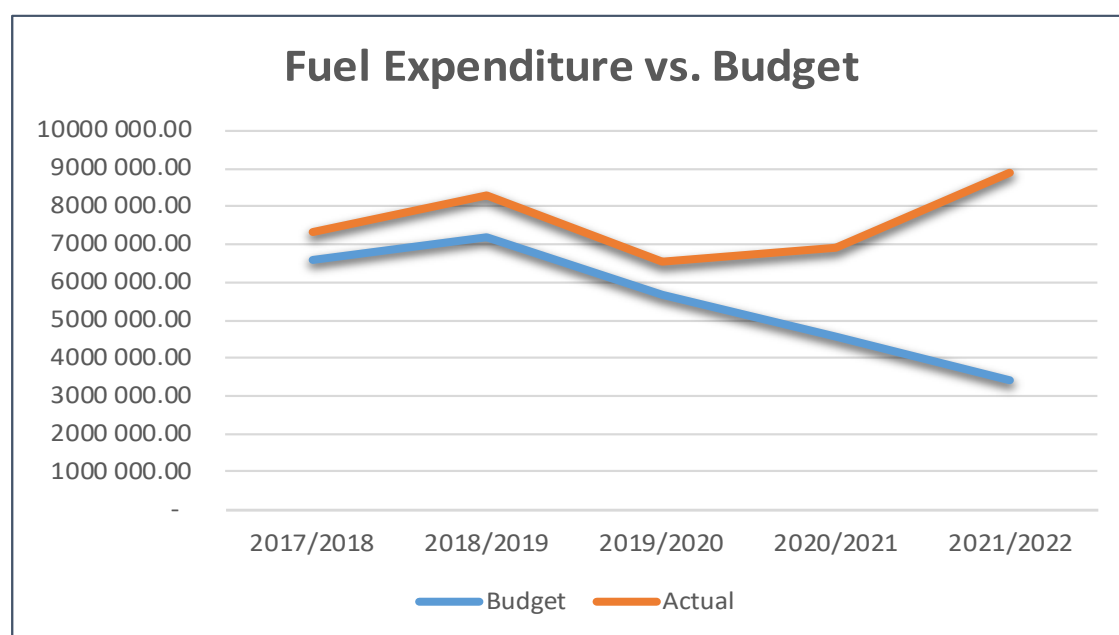
The Recovery plan makes provision for the rationalisation of the organisational structure and the mandatory budget targets to set upper limits on employee costs as a percentage of total expenditure.

A quick analysis of other expenditure has shown that Security Services have cost the municipality an amount of R 67,172 million over the last 4 years, indeed an item that needs to be reconsidered and where savings could be realised.

What is indeed concerning is the fact that Unauthorised, Irregular, Fruitless and Wasteful expenditure has increased from only R 1,57 Million in 2015/2016 to an amount exceeding R 663 million over the next 6 years, indeed a matter of concern as it represents an increase an average of R110.5 million per annum or 6938%

Finance charges have reduced over the 7-year period, this is however nothing positive as own cash resources have been depleted for capital financing leaving the municipality operationally vulnerable.

**Figure 5: Expenditure trends**

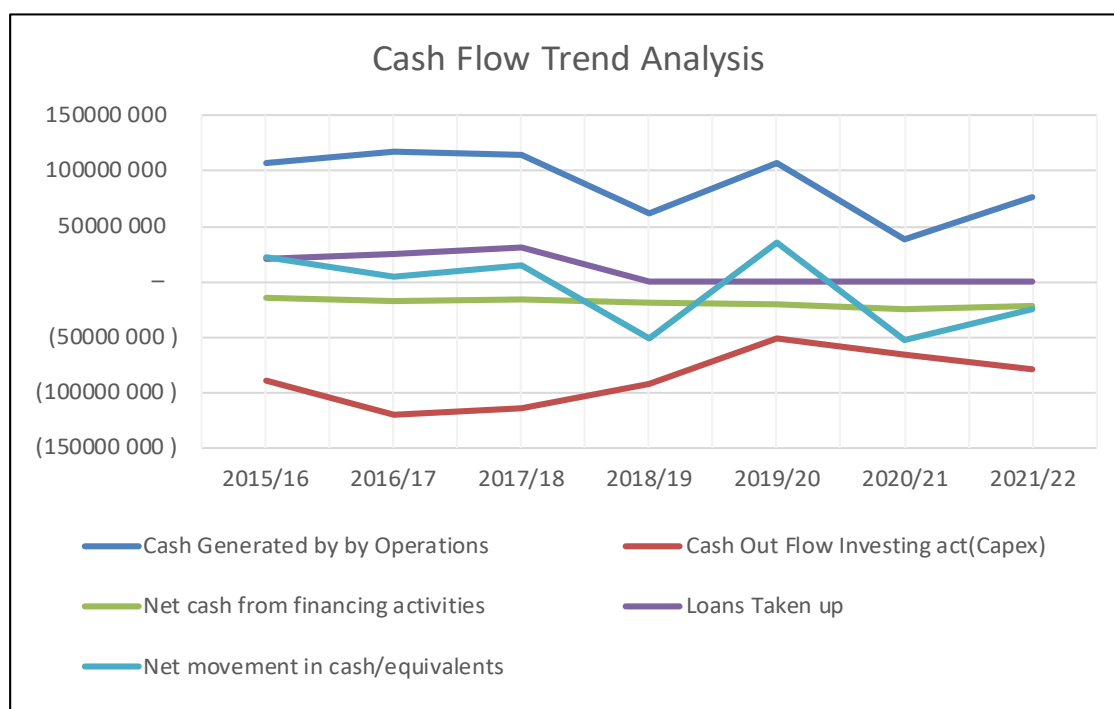


The table above illustrates bad budgeting techniques used to balance the budget as actual expenditure patterns and the budget for the expenditure do not correlate

### 4.1.3 Cash Flow Statement

Figure 5 below illustrates graphically certain trends in key financial data.

**Figure 6: Cash Flow analysis**



Cash generated by operations over the past 7 years reflect a negative trend, this is indicative of a low debtor's payment rate, coupled to excessive spending on both operational expenditure as well as capital spending from own resources. A general lack of restraint in spending decisions is evident in the expenditure patterns that has established itself.

The net movement in cash and cash equivalents started its decline in the 2016/2017 financial year and reached a negative peak during the 2018/2019, 2020/2021 and 2021/2022 financial years where R127 million in cash reserves were used to fund capital as well as operational activities. The capital expenditure exceeded cash inflows indicating clearly that the capital programme of Bitou Municipality was not cash backed.

#### 4.1.4 Financial Ratio Analysis

In order to measure the financial performance against industry norms and prescribed ratio's the following table is supplied for information purposes, it is clear from the table that the municipality finds itself in a less than ideal financial position and that the financial performance do not at all meet any standard norms nor best practices.

An explanation of the figures in the table hereunder are as follows:

**Debtors' collection rate** – As is evident from the table, there has been an under collection for the last 6 years, resulting in approximately R 600 million being forfeited, this is a massive blow to the liquidity position and resources to be used in service delivery have therefore not realised.

**Net debtor days** – The net debtor days seems within the norm yet the provision for irrecoverable debt having been deducted is skewing the ratio, it must be emphasized that the debtors before provision have increased by more than 160% over the last 7 years.

**Current ratio** – The current ratio is far below the norm with the **liquidity ratio even worse** when compared to the best practice norm, these ratios reiterate the fact that insufficient liquid resources are available to fund operations and capital investment, there is literally no room for error and no operational reserve available.

**Gearing ratio** – The gearing ratio is sound, yet it would be difficult to gear financing as the liquidity risk for lenders is high and concerning. The debt service cost ratio is reasonable, yet additional liquidity is necessary to service new debt taken up.

**Cost coverage** – The cost coverage ratio is well below the required safety buffer and there is therefore a very high associated going concern risk.

**Remuneration ratio** – This ratio remains at the high end of the norm and a rationalization of staff may be necessary to remedy the situation, there is very little to no room to appoint additional staff resources.

**Water and electricity losses** are costing the municipality approximately R26 million per annum in revenue lost and a concerted effort is necessary to curb the losses.

Indicator	Explanation	Norm	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Debtors Collection rate</b>	The Debtors payment percentage per annum	95%	104%	93%	83%	67%	71%	85%	84%
<b>Net Debtor days</b>	Number of days it takes to collect accounts due	30	37 days	113 days	43 days	40 days	38 days	32 days	32 days
<b>Current Ratio</b>	Current assets to current liabilities	3:1	2.07	1.78	1.95	1.57	1.44	1.06	1.22
<b>Liquidity ratio</b>	Liquid assets to current liabilities	2:1	1.18:1	1.06:1	1.06:1	0.74:1	0.81:1	0.45:1	0.28:1
<b>Gearing ratio</b>	Long term borrowing to total revenue	Max 40%	25%	25%	27%	20%	19%	16%	14%
<b>Cost coverage</b>	number of days cash available for operations	90 Days	1 Month	3 Month	3 Month	2 Month	3 Month	1 Month	1 Month
<b>Debt service cost ratio</b>	% that debt service cost represent of total expenditure	6% - 8%	6%	7%	6%	5%	5%	5%	5%
<b>Remuneration ratio</b>	% of Staff cost to total cost	35%	35%	41%	37%	37%	36%	36%	39%
<b>Electricity Distribution Losses (Percentage)</b>	% of unbilled electricity lost in distribution	8%	10%	8%	20%	16%	15%	21%	13%
<b>Water Distribution Losses (Percentage)</b>	% of water purified that is lost in distribution	15%	12%	8%	23%	29%	31%	36%	38%

## **5. CONCLUSION ON FINDINGS AND RATIO ANALYSIS**

From the aforementioned findings and analysis, the following is concluded:

- The municipality was not institutionally stable because of a lack of political stability as well as a lack of management continuity
- Municipal HR policies were not appropriately applied upon recruitment as well as salary and allowances determinations.
- Municipal policies, processes and procedures were not consistently followed in respect of a variety of transactions and processes.
- There was a lack of restraint in budgeting and spending decisions causing depletion of cash resources.
- There were various instances of fruitless and wasteful expenditure.
- Value for money considerations were not done in all procurement processes.
- Unauthorised, Irregular, Fruitless and Wasteful expenditure were not prevented.
- Consequence management was not applied consistently, if at all.
- Poor budget planning led to unfunded budgets and gave direction to financial distress.
- Uncontrolled spending is evident in certain expenditure items.
- Council was not appropriately advised on a variety of matters that may have led to Ultra-vires decisions being taken.
- Long term financial plans were discarded.
- Debt collection and credit control failed.
- Cash resources were depleted.
- Conditional grants were misappropriated.
- The rates base has not grown in the same proportion as expenditure and obligations.
- A proper funding mix strategy was not implemented for capital funding.
- Revenue enhancement processes failed dismally.
- A lack of co-operation, synergy and cohesion is evident in different departments.
- There was a breakdown in various internal controls as a result of management overrides.
- The financial decline started during the course of the 2017/2018 financial year and gained momentum in 2018/2019 where the municipality experienced its worst financial year in a decade, whereafter the downward spiral continued.
- There was a lack of management reporting to alert oversight bodies of the financial difficulties.
- Financial ratio analysis indicates a complete under-performance on cash, debtors, current and liquidity ratios.
- There is an immanent going concern risk as insufficient operational reserves are available in case of emergency or disaster.



## 6. METHODOLOGY IN DEVELOPING THE INSTITUTIONAL RECOVERY PLAN

The primary objective is to design and implement an Institutional Recovery Plan based on the challenges facing Bitou Municipality, which conform to the principles as set out in section 142 of the Municipal Finance Management Act (Act 53 of 2003). The Plan will address the financial and institutional issues, which have been identified by assessments that were undertaken the accounting officer as well as Senior and other Management. The objective of the Recovery Plan is to ensure service delivery that is sustainable, equitable, efficient, effective and affordable.

The ability of the municipality to manage the competing pressures arising from these challenges would appear to be fairly limited and must be taken care of in the Institutional Recovery Plan. The current financial position of the municipality underlines the urgency of developing a coherent, realistic, and credible strategic approach to manage its activities.

The key focus areas that should be addressed **are Strategic Leadership, Institutional Stabilisation and Transformation, Financial Management and Focused Sustainable Service Delivery.**

This report will mainly focus on the **Financial Management** aspects of such a plan but cannot be implemented in isolation of the other two focus areas namely Institutional Stabilisation and Service delivery.

## 7. STRATEGIC DIRECTION

The Bitou Municipality is facing significant fiscal and service delivery difficulties, which undermine the effective and efficient performance of its functions and mandate. More importantly these difficulties are becoming increasingly severe and unless focussed action is undertaken to address the underlying causes, Bitou Municipality will find it increasingly difficult to perform its mandate. Three (3) key priority areas that have been identified for the municipality require the implementation of strategic programmes which must be pursued in the short, medium, and long term.

**The three priority areas are:**

### 6.1 Strategic Leadership, Institutional Stabilisation, and transformation.

The political and administrative leadership of Bitou Municipality need to be positioned to manage competing demands for limited resources in a fair equitable and efficient manner.

**Key components of this approach must be to:**

- Maintain high standards of integrity, improving staff morale and enhancing community perception of the Municipality through more rapid decision making.
- Improve communication in Bitou Municipality of the Vision, strategy and programmes both internally and externally, to improve staff morale and manage expectations of the community.
- Draft and update all municipal policies, strategies and operational plans.
- Ensure that municipal activities, rules and procedures are consistent with relevant policies, legislations and by-laws.
- Conduct an organisational review in order to ensure that the organogram is aligned to the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) which is efficient, affordable and sustainable.

## **6.2 Focused and Sustainable Service delivery**

The delivery of municipal services in electricity, water, sanitation, refuse, roads and storm water is a key function of the Bitou Municipality. Approximately, 70 per cent of annual expenditure is dedicated to service delivery. Bitou Municipality faces significant service delivery challenges, including the roll out of services to informal and under serviced households, ensuring that adequate maintenance of assets occur, controlling the rising unit costs of service delivery, addressing future bulk supply shortages and ensuring adequate investment in economic infrastructure.

These challenges are made more difficult by high expectations from communities, decaying infrastructure, limited organisational capacity and resources.

### **Key components of this priority are to:**

- Review service delivery strategies and service levels. This includes seeking opportunities to service delivery partnerships and developing delivery plan and charter.
- Draft and update master plans in respect of all infrastructure related activities and update where current plans are found to be outdated.
- Review existing maintenance and replacement practices to reduce unit costs and ensure longer term returns on existing infrastructure.

- Develop a service delivery strategy for informal areas and for decaying or underserved urban areas.
- Ensure sufficient infrastructure and bulk services capacity is available to create an environment conducive for development and economic growth.
- Focus on Town Planning and Spatial Development.

Sustained service delivery is key in ensuring an effective, efficient and sustainable municipality.

## **8. IMPROVING FINANCIAL MANAGEMENT**

Bitou Municipality has a duty to improve financial management systems across expenditure, revenue and debt collection to determine the most effective way of solving its financial problems. The principal strategic objective of the Voluntary Financial Recovery Plan is to identify key areas and to set out specific intervention projects which will address the financial difficulties identified. The Plan will include mandatory parameters which will bind the Municipality in the preparation of future Budgets until a Long-Term Financial plan is adopted by the Council that will set out the future revenue, expenditure, capital and growth parameters.

### **Key components of this priority are to:**

- Review the current budgeting strategy and process as well as expenditure and management systems to ensure efficient and effective service delivery in line with Bitou Municipality priorities.
- Review revenue management systems to maximize revenue generation possibilities and improve revenue performance.
- Enhance levels of customer care, increase responsiveness to consumer billing.
- Review cash and debt management strategies and practices.
- Review internal controls and delegations regarding financial management.
- Implementing asset management through an integrated infrastructure and asset management plan.
- Review governance practices in the Supply Chain Management practices and implement proper controls and risk management practices.

- Conduct organizational redesign, review all job descriptions, and have job evaluations done and appropriate capacitation of BTO with skilled personnel.
- Review IT infrastructure and implement Accounting, Budget and Reporting Reforms.
- Review all short term and long-term liabilities as well as contingent liabilities and schedule the repayment of debt.

## **9. KEY DELIVERABLES TO ENSURE FINANCIAL SUSTAINABILITY**

In order ensure stability and remedy the poor financial practices within the municipality the following strategic projects need to be focussed on in the short, medium, and long term.

### **Programme 1: Budgeting and Expenditure Management**

#### **Key Deliverable Project:**

Review expenditure and management systems to ensure efficient and effective service delivery in line with Bitou Municipality priorities.

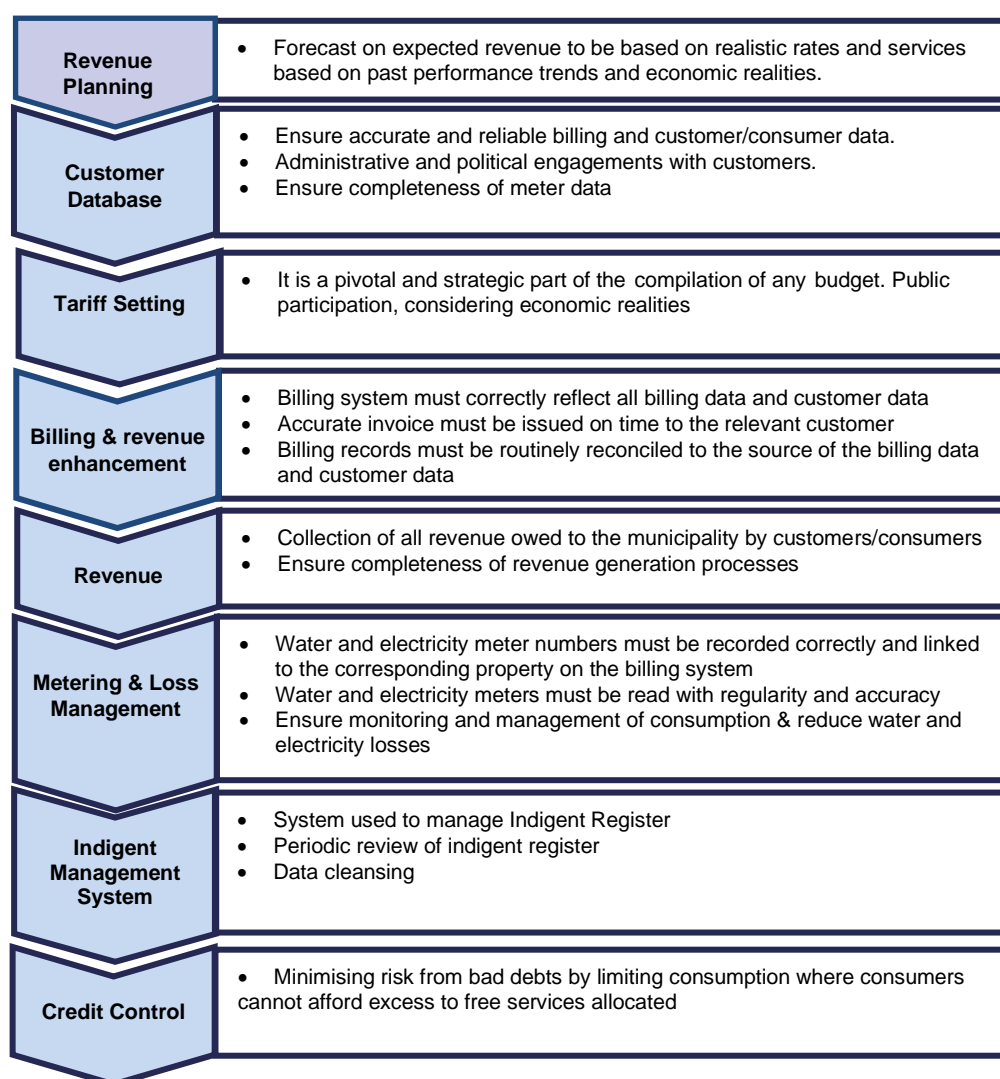
#### **Activities:**

- Revise, re-calculate and prepare a mid-year 2022/23 Adjustment Budget.
- Budget for and Develop a Long-Term Financial Plan (10 - 15 years which will link to the Vision and Strategy of the Municipality) inclusive of:
  - Predicting future municipal revenue
  - Estimating future operational expenditure
  - Determining future capital demand:
    - Asset replacement expenditure
    - New capital investment
  - Determining a funding model for future capital investment
  - Perform financial modelling inclusive of
    - Liquidity and ratio management
    - Recommendations to attain financial results

- Institutionalise pre-determined creditors payment dates and implement expenditure, creditors and cash flow management.
- Implement cost savings and austerity measures and ensure value for money considerations are made in all procurement activities.
- Review staff salaries benefits and allowances, focus on overtime, stand-by, retention and scarce skills allowances as well as other benefits.
- Reduce security cost that seem to be out of control.
- Implement Activity-Based Costing in order to determine inter-departmental costs associated with Trading Services as well as the true cost of services.

## Programme 2: Revenue Management

Focus on Revenue Management Value Chain



**Key Deliverable Project:**

Review revenue management systems to maximize revenue generation possibilities and improve revenue performance.

**Activities:**

- Perform a revenue enhancement provisional assessment.
- Draft and implement a revenue enhancement strategy and plan to improve revenue value chain by:
  - Performing a complete meter audit of metered services
  - Performing a physical verification of all services and service connection points
  - Reconciling the general valuation roll and ensuring that supplementary valuations are performed in a timely manner
  - Scrutinise building plan register to ensure that all additions and new buildings are valued appropriately
  - Performing debtor data analysis and cleansing
  - Engage in a loss control program to reduce unaccounted water and electricity losses
  - Performing a complete indigent verification process
  - Conducting on-site water demand management and loss control
  - Analysing electricity losses and draft a loss control program
  - Engage in meter replacement program
  - Develop cost reflective tariffs and apply cost-reflective tariff modelling.
  - Reviewing, analysing, and performing benchmarking of user tariffs to the industry norm
  - Complete an indigent verification process
- Enforce credit control and debt collection policy through:
  - Appropriate revenue collection systems that are aligned to the Municipal Systems Act and the revenue management and debt collection policies of the municipality.

- Accurate calculations and timeous reporting of revenue due and outstanding debtors on a monthly basis, thereby enabling appropriate monitoring and oversight of debt collection practices and timely action with regards to debt impairment; and
- Allocating sufficient staff/ capacity to proactively drive the revenue management and debt collection functions and policies, in order to intensify revenue collections.
- Develop a debt collection strategy inclusive of incentive scheme to ensure all debt billed is collected.

### **Programme 3: Customer Care**

#### **Key Deliverable Project:**

Enhance levels of customer care, increase responsiveness to consumer billing and other queries.

#### **Activities:**

- Improve community access points, if necessary, perform a cost benefit analysis of payment points and rationalise if necessary.
- Engage in a customer satisfaction survey
- Enhance the customer service call centre to ensure efficacy
- Set benchmarks for activities relating to complaints
- Set service level standards for customer responses

### **Programme 4: Cash Management**

#### **Key Deliverable Project:**

Review cash and debt management strategies and practices.

#### **Activities:**

- Determine cash requirements through the Long-Term Financial Plan
- Design and implement an effective grant management and monitoring system to ensure that conditional grants are only used for their intended purposes and not overspent

- Set aside augmentation fees, development charges and bulk services contributions as well as depreciation charges in cash for future infrastructure requirements.
- Daily management of cash-flow with weekly reporting
- Review long-term debt and restructure where economic benefits can be attained, draft a funding mix strategy for capital investment to protect own liquidity
- Set cash flow targets for the MTREF

## **Programme 5: Financial Controls**

### **Key Deliverable Project:**

Review internal controls and delegations regarding financial management.

### **Activities:**

- Ensure addressing of issues listed in the Audit action plan to finalise prior to the conclusion of the current audit
- Perform Risk analysis of municipality and implement risk management system
- Revise and implement internal systems of control to mitigate financial risks identified, especially in the service delivery and support departments.
- Review job description of finance staff to ensure appropriate supervision and segregation of duties
- Develop Standard operating Procedure Manuals for all audit cycles

## **Programme 6: Asset Management**

### **Key Deliverable Project:**

Implementing asset management through an integrated infrastructure and asset management plan.

### **Activities:**

- Review and update Asset Register.
- Perform assessment of the useful life of all infrastructure assets and GPS reference.
- Draft Review and implement Asset Procedure Manual.



- Draft asset maintenance plans for all asset categories.
- Perform a municipal strategic asset assessment programme.
- Update masterplans for all Infrastructure assets.
- Perform a land audit to identify all municipal assets.
- Perform performance assessment of all municipal properties.
- Draft a municipal asset management strategy inclusive of a performance and disposal framework.

## **Programme 7: Supply Chain Management**

### **Key Deliverable Project:**

Review governance practices in the Supply Chain practices and implement proper controls and risk management practices.

### **Activities:**

- Implement appropriate procurement planning
- Review all current service delivery and rental agreements
- Implement annual and multi-year contracts for provision of materials, spares and services.
- Review SCM Delegations
- Implement electronic procurement as well as contract management system
- Ensure appropriate property management and contract management.
- Review Supply Chain Management Policy
- Review Supply Management Chain Structure
- Develop and centralise online Procurement and Record Management System with a document checklist for each bid.
- Organise further training for all Bid Committees
- Develop standard operating procedures for all procurement cycles

## **Programme 8: Strategic Leadership, Institutional Stabilisation and Transformation**

### **Key Deliverable Project:**

Stability in council, fill management vacancies, conduct organizational redesign, compile all job descriptions and have job evaluations done.

### **Activities:**

- Review the organizational structure and placement of staff
- Review and reconsider municipal core functions and service delivery mechanisms
- Fill critical vacancies – CFO, HOD's and key management staff
- Capacitating and development of finance department staff
- Review all organizational policies processes and procedures
- Review and update all policies and By-laws (All departments)
- Review archiving and record keeping in compliance with National Archives Legislation, implement digital archiving system
- Implement a formal electronic compliance system to ensure full compliance with all legislation.
- Staffing of Budget and Treasury Office organogram with suitably qualified and experienced staff
- Capacitating and skills development of finance department staff and develop financial capacity in all departments

## **Programme 9: Accounting, IT and data management**

### **Key Deliverable Project:**

Review IT infrastructure and implement Accounting and Budget Reforms.

### **Activities:**

- Review IT infrastructure and develop and implement infrastructure replacement policy.

- Review IT infrastructure and develop and implement an IT infrastructure replacement policy
- Consider and determine the way forward with the current core financial system and plan for a fully integrated ERP system
- Review all computer-based programs and implement management monitoring and support systems.
- Internalise the IT management and staff establishment.

## **Programme 10: Liability management**

### **Key Deliverable Project:**

Review all liabilities current and non-current and devise a strategy to meet obligations in a timely manner in accordance with legislative requirements.

### **Activities:**

- Develop a funding mix strategy for future capital investment to ensure that sufficient liquid financial resources are available to fund operations as well as capital requirements over the medium to long term.
- Devise a gearing strategy as part of the funding mix strategy to adopt the principle of user pays for infrastructure that is established and refurbished.
- Ensure investment of conditional and other grant funding until conditions are met, and funds required for operations.
- Review all contractual obligations and ensure value for money

## **10. IMPLEMENTATION OF THE FINANCIAL RECOVERY PROGRAMME**

The Voluntary Financial Recovery Plan must be part of and be implemented as an inclusive approach in dealing with the dismal current financial position and performance over the last 5 years, it must focus on three specific areas within the Bitou Municipality namely, Institutional stabilisation, service delivery and financial management. Each focus area must consist of strategic projects with clear timeframes for completion and areas of responsibility. The various financial strategic programmes and projects are detailed in **Annexure A** attached.

The Chief Financial Officer will be responsible for the implementation of the financial recovery plan reporting to the Municipal Manager on the progress made with each identified project. The CFO will be assisted by the staff in the

budget and treasury offices in respect of the financial aspects of the recovery plan.

Heads of department will take responsibility for their areas of work/expertise and will provide monthly progress reports to the Municipal Manager.

### **Mandatory Limits and Budget Parameters**

The mandatory spending limits revenue targets and budgetary parameters, as required in terms of section 142(2)(b) of the MFMA (Act 56 of 2003) will need to be adopted by the Council as part of the voluntary financial recovery plan as it will guide the municipality in terms of financial limits, tariffs, spending and ratios in a structured manner.

These limits will remain enforceable and must be used as guidance when compiling the next MTREF. Once the financial recovery is attained in accordance with the targets set by the Council, the Long-Term Financial Plan will provide further guidance and strategy in respect of future spending and revenue raising targets.

## **11. RISKS ASSOCIATED WITH THE IMPLEMENTATION**

The successful implementation of the financial recovery plan has certain risks associated with the outcome, these need to be identified and mitigating processes be assigned to each project and be monitored. Some of the risks that have been identified are:

- Management continuity including the appointment and retention of Senior Management.
- Labour relation aspects associated with the review of the organizational structure
- The filling of critical senior vacancies in the Financial and service delivery Departments
- Supply Chain Management and Expenditure control must strictly be applied to avoid the continued, unauthorised, irregular, fruitless and wasteful expenditure practices.
- The ability of the Municipality to fund some of the intervention programmes remains a high risk as liquidity resources are depleted.
- The cash flow situation is hampering the recovery process in ensuring sustainability and the probability exists that the recovery could take long,

and it would take at least 5 years for the Municipality to reach a position of financial sustainability.

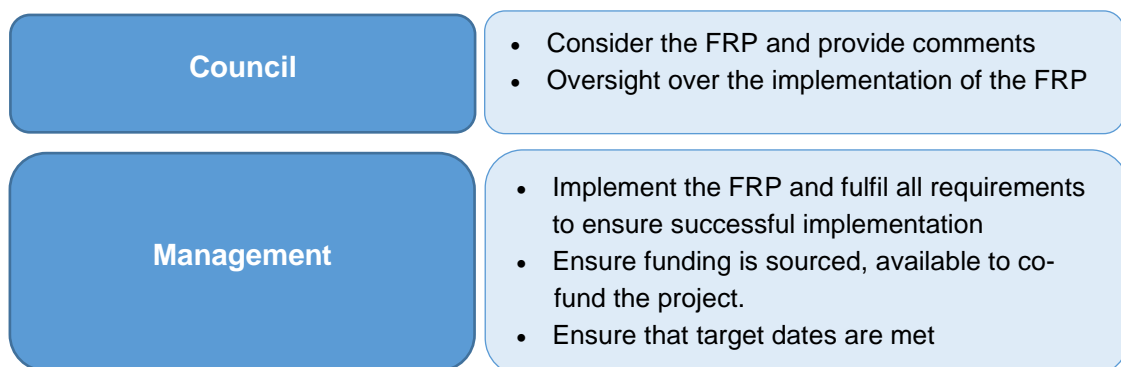
## 12. MONITORING

All decisions regarding implementation of the Voluntary Financial Recovery Plan will be undertaken by the Municipal Manager. It should be noted that the Financial Recovery Plan also includes medium to long-term activities that may last several years, and dedication and perseverance will be the key to success. The Municipal Manager must therefore also accept responsibility from the onset to ensure administrative continuity and dedication to the program.

## 13. ROLES AND RESPONSIBILITIES

The following roles and responsibilities are identified to ensure successful implementation of the Financial Recovery Plan (FRP):

**Figure 7: Roles and responsibilities**



## 14. CONCLUSION

This report clearly identifies the fact, that a holistic approach is required for the successful outcome of the voluntary intervention. This will ensure that Bitou Municipality is placed on a sustainable footing, resulting in an effective and efficient organisation that is financially stable and can provide services to the community on a sustainable basis. The holistic approach must include strategies that will deal with the 3 focus areas, namely Institutional stabilisation, financial management and focussed service delivery.

The financial recovery plan includes a project that will deal with the long-term Financial Plan for the Bitou Municipality which will cover a period extending over a 10 to 15-year period. This will ensure a more coherent approach to strategic financial management which is current lacking in the Municipality.

The Financial Recovery Plan may be amended by the municipal council as actual results and implementation dates and resources are not achievable or obtainable within the required timeframe.

Considering the current dismal financial position, the success of the recovery plan will be highly dependent on the availability of resources to fund the intended interventions and the municipality will rely heavily on assistance from all stakeholders in this regard.

## **15. RECOMMENDATION BY THE MUNICIPAL MANAGER**

1. That Council take note of the content of the financial analysis presentation attached as Annexure "D"
2. That Council notes of the content of the voluntary recovery plan submitted herewith.
3. That the Council support and approve the voluntary recovery plan submitted including the detailed programs as per Annexure "A" and the mandatory financial limits, ratios and budget parameters included in Annexure "B"
4. That Council take note of the provisional costing of the recovery plan as attached per Annexure "C" and that provision be made to fund the most critical elements contained therein where possible upon the mid-year revision of the budget.
5. That progress reports on the implementation of the voluntary recovery plan be submitted to the Council on a quarterly basis.

**Voluntary recovery plan drafted, and financial analysis done by:**

**F M Lötter**  
**Acting Chief Financial Officer**  
**Bitou Municipality**

**Supported by:**

**M MEMANI**  
**MUNICIPAL MANAGER**  
**BITOU LOCAL MUNICIPALITY**

## ANNEXURE A: DETAILED IMPLEMENTATION PLAN

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
<b><u>Programme 1</u></b> <b>Budgeting and Expenditure Management</b>	Review budgeting process, principles and strategy as well as expenditure management systems to ensure efficient and effective service delivery in line with Bitou Municipality priorities.	Revise, recalculate and prepare a 2022/2023 adjustments budget	Finance	Nov 2022	Feb 2023	Adjustment budget completed	
		Developing long-term Financial Plan to inform budget and financial operational planning	Finance	June 2023	Dec 2023	Adopted LTFP	
		Implement cost savings and austerity measures in all areas	All Departments	Nov 2022	Feb 2023	Cost savings implemented	
		Institutionalise pre-determined creditors payment dates and implement cash flow management	Finance	Nov 2022	Feb 2023	Fixed creditors payment dates determined cash flow management	
		Review staff salaries and benefits/allowances	MM/CFO/H R	Oct 2022	Mar 2023	Rational salary expenditure limits	
		Reduce Security cost	HOD Comm	Sept 2022	Oct 2022	Cost savings	Started
		Implement Activity Based Costing to determine inter-departmental costs associated with Trading Services	Finance	June 2023	Dec 2023	Activity based costing Model implemented	

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
<b><u>Programme 2</u></b> <b>Revenue Management</b>	Review revenue management systems to maximize revenue generation possibilities and improve revenue performance	Draft and implement revenue enhancement strategy and plan to improve revenue value chain	Finance	Jul 2023	Sep 2023	Completed revenue enhancement strategy	Funding to be sourced
		Execute revenue enhancement program	Finance	Jul 2023	Jun 2026	Improved revenue generation	Started in house
		Complete supplementary valuations	Finance	Sept 2022	Jun 2023	Increase in revenue base	
		Perform complete meter audit of metered services, implement a loss control program for water and electricity	Finance and Engineering	Jul 2023	Jun 2024	Completed meter audit and corrections done on FMS	
		Perform a physical verification of all services and service connection points	Engineering and Building control	Jul 2023	Jun 2025	Physical verification of services completed	
<b>Revenue Management</b>	Data cleansing and analysis and cost reflective tariff setting	Perform debtor data analysis and cleansing	Finance	Jan 2023	Jun 2025	Accurate and verified debtor data	
		Perform a complete indigent verification process	Finance	Jul 2023	Jun 2024	Completed and verified indigent register	In process
		Engage in meter replacement program	Finance & Engineering	Jan 2023	Jun 2025	All non-accessible meters replaced	



Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
		Undertake a cost reflective tariff modelling and revision of all fees and charges	Finance	Jul 2023	Jun 2024	Cost reflective tariffs for all services	
		Review, analyse and perform benchmarking of user tariffs to the industry norm	Finance	Jan 2023	March 2023	Implement financially viable and sustainable tariffs	
<b>Revenue Management</b>	Credit control and debt collection strategy	Enforce credit control and debt collection policy	Finance	Immediate	Continuous	Debtors' collection rate of 95%	Continuous
		Implement appropriate revenue collection systems	Finance	Immediate	Continuous	Improved collection rate	
		Accurate calculations and timeous reporting of revenue due and outstanding debtors on a monthly basis	Manager Revenue	Immediate	Continuous	Improved revenue forecasting and accurate reporting	Work in progress
		Allocate sufficient staff/ capacity to proactively drive the revenue enhancement, management and debt collection functions and policies to improve revenue collection.	MM, Acting CFO	Jan 2023	Continuous	Improved revenue management and debt collection	In process

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
<b><u>Programme 3</u></b> <b>Customer Care</b>	Enhance levels of customer care, increase responsiveness to consumer billing and other queries	Improve community access points, perform a cost benefit analysis i.r.o. payment facilities	Finance Corporate	Nov 2022	Jun 2023	Accessible complete service points, rationalise unnecessary service points	
		Engage in a customer satisfaction survey	Finance Corporate	Jul 2023	Sept 2023	Completed customer survey	
		Enhance the customer service call centre efficacy	Corporate	Sept 2022	Jun 2023	Customer call centre established	
		Set benchmarks for activities relating to complaints/queries	Finance Corporate	Sept 2022	Dec 2022	Benchmark document drafted	
		Set service level standards for customer responses	Finance Corporate	Jan 2023	Jun 2023	Service level agreement with communities concluded	

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
<b><u>Programme 4</u></b> <b>Cash Management</b>	Review cash and debt management strategies and practices	Determine cash requirements through the LTFP	Finance	Jun 2023	31 March 2024	Approved Long term financial plan	
		Implement cash flow planning and monitoring	Finance	Aug 2022	Ongoing	Improved cash position	Ongoing
		Design and implement an effective grant management and monitoring system to ensure that conditional grants are only used for their intended purposes	MM, CFO, BTO Manager	Aug 2022	Ongoing	Conformance to conditional grants conditions and management thereof.	Work in progress
		Daily management of cash-flow with weekly reporting to the CFO	CFO	Aug 2022	Ongoing	Achieving a positive cash coverage ratio by 30 June 2023 and > 2 month's coverage over the medium-to long-term.	Work in progress
		Set cash flow targets for the MTREF	Finance	Jan 2023	31 Mar 2023	Attainable cash flow targets set for the MTREF	
<b><u>Programme 5</u></b> <b>Financial Controls</b>	Review internal controls and delegations regarding financial management	Draft 2021/2022 Audit Plan (OPCAR)	Finance	Sept 2022	Jan 2023	Audit action plan addressing all audit findings for 2021/2022	
		Implement 2021/2022 Audit Plan (OPCAR)	Finance	Jan 2023	30 Jun 2023	Corrective action implemented for all	

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
						audit findings of 2021/2022	
		Implement internal controls to mitigate financial risks	Finance & Risk Management	Oct 2022	30 Jun 2023	All internal controls reviewed and implemented	
		Review job description	Finance	Jan 2023	Jun 2023	Job descriptions reviewed for all finance staff members	
		Develop/update standard operating procedure manuals for all finance functions	Finance	Jan 2023	Jun 2024	Standard operating procedures developed and implemented for all finance related activities	
<b>Programme 6 Asset Management</b>	Implementing asset management through an integrated infrastructure and asset management plan.	Review and update Asset Register	All	1 Jan 2023	31 Jul 2023	Updated FAR	
		Perform assessment of the useful life of all infrastructure assets and GPS reference where possible	Engineering	Nov 2022	Jun 2023	FAR with reviewed useful lives	
		Draft/review and implement Asset Procedure Manual	All	Jan 2023	Jun 2023	Asset procedure manual drafted and implemented in all departments	

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
		Draft asset maintenance plans for all asset categories	All	Jan 2023	Jun 2024	Asset maintenance plans drafted	
		Perform a municipal strategic asset assessment programme	All departments	Jan 2023	Jun 2023	Assets identified, performance assessed, and management program drafted	
		Update master plans for all infrastructure assets	All	Jan 2023	Jun 2024	Master plans updated for all infrastructure services	
		Perform a land audit to identify all municipal assets	All	Oct 2022	Feb 2023	Municipal land audit completed, and register updated	
		Draft a municipal asset management strategy inclusive of a performance and disposal framework	All	Jan 2023	Jun 2023	Asset management strategy and disposal framework drafted	
<b><u>Programme 7</u></b> <b>Supply Chain Management</b>	Review governance practices in the Supply Chain practices and implement proper controls and risk management practices.	Review SCM Policy and Delegations	CFO/MM	1 Nov 2022	31 Dec 2022	System of delegations approved	
		Institutionalise Procurement planning	All Dept's	1 Oct 2022	Continuous	Timely procurement commencement	
		Review Supply Chain Management Policy	Finance	Mar 2023	May 2023	Updated SCM Policy	

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
		Implement Electronic contract management system	Finance	Sept 2022	Feb 2023	A functioning online electronic SCM system	In process
		Develop and centralise online Procurement and Record Management System with checklists for all documents	Finance	Sept 2022	31 Mar 2022	Electronic SCM system implemented	
		Review all term agreements for value for money considerations	All Dept's / SCM	Oct 2022	Dec 2022	Value for money attained in all obligations	
		Organise further training for all Bid Committees	Finance	Sept 2022	Jan 2023	Trained Bid committees	
		Develop standard operating procedures for all procurement processes	Finance	Nov 2022	Jan 2023	SOP's Developed and implemented	
<b><u>Programme 8</u></b> <b>Institutional stabilization</b>	Stability in council, fill management vacancies, conduct organizational redesign, compile all job descriptions and have job evaluations done	Review the Organizational structure and place staff in accordance with newly approved organogram	MM	Jul 2022	Dec 2022	Right fit approved organogram	In process
		Fill critical vacancies – Chief Financial Officer, HODs and key management staff	MM	Sept 2022	Jan 2023	Key management positions filled	In Process
		Capacitating and development of finance department staff	Finance	Sept 2022	Ongoing	Fully capacitated and trained staff to	In process

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
						work independent from consultants	
		Review all HR and organizational policies processes and procedures	Corporate services	Oct 2022	Jun 2023	Employee handbook developed containing all HR policies, procedures and processes	In process
		Review archiving and record keeping and implement best practices inclusive of digitising records for the entire organization	Corporate services	Jan 2023	30 Jun 2023	Updated Archive system	
		Implement a formal electronic compliance system	MM Office	01 Sep 2022	31 Dec 2022	Electronic compliance system	

Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
<b><u>Programme 9</u></b> <b>Accounting IT and Data Management</b>	Review IT infrastructure and implement Accounting and Budget Reforms	Review IT infrastructure and develop and implement infrastructure replacement policy	Corporate	1 Nov 2022	31 Mar 2023	IT infrastructure replacement policy developed	
		Establish and institutionalise an IT Steering committee	All	Aug 2022	Continuous	IT Steering committee established and operational	In process
		Establish mSCOA Steering Committee and implement reforms	Finance and All Departments	1 Nov 2022	Continuous	mSCOA Regulations complied with	
		Consider and determine the way forward with current core financial system, plan to migrate to a fully integrated ERP system	All	1 Oct 2022	30 Jun 2023	IT strategy setting out the way forward towards ERP	
		Review all computer programs implement/enhance management monitoring and support systems	Corporate	Jan 2023	Jun 2023	Library of computer programs compiled with migration plan to ERP	
		Internalise IT Staff requirements	IT/Corp	Oct 2022	Jun 2023	In-House IT staff structure	Started



Priority Area	Key Deliverable Project	Activities	Responsible Department	Start date	End date	Outcome	Status
<b><u>Programme 10</u></b> <b>Liability management</b>	Review all liabilities current and non-current and devise a strategy to meet obligations in a timely manner in accordance with legislative requirements	Develop a funding mix strategy for capital investment	CFO	1 Nov 2022	31 Mar 2023	Approved funding mix strategy for MTREF and beyond	
		Devise Gearing strategy in accordance with user pays for services principle as part of funding mix	Finance	1 Nov 2022	31 Mar 2023	Gearing strategy to suit funding mix and protect liquidity	
		Ensure appropriate register for and investment of conditional grants	Finance	1 Sep 2022	Ongoing	Completed Investment and conditional grant register	

## ANNEXURE B: MANDATORY LIMITS AND BUDGET PARAMETERS

FUNCTIONAL AREA	ACTIVITY	BUDGET 2023/2024	BUDGET 2024/2025	BUDGET 2025/2026	COMMENTS
Budget Management	1. Tariff Setting: - Electricity Water Refuse Sanitation Rates Miscellaneous Tariffs 2. Revenue Collection 3. Expenditure Targets: Salaries & Wages Maintenance Other Expenditure (Increase) Capital Grants spending	NERSA % CPI + 2 CPI + 2 CPI + 2 CPI + 4 Redetermination 95% 38% 5% of budget expenditure Zero based budget use CPI and PPI as Guide 100%	NERSA % CPI + 4 CPI + 4 CPI + 4 CPI + 4 CPI +2 96% 37% 6% of budget expenditure CPI /PPI + 1% 100%	NERSA % CPI + 4 CPI + 4 CPI + 4 CPI + 4 CPI +2 97% 37% 8% of budget expenditure CPI / PPI+1% 100%	NERSA Guideline only These are the minimum tariff increases yet cost reflective tariffs will be determined % Of total expenditure Use NT growth parameter, CPI & PPI combination, actual cost drivers
Asset Management/ Utilisation	1. Capital Expenditure to Total Expenditure 2. Repairs and Maintenance as a % of total expenditure budget	7% - 10% 5%	10% - 12% 6%	12% - 15% 8%	Determine actual maintenance through costing
Debtors Management	1. Collection Rate 2. Bad debts Written-Off as % of Provision for Bad Debt 3. Net Debtors Days	95% 100% 40 days	96% 100% 35 days	97% 100% 30 days	

FUNCTIONAL AREA	ACTIVITY	BUDGET 2023/2024	BUDGET 2024/2025	BUDGET 2025/2026	COMMENTS
Liquidity Management	1. Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants) 2. Current Ratio	1 – 3 months 1:1	1 – 3 months 1.5 :1	1 – 3 months 2 : 1	
Liability Management	1. Capital Cost (Interest paid and Redemption) as a % of Total Operating Expenditure 2. Debt (Total Borrowings)/Revenue	5% - 6% 14%-16%	6% - 7% 16% - 19%	7% - 8% 19% - 22%	
Expenditure Management	1. Creditors Payment Period (Trade Creditors) 2. Contracted Services % of Total Operating Expenditure	30 days 10% - 15%	30 days 10% - 14%	30 days 10% - 12%	Any valid payment due older than 30 days must have an agreement with supplier as to the terms of payment
Budget Implementation	1. Capital Expenditure Budget Implementation Indicator 2. Operating Expenditure Budget Implementation Indicator 3. Operating Revenue Budget Implementation Indicator 4. Service Charges and Property Rates Revenue Budget Implementation Indicator	95% - 100% 90% - 95% 95% - 98% 95% - 98%	95% - 100% 95% - 96% 98% - 99% 98% - 99%	95% - 100% 96% - 98% 98% - 100% 98% - 100%	

FUNCTIONAL AREA	ACTIVITY	BUDGET 2023/2024	BUDGET 2024/2025	BUDGET 2025/2026	COMMENTS
Distribution Losses	1. Electricity Distribution Losses (Percentage) 2. Water Distribution Losses (Percentage)	12% - 10% 38% -30%	10% - 9% 30% - 25%	9% - 7% 25% - 18%	
Sustainability	1. Level of Cash Backed Reserves (Capital Replacement) 2. Short term provisions 3. Operating reserve	100% 0% 1 month	100% 10% 45 Days	100% 15% 2 months	

## ANNEXURE C: COSTING THE RECOVERY PLAN

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b><u>Programme 1</u></b> <b>Budgeting and Expenditure Management</b>	Review budgeting process, principles and strategy as well as expenditure management systems to ensure efficient and effective service delivery in line with Bitou Municipality priorities.	Revise, recalculate and prepare a 2022/2023 adjustments budget	None	None	None	None	Internal
		Developing long-term Financial Plan to inform budget and financial operational planning	R850 000	R 850 000	R 100 000	R 100 000	PT & Internal
		Implement cost savings and austerity measures in all areas	None	None	None	None	Internal
		Institutionalise pre-determined creditors payment dates and cash flow management	None	None	None	None	Internal
		Review staff salaries and benefits/allowances	None	None	None	None	Internal
		Reduce Security cost	None	None	None	None	Internal
		Implement Activity Based Costing to determine inter-departmental costs associated with Trading Services	R250 000	None	R 250 000	None	FMG

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b><u>Programme 2</u></b> <b>Revenue Management</b>	Review revenue management systems to maximize revenue generation possibilities and improve revenue performance	Draft and implement revenue enhancement strategy and plan to improve revenue value chain	R150 000	R150 000	None	None	Internal/PT
		Execute revenue enhancement program	R6 000 000	R 500 000	R 3 500 000	R 2 000 000	PT & Internal
		Complete supplementary valuations	R 600 000	R200 000	R200 000	R200 000	Internal/Revenue
		Perform complete meter audit of metered services, implement a loss control program for water and electricity	R2 500 000	R500 000	R1 000 000	R1 000 000	Internal/Revenue
		Perform a physical verification of all services and service connection points	Part of Revenue enhancement cost				PT & Internal
		Perform debtor data analysis and cleansing	Part of Revenue enhancement cost				PT & Internal
		Perform a complete indigent verification process	R 50 000	R25 000	R25 000	None	Internal
		Engage in meter replacement program	R7 500 000	R500 000	R3 000 000	R4 000 000	PT/Internal/Borrowing

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
		Undertake a cost reflective tariff modelling and revision of all fees and charges	R150 000	None	R 150 000	None	PT FMSG
		Review, analyse and perform benchmarking of user tariffs to the industry norm	None	None	None	None	Internal
<b><u>Programme 2</u></b> <b>Revenue Management</b>	Credit control and debt collection strategy	Enforce credit control and debt collection policy	None	None	None	None	Internal
		Implement appropriate revenue collection systems	R250 000	None	R250 000	None	Internal / PT/FMG
		Accurate calculations and timeous reporting of revenue due and outstanding debtors on a monthly basis	None	None	None	None	Internal
		Allocate sufficient staff/ capacity to proactively drive the revenue enhancement, management and debt collection functions and policies to improve revenue collection.	R400 000 Staff Cost	R400 000	None	None	Operational Budget

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b>Programme 3 Customer Care</b>	Enhance levels of customer care, increase responsiveness to consumer billing and other queries	Improve community access points	To be Determined				Internal/Borrowing
		Engage in a customer satisfaction survey	R200 000	None	R200 000	None	Internal
		Enhance the customer service call centre efficacy	None	None	None	None	Internal
		Set benchmarks for activities relating to complaints	None	None	None	None	Internal
		Set service level standards for customer responses	None	None	None	None	Internal



Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b><u>Programme 4</u></b> <b>Cash Management</b>	Review cash and debt management strategies and practices	Determine cash requirements through the LTFP	None	None	None	None	Internal
		Implement cash flow monitoring	None	None	None	None	Internal
		Design and implement an effective grant management and monitoring system	None	None	None	None	Internal
		Daily management of cash-flow with weekly reporting to the CFO	None	None	None	None	Internal
		Set cash flow targets for the MTREF	None	None	None	None	Internal

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b><u>Programme 5</u></b> <b>Financial Controls</b>	Review internal controls and delegations regarding financial management	Draft 2021/2022 Audit Plan (OPCAR)	None	None	None	None	Internal
		Implement 2021/2022 Audit Plan (OPCAR)	None	None	None	None	Internal
		Review all financial controls and SOP's to mitigate risk and financial losses	None	None	None	None	Internal

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b><u>Programme 6</u></b> <b>Asset Management</b>	Implementing asset management through an integrated infrastructure and asset management plan.	Review and update Asset Register	R 3 285 000	R1 111 500	R1 044 000	R1 129 500	Internal
		Perform assessment of the useful life of all infrastructure assets and GPS reference where possible	R3 550 000	R1 000 000	R1 200 000	R1 350 000	Internal
		Draft/review a municipal asset management strategy and implement Asset Procedure Manual inclusive of a performance and disposal framework.	R100 000	Zero	R100 000	Zero	Internal
		Perform a municipal strategic asset assessment programme	R100 000	Zero	R100 000	Zero	Internal
		Update master plans for all infrastructure assets and draft asset maintenance plans	R3 500 000	Zero	R2 000 000	R1 500 000	Internal/DBSA
		Perform a land audit to identify all municipal assets	R20 000	R20 000	Zero	Zero	Internal

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b><u>Programme 7</u></b> <b>Supply Chain Management</b>	Review governance practices in the Supply Chain practices and implement proper controls and risk management practices.	Review Supply Chain Management Policy & Delegations	None	None	None	None	Internal
		Implement electronic Contract Management system.	R250 000	Zero	R250 000	Zero	FMG/Internal
		Develop and implement an electronic Supply chain management system, centralise online procurement and records management system with checklists for all documents	R250 000	R250 000	Zero	Zero	Internal
		Organise further training for all Bid Committees	R50 000	R50 000	Zero	Zero	Internal/PT
		Review all term agreements for value for money considerations	None	None	None	None	Internal
		Develop standard operating procedures for all procurement cycles	None	None	None	None	Internal

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b>Programme 8 Institutional stabilization</b>	Stability in council, fill management vacancies, conduct organizational redesign, compile all job descriptions, and have job evaluations done	Review the Organizational structure and place staff in accordance with newly approved organogram	None	None	None	None	Internal
		Fill critical vacancies – Chief Financial Officer, HODs and key management staff	As per Budget	As per Budget	As per Budget	As per Budget	Internal
		Capacitating and development of finance department staff	None	None	None	None	Internal
		Review all HR and organizational policies processes and procedures	None	None	None	None	Internal
		Review archiving and record keeping and implement best practices inclusive of digitising records for the entire organization	To be determined	As per Budget	As per Budget	As per Budget	Internal
		Implement a formal electronic compliance system	R150 000	R50 000	R50 000	R50 000	Internal

Priority Area	Key Deliverable Project	Activities	Cost Estimate	2022/2023	2023/2024	2024/2025	Proposed Funding Source
<b><u>Programme 9</u></b> <b>Accounting IT and Data Management</b>	Review IT infrastructure and implement Accounting and Budget Reforms	Review IT infrastructure and develop and implement infrastructure replacement policy	None	None	None	None	Internal
		Determine the way forward with current core financial system, plan to migrate to an integrated ERP system	R1 200 000	Zero	R600 000	R600 000	Internal
		Review all computer programs implement/enhance management monitoring and support systems	R300 000	Zero	R150 000	R150 000	Internal
		Internalise staff structure	To be funded from outsources services budget, no additional cost				
<b><u>Programme 10</u></b> <b>Liability management</b>	Review all liabilities current and non-current and devise a strategy to meet obligations in a timely manner in accordance with legislative requirements	Develop a funding mix strategy for capital investment	None	None	None	None	Internal
		Prepare a gearing strategy in accordance with user pays for services principle as part of funding mix linked to cost recovery in tariff setting	None	None	None	None	Internal
		Ensure appropriate register for and investment of conditional grants	None	None	None	None	Internal

## ANNEXURE D: SUMMARY OF COST

Description	Cost Estimate	2022/ 2023	2023/ 2024	2024/ 2025
Program 1 - Expenditure Management	1 100 000	850 000	350 000	100 000
Program 2 - Revenue Management	17 600 000	2 275 000	8 125 000	7 200 000
Program 3 - Customer Care	200 000	None	200 000	None
Program 4 - Cash Management	None	None	None	None
Program 5 - Financial Controls	None	None	None	None
Program 6 – Asset management	10 555 000	2 131 500	4 444 000	3 979 500
Program 7 - Supply Chain Management	550 000	300 000	250 000	None
Program 8 - Institutional stabilization	150 000	50 000	50 000	50 000
Program 9 – Accounting, IT and Data Management	1 500 000	None	750 000	750 000
Program 10 - Liability management	None	None	None	None
<b>Total cost to fund the financial recovery plan</b>	<b>31 655 000</b>	<b>5 606 500</b>	<b>14 169 000</b>	<b>12 079 500</b>



# BITOU MUNICIPALITY

Annexure B

"To be the best together - Om saam die beste te wees - Sobalasela Sisonke"



BITOU MUNISIPALITEIT



UMASIPALA WASE BITOU

# Content



- General Information and disclaimer
- Historical information 2012
- Information 2022
- The Issues Identified
- Long Term Financial Plan
- Financial Ratio analysis
  - Financial Position
  - Revenue
  - Expenditure
  - Cash flow
- Other Matters
- Elements for turnaround
- Where we need to be
- The way forward – Financially
- Q & A



# General Information and Disclaimer



- The presentation hereafter is a representation of the facts extracted from official financial reports and results.
- Deductions were made from said information and conclusions were made based on financial comparative analysis, norms, standards and best practice benchmarks.
- In-depth knowledge and first hand experience from the author was used in conclusions made after measurement against industry norms and practices.
- The information disclosed are not intended to expose any person, party or to allege wrongdoing by any individual or organization whatsoever.

# Bitou Historical Information 2012



- Service delivery disruptions after political changeover.
- Management structure vacated
- Huge amount of institutional knowledge lost.
- Loss of documents through arson.
- Huge financial challenges:
  - Cash deficit of R 15,9 Million
  - Low debtors collection rate 89%
  - Cash reserves depleted, excessive spending prior to election R123 Mil of reserves spent
  - Negative current ratio (Current assets vs. current liabilities) (0.69:1) should be (2:1)
  - Conditional grants were misappropriated R30 Mil
  - Unpaid statutory contributions R1,7 Mil
  - Non-value for money spending ± R40 Mil

# Information 2022



- Service delivery disruptions after LG Elections. ✗
- Management structure vacated ✓
- Huge amount of institutional knowledge lost. ✓
- Loss of documents through arson. ✗
- Huge financial challenges:
  - Cash deficit of R 15,9 Million ✓
  - Low debtors collection rate 89% ✓ - Even worse now
  - Cash reserves depleted, excessive spending prior to election R123 Mil of reserves spent ✓ Worse
  - Negative current ratio (Current assets vs. current liabilities) (0.69:1) should be (2:1) ✓
  - Conditional grants were misappropriated R30 Mil ✓
  - Unpaid statutory contributions R1,7 Mil ✓
  - Non-value for money spending ± R40 Mil ✓

# The Issues Identified

- Battle for political control – R5 Million wasted
- Battle with MEC regarding appointments – R 6 Million wasted
- Critical management vacancies institutional knowledge lost
- Lack of restraint in budgeting and spending decisions
- UIFW expenditure excessively high Senior managers instructed unauthorised exp.

Financial ratios and norms	Norm	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Audited
Irregular, Fruitless and Wasteful and Unauthorised Expenditure/Total Operating Expenditure	0%	3%	9%	37%	23%	11%

- Budget force balanced 2020/2021, 2021/2022 not realistic
- Budget not appropriately approved
- Overspending on conditional grants – Housing R17 – 35 Million
- Services deteriorating, roads, municipal facilities not maintained.
- Fiduciary responsibilities not performed council not appropriately advised
- Revenue budget overstated R5 Million
- Expenditure budget under-estimated

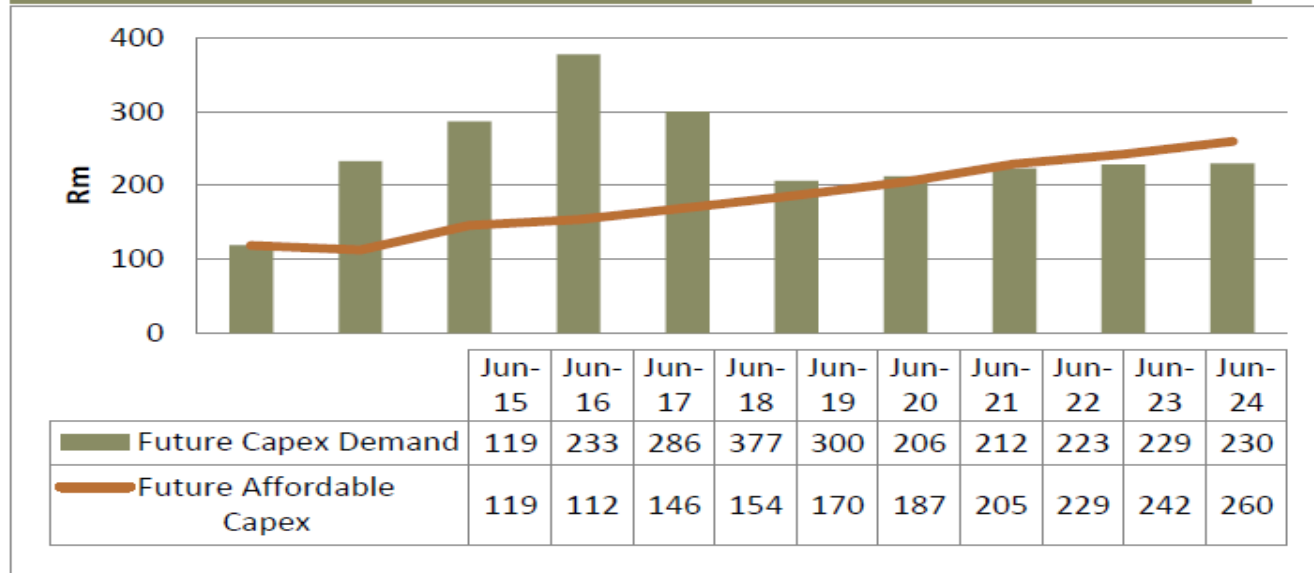
# The Issues Identified



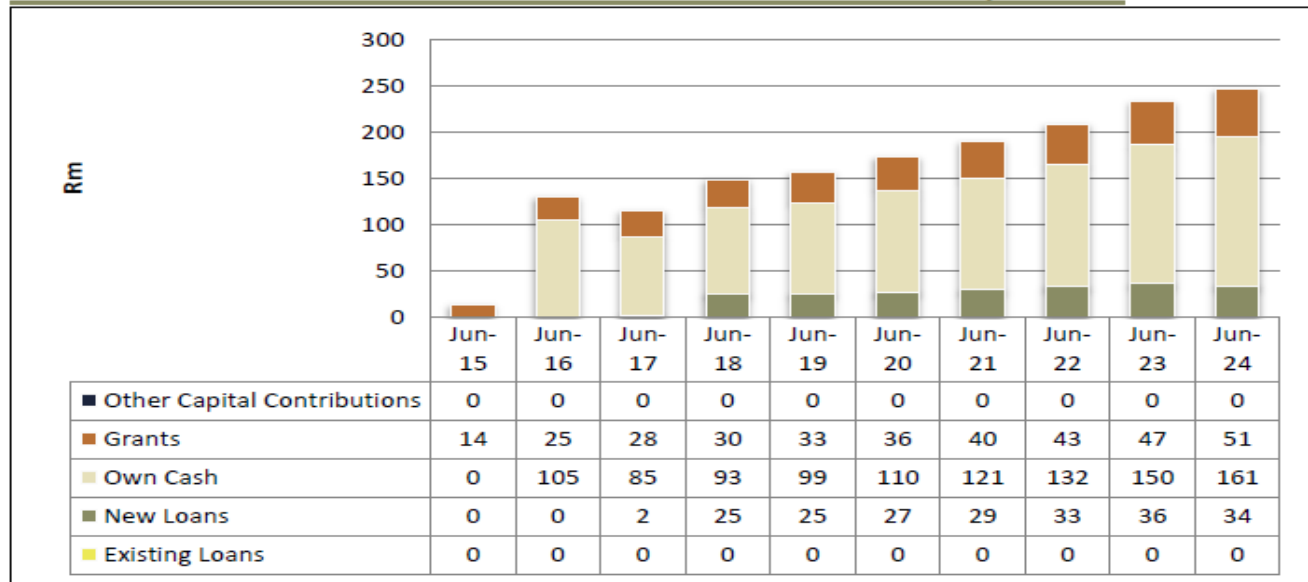
- Audit opinion regressed from clean 2016/2017 to unqualified, not yet clean again
- Systems, policies and processes, SOP's not appropriately designed, communicated and implemented
- Right-fit Staff not appointed, skills, expertise and knowledge are lacking
- Overtime, Standby and other allowances spiralled out of control
- Debt collection and credit control failed
- Provision for irrecoverable debt amounted to R600 Million from 2017/2018
- Conditional grants lost due to under spending
- Socio economic profile, high indigent and unemployment hampers progression
- The Long term financial plan was discarded
- Community has lost trust in the municipality
- Tariffs are not cost reflective resulting in PPE not functioning (refuse trucks)
- Investigations, fraud theft, corruption
- Reserves not cash backed, CRR depleted through over reliance, no borrowing
- Danger pay during covid only 2 municipalities in the whole province paid R4.6 Mil
- Unnecessary purchases from inventory 3000 meters – R 6 Million
- All cash resources depleted

# LTFP 2015

**GRAPH 13: BITOU LM: CAPITAL EXPENDITURE DEMAND VS AFFORDABILITY, RM P.A.**



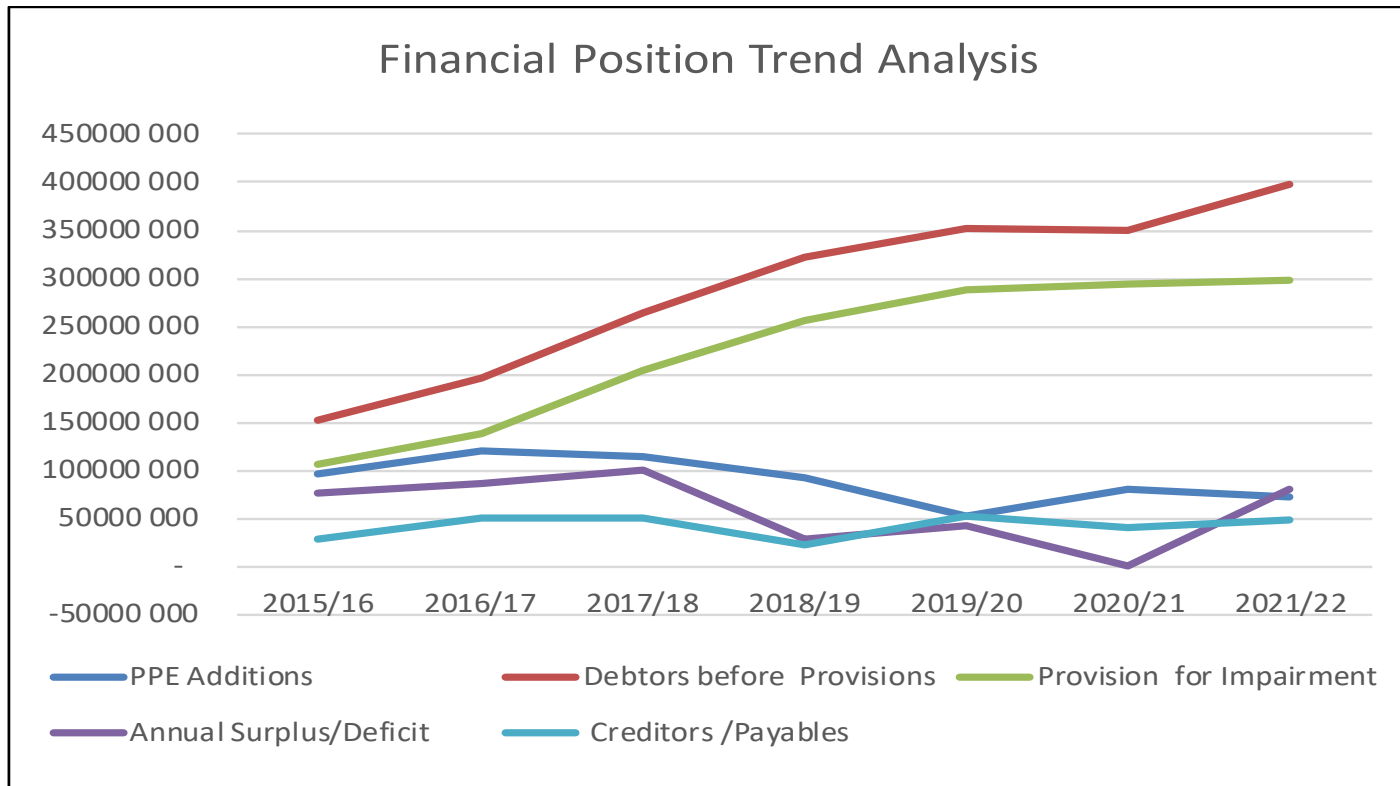
**GRAPH 14: BITOU LM: FUNDING OF FUTURE CAPITAL INVESTMENT, RM P.A.**



# Financial Trend Analysis

	Column1	Financial Year	Financial Year	Financial Year	Financial Year 4	Financial Year 5	Financial Year 6	Financial Year 7
	DESCRIPTION	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
		.000	.000	.000	.000	.000	.000	.000
	Financial Position							
	Property Plant and Equipment(additions only)	96 762	120 645	113 062	92 741	51 982	79 203	71 781
	Debtors before Provisions	152 747	195 339	264 471	322 112	351 809	349 826	398 317
	Provision for Impairment	105 135	138 159	204 992	255 827	287 199	293 441	297 403
	Annual Surplus/Deficit	76 285	86 562	100 596	27 496	41 917	- 798	80 386
	Creditors /Payables	28 308	50 431	49 714	22 842	52 015	39 069	48 429
	Financial Performance							
	Revenue							
	Property Tax	108 387	112 556	121 810	129 516	137 416	149 321	156 890
	Service charges - electricity revenue	118 617	131 936	134 570	154 388	162 483	168 628	181 409
	Service charges - water revenue	44 529	52 077	67 107	80 846	82 154	80 711	90 230
	Service charges - sanitation revenue	35 537	40 711	47 743	76 337	73 742	78 675	85 319
	Service charges - refuse revenue	21 910	25 370	28 891	44 342	43 566	46 413	52 316
	Total	328 979	362 650	400 122	485 431	499 360	523 748	566 163
	Expenditure							
	Employee Related Costs	167 736	189 893	197 932	171 580	227 170	266 759	271 276
	Debt impairment : Contributions	29 619	31 491	94 720	167 321	99 353	116 969	103 540
	: Debts written off	7 810	6 016	31 341	70 706	76 663	108 578	84 903
	Repairs and Maintenance	28 032	26 069	24 726	33 301	44 557	42 251	43 300
	Finance Charges	16 336	23 643	17 658	18 417	14 825	13 399	11 090
	Contracted Services	23 695	34 305	68 262	140 906	92 707	98 624	119 776
	Legal Fees	1 891	6 320	6 258	10 113	12 747	16 293	15 006
	Unauthorised, Irregular Fruitless & Wasteful	1 573	15 207	47 590	299 042	146 691	84 447	70 275
	Cash Flow Statement							
	Cash Generated by by Operations	106 806	117 567	114 181	61 146	106 954	38 162	76 244
	Cash Out Flow by Investing activities(Capex)	(90 082)	(120 520)	(113 838)	(92 787)	(51 330)	(66 107)	(78 654)
	Net cash from financing activities (Repayments)	(14 389)	(16 952)	(16 460)	(19 083)	(19 996)	(24 321)	(22 426)
	Loans Taken up	20 000	24 998	30 874	-	-	187	-
	Net movement in cash and cash equivalents	22 335	5 092	14 758	(50 724)	35 627	(52 252)	(24 836)

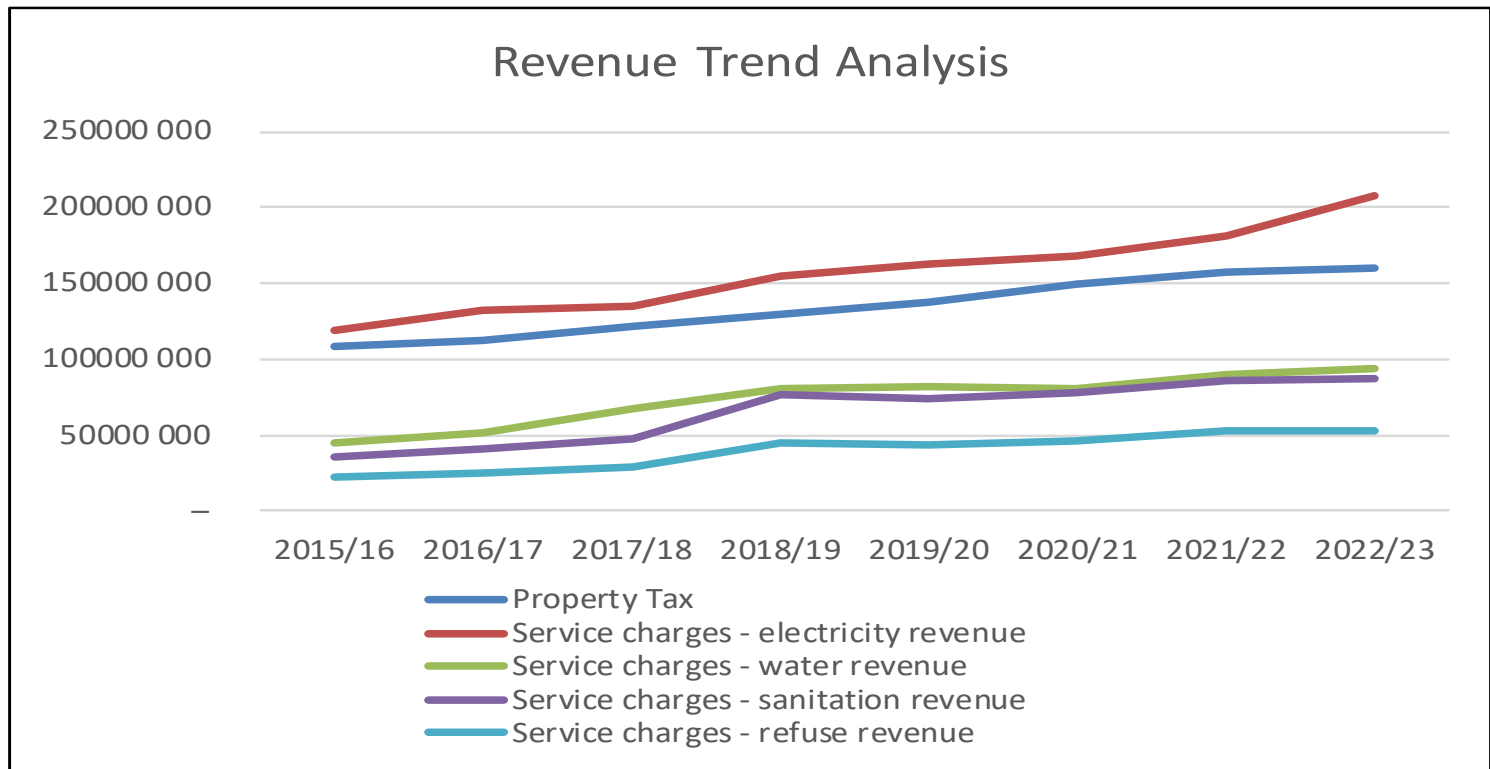
# Financial trends explained – Financial Position



- Debtors increased by 160.77% over 7 year horizon steep increase before covid-19 pandemic
- Capex narrow band instead of increase
- Operating surplus diminished instead of increased as planned in LTFFP
- Payables remain high thus absorbing all liquidity at year-end



# Financial trends explained – Revenue



- Electricity increase NERSA linked, other tariffs very moderate too low?
- Assessment rates very moderate increase, annual SV processes seems to have missed information when comparing valuation increase to building plans approved. Value of Buildings 2020-2022 R846 mil SV growth R24 mil.

## Building Plans Approved

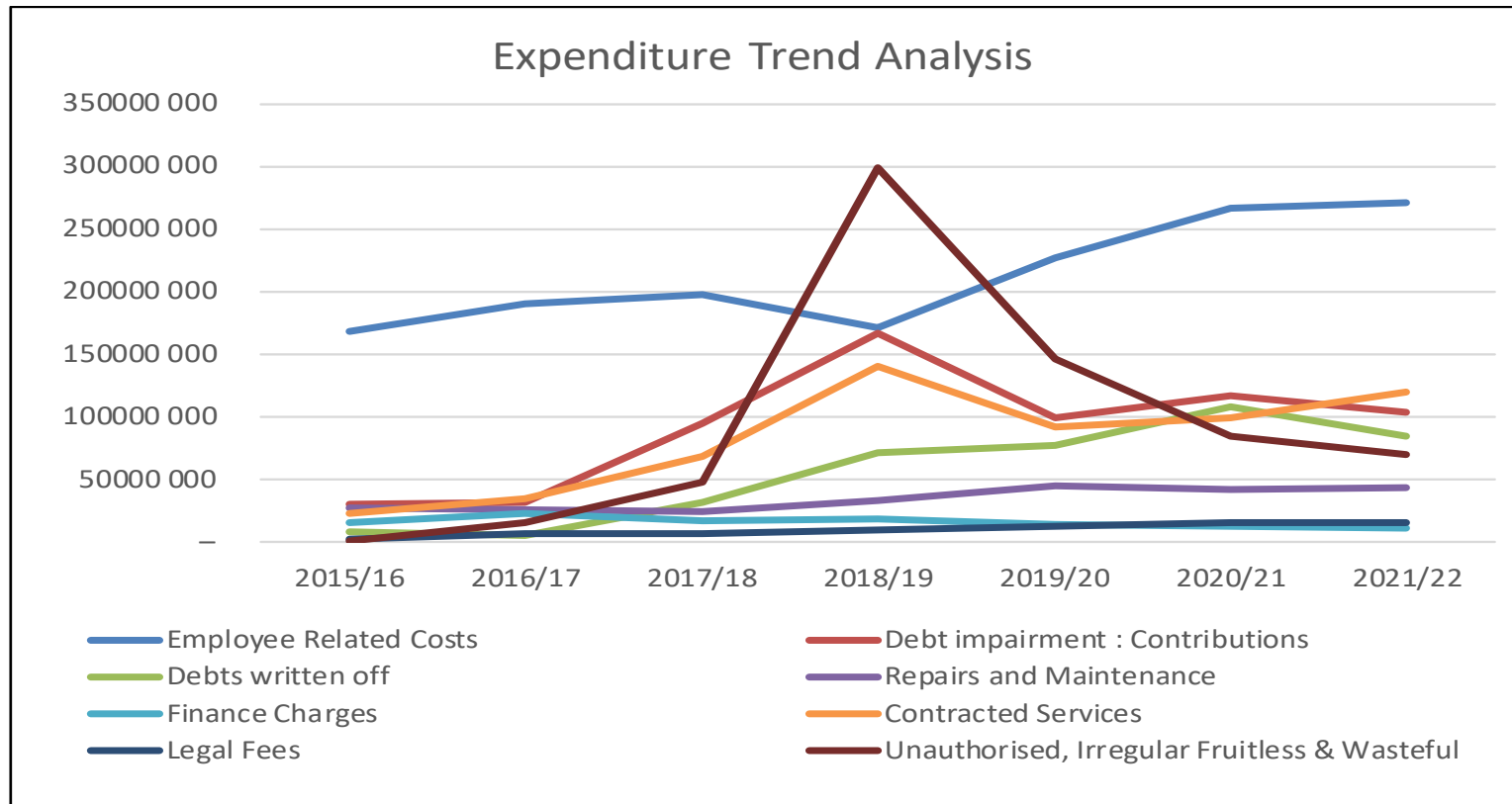
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
1 974 497.00	2 289 989.00	2 549 624.00	3 001 470.00	2 227 023.54	3 365 026.75	4 680 479.20

## Financial trends explained – Revenue



- Average tariff increases have remained low and have not kept up with inflationary pressure and cost drivers of municipal services such as annual salary adjustments, the cost of maintenance and materials, the cost of fuel, spares, telecommunication, security services, insurance as well as an array of other expenses and commodities necessary for service delivery.
- Tariff increases based on incorrect principles, NT guidance, CPI instead of PPI actual increase of municipal services cost drivers, cost reflective tariffs:
- Fuel price - 125% increase over 10 years
- PPI - 88.48% over 10 years
- Employee cost increase 61.7% over 6 years ± 90% over 10 years
- **Tariff increases less than 60% over 10 years**

# Expenditure trends explained



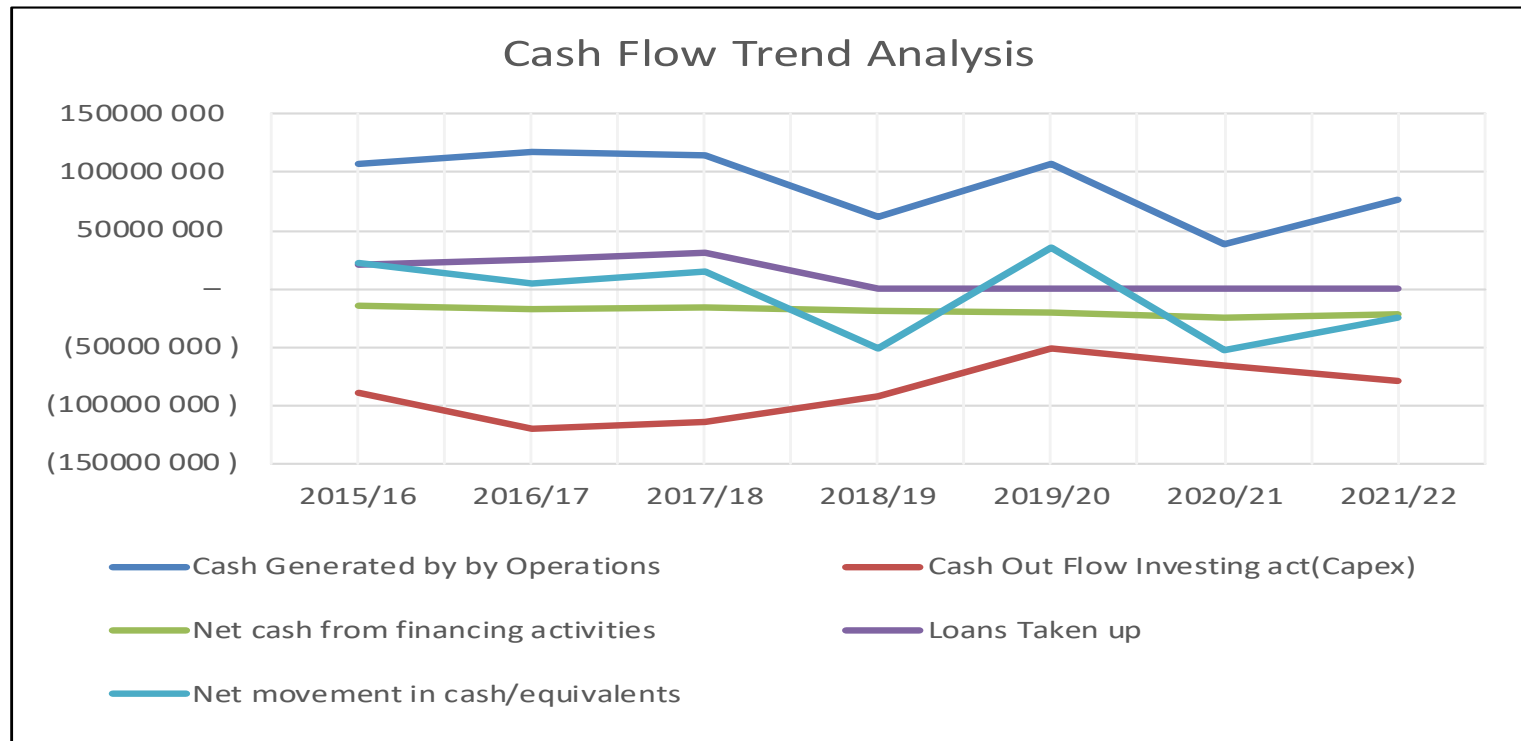
- UIFW – Mount Everest, excessive to the budget total
- Employee cost steep rise from 2018 to 2021 61.7% over 6 years
- Debt impairment steep rise 2018/2019 also worst collection year ever
- Repairs and maintenance in narrow band
- Contracted Services massive increase
- Legal fees out of control R44 Mil in the last 3 years

# Expenditure concerns



- Employee cost 61.7% increase over 6 years, currently at 39%
- Contribution to debt impairment grew 249.5% or 41.6% per year over last 6 years
- Debts written off R 340 million last 4 years, have not collected R600 million in 7 years
- Legal fees have increased from R1.8 Million in 2015/2016 to an average of R11.1 million over the next 6 years, last 3 years alone R44 Million was spent
- Security Services have cost the Municipality R67.17 million over the last 4 years
- UIFW – Unauthorised, Irregular, Fruitless and Wasteful expenditure increased from R1.57 million in 2015/2016 to R663 million over the next 6 years, increase of 6938%
- Finance charges reduced, yet it's not positive as own liquidity is depleted.

# Cash Flow Trends explained



- Cash from operations, volatile and downward
- No loans taken up from 2018/2019 R 127 Mil not borrowed.
- Decline in repayment of borrowing as loans get settled
- Cash outflow (capex) increase at first, last 3 years down
- Movement in cash volatile and negative as cash resources are depleted

# Financial Ratio analysis



Indicator	Explanation	Norm	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Debtors Collection rate</b>	The Debtors payment percentage per annum	95%	104%	93%	83%	67%	71%	85%	84%
<b>Net Debtor days</b>	Number of days it takes to collect accounts due	30	37 days	113 days	43 days	40 days	38 days	32 days	32 days
<b>Current Ratio</b>	Current assets to current liabilities	3:1	2.07	1.78	1.95	1.57	1.44	1.06	1.22
<b>Liquidity ratio</b>	Liquid assets to current liabilities	2:1	1.18:1	1.06:1	1.06:1	0.74:1	0.81:1	0.45:1	0.28:1
<b>Gearing ratio</b>	Long term borrowing to total revenue	Max 40%	25%	25%	27%	20%	19%	16%	14%
<b>Cost coverage</b>	number of days cash available for operations	90 Days	1 Month	3 Month	3 Month	2 Month	3 Month	1 Month	1 Month
<b>Debt service cost ratio</b>	% that debt service cost represent of total expenditure	6% - 8%	6%	7%	6%	5%	5%	5%	5%
<b>Remuneration ratio</b>	% of Staff cost to total cost	35%	35%	41%	37%	37%	36%	36%	39%
<b>Electricity Distribution Losses (Percentage)</b>	% of unbilled electricity lost in distribution	8%	10%	8%	20%	16%	15%	21%	13%
<b>Water Distribution Losses (Percentage)</b>	% of water purified that is lost in distribution	15%	12%	8%	23%	29%	31%	36% <del>194</del>	38%

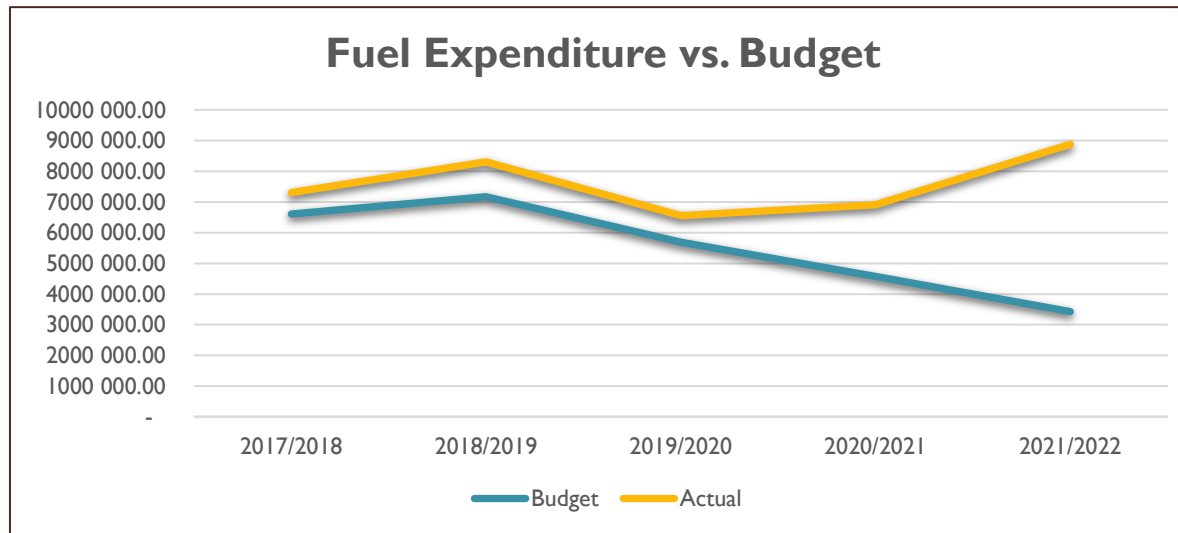
# Financial Ratios explained



- Debtors collection not sustainable lowest in 18/19 and 19/20 – R 165 million not collected in 18/19 and R149.2 million in 2019/2020 more than R600 million forfeited in 6 years
- Net debtor days, norm is 30, yet ours looks good only because we are providing excessively for uncollected debt
- Current ratio, Assets vs. liabilities, way below the best practice norm of between 2 and 3 to one (1) barely have enough current assets to cover current liabilities
- Liquidity ratio represent liquid assets, thus cash to payables, must be 2:1 ours only 0.28 : 1 indicating that cash is not available to cover short term commitments.
- Gearing ratio (borrowing ability) way below the maximum, only 14% and on decline indicating that we haven't borrowed in many years, thus over used own cash resources.
- Cost coverage shows that we don't even have one third of what is required to fund operations, we have ZERO unencumbered cash available as at 30 June 2022
- Remuneration ratio keeps on increasing over the 7 year horizon, scenario – Rates revenue increased with R48.5 million over 6 years or (44.75%) whereas employee cost increased by R104 million over the same period. (61.72%)
- Water and electricity losses are 38% and 13% respectively resulting in monetary losses of approximately R26 Million per annum,

# Other matters of concern

- Expenditure on fuel budget vs. actual example...



- Fleet management and replacement
- Seems that the budget was force balanced by just indiscriminately cutting fuel expenses (Budget R3.4 mil actual R8.9 mil) 2022/23 – R5.8 mil
- Value for money consideration must be applied in all procurement matters
- HR policies must be applied consistently
- Contract management must be institutionalised
- Procurement processes must start earlier
- Asset management must be applied through all levels of the organization



# Critical elements for turnaround



- Management continuity
  - Political stability
- } Legacy of Success or Failure
- Financial capabilities - Capable financial management decisions, always making the best decision for the institution
  - Revenue enhancement, generation and collection
  - Savings and austerity measures, rationalise expenses
  - Value for Money in all decisions.
  - Do what you are here for – Politicians: Set the strategy, policy, direction, support
  - Do what you are paid for – Staff: execute policy, strategy, admin and operations, perform!
  - Together, Execute Local Government Constitutional mandate of **service delivery**
  - Create an environment for communities/business to flourish
  - Focus on core functions
  - Honest about the recovery, expectations vs. the results, long road ahead. 3200...
  - Restraint, Restraint, Restraint
  - Recovery of audit opinion long road ahead.
  - Difficult decisions, rates and tariffs must be made to enable financial recovery and ensure Long Term Financial sustainability

# Where we must be



- Cash position – R250 Mil in bank/invested 5 years
- Debtors collection 97.5% continuous
- Capital Spending 98%
- Conditional grants spending 100%
- Staff spending 35% Working smarter
- Annual cash surplus of R50 million
- Increase gearing/borrowing funding mix
- Invest in infrastructure, create an environment for economic growth.
- Cost reflective tariffs
- Grow the rates base
- Good quality services, blue drop/green drop
- Clean administration = clean audit!!

# The way forward - Financially



- Maintain conservative budgeting approach
- Sound financial management principles
  - Enhance internal controls
  - Must do: Daily, weekly and monthly processes right
- Increase data reliability through meter audits and physical verifications
- Appoint suitably qualified and experienced staff
- Build in-house capacity
- Improve financial position
- Invest in asset maintenance and refurbishment to prolong the useful life of assets
- Make funding available for capital spending
- Collect all revenue due to municipality
- Maintain sound financial ratios
- Apply financial best practices
- Obtain and Maintain a clean audit

# Thank You for listening



## Questions and Answers

**SECTION 6**

**ECONOMIC DEVELOPMENT AND  
PLANNING**

## Section 6: Economic Development and Planning

ITEM C/6/51/09/22

### DEVELOPMENT OF ERF 2297 NEW HORIZONS TAXI RANK – PROPOSED ECONOMIC HUB

**Portfolio Comm:** Strategic Services

**File Ref:** 7/1/10

**Demarcation:** Ward 4

**Delegation:** Council

**Attachments**      Annexure A - Permission to proceed with construction Erf 2297 – New Horizons  
Annexure B - Master Plan – New Horizons Taxi Rank

**Report from:**      Director: Economic Development & Planning

**Author:**              Manager: Economic Development

**Date:**                  21 September 2022

#### **PURPOSE OF THE REPORT**

To inform and solicit Council approval to proceed with the construction of Erf 2297 - New Horizons, Taxi Rank Plettenberg Bay.

#### **EXECUTIVE SUMMARY**

Denron as part of their social contribution has chosen to assist with the upgrade of the New Horizons Taxi Rank to be developed as an Economic Hub.

#### **BACKGROUND /DISCUSSION**

The LED division and Denron have engaged on numerous occasions regarding the development of the New Horizons Taxi Rank into an economic hub. It must be noted that the masterplan for proposed development has been finalised (Annexure B) and the Manager Building Control has granted provisional authorization to proceed with construction works.

#### **1. NEW HORIZONS ECONOMIC HUB**

Tuiniqua Engineers was appointed to develop a master plan to allow for trading of services and goods of local persons that are currently trading from home or who do not have access to a viable trading space in New Horizons. The objective of this development is to facilitate local economic development and to create a localized market, where local businesses can trade.

The required outcome was to develop a masterplan to utilize the area, conducive for local traders and service providers to access local consumers in a market type environment.

The following project items are listed in the masterplan. See below;

## **Section 6: Economic Development and Planning**

### **REPAIR AND UPGRADE OF EXISTING BUILDINGS:**

The following work will be done by Denron at the New Horizons Taxi Rank:

- Refurbish of existing stalls and toilet building
- Repair the taxi rank roof, fencing, gutters, and lights

### **NEW TRADING AREA:**

- New paved open vendor area 5 no 3m x4 m areas adjacent to taxi rank
- New refuse area with municipal access
- 6 x Container shops
- 1.4m Paved walkway pedestrian thoroughfare
- Paved concrete areas southern side- 3 no 3m x 3m
- Roofed concrete floor eating area 12m x 8 m with 6 concrete tables
- Open paved area 35 m2
- Paved walkway to containers and vendors 1.4m wide -100 m2

The Masterplan was developed and approved by relevant stakeholders. See attached annexure A.

### **FINANCIAL IMPLICATION**

R156 640,00 was budgeted and paid to develop the Masterplan in 2021/2022 financial year.

### **RELEVANT LEGISLATION**

Section 7 (6) of the National Building Regulations and Building Standards Act (Act 103 of 1977)

#### **Comments: acting Director Financial Services**

The recommendation of the Municipal Manager is supported

#### **Comments: Director Community Services**

The recommendation of the Municipal Manager is supported

#### **Comments: acting Director Engineering Services**

The recommendation of the Municipal Manager is supported

#### **Comments Manager: Legal Services**

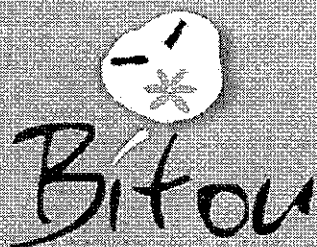
No comment received

## **Section 6: Economic Development and Planning**

### **RECOMMENDED BY THE MUNICIPAL MANAGER**

1. That Council approve and give consent to proceed with construction on Erf 2297, New Horizons Taxi Rank
2. That it be noted that the Bitou Municipality will not contribute financially towards the development of the Taxi rank and that the development of the New Horizons Taxi rank will be funded by Denron as part of their social contribution initiative.
3. That the Municipal Manager be authorised to conclude the Service Level Agreement between Bitou Local Municipality and Denron in respect of the development of the New Horizons Taxi rank.





matatsoa le tsohle, uhlaleleka, iminiso le bany

to be the best together

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Enquiries  
Irvin Varnicker

Contact details  
044 501 3300

E-mail  
[ivarnicker@plett.gov.za](mailto:ivarnicker@plett.gov.za)

Our Ref: 18/2297/NH

08 September 2022

Bitou Municipality  
LED Department  
Attention Mr. L. Jacobs  
Erf 2297 New Horizon  
PLETTENBERG BAY  
6600

BY HAND

Dear Sir / Madam

**RE: PERMISSION TO PROCEED WITH CONSTRUCTION: ERF 2297 NEW HORIZON,  
PLETTENBERG BAY.**

I refer to your application for provisional authorization to commence with construction pending the final approval of building plans.

Provisional authorization is hereby granted in terms of Section 7(6) of National Building Regulations and Building Standards Act (Act 103 of 1977).

This approval is only granted pending the approval of the final building plans, and the owner does the work on its own risk and Council is not responsible for the loss suffered, if the plans be disapproved due to statutory compliance requirements.

This approval does not absolve the applicant from any other requirements, conditions or additional information, pending the final approval of the said plan.

**NOTE:** All statutory inspections must be applied i.e. foundation, drainage and final inspection.

Failure may lead to building work be stop until future notice of formal approval of building plan.

Hope you find the above in order. If any uncertainties, you may contact the writer.

Kind regards

Mr. I. Varnicker  
**Manager: Building Control**



MASTER PLAN\_SCALE 1:1500



MILKWOOD ROAD

STINKHOUT ROAD

NEW DROP/GO ZONE

GRASSED/PLANTED "PARK" AREA

NEW 2X5M REFUSE AREA WITH:  
MUNICIPAL ACCESS  
SEWER CONNECTION  
LOCKABLE TAB/WATER CONNEX.NEW PERIMETER SECURITY FENCE  
(CLEARVUE OR SIMILAR)  
ROLLER GATES (LOCKABLE)  
SWING GATES (LOCKABLE)  
PEDESTRIAN GATES (LOCKABLE)REPAIR OF EXISTING TAXI RANK ROOF  
INCL. BOX GUTTERPAVED VENDOR STANDS #6 (3X4M)  
NOTE: TAP/WATER POINT

6X CONTAINER VENDORS

3X CAR WASH BAYS, PAVED (1X WAITING)  
WITH STORMWATER MANAGEMENT  
NOTE: TAP/WATER POINT

PEDESTRIAN CROSSING

3X TYRE SERVICE BAYS & CONTAINER  
FOR STORAGE/OFFICENEW RETAINING WALL, EXISTING  
EMBANKMENT TO BE PUSHED OUT

INCREASED PAVING AREA

FUTURE MINI TRAFFIC CIRCLE

EXISTING COVERED AREA TO BE  
UPGRADED TO 6X VENDORS WITH  
GARAGE STYLE SECURITY DOORS

NEW SWING GATES, SEE FENCE NOTE

NEW SAPS/SECURITY STATION

3X FLOOD LIGHTS (SEE OTHERS)

LOADING ZONE WITH BOLLARDS FOR  
PEDESTRIAN PROTECTIONEXISTING ABLUTIONS & CONFERENCE  
ROOM TO BE REPAIRED/UPGRADED

FUTURE CONTAINER VENDOR AREA

PROPOSED STAIRCASE TO LINK TO  
COMMUNITY HALLEXISTING  
SCHOOL ENTRANCEEXISTING  
PARKING

Project

PROPOSED NEW  
HORIZONS TAXI  
RANK LED

For

BITOU  
NEW HORIZONS

Description

PROPOSED  
MASTER PLAN

Scale: AS SHOWN

Prepared By: LRB/DFS Approved By: F. Scholtz Pr. Eng. Reg. no. 97014

Date: 22 - 08 - 2022 Dwg. No: 001

Project No: NHLED-1001 Rev: 0



## Section 6: Economic Development and Planning

ITEM C/6/52/09/22

### PLETT TOURISM ASSOCIATION: CURRENT STATUS AND THE WAY FOWARD

**Portfolio Comm:** Strategic Services and Office of the MM  
**File Ref:** 9/1/3/6

**Demarcation:** All Wards  
**Delegation:** Council

**Attachments**                None

**Report from:**                Director: Economic Development & Planning

**Author:**                        Director: Economic Development & Planning

**Date:**                            19 September 2022

#### **Purpose of the report**

To request Council to enter into a new short-term contract with Plett Tourism Association for the provision of tourism related services.

#### **Background /discussion**

At present Platt Tourism Association performs tourism related services on behalf of the Municipality. This includes amongst other destination marketing. The Municipality must assess which services are to be outsourced and or to be provided in-house.

#### **Executive summary**

The Municipality has entered into a Service Level Agreement for a period of three months in the current financial year. This agreement will expire on 30 September 2022. Considering that tourism is Plettenberg Bay's main economic driver, and we are now starting a season, it is critical that these services be continued during this period. It is therefore suggested that the contract with Plett Tourism Association be extended until June 2023 in order to allow the assessment process to be finalized and for the Municipality to determine a way forward.

#### **Financial implication**

Provided for in the approved Budget

#### **Relevant legislation**

The Constitution Act  
MFMA  
Systems Act

## **Section 6: Economic Development and Planning**

### **RECOMMENDED BY THE MUNICIPAL MANAGER**

1. That it be approved that a contract be entered into between Plett Tourism Association and Bitou Municipality for a period ending 30 June 2023.
2. That a full assessment of Tourism related functions and responsibilities of the Municipality be undertaken, and a report be submitted to Council by February 2023.
3. That Council authorise the Municipal Manager to enter into agreement with Plett Tourism Association