

# ANNUAL REPORT



2023/24

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## CHAPTER 1: EXECUTIVE SUMMARY

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

#### 1.1 MAYOR'S FOREWORD

As the Executive Mayor of Bitou Municipality, it is my distinct honour to present the Annual Report for the 2023/24 financial year. This year marks another chapter in our collective journey towards enhancing service delivery and fostering sustainable growth within our community. The past year has been one of significant challenge and some progress.

The challenges we faced in the previous year, particularly concerning the negative atmosphere surrounding political and administrative instability, have underscored the importance of a cohesive leadership approach. The vacancies in key management positions have placed considerable pressure on our operations, necessitating a focused effort to stabilize our administration. Despite these challenges, our staff has demonstrated resilience, working diligently to maintain service delivery and uphold the trust placed in us by our residents.

Our achievements over the past year speak to the dedication of our staff. We have made substantial strides in improving our financial health, this is not merely a reflection of sound financial practices but also a testament to commitment by our Municipal Manager and CFO in fostering a culture of excellence.

We have unfortunately regressed in the audit

outcome from the Auditor General. This is very concerning as we seem to take one step forward and five steps backward. This trend is reflected in Bitou performance since 2011 where good governance is embedded and then dropped again. The investments we have made in infrastructure and service delivery, particularly in water provision, waste management, and community services, are beginning to pay dividends. We have witnessed a lot of interest on developments, which not only stimulate our local economy but also create much-needed job opportunities for our residents. However, we must remain vigilant in addressing the infrastructure challenges that accompany this growth, ensuring that we are prepared for the increasing demands on our services.

Looking forward, we are committed to filling the remaining leadership vacancies and continuing to foster a stable and effective administration. Our focus will be on enhancing community engagement, ensuring that the voices of our residents are heard and considered in our decision-making processes. We recognize that the success of our municipality hinges on collaboration and partnership with all stakeholders, including local businesses, community organizations, and residents.

In the coming year, we will prioritize initiatives



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that promote sustainable development, environmental stewardship, and social equity while strengthening good governance. Our goal is to create a resilient community that can adapt to the challenges posed by climate change and economic fluctuations. We will also work towards improving our technological capabilities, enabling us to deliver services more efficiently and effectively.

I would like to extend my gratitude to our dedicated staff, Councillors, and community members for their unwavering support and commitment to our municipality. Together, we

can continue to build a vibrant, inclusive, and prosperous Bitou Municipality.

In closing, I invite you to review the detailed Annual Report, which provides a comprehensive overview of our achievements, challenges, and plans for the future. Let us continue to work together to create a better tomorrow for all residents of Bitou.

**CLLR. J Kamkam**  
**EXECUTIVE MAYOR**

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## 1.2 MUNICIPAL MANAGER'S OVERVIEW

In presenting the 2023/24 Annual Report, we acknowledge the significant challenges faced by Bitou Municipality this year. While we remain committed to our vision of being "the best together," we must candidly reflect on our performance, highlighting both our improvements and areas of regression.

This financial year has seen us regress from a clean audit outcome to an unqualified audit with findings, marking a notable regression from last year's achievements. This shift underscores the need for renewed focus on our governance practices and financial management.

Despite facing challenges, including unfilled management positions, we have maintained some momentum in service delivery and operational efficiency. The increase in semigration to the Western Cape, particularly to Bitou, has posed both opportunities and challenges. While it has stimulated local economic growth and attracted new investments, it has also intensified the need for adequate infrastructure and affordable housing. In response, we are actively pursuing developments that provide housing options priced between R750,000 and R1,000,000, as well as rental units to address the growing need.

However, it is important to highlight our improvement in operating surplus, which has increased to R 85 376 065 in the 2023/24, an improvement from the surplus of R 79 751 608 recorded in the previous financial year. This reflects our efforts to enhance revenue generation and effectively control costs,

demonstrating that we are making strides in financial health despite the challenges we face. This positive trajectory allows us to address pressing needs, including the urgent replacement of aging municipal vehicles and infrastructure development to support our growing population.

Conversely, our commitment to accountable and ethical governance has been tested. We have encountered a regression in managing unauthorized, irregular, fruitless, and wasteful expenditure. Despite previous efforts to address these issues, the current financial year has revealed ongoing concerns that require immediate attention and action.

One of the notable challenges this year was the implementation of our performance management system. Although we aimed to cascade performance objectives to lower levels within the organization, this goal was not completed as required. The failure to fully implement this system has hindered our ability to align the objectives of all employees with the strategic goals of the municipality.

In conclusion, while we have faced setbacks, it is imperative that we learn from these experiences. Our improved operating surplus provides a foundation for stability, but we must recommit ourselves to good governance, effective financial management, and the successful implementation of the performance management systems to ensure that we meet the needs of our community and restore confidence in our municipality.

I extend my appreciation to the dedicated staff

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and management team for their hard work during this challenging year, and I look forward to collaborating with all stakeholders to build on our successes and address our challenges.

**MBULELO MEMANI**

**MUNICIPAL MANAGER**

DRAFT

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## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIROMENTAL OVERVIEW

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

The 2023/24 annual report reflects on the performance of the Bitou Municipality for the period 1 July 2023 to 30 June 2024. The annual report is prepared in accordance with Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an annual report for each financial year.

### 1.3.1 Municipal Overview

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

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



Figure 1.: Bitou Area Map

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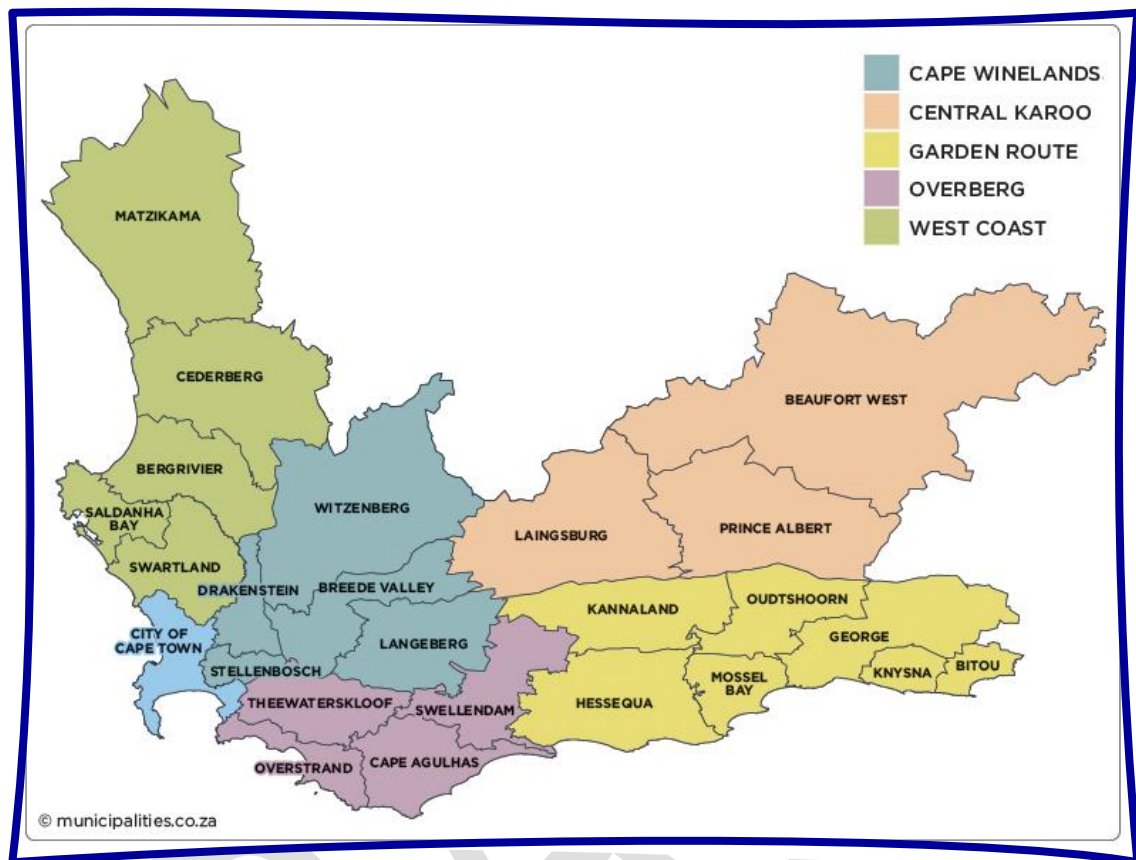


Figure 2.: Bitou Provincial Map

## 1.3.2 Vision and Mission

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

**Development Vision:**

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

**Mission:**

We partner with communities and stakeholders to sustainably deliver quality services that everyone in Bitou can live and prosper together.



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Values:



## Strategic Objectives:

1. Provide excellent and sustainable services to all residents.
2. Facilitate growth and expand economic opportunities to empower communities.
3. Achieve long term financial sustainability.
4. Build a capable, developmental, transformed and productive workforce.
5. Adhere to and implement effective and efficient governance processes.

## 1.3.3 Population

### a) Total Population

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

Population	2011	2016	2017	2018	2019	2022	2023	2024
	49 162	59 157	49 162	60 686	65 074	71 253	65 240	65 240
Source: StatsSA								

Table 1: Total Population

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The graph below illustrates that the total population growth from 2001 till 2024:

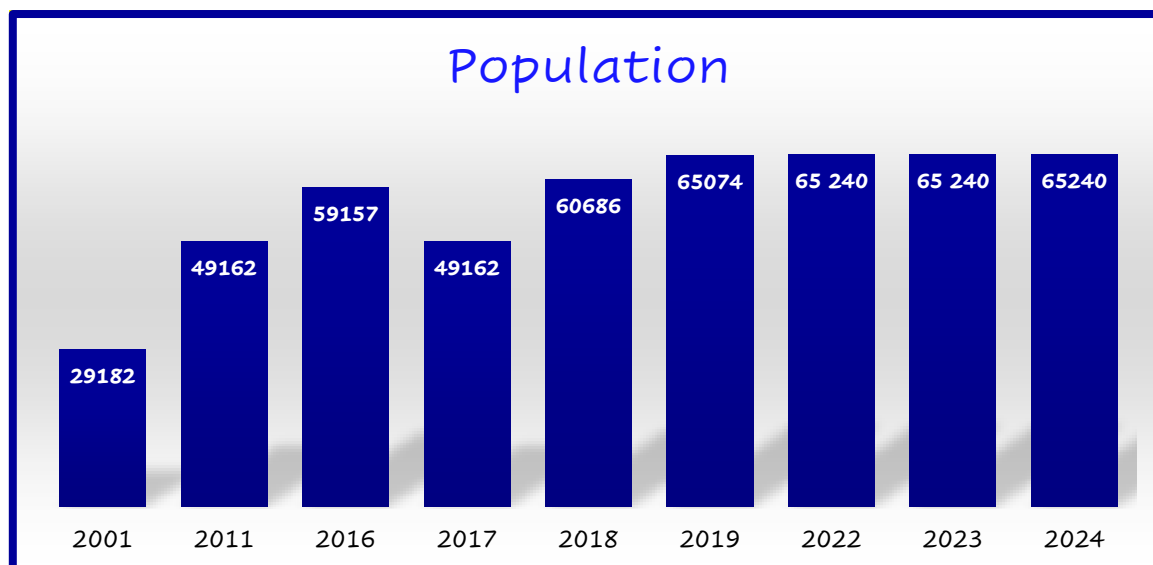


Table 2: Total Population

## b) Population Profile

Population Age	2011			Population - Age	*2022			2024		
	Male	Female	Total		Male	Female	Total	Male	Female	Total
0 - 9	2 394	2 247	4 641	0 - 4	31 651	33 589	5 189	31 651	33 589	5 189
10 - 29	1 806	1 897	3 703	5 - 14			9 487			9 487
30 - 54	2 394	2 207	4 601	15 - 34			21 071			21 071
55 - 59	850	914	1 763	35 - 59			21 503			21 503
60 - 64	678	745	1 423	60+			7 990			7 990
<b>Total</b>	<b>24 468</b>	<b>24 694</b>	<b>49 162</b>	<b>Total</b>	<b>31 651</b>	<b>33 589</b>	<b>65 240</b>	<b>31 651</b>	<b>33 589</b>	<b>65 240</b>

\*As per 2022 Stats SA figures

Table 3: Population Profile

## c) Population by Race Categories

Population - Racial	2011	2018	2019	2023	2024
African	25 262	33 687	32 496	34 305	34 305
Coloured	15 344	17 669	18 616	18 801	18 801
Indian	249	0	Not Available	201	201
White	8 307	8 976	8 045	10 757	10 757
Asian	0	355	Not Available	1 176	1 176

Source: StatsSA

Table 4: Race Categories

## 1.3.4 Households

The total number of estimated households within the municipal area for 2023/24:

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Households	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Number of households in municipal area	26 888	28 232	*21 914	21 914	21 195	*21 848	*21 848
Number of registered indigent households in municipal area	4 381	1 891	**2 357	3 930	3 404	**4 132	5 080
*Population Estimate: Community Survey 2016 **Actual Indigents as per Bitou Indigent Register							

Table 5: Total Number of Households

## 1.4.3 Demographic Information

### a) Municipal Geographical Information

#### *Complex past, rich present*

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

#### *Stone Age*

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

#### *Explorers*

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

#### *Griqua beginnings*

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

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

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

The Swede, Carl Peter Thunberg, was the first to document valuable observations on the bay and Robberg and the Governor of the Cape (11 August 1771 to 14 February 1785), Baron Joachim van Plettenberg, renamed the town Plettenberg Bay in 1779. In 1910 a Captain Sinclair set up the whaling station on Beacon Island to harvest the placid Southern Right whales but this ceased operation in 1916. The first hotel was erected by Hugh Owen Grant in 1940 and replaced in 1972 by the current well-known landmark on Beacon Island.

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

## *History's roads*

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

## *Nature's Valley*

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

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

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## b) Wards

The Municipality is currently structured into the following 7 Wards:

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

Table 6: Municipal Wards

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

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

Table 7: Municipal Areas

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

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



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## c) Key Economic Activities

Tourism is seen as the cornerstone of the Bitou economy. Construction and manufacturing should also be categorized as primary contributors to creation and economic growth. It is important to view these three sectors as potential drivers of the economy without disregarding the complex manner in which it interacts with all the other sectors not mentioned here, such as agriculture, transport and the emerging markets for eco-efficient technologies focused on water, energy and waste.

The Municipality is dependent upon the following economic activities:

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

Table 8: Key Economic Activities

## 1.4 SERVICE DELIVERY OVERVIEW

### 1.4.1 Basic Services Delivery Performance Highlights

The table below specifies the highlights for the year:

Highlights	Description
Completion of Phase 1 of the Upgrade of the Kurland Water Treatment works	Phase 1 only entailed the civil portion (reinforced concrete works) as well as commissioning of two boreholes.
Pipe replacement programme	<ul style="list-style-type: none"> <li>1105-meter section of bulk waterline from turnoff to Kranshoek towards town along the Airport Road was replaced</li> </ul>

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Highlights	Description
	<ul style="list-style-type: none"> <li>1105m of 125mm AC pipe were replaced with 160mm diameter Upvc pipe</li> </ul>
Installation of float shut-off valves on inlet pipes at 4 off Reservoirs to prevent reservoir from overflowing	Float valves installed at Archiewood-, Goose Valley-, Matjiesfontein- and Wittedrift reservoirs
Upgrade of the Clearwater pumpstation Plettenberg Bay waterworks	Completed, commissioning phase in progress
Quarterly E-Waste Roadshow	Collection of all Electronic waste from a central collection point
Purchasing of wheelie bins	All households from the previous disadvantage areas that didn't receive wheelie bins before, received Wheelie bins
Purchasing of 3 new Compactor trucks and 1 Hook Lift truck	The Purchasing of Compactor Trucks and a Hook lift Truck will enhance service delivery in Waste Management
Mechanical and electrical upgrade of various sewer pump stations	Mechanical and electrical upgrades were undertaken at Heideland, Wittedrift Kurland and Kwanokuthula to ensure sound operation of these pumpstations
Security measures at Wastewater Treatment Works	2130 meters of security fencing was installed at Gansevallei Wastewater Treatment Works during 2023/24
Completion of Phase 1 of the upgrade of the Kurland Water Treatment Works	Phase 1 only entailed the civil portion (reinforced concrete works) as well as commissioning of two boreholes

Table 9: Basic Services Delivery Highlights

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## 1.4.2 Basic Services Delivery Challenges

The table below specifies the challenges for the year:

Description	Actions to address
Water scarcity, additional water resources for future development and growth	Implementation of Water Conservation and Demand Management initiatives, together with the investigation and explorations of groundwater sources
Filling Funded Vacant post- shortages of Human Resources	Fast Track the Advertising and follow Selection and Recruitment process to fill budgeted vacant positions
Breakdown of Hook-lift trucks during high season creating gross stockpiling of solid waste at the Waste Transfer Station	Thorough pre-season vehicle inspection, testing and repairs
Gross stockpiling of Bulky Waste Materials	Sufficient budget required for the removal and disposal of bulky waste materials at the regional landfill site
Ongoing vandalism of sewer infrastructure especially cable theft.	Installation of security fencing and security cameras at various sites
Sewer Blockages	Removal of foreign and large debris purposely thrown into sewer manholes

Table 10: Basic Service Delivery Challenges

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

Description	2022/23	2023/24
Electricity service connections	14 669	15 140
Water - available within 200 m from dwelling	15 425	16 605
Sanitation - Households with at least VIP service	14 872	14 913
Waste collection - kerbside collection once a week	14 841	15 147

Table 11: Households with Minimum Level of Basic Services

## 1.5 FINANCIAL HEALTH OVERVIEW

### 1.5.1 Financial Viability Highlights

The municipality had reported an operating surplus of R 85 376 065 in the 2023/2024 financial year, an improvement from the surplus of R 79 751 608 recorded in the previous financial year.

Highlights	Description
Revenue enhancement program implemented	The revenue enhancement program is progressing well and additional revenue in excess of R4 million was found, the results from the further corrections will continue to add additional revenue streams in the next few financial years ensuring reliable billing and maximising revenue sources without further burdening current customers
Debt collection ratio improvement	The debt collection percentage has increased to over 96% for the 2023/24 financial year, this is the highest in 7

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Highlights	Description
	years and indicative of the credit control strategy bearing fruit, effort is underway to ensure the continued success with this endeavour
Improved financial performance	The financial ratios show improvement from previous years, with cash and cash equivalents, the current ratio as well as liquidity ratio reflecting the best results in many years

Table 12: Financial Viability Highlights

## 1.5.2 Financial Viability Challenges

The table below specifies the challenges for the year:

Challenges	Action to address
Appropriately qualified staff remain difficult to attract	Various staff recruitment campaigns were engaged with the fill the vacancies in the finance department, yet positions remain vacant, a program of empowerment and training is underway to address the issue with succession planning high on the agenda, the difficulty in filling of critical vacancies in the finance department continues to hamper operational efficiencies
Instability in political environment and management continuity	The municipal council was destabilised in February 2024 which caused significant breakdown in management continuity and operational efficiencies and control. It is of essence that continuity is maintained, and momentum is gathered to enhance financial management and control processes
Appropriately qualified staff remain difficult to attract	Various staff recruitment campaigns were engaged with the fill the vacancies in the finance department, yet positions remain vacant, a program of empowerment and training is underway to address the issue with succession planning high on the agenda, the difficulty in filling of critical vacancies in the finance department continues to hamper operational efficiencies.

Table 13: Financial Viability Challenges

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

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance

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Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA). These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2022/23	2023/24
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2024 (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage as at 30 June 2024	14.92%	<b>17.18%</b>
Financial viability measured in terms of the outstanding service debtors as at 30 June 2024 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors as at 30 June 2024	9.37%	<b>9.85%</b>
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2024 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	1.57	<b>2.49</b>

Table 14: National KPI's for Financial Viability and Management

## 1.5.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	38 498	60 394	51 664
Taxes, Levies and tariffs	464 234	429 307	431 020
Other	435 791	478 333	476 862
Sub Total	938 523	968 034	959 546
Less Expenditure	900 274	906 207	874 170
Net surplus/(deficit)	38 249	61 827	85 376

Table 15: Financial Overview



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## 1.5.5 Total Capital Expenditure

Detail	2022/23	2023/24
Original Budget	98 300 025	109 432 104
Adjustment Budget	101 970 926	128 792 692
Actual	84 807 152	104 409 072
% Spent	83%	81%

Table 16: Total Capital Expenditure

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## CHAPTER 2: GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

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

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2022/23	2023/24
The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2024 {(Actual amount spent on capital projects /Total amount budgeted for capital projects) X100	83%	81%

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

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

The table below specifies the highlights for the year:

Highlight	Description
Unqualified with findings audit outcomes from the Auditor General	Auditor General found no material irregularities when conducting the audit of the affairs of the institution
Fraud and Corruption Reporting Mechanisms in place	The Municipality has established reporting mechanisms in order to enhance clean governance

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Highlight	Description
Fully Functional Audit and Risk Committees	These Committees are crucial to Clean Governance in the Institution and having them set up, meeting regularly, and reporting on activities bodes well
Fully Functional Ward Committees and Ward Report Back meetings are held as per agreed timeframes	The Ward Committee system is important in supporting the municipality to ensure community involvement as per Chapter 6 of the MFMA
Reduction of Irregular and Unauthorized expenditure	Irregular and Unauthorized Expenditure was reduced from R15 423 8984 in the 2022/23 financial year to R6 627 216 in the 2023/24 financial year

Table 18: Good Governance and Public Participation Performance Highlights

## 2.3 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the challenges for the year:

Description	Actions to address
Political Changes and its impact on the administration	Strong Controls and strict adherence to policies, procedures, and approved plans
Vacancies on the Ward Committees	Holding block meetings to fill these in almost immediately when it emerges – Normally within 30 days when a vacancy occur
Poor attendance at some Public Meetings	<ul style="list-style-type: none"> <li>Alternative methods of community involvement will need to be implemented e.g. streaming of meetings, video recordings, and intensified social media communication</li> <li>More Ward Committee based meetings will be facilitated</li> </ul>

Table 19: Good Governance and Public Participation Challenges

## 2.4 GOVERNANCE STRUCTURE

### 2.4.1 Political Governance Structure

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

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## a) Council

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

Below are the table that categorise the councillors within their specific political parties and wards for the period 1 July 2023 up to the end of the year under review, 30 June 2024.

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
D J Swart	<ul style="list-style-type: none"> <li>Executive Mayor - till 1<sup>st</sup> February 2024</li> <li>Ordinary Councillor as from 2<sup>nd</sup> February 2024</li> </ul>	DA	Ward 2	Male
M P Busakwe	<ul style="list-style-type: none"> <li>Deputy Executive Mayor till 01 February 2024</li> <li>Ordinary Councillor as from 2<sup>nd</sup> February 2024</li> </ul>	AUF	PR	Female
C N J Terblanche	<ul style="list-style-type: none"> <li>Speaker till 01 February 2024</li> <li>Executive Mayor as from 02 February 2024</li> </ul>	PDC	Ward 4	Male
J N Kamkam	<ul style="list-style-type: none"> <li>Member of Mayoral Committee till 01 February 2024</li> <li>Ordinary Councillor as from 02 February 2024</li> </ul>	DA	Ward 1	Female
W J Nel	<ul style="list-style-type: none"> <li>Member of Mayoral Committee till 01 February 2024</li> <li>Ordinary Councillor as from 02 February 2024</li> </ul>	DA	PR	Male
A R Olivier	<ul style="list-style-type: none"> <li>Whip of Council till 01 February 2024</li> <li>Ordinary Councillor as from 02 February 2024</li> </ul>	DA	Ward 7	Female
S E Gcabayi	<ul style="list-style-type: none"> <li>Ordinary Councillor until 01 February 2024</li> </ul>	ANC	PR Councillor	Male

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Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
	<ul style="list-style-type: none"> <li>Speaker as from 02 February 2024</li> </ul>			
S A Mangxaba	<ul style="list-style-type: none"> <li>Ordinary Councillor till 01 February 2024</li> <li>Whip of Council as from 02 February 2024 to 30 June 2024</li> </ul>	ANC	Ward 5	Male
T Mhlana	<ul style="list-style-type: none"> <li>Ordinary Councillor till 1 February 2024</li> <li>Member of Mayoral Committee as of 02 February 2024</li> </ul>	ANC	Ward 3	Male
N T Seti	<ul style="list-style-type: none"> <li>Ordinary Councillor till 1 February 2024</li> <li>Chairperson of MPAC as from 02 February 2024 to 30 June 2024</li> </ul>	ANC	Ward 6	Female
N P Kolwapi	<ul style="list-style-type: none"> <li>Ordinary Councillor till 1 February 2024</li> <li>Deputy Executive Mayor as from 2<sup>nd</sup> February 2024.</li> </ul>	IPM	PR Councillor	Female
H Mitchell	<ul style="list-style-type: none"> <li>Ordinary Councillor till 1 February 2024</li> <li>Member of Mayoral Committee as from 02 February 2024</li> </ul>	PA	PR Councillor	Male

Table 20: Council 01 July 2023 till 30 June 2024

Below is a table which indicates the Council meeting attendance for the 2023/24 financial year:

Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
July 2023	31 July 2023	31 July 2023	31 July 2023	11	2
August 2023	n/a	7 August 2023	7 August 2023	10	3



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Month	Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
	n/a	25 August 2023	25 August 2023	13	n/a
September 2023	No council meeting				
October 2023	31 October 2023	n/a	31 October 2023	12	1
December 2023	n/a	11 December 2023	11 December 2023	13	0
January 2024	25 January 2024	n/a	25 January 2024	12	1
February 2024	n/a	2 February 2024	n/a	13	0
	n/a	7 February 2024	n/a	13	0
	n/a	n/a	12 February 2024	13	0
	n/a	n/a	21 February 2024	13	0
	n/a	28 February 2024	28 February 2024	13	0
March 2024	n/a	7 March 2024	n/a	13	0
		28 March 2024	28 March 2024	13	0
April 2024	n/a	5 April 2024	n/a	13	0
	n/a	12 April 2024	12 April 2024	13	0
	30 April 2024	n/a	30 April 2024	13	0
May 2024	n/a	7 May 2024	n/a	13	0
	n/a	24 May 2024	24 May 2024	12	1
June 2024	n/a	28 June 2024	28 June 2024	13	0

Table 21: Council Meetings

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## b) Executive Mayoral Committee

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

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

### Executive Mayoral Committee 01 July 2023 till 01 February 2024

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

Table 22: Executive Mayoral Committee 01 July 2022 till 01 February 2024

### Executive Mayoral Committee 02 February 2024 till 30 June 2024

Name of member	Capacity
C N-J Terblanche	Executive Mayor (Chairperson)
N P Kolwapi	Deputy Executive Mayor / Member of Mayoral Committee
T Mhlana	Member of Mayoral Committee
H Mitchell	Member of Mayoral Committee

Table 23: Executive Mayoral Committee 01 July 2022 till 01 February 2024

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2023/24 financial year:

Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
24 July 2023	No Portfolio Committee Meetings Council was in recess	16
25 August 2023	21 August 2023	4
	22 August 2023	

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Meeting date	Date of Portfolio Committee Meetings	Number of reports submitted to Council
September 2023 ( <i>meeting postponed to 4<sup>th</sup> October 2023</i> )	21 September 2023	0
4 October 2023 and 20 October 2023	16 October 2023	26
	17 October 2023	
30 November 2023	23 November 2023	19
	24 November 2023	
24 January 2024	16 January 2024	22
	18 January 2024	
21 February 2024 and 29 February 2024	13 February 2024	8
	16 February 2024	
20 March 2024	11 March 2024	8
	18 March 2024	
23 April 2024	No meeting	16
23 May 2024	No meeting	17
27 June 2024	19 June 2024	10
	20 June 2024	

Table 24: Executive Mayoral Committee Meetings

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

Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
July 2023	Portfolio	0	0	0	0	0	0	0
	Mayco	0	3	0	1	0	0	4
	Council	0	8	2	3	3	4	20

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Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
August 2023	Portfolio	0	1	3	13	11	4	32
	Mayco	0	3	0	0	0	0	3
	Council	6	3	0	0	0	0	9
September 2023	Portfolio	0	1	4	0	0	0	5
	Mayco	0	0	0	0	0	0	0
	Council	0	0	0	0	0	0	0
October 2023	Portfolio	0	1	7	17	7	5	37
	Mayco	0	4	1	1	0	0	6
	Council	11	8	6	4	2	1	32
November 2023	Portfolio	2	2	6	11	4	1	26
	Mayco	0	1	0	0	0	0	1
	Council	0	0	0	0	0	0	0
December 2023	Portfolio	0	0	0	0	0	0	0
	Mayco	0	0	0	0	0	0	0
	Council	8	3	1	0	4	2	18
January 2024	Portfolio	0	2	3	8	3	3	19
	Mayco	0	2	0	0	0	0	2
	Council	7	8	8	1	10	2	36
February 2024	Portfolio	1	1	4	6	2	0	14
	Mayco	0	3	0	0	0	1	4
	Council	10	3	7	0	3	0	23
March 2024	Portfolio	0	1	5	7	4	0	17
	Mayco	0	2	0	0	0	0	2
	Council	12	2	6	5	2	2	29
April 2024	Portfolio	0	0	0	0	0	0	0
	Mayco	0	2	0	0	0	0	2

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Month	Delegation	Office of MM	Finance	Corporate Services	Community Services	Engineering Services	Economic Development & Planning	Total per delegated authority
	Council	4	6	4	4	5	2	25
May 2024	Portfolio	0	0	0	0	0	0	0
	Mayco	0	2	0	0	0	0	2
	Council	8	4	6	1	3	5	27
June 2024	Portfolio	0	3	14	16	12	6	51
	Mayco	0	2	0	0	0	0	2
	Council	4	1	2	1	1	4	13
<b>TOTAL</b>		<b>73</b>	<b>82</b>	<b>89</b>	<b>99</b>	<b>76</b>	<b>42</b>	<b>461</b>

Table 25: Number of reports per Directorate dealt with under the delegated authority per committee.

## c) Portfolio Committees

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

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

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

### Finance and Corporate Services Portfolio Committee

Name	Capacity	Political Party
J N Kamkam	Chairperson	Democratic Alliance
S A Mangxaba	Member	African National Congress
H Mitchell	Member	Patriotic Alliance
A R Olivier	Member	Democratic Alliance

Table 26: Finance and Corporate Portfolio Committee members (period 1 July 2023 to 1 February 2024)

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## Finance and Corporate Services Portfolio Committee

Name	Capacity	Political Party
H Mitchell	Chairperson	Patriotic Alliance
S A Mangxaba	Member	African National Congress
M P Busakwe	Member	Active United Front
W J Nel	Member	Democratic Alliance

Table 27: Finance and Corporate Portfolio Committee members (period 2 Februarie 2024 to 30 June 2024)

## Engineering and Community Portfolio Committee

Name	Capacity	Political Party
H Mitchell	Chairperson	Patriotic Alliance
S A Mangxaba	Member	African National Congress
M P Busakwe	Member	Active United Front
W J Nel	Member	Democratic Alliance

Table 28: Engineering and Community Services Portfolio Committee members (1 July 2023 to 1 February 2024)

## Engineering and Community Portfolio Committee

Name	Capacity	Political Party
T Mhlana	Chairperson	African National Congress
A R Olivier	Member	Democratic Alliance
D J Swart	Member	Democratic Alliance
S A Mangxaba	Member	African National Congress

Table 29: Engineering and Community Services Portfolio Committee members (2 February 2024 to 30 June 2024)

## Strategic Services and Office of the Municipal Manager

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

Table 30: Strategic Services and Office of the Municipal Manager Portfolio Committee (1 July 2023 to 1 February 2024)

## Strategic Services and Office of the Municipal Manager

Name	Capacity	Political Party
W J Nel	Chairperson	Democratic Alliance
N P Kolwapi	Chairperson	Ikhwezi Political Movement
A R Olivier	Member	Democratic Alliance



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Name	Capacity	Political Party
S A Mangxaba	Member	African National Congress

Table 31: Strategic Services and Office of the Municipal Manager Portfolio Committee ( 2 February 2024 to 30 June 2024)

## 2.4.2 Administrative Governance Structure

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

Name of Official	Position	Period	Performance agreement signed
			(Yes/No)
Mbulelo Memani	Municipal Manager	01 July 2023 – 30 June 2024	Yes
Felix Lötter	Director Financial Services	01 December 2023 – 31 May 2024	Yes
Melony Paulsen	Director Community Services	01 July 2023 – 30 June 2024	Yes
Victor Felton	Director Engineering Services	01 July 2023 – 30 June 2024	Yes
Alan Croutz	Acting Director Corporate Services	01 July 2023 – 31 August 2023	No
Tanya Wildeman	Acting Director Corporate Services	01 September 2023 – 31 January 2024	No
	Acting Director Planning and Development	01 June 2024 – 30 June 2024	No
Andile Namntu	Acting Director Corporate Service	07 February 2024 – 08 June 2024	No
Luvuyo Loliwe	Acting Director Corporate Services	10 June 2024 – 30 June 2024	No

Table 32: Administrative Governance

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.5 INTERGOVERNMENTAL RELATIONS

#### 2.5.1 Intergovernmental Structures

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

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
GRDM ICT Forum	Gavin Gresse	Dealing with all aspects relating to ICT and includes,

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Name of Structure	Members	Outcomes of Engagements/Topics Discussed
		<p>Cybersecurity</p> <p>Web Site Development</p>
Western Cape Technical Communications Forum	Andile Namntu	<ul style="list-style-type: none"> <li>Corporate Branding and Identity</li> <li>Communications Policies and Strategies</li> <li>Indoor and Outdoor signage</li> <li>Standard Operating Procedures for Communications</li> <li>Council Event Management</li> <li>Establishment of Local Communications Forums</li> <li>Social Media and Graphic Designing Matters</li> <li>Communications Budgeting and Resources</li> </ul>
GRDM Communications Technical Forum	Andile Namntu, Naziziphiwo Buso	<ul style="list-style-type: none"> <li>Corporate Branding and Identity</li> <li>Communications Policies and Strategies</li> <li>Indoor and Outdoor signage</li> <li>Standard Operating Procedures for Communications</li> <li>Council Event Management</li> <li>Establishment of Local Communications Forums</li> <li>Social Media and Graphic Designing Matters</li> <li>Communications Budgeting and Resources</li> </ul>
Western Cape Public Participation Forum	Andile Namntu, Nombulelo Sylvia Mtshamba	<ul style="list-style-type: none"> <li>General Amendments Bills</li> <li>Role of Ward Committees and How to manage these effectively</li> <li>Role of the Speaker</li> <li>Councillors Code of Conduct in relations to Ward Report Back meetings</li> <li>How to improve Public Participation</li> <li>Public Participation Policy</li> <li>Ward Committee Policy</li> </ul>
GRDM IDP FORUM	Thembinkosi Henge	Deals with all matters pertaining to IDP including;

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Name of Structure	Members	Outcomes of Engagements/Topics Discussed
		<ul style="list-style-type: none"> <li>Challenges faced</li> <li>How to improve community involvement</li> <li>IDP and Budget Alignment</li> </ul>
Western Cape IDP Forum	Thembinkosi Henge	<p>Deals with all matters pertaining to IDP including;</p> <ul style="list-style-type: none"> <li>Challenges faced</li> <li>How to improve community involvement</li> <li>IDP and Budget Alignment</li> </ul>
Joint District and Municipality Interface (JDM)	Thembinkosi Henge Andile Namntu Mpakamisi Mbali	Creating a Platform for joint interface between the GRDM and B Municipalities to enforce better service delivery in rural areas such as Covie and etc
Garden Route CRO Forum -chaired by GRDM CRO	CRO's of all the district's municipalities - Carol Van Staden	Various Risk Management (RM) related processes and issues in line with WCG and NT RM objectives and guidelines, as well as transversal risks within the district
Western Cape Government Provincial CRO Forum – chaired by WCG official	CRO's of all WC municipalities -Carol Van Staden	Various Risk Management (RM) related processes and issues in line with WCG and NT RM objectives and guidelines, as well as transversal risks within the district
SALGA Working Group	All Councillors	<p>Various matters related to local government including;</p> <ul style="list-style-type: none"> <li>Municipal Capability and Institutional Resilience</li> <li>Community Development and Security Health</li> <li>Governance and Intergovernmental Relations</li> <li>Economic Development and Job Creation</li> <li>Development Planning and Rural Development</li> <li>Electricity and Energy, and Public Works</li> <li>Water and Sanitation</li> <li>Councillor H Mitchell</li> <li>Human Settlements and Urban Agenda</li> <li>Public Transport and Roads</li> </ul>

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Name of Structure	Members	Outcomes of Engagements/Topics Discussed
		<ul style="list-style-type: none"> <li>Environmental Management and Climate Resilience</li> <li>Emergency Services and Disaster Management</li> <li>Municipal Finance and Fiscal Policy</li> <li>Municipal Digital Solutions</li> </ul>
QRDM Community Safety Forum	Chief Siyasanga Vandala	Deal with all matters related to Community Safety where B Municipalities engages with the District on local crime and safety issues
Premiers Coordinating Forum	Municipal Manager Executive Mayor	Platform created by the Premier to engage with Municipal Manager and Executive Mayors across the province to engage on matters of mutual interest
Water Services Infrastructure Development and Maintenance Programmes Department of Water & Sanitation Western Cape	Marinus Meiring Edward Oosthuizen	Water Services Infrastructure Grant (WSIG) : Projects and Expenditure
Municipal Infrastructure Department of Local Government Western Cape Government	Marinus Meiring	Municipal Infrastructure Grant (MIG); Projects and Expenditure

Table 33: Intergovernmental Structures

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system; and

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- monitoring and review of the performance, including the outcomes and impact of such performance; and preparation of the municipal budget.

## 2.6 2023/24 IDP and Budget Process

The table below provides details of the key deadlines for the 2023/24 IDP/Budget process, that was conducted within the 2022/23 financial year, as was approved by Council:

PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM	EM		
PREPARATION	Preparation of the IDP, Budget Time Schedule			x	x				Sections 21, 53, MFMA	Draft time schedule
	District Framework Alignment Meeting	July 23	Aug 23	x					Section 27, MSA	District Framework
	Steering Committee Meeting to Review the previous year IDP process.	July 23	Aug 23	x					Best Practice	Minutes and attendance registers
	Review participation mechanisms and processes	July 23	Aug 23	x						Process report presented to the steering committee
	Receive comments from the MEC	July 23	Aug 23	x				x	Section 32 MFMA	MEC report presented to the Steering committee
	Review past performance	Aug 22	Sep 22	x		x			Section 34, 46 MSA	PMS presentation and discussion by steering committee
	Set-up budget committees	Oct 23	Oct 23	x	x					Resolution and acceptance letters
	Submission of the annual Report	March 23	March 23				x			Confirmation of receipt by the AG's office

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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM	EM		
	Rollover of unspent funds	Aug 23	Aug 23	x	x				MFMA Sec 28 (2) (e)	Council Resolution
	MMF and DCF Meeting	Aug 23	Aug 23							
SITUATION ANALYSIS	Extended Steering Committee Meeting	Sep 23	Sept 23	x	x					GRDM Programme
	IDP Indaba 1	Sep 23	Sep 23	X	X					JPI requirement
	Public Participation (Ward Committee Meetings)	Sep 23	Oct 23	x						
	Analysis of socio-economic data	Set 23	Oct 23	x						Analysis Report
	JDMA Cluster Steering Committee Meetings	Aug 23	Dec 23	X				X	District Management Model	Best Practice
	Analysis of service provision									Service Gaps Report
	Analysis of municipal infrastructure services (Water, Roads, Electricity, Sewer, Wastewater treatment, Housing Demand, Financial Services (revenue and expenditure) and Institutional Capacity etc)	Sep 23	Oct 23							Departments to submit analysis reports to the IDP office for consideration



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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM	EM		
	Comparison study of existing Data Sets	Sep 23	Sep 23							
	Review of Municipal Sector Plans	Sep 23	Oct 23							Report of status of Sector Plans
STRATEGY	Procure strategic session facilitation services	Sep 23	Nov 23				x			Appointment certificate
	Strategic planning workshop	Nov 23	Dec 23				x			Revised strategic objectives, indicators and targets
	Strategic priorities and budget recommendations	Nov 23	Dec 23		x					Strategic outcomes and reports
	Get feedback on progress on current priority catalytic projects	Nov 23	Dec 23							
	MMF and DCF Meeting	Nov 23	Nov 23				x			GRDM Programme
	District IDP Managers Forum	Nov 23	Nov 23							GRDM Programme
	IDP, Budget and PMS Representative Forum	Nov 23	Nov 23	x					Municipal Performance Regulation Sec 15	GRDM Programme
	Provincial IDP Managers Forum	Dec 23	Dec 23	x						Provincial Forum
PROJECTS	Design project template	Oct 23	Oct 23							Template
	Distribute community priorities to departments	Nov 23	Nov 23	x						Template
	Appointment of departmental	Nov 23	Dec 23		x					List with names

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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM	EM		
	mSCOA champions									
	Identification of Priority Projects	Jan 24	Feb 24	x	X				Sec 127 MFMA	Draft capex and opex budgets
	MMF and DCF Meeting	Feb 24	Feb 24				x		Section 127 MFMA	GRDM Programme
	Loading of projects to mSCOA portal	Jan 24	Jan 24	X	x					mSCOA report
INTEGRATION	Time Engagement	Feb 24	Feb 24							JPI Report and Attendance Register
	IDP Indaba 2	Mar 24	Mar 24	x						JPI Report and Attendance Register
	Receive summaries of Sector Plans from departments	Jan 24	April 24	x					Best Practice	Sector Plans Section in the IDP
	Integrate the District JPI, PGDP and NDP	Jan 24	Feb 24							
	Add CAPEX and OPEX MTREF Budgets to the IDP	Dec 23	Dec 23	x	X				Best Practice	Budget Section in the IDP
	District IDP Managers Forum	Feb 24	Feb 24							GRDM Programme
APPROVALS	Preliminary Meeting to discuss IDP and Budget Time Schedule	Jul 23	Aug 23	X	X		X			
	Portfolio Committee to discuss IDP/Budget Time Schedule	Aug 23	Aug 23	X	X					
	MAYCO to recommends IDP/Budget time schedule to Council	Aug 23	Aug 23	x	x			X		Resolution and Minutes
	Council Approves the IDP/ Budget Time Schedule	Aug 23	Aug 23	x	x			X	Section 34 MSA, Section 21, 22 & 24 MFMA	Council Resolution and Minutes

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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM	EM		
	Time Schedule is advertised	Sep 23	Sep 23	x	X				MFMA Guidance	News Paper Advert
	Approval of the Adjustment Budget	Feb 23	Feb 23		x					Resolution and Minutes
	Council Approves Draft Annual Report	Jan 24	Jan 24				x		Section 121 MFMA	Council Resolution
	Council adopts amendments to the revised IDP and Draft Budget	Mar 24	Mar 24	x	x				Section 34	Council Resolution
	SIME Engagements	May 24	May 24	x	x		X		Sec 23 MFMA	IDP and Budget assessment report
	Notice is placed in the local newspaper for 21 days	April 24	April 24	x	x				Municipal Performance Regulations Sec 4(ii)	Newspaper advert
	IDP and Budget Road show	April 24	April 24	x	X				Chapter 4 MSA	Minutes and attendance register
	Extended IDP Steering Committee Meeting	April 24	May 24	x					Sec 23 MFMA, Chapter 4 MSA	Third Quarter MS Report, IDP Presentation, attendance and minutes of meeting
	Preparing responses to respond to written submissions	April 24	April 24	X	X				Section 23 MFMA	
	IDP, Budget and PMS Representative Forum	April 24	May 24	x	x	X			Municipal Performance Regulation, Sec 15	GRDM Programme
	Amending IDP and Budget to incorporate provincial assessments	May 24	May 24	x	x					Revised Documents

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PHASE	ACTIVITIES	DURATION		RESPONSIBILITY AGENT					LEGISLATION FRAMEWORK	POE NOTES
		START	FINISH	IDP	BUDGET	PMS	MM	EM		
	Council approves IDP and Budget	May 24	May 24	x	X					
	Send copies IDP and Budget to the MEC for Local Government	June 24	June 24	X	X				Sec 32, MSA, Section 24 MFMA	Confirmation of receipt
	Approval of SDBIP	June 24	June 24			x				Signed Copy of SDBIP
	MMF and DCF Meeting	June 24	June 24				X			GRDM Programme
	District IDP Managers Forum	June 24	June 24	X						GRDM Programme
	Provincial IDP Managers Forum	June 24	June 24	X						Provincial Programme
IMPLEMENTATION	Rollout of SDBIP (2023/2024)	July 24	July 24			x			Section 69	Performance Agreements
	Submission of SDBIP to the MEC for Local Government	July 24	July 24			x			Section 69 MFMA	Council Resolution
	Submit annual Performance Agreements to Mayor	June 24	July 24			x	x		Section 69, MFMA	Signed Performance Contracts
	Tabling of the Mid-year Report	Jan 24	Jan 24			x	x		Sections 36, 72 MFMA	Mid-year report, council resolution and council minutes
	Submission of annual report to AG	Jan 24	Jan 24			x	x		Section 72 MFMA	Confirmation Receipt
	Preparation of Oversight Report	Jan 24	Jan 24			x				Council Resolution
	Council adopts oversight report	March 24	March 24			x	x			Council Resolution

Table 34: 2023/24 IDP and Budget Process

## 2.7 Ward Committees

Since November 2021, the Bitou Ward Committee system has been very effective. Good cooperation between all parties involved – The Office of the Speaker, Ward Councillors, the Administration, and elected Ward Committee members have worked well together this far. Bitou Municipality have been

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lauded for the fact that it has been able to have a low vacancy rate due to the resignation from the different Ward Committees. It has also been praised for the swift action taken by all parties involved to fill vacancies when it occurs. Currently, all Ward Committees are operating at full capacity in terms of the Ward Committee members.

## 2.7.1 Frequency of meetings of ward committees:

The frequency of Ward Committee Meetings is sitting once every two months. The Ward Committee Meeting Agenda is set up in consultation with the Ward Councillor, Ward Committee members, and the administration. There has been a very good level of attendance from Directors and Managers when they are requested to attend these meetings, and it assist with ensuring that the Ward Committees are involved in the activities and affairs of the institution. This assist in keeping the public involved because the discussion from these committees gets fed into the Ward Report Back meeting.

Ward Committee activities for the year also included various capacity building programs that were organized in consultation with the Western Cape Department of Local Government. This includes the Citizen Education Program that covered topics such as;

- The role of a Ward Councillor
- Role, powers and responsibilities of the Ward Committee and
- Relationship between the Ward Committee and the public

Coupled to this there seems to be a growing understanding from members of the public about the role of Ward Committees and this can only be good for the future.

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

Ward Committee members are still being provided with an out-of-pocket expense amounting to R500 to cover transport and telephone expenditure, conditional that they attend the standing ward committee meetings that are held quarterly. This amount to R35 000 per month, funding for entire municipality on the 2023/24 Annual Budget. Throughout the province there is a call to review this amount given the increasing cost of living.

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

Name of representative	Capacity representing	Dates of meetings held during the year
J Dantu	Western Cape People's Foundation	12 July 2023
J Rodney	Kurland Educare	
R Nichol	Neighbourhood Watch	05 September 2023
S Kolisi	Community Safety	07 November 2023
A Smoki	Sport and Recreation	
P Barnado	Covie Community	24 January 2024
S Jacobs	Business Sector	05 March 2024
D Sam	Faith Based	

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Name of representative	Capacity representing	Dates of meetings held during the year
A Treunig	Faith Based	
D Blow	Green Valley Forum	

Table 35: Ward 1 Committee Meetings

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

Name of representative	Capacity representing	Dates of meetings held during the year
C Vlok	Plett Rate Payers	18 JULY 2023 13 September 2023 15 November 2023 01 February 2024 02 April 2024 10 June 2024
D Rennie	Security Cluster	
R Olivier	Plett Rate Payers	
C Muller	Communications	
R Bruce	Business Sector	
W Davis	Business Sector	
A Speight	Business Sector	
S Turner	Business Sector	
Van Royen Christiaan	Plettenberg Bay Environmental	
V Visser	Education	

Table 36: Ward 2 Committee Meetings

## Ward 3: Bossiesgif, Qolweni

Name of representative	Capacity representing	Dates of meetings held during the year
N Zinndlovu	Block G	20 July 2023 20 September 2023 22 November 2023 01 February 2024 02 April 2024 04 June 2024
N Nolokhwe	Block I	
N Willie	Block D	
K Nduna	Block A	
Z Qoloma	Block B	
M Ngcebessha	Block C	
L Shiyani	Block E	
N Maseti Ngqoleka	Block F	
B Klaas	Block H	
P Gqogqa	Block J	

Table 37: Ward 3 Committee Meetings

## Ward 4: New Horizons split voting district Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
K Debruin	Faith Based	26 July 2023
P Lukas	Block E	

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Name of representative	Capacity representing	Dates of meetings held during the year
S Kleynhans	Santa Forum	28 September 2023  28 November 2023 13 February 2024 24 April 2024 20 June 2024
C Plaatjies	Block C	
A Arnold	Block D	
B Manoni	Block B	
F Kleynhans	Sport	
W Maclean	Community Safety	
U Barnard	Block A	
P Sonjani	Business Sector	

Table 38: Ward 4 Committee Meetings

## Ward 5: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
N Mhlana	Community Safety	02 August 2023  10 October 2023  05 December 2023 28 February 2024  09 April 2024 04 June 2024
C Satula	Block D	
A Ngcobondwana	Block B	
B Ntukantu	Youth and Sport	
W Gumenge	Block E	
V Vice	Block A	
M Nyengane	Faith Based	
D Matsolo	Business Sector	
A Monakali	Business	
A Komei	Block E	

Table 39: Ward 5 Committee Meetings

## Ward 6: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
K Madokwe	Youth and Sport	15 August 2023  12 October 2023 07 December 2023 21 February 2024  11 April 2024 13 June 2024
S Xego	Block A	
M Langbooi	Block B	
W Mpemnyama	Block C	
S Nase	Block D	
M Bangi	Block E	
L Klaas	Business Sector	
Z Moyikwa	Education	
P Ncithi	Women Forum	
T Desi	Community Safety	

Table 40: Ward 6 Committee Meetings



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

Name of representative	Capacity representing	Dates of meetings held during the year
C Manuel	Agriculture	23 August 2023  17 October 2023  11 December 2023  22 February 2024  16 April 2024  18 June 2024
R Christoffels	Youth and Sport	
M Jantjies	Community Safety	
D Luiters	Block D	
T Snell	Block C	
A Kuyster	Block E	
S Wildeman	Block A	
T Jones	Block E	
R Quaracha	Education	
W Abrouw	Agriculture	

Table 41: Ward 7 Committee Meetings

### 2.7.3 Functionality of Ward Committee

#### The purpose of a ward committee is:

Ward Committees play a critical role in strengthening public participation and building a trust relationship between the municipality and the public. Amongst the objectives of the Ward Committee are;

- To enhance communication between the public and the municipality
- Bringing to the attention of the municipality, through the Ward Councillor, critical service delivery matters for it to be addressed.
- Enhancing public participation and community involvement

The municipality can also gain a lot of benefit by ensuring that Ward Committee members are empowered to play a supporting role to the Ward Councillor. Ward Committees are also essential role players when it comes to the municipality's IDP programmes and can be an outlet to ensure that communities are more educated about the entire IDP process.

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

Ward Number	Committee established (Yes / No)	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
WARD 1	YES	4	YES	Ward Report Back meeting to address the community about council decisions and IDP/Budget processes

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Ward Number	Committee established (Yes / No)	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
WARD 2	YES	4	YES	Ward Report Back meeting to address the community about council decisions and IDP/Budget processes
WARD 3	YES	3	YES	Ward Report Back meeting to address the community about council decisions and IDP/Budget processes
WARD 4	YES	4	YES	Ward Report Back meeting to address the community about council decisions and IDP/Budget processes
WARD 5	YES	4	YES	Ward Report Back meeting to address the community about council decisions and IDP/Budget processes
WARD 6	YES	4	YES	Ward Report Back meeting to address the community about council decisions and IDP/Budget processes
WARD 7	YES	4	YES	Ward Report Back meeting to address the community about council decisions and IDP/Budget processes

Table 42: Functioning of Ward Committees

## 2.7.4 Representative Forums

### a) Labour Forum

The table below specifies the members of the Labour Forum for the 2023/24 financial year:

Name of representative	Capacity
Alan Croutz	Acting Director: Corporate Services – Chairperson (01 July 2023 – 31 August 2023)
Tanya Wildeman	Acting Director: Corporate Services – Chairperson (01 September – 31 January 2024)
Andile Namntu	Acting Director: Corporate Services – Chairperson

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Name of representative	Capacity
	(07 February 2024 – 08 June 2024)
Felix Lötter	Director Financial Services – Employee Representative (10 June 2024 – 31 May 2024)
Melony Paulsen	Director Community Services – Employee Representative
Victor Felton	Director Engineering Services – Employee Representative
Annelise Olivier	Councillor – Employee Representative
Sam Manqxa	Councillor – Employee Representative
Nokuthula Sethi	Councillor – Employee Representative
Linus Freeks	IMATU Representative
Clifton Cortje	IMATU Representative
Adine Manuel	IMATU Representative
Sithenkosi Bobani	IMATU Representative
Nomxolisi Mgoduka	IMATU Representative
Dina Esou	SAMWU Representative
Andile Nkatsha	SAMWU Representative
Lawrence Mlanjeni	SAMWU Representative

Table 43: Labour Forum

## COMPONENT D: CORPORATE GOVERNANCE

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

### 2.8 RISK MANAGEMENT

#### 2.8.1 Legislative Mandate

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

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## 2.8.2 Top Strategic Risk Themes for the Municipality

The table below indicates the top ten risks of the Municipality for 2023/24:

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

Table 44: Top Ten Risks

## 2.8.3 Highlights: Risk Management

The table below indicates the highlights for the year.

Highlights	Description
Staff development strategy aimed at improving local government employees' education to address the identified skills gap in leadership and management capabilities	The design and roll-out of the UWC NQF level 7 qualification in Public Administration to 42 employees
Fraud and Corruption Prevention Strategy underpinned by Council-approved policies, which are consistently applied by the Executive Management Team	Various tamper-proof "REPORT FRAUD" mechanisms with built-in anonymity for internal and external whistleblowers, created, implemented and maintained by internal capacity and resources
Risk Section's Annual Implementation Plan 2023/24	The achievement of the risk management implementation plan goals by 30 June 2024

Table 45: Highlights: Risk Management

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## 2.8.4 Challenges: Risk Management

Challenges	Corrective Actions
Frequent senior management changes in various departments	Strategic leadership to fill vacant posts with suitably qualified personnel aimed at risk mitigation, improved service delivery levels and financial stability
Political instability due to local government coalitions	Open and transparent communication to guide and direct officials towards achievement of consistent service delivery goals
Fragmented Business Continuity Management (BCM) plans	Ongoing process for review of the Business Impact Analysis for compilation of one overarching BCM plan

Table 46: Challenges: Risk Management

## 2.8.5 Functions of the Risk Management Unit

Below table indicates the functions of the Risk Management Unit that were performed during 2023/24:

Functions	Date
Enterprise Risk Management Framework documents reviewed by the Risk Management Committee and recommended to Council for approval	11 April 2024
Risk Management Implementation Plan developed for the FY 2024/25, submitted to and approved by the Risk Management Committee (RMC)	26 June 2024
Municipal Risk Profile facilitated and reviewed for the FY 2023/24 via RMC workshops and individual engagements with each section manager, all risk detail and ratings updated on Barnowl after careful consideration and discussion of real risks and viable action plans, clarified for all directorates to assist with Combined Assurance via the Annual Risk Based Audit Plan	30 March 2024
Quarterly reports of risk management activities prepared and submitted to the Risk Management Committee	Quarterly at RMC Meetings
Strategic risks & action plans compilation and monitoring / Operational risk action plan monitoring / Managerial risk management support / Fraud risk register monitoring and updating / Business Continuity Plan development / Combined Assurance Policy development / Western Cape Government mGAP assessments	Ongoing

Table 47: Risk Management Functions

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## 2.9 ANTI-CORRUPTION AND FRAUD

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

### 2.9.1 Developed Strategies

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

Table 48: Strategies



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## 2.10 AUDIT COMMITTEE (AC)

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

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

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

### 2.10.1 Functions of the Audit Committee

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the Council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the Municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

### 2.10.2 Members of the Audit Committee

Name of representative	Capacity	Meeting dates
Mrs. R Shaw	Chairperson	06 November 2023



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Name of representative	Capacity	Meeting dates
Mr. K Zono	Ordinary Member	12 February 2024
Mr. M Hennesey	Ordinary Member	06 May 2024
Mr M Brewis	Ordinary Member	05 August 2024
		29 August 2024 (Special)

Table 49: Members of the AC

## 2.11 PERFORMANCE AND AUDIT COMMITTEE (PAC)

### 2.11.1 Functions of the Performance Audit Committee

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

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

### 2.11.2 Members of the Performance Audit Committee

Name of representative	Capacity	Meeting dates
Mrs. R Shaw	Chairperson	• 06 November 2023 (2023/24 PMS Q1)
Mr. K Zono	Ordinary member	• 12 February 2024 (2023/24 PMS Q2)
Mr. M Hennessy	Ordinary member	• 06 May 2024 (2023/24 PMS Q3)
Mr M Brewis	Ordinary member	• 05 August 2024
		• 29 August 2024 (Special Audit Committee Meeting to review the 2023/24 Draft Performance Report and 2023/24 PMS Q4)

Table 50: Members of the Performance Audit Committee

## 2.12 INTERNAL AUDITING

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

The Internal Audit Unit of a municipality must:

- prepare a risk-based audit plan and an internal audit program for each financial year; and
- advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - internal audit;

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- (ii) internal controls;
- (iii) accounting procedures and practices;
- (iv) risk and risk management;
- (iv) performance management;
- (v) loss control; and
- (vi) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation

(c) perform other duties as may be assigned to it by the accounting officer.

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

## 2.12.1 Highlights: Internal Audit

The table below indicates the highlights for the year.

Highlights	Description
Compliance Monitoring	Monitoring and ensuring adherence to all relevant laws, regulations, and internal policies are integral components of each review
Risk Assessment	The Internal Audit team assessed potential risks that could affect the municipality's operations. This process involved identifying vulnerabilities, recommending strategies to mitigate them, and then making the same recommendations to the Chief Risk Officer
Process Improvement	Evaluating and recommending improvements to internal processes and controls to enhance the municipality's efficiency and reduce risk
Independence and Objectivity	The Internal Audit Charter enables the Internal Audit Section to operate independently and objectively, ensuring freedom from undue influence or bias in order to provide unbiased assessments

Table 51: Highlights: Internal Audit

## 2.12.2 Challenges: Internal Audit

The table below indicates the challenges for the year.

Challenge	Corrective Actions
Resource Constraints	A limited budget and inadequate staffing have hindered the Internal Audit Section's ability to thoroughly review all municipal operations and ensure compliance with regulations
Scope and Coverage	Navigating the comprehensive spectrum of the municipality's operations can be challenging,

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

Table 52: Challenges: Internal Audit

## 2.12.3 Annual Audit Plan

The table below provides detail on audits completed:

Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
<b>Phase 1</b>			
Assessing the Results of the Annual Risk Assessment			
<b>Phase 2</b>			
Developing a Risk-Based Internal Audit Plan			
<b>Phase 3</b>			
Implementing the Risk-based Internal Audit Plan.			
During the 2023/24 financial year, the following Internal Audit Reports were issued:			
Financial Services (Regulatory and Compliance)	Annual Stock Count for the financial year ending 30 June 2023	Our duties involve participating in the annual formal stock count at the end of the fiscal year. Subsequently, we will produce a comprehensive stock count report. This report will detail all discrepancies identified during the stock count, providing a clear overview of any variations in stock quantities or values when compared to the recorded figures.	November 2023
Office of the Municipal Manager (Regulatory and Compliance)	2022/23 Performance Management Systems Quarter 4 and Annual Performance Report evaluation	The statutory obligation encompasses providing reasonable assurance regarding the validity, accuracy, and completeness of information contained within the performance	August 2023

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Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
	2023/24 Performance Management Systems Quarter 1	management system. This ensures that management can effectively address any deficiencies that may arise and guarantees that the performance management data accurately represents the municipality's actual performance.	November 2023
	2023/24 Performance Management Systems Quarter 2		February 2024
	2023/24 Performance Management Systems Quarter 3	<p>This obligation is rooted in the following legal provisions:</p> <ul style="list-style-type: none"> <li>• Municipal Systems Act (MSA), 2000, Section 41(1).</li> <li>• Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 14(1)(c).</li> <li>• 3. Public Audit Act, Section 20(2).</li> </ul>	May 2024
Office of the Municipal Manager (Regulatory and Compliance)	2022/23 Risk Management Quarter 4	Our responsibility is to provide independent assurance services pertaining to the controls established to mitigate risk, the effectiveness of the risk management system, and the overall governance framework. This involves evaluating the adequacy and functionality of risk controls to identify, assess, and manage risks within the municipality.	August 2023
	2023/24 Risk Management Quarter 1		November 2023
	2023/24 Risk Management Quarter 2		February 2024
	2022/23 Risk Management Quarter 2	<p>This mandate is grounded in the following legislative and regulatory provisions:</p> <ul style="list-style-type: none"> <li>• Municipal Finance Management Act (MFMA), 2003, Section 62(1)</li> <li>• Municipal Finance Management Act (MFMA), 2003, Section 165(2)(b)(iv).</li> </ul>	May 2023

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Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
		<ul style="list-style-type: none"> <li>Western Cape Provincial Treasury PGWC Risk Management Framework, which serves as a reference for our risk assessment and assurance activities in alignment with provincial guidelines.</li> </ul>	
Engineering Services (Regulatory and Compliance)	Proclaimed Roads for the 2023/24 Financial Year	Our responsibility is to provide reasonable assurance concerning the effectiveness of controls governing the grants allocated to Bitou Municipality by the National Treasury through the Division of Revenue Act Bill. Additionally, we will assess the expenditure of these funds in alignment with the designated purpose and any applicable conditions stipulated for their utilization. This assurance process ensures transparency and accountability in the management of public funds and grant allocations.	May 2024
Engineering Services (Operational – Risk Based)	Fleet Management	Through this comprehensive review, our primary objective is to offer the Council, Management, and the Audit and Performance Audit Committee reasonable assurance concerning the adequacy and effectiveness of the risk management, internal control, and governance systems in relation to Fleet Management. This includes adherence to relevant legislation, policies, and procedures.	May 2024
Corporate Services (Operational – Risk Based)	2021/2022 Occupational Health & Safety (Follow up Review)	The objective of this internal audit follow-up is to obtain reasonable assurance that the internal control weaknesses previously identified and the agreed-upon actions to address	November 2023

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Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
		such weaknesses have been implemented.	
Financial Services (Operational – Risk Based)	Surprise Cash Counts	Assess the accuracy and integrity of the municipality's cash handling and accounting processes. This audit is typically unannounced and is designed to provide an independent evaluation of cash management practices.	August 2024
Financial Services (Regulatory and Compliance)	Division of Revenue Act review for 2023/24	The Municipal Finance Management Act (MFMA) mandates internal audit to assess controls over grants allocated to Bitou Municipality via the Division of Revenue Act (DoRA) of 2017. The objectives include evaluating the effectiveness of controls related to roll-over funding applications, the receipt and reconciliation of allocated grants, ensuring completeness of grant receipt, adherence to reporting requirements, and monitoring the expenditure of grants in accordance with specified conditions. The audit focuses on compliance with DoRA sections pertaining to equitable share and conditional allocations, accurate reporting, expenditure in line with designated purposes, and management of unspent conditional allocations.	August 2024
Financial Services (Regulatory and Compliance)	Operation Clean Audit Report (OPCAR) review	The evaluation of the recorded implementation of corrective action plans by Management to address the findings raised by the Auditor General (SA) is a critical process that involves reviewing, assessing, monitoring, verifying, and reporting on the effectiveness of actions taken to address audit findings. It is a vital	August 2024

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Audit Engagement	Departmental Process	Detail	Reported to Audit Committee
		component of good governance and accountability.	
Office of the Municipal Manager	Ad-hoc audit Reviews	5 ad-hoc audit reviews have been granted approval by the Audit and Performance Audit Committee (APAC) and have been officially incorporated into the revised Internal Audit Plan.	

Table 53: Internal Audit Coverage Plan

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

Function	Date/Number
Submit the Risk Based Audit Plan (RBAP) for the 2024/25 financial year to the Audit Committee by 30 June 2024	The Risk Based Audit Plan (RBAP) for the 2024/2025 Financial year was submitted to and approved by the Audit Committee on 27 June 2024
Advise the accounting officer and report to the Audit Committee in terms of section 165 (2) (b) of the MFMA (Including the execution of the Risk based Internal Audit Plan)	Refer to Quarterly Audit Committee dates for Reporting

Table 54: Internal Audit Functions

## 2.13 BY-LAWS AND POLICIES

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

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

Policies developed/ revised	Council resolution	Date adopted
<b>Policies reviewed and implemented</b>		
Performance Management Policy Framework (amendment)	C/3/111/07/23	31-Jul-23
Placement Policy	C/3/146/12/23	11-Dec-23
House Shop Policy	C/6/131/04/24	30-Apr-24
Small-Scale Embedded Generation Policy (amendment)	C/5/134/04/24	30-Apr-24
Letting of Municipal Residential Accommodation Policy	C/4/180/04/24	30-Apr-24
Accounts Payable	C/2/210/05/24	24-May-24
Budget Implementation and Monitoring Policy	C/2/210/05/24	24-May-24



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Policies developed/ revised	Council resolution	Date adopted
<b>Policies reviewed and implemented</b>		
Cost Containment Policy	C/2/210/05/24	24-May-24
Petty Cash Policy	C/2/210/05/24	24-May-24
Subsistence and Travel Allowance Policy	C/2/210/05/24	24-May-24
Borrowing Policy and guidelines	C/2/210/05/24	24-May-24
Tariff Policy	C/2/210/05/24	24-May-24
Supply Chain Management Policy	C/2/210/05/24	24-May-24
Property Rates Policy	C/2/210/05/24	24-May-24
Liquidity, Funding and Reserves Policy	C/2/210/05/24	24-May-24
Investment & Cash Management Policy	C/2/210/05/24	24-May-24
Customer Care, Credit Control, Debt Collection, Indigent and Tampering Policy	C/2/210/05/24	24-May-24
Writing-Off of Irrecoverable Debt Policy	C/2/210/05/24	24-May-24
Preferential Procurement Policy	C/2/210/05/24	24-May-24
Infrastructure Procurement & Delivery Policy	C/2/210/05/24	24-May-24
Asset Management Policy	C/2/210/05/24	24-May-24
<b>By-Laws</b>		
Electricity Supply By-law (amendment) In-Principle Approved	C/5/133/04/24	30-Apr-24

Table 55: Policies

## 2.14 COMMUNICATION

Bitou Municipality constantly strives to achieve maximum participation by the community and community groups in its affairs as prescribed by Chapter Seven of the Constitution and all other pieces of legislation that stems from it. The institution has a fully-fledged Corporate Communications, IGR, and Public Participation Section that has the responsibility to facilitate meaningful community engagements. This can be done through the following;

- Website
- Face to face engagements
- Social Media
- Traditional Communication – flyers, posters, pamphlets etc.

Constant communications with the communities create trust between the

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Community and the municipality. Having this harmonious relationship reduces conflict and negativity which often leads to unnecessary service delivery interruptions.

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

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

Table 56: Communication Activities

## 2.14.1 Communication and Customer Care Unit

	Yes/No	Number of people in the Unit	Job titles
Communication Unit	Yes	27	Manager Corporate Communications, Intergovernmental Relations and Public Participation (1)
			Senior Officer: Social Media Content and Corporate Communications (1)
			Senior Officer Intergovernmental Relations (1)
			Communications Officer (1)
			Public Participation Coordinator (1)
			Principle Clerk: Customer Relations (1)
			Public Participation Administrator 1
			Call Centre Operators (5)
			Coordinator: Community Development Workers (1)
			Community Development Workers (7)
			Community Liaison Officers (7)

Table 57: Communication and Customer Care Unit

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## 2.14.3 Additional Communication Channels Utilised

Channel	Yes/No
Facebook	Yes
Twitter	Yes
Telegram	Yes
SMS system	Yes
Instagram	Yes
Linked In	Yes
Loud hailing	Yes
YouTube	Yes
Citizen App	Yes

Table 58: Additional Communication Channels Utilised

## 2.14.4 External Communication Forums

Forum	Yes / No	Frequency	Communication issues were discussed at the forum?
Provincial Commtech Forum Meeting	Yes	Quarterly	<ul style="list-style-type: none"> <li>• Policies and Strategy</li> <li>• Media Network</li> <li>• Crisis Communication Protest Scenario, Natural Disasters and Fires</li> <li>• Social Media Guidelines</li> <li>• Media monitoring</li> <li>• National Language Policy (PANSALB)</li> <li>• Calendar Events</li> <li>• Interface with Tourism Bureaus and Departments</li> <li>• Role of Communications in Human Settlements and Infrastructure Development</li> <li>• New Trends in Social Media</li> <li>• Cabinet Outreach Programs hosted by the Premier</li> <li>• Branding and Co-branding models</li> </ul>
District Commtech	Yes	Quarterly	<ul style="list-style-type: none"> <li>• Cabinet Outreach Programs</li> <li>• Support to Service Delivery Departments</li> <li>• Communication of key Events</li> <li>• Citizen Applications and Customer Service Focus</li> <li>• Reporting mechanisms</li> <li>• SSEG Rollout</li> </ul>
GCIS sharing the government	Yes	Quarterly	Review of Policies and Strategies have been emphasized and this includes National Communication Strategy Framework (Plan of Action)

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Communication Policy			<ul style="list-style-type: none"> <li>• Intergovernmental Communications Plans</li> <li>• Social Media Content and Planning</li> <li>• Effective Use of Virtual Platforms–Teams, Zoom and etc.</li> </ul>
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Table 59: External Communication Forums

## 2.14.5 Communication Platforms Utilised

The table below depicts the current communications platforms utilised.

Platforms	Utilisation of Platform (Yes/No)	Purpose of usage?	Target Audience	Frequency of use or updates?	Comments or details about this platform
External newsletter	Yes	Information and to provide feedback	Community	Quarterly	2 x External Newsletter were issued in the financial year
Internal Newsletter	Yes	Information and to provide feedback	Community	Quarterly	2 x External Newsletter were issued in the financial year An Additional monthly newsletter is being distributed with the accounts and it proves to be effective.
Radio	Yes	Information	Community	As the need arises	Effective when required, however limited due to budget constraints <sup>4</sup>
Website	Yes	Information, to provide feedback and to interact	Community	Daily	Effective – the upgrading of the old website has been completed and the migration of content is currently being concluded.
Bulk SMS	Yes	Information	N/A	As the need arises	Effective
Local newspaper	Yes	Information, motivation and feedback	Community	Weekly	Effective
Press release	Yes	Information	Community	As the need arises	Effective

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<b>Posters</b>	Yes	Information and motivation	Community, Staff	As the need arises	Effective
<b>Loud Hailing</b>	Yes	Information about event / meeting	Community	As the need arises	Costly in terms of overtime and availability of staff
<b>Brochures</b>	Yes	Information	Community, Staff	As the need arises	Effective
<b>Pamphlets</b>	Yes	Information	Community, Staff	As the need arises	Effective

Table 60: Communication Platforms Utilised

## 2.15 WEBSITE

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

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

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

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

The Municipality has recently completed its Communications Strategy and the Website is a key tool to public participation. A customer satisfaction survey is posted on the website and this enable the public to rate our service delivery efforts. Therefore, it makes it imperative for the municipality to be as engaging as possible and be open to new trends in the communications sphere. Hence we put emphasis on identifying opportunities to upgrade and improve our website to always be on the cutting edge of technological advancement.

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

Description of information and/or document	Yes/No and/or Date Published
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	

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Description of information and/or document	Yes/No and/or Date Published
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2023/24	Yes
Adjusted Budget 2023/24	Yes
Asset Management Policy	Yes
Customer Care, Credit Control & Debt Collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	Yes - 2015
Grants-In-Aid Policy	Yes
Borrowing Policy	Yes
SDBIP 2023/24	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2023/24	Yes
IDP Process Plan for 2023/24	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 &amp; 75(1)(e) &amp; (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
SCM contracts above R100 000	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	Yes
Section 37 of the MFMA (Unsolicited Bids/Contracts)	Yes
Public-Private Partnership agreement	NA
Service delivery agreements	NA
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the Municipal Finance Management Act)</b>	
Annual Report of 2022/23	Yes

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

Table 61: Website Checklist

## 2.16 SCM

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

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

### 2.16.1 Highlights: SCM

The table below specifies the highlights for the year:

Highlights	Description
Contract Management	The municipality has achieved 100% performance on Contract Management. This relates to the timeous signing of contracts after awards, the monitoring of contractors and service providers, and document management relating to contracts
Demand Management Plan	The municipality had managed to achieve 100% performance on Grant Funding related tenders. However, more attention is required on Capital Expenditure related procurements
Irregular Expenditure	The municipality has recorded R121 612 during the 2023/24 Procurement Year. The expenditure has been



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Highlights	Description
	referred to Municipal Public Accounts Committee (MPAC) for further investigation
Litigations with Suppliers	The Municipality hasn't recorded any litigations with suppliers in the 2023/24 Procurement Year

Table 62: Highlights: Supply Chain Management

## 2.16.2 Challenges: SCM

The table below specifies the challenges for the year:

Description	Actions to address
Compilation of Tender Specifications	Some user-departments still encounter challenges in compiling or drafting sound tender specifications. It was established that such a challenge affects most of the municipalities in the country, where the National Treasury has convened training to address the challenge on hand. The municipality has also convened a Bitou Specification Forum consisting of officials in the capacity of engineers, quantity surveyors, IT technicians, financial managers, accountants, risk officers, legal, occupational health and safety, superintendents, etc.
Declaration of Interest	Not all employees within the municipality have declared their personal interest to businesses conducted or associated. This is placing a huge fraud risk toward the procurement processes of the municipality. The SCM Unit is in possession of interests declared by the officials involved in the Bid Committees, as well as those from Councillors. However, the Supply Chain Management Regulation No. 44 provides guidance to this effect
Human Resource Management	The post of Head: Acquisition, Bids and Contract Management has been vacant for almost a year. Whereas the post of Head: Acquisition, Demand and Logistics Management has been vacant since April 2024. Both posts are vacant due to resignations by the then-resident Practitioners

Table 63: Challenges: Supply Chain Management

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## 2.16.3 Competitive Bids in Excess of R200 000

### a) Bid Committee Meetings

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

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

The bid committees have been conducted regularly through the year with attendance closely monitored in compliance with Council's SCM Policy. The following table details the number of bid committee meetings held for the 2023/24 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
49	34	30

Table 64: Bid Committee Meetings

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

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

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

Table 65: Attendance of Bid Specification Committee

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

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

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

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

Table 66: Attendance of Members of Bid Evaluation Committee

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

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

Table 67: Attendance of Members of Bid Adjudication Committee

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## 2.16.4 B-BBEE Compliance Performance Information

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

### a). Management Control

Category	Number	Race Classification	Gender	Disability
Senior Management	4	African – 1 Coloured – 1 White – 2	AM CF WM	0

Table 68: Management Control

### b). Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	162	African – 102 Coloured – 59	AF – 56 AM – 46 CF – 30 CM – 30	0	R 6 043 910
White employees	7	White – 7	WM – 4 WF – 3	0	R 194 000.00
Black people on internships, apprenticeship, learnership	148	African – 94 Coloured – 54	AF – 53 AM – 41 CF – 25 CM – 29	0	R 5 672 800
Unemployed black people on any programme under the learning programme matrix	33	Coloured – African –	AF – 19 AM – 9 CF – 4 CM – 1	0	R 1 799 000
Black people absorbed at end of internships, apprenticeship, learnership	3	Coloured – 0 African – 2	CF – 0 AF – 2 AM – 1	0	R 255 000

Table 69: Skills Development

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## c) Enterprise and Supplier Development

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

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## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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

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

#### 3.1.1 Legislative Requirements

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

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

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

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

#### 3.1.2 Organisation Performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure

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that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

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

## 3.1.3 The Performance System followed for 2023/24

### a) The IDP and the budget

The reviewed IDP and the budget for 2023/24 was submitted to council for approval on 29 May 2023. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

### b) The SDBIP

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

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

The Top Layer SDBIP was approved by the Executive Mayor on 15 July 2023.

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

- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2022/23 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the adjustments budget
- Oversight Committee Report on the Annual Report of 2022/23
- The risks identified by the Risk Management unit during the municipal risk assessment

### c) Actual performance

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

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



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

## 3.1.4 Performance Management

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

### a) Organisational performance

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

- The Top Layer SDBIP was approved by the Executive Mayor on 15 July 2023.
- The web-based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets every month for the previous month’s performance.
- A mid-year budget and performance (Section 72) report was compiled within the legislative timeframes, tabled to Council and approved and submitted to Provincial Treasury.
- Roll-out of performance agreements for other levels of management will be cascaded down in stages over the next financial years.
- Internal Audit conducted an audit on the Top Layer SDBIP for all quarters and reported to the Performance Audit Committee on a quarterly basis.
- The Audit Committee also acts as the Performance Audit Committee and is fully functional.

### b) Individual performance management

#### Senior Management

The MSA prescribes that the municipality must enter into performance-based agreements with all S57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (Regulation 805, August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2023/24 financial year were signed on the following dates:



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- Municipal Manager : 19 June 2023
- Director Engineering Services : 15 June 2023
- Director Community Services : 15 June 2023
- Director Financial Services : 31 January 2024

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

- Director Corporate Services
- Director Economic Development and Planning

The formal evaluations for the 2023/24 financial year will only take place after the submission of the Performance Report to the Auditor-General in the 2024/25 financial year.

## *Managers and other staff*

The Municipal Staff Regulations (Regulation 890) and Guidelines (Regulation 891) promulgated on 20 September 2021 Chapter 4, Performance Management and Development System Section 32 (1) states that the Performance Management and Development System (PMDS) applies to all staff members of a municipality with the exclusion of certain staff members as stated by the subsections (a) – (d).

However, due to the various issues raised by municipalities across the country, the Department of Co-operative Governance and Traditional Affairs (CoGTA), issued Circular 12 on 17 June 2024 which provided municipalities with an extension for implementation of Chapter 2 and 4 of these Regulations, until 1 July 2023.

The Municipality has developed the following process in order to ensure implementation:

## *Awareness*

During the awareness session, personnel were provided with an overview of the Regulation, specifically focusing on Chapter 4, which addresses Individual Performance and the requirements for a compliant performance agreement. Following this, one-on-one sessions were held with key personnel to guide the drafting of key performance indicators (KPIs) in accordance with the Regulations. This process involved developing KPIs and targets aligned with job key performance areas (KPAs), establishing performance standards, and identifying potential portfolios of evidence.

The relevant job descriptions (JDs) were used to extract 5–7 KPAs, with staff members working collaboratively with their managers to identify appropriate KPIs, targets, performance standards, and sources of evidence to effectively measure KPA performance. Additionally, users received system training to assist in drafting their performance agreements, as part of the implementation process for the 2023/24 financial year.

## *Training*

The system training sessions were conducted in two phases. The first phase, held from 10 to 14 July 2023, focused on "How to create/compile a Performance Agreement." The second phase, which took place from 14 to 18 August 2023, concentrated on updating indicators, capturing actual performance,

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and monitoring performance, ensuring users were equipped with the necessary skills for effective performance management.

## *Mid-year Evaluations*

Mid-year Evaluations Training took place from 8 to 12 January 2024, focusing on "How to conduct a self and manager assessment." In accordance with Regulation 890, an amendment period followed the mid-year review process, allowing for adjustments to performance agreements. The Final Annual Reviews, set to begin on 1 July 2024, will be based on these revised and approved plans.

## *Way forward*

During the year under review the Municipality experienced several challenges with the implementation of Individual Performance to all levels of staff. The challenges ranged from capacity constraints, change management process, lack of communication, budget constraints and participation and willingness of employees. Throughout the financial year the Municipality has placed an emphasis on upskilling employees in creating a culture of performance management by providing awareness sessions and giving internal assistance through the HR Department to those officials in need.

From 20 till 28 May IPMDS awareness sessions were held with all departments as refresher training for the finalisation of agreements for the 2024/25 financial year.

The Municipality is committed to further consultation processes with staff and to ensure assistance is provided to departments where required in order to have full implementation of IPMDS during 2025/26.

## **3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2023/24**

### **3.2.1 Strategic SDBIP (Top Layer)**

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

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

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

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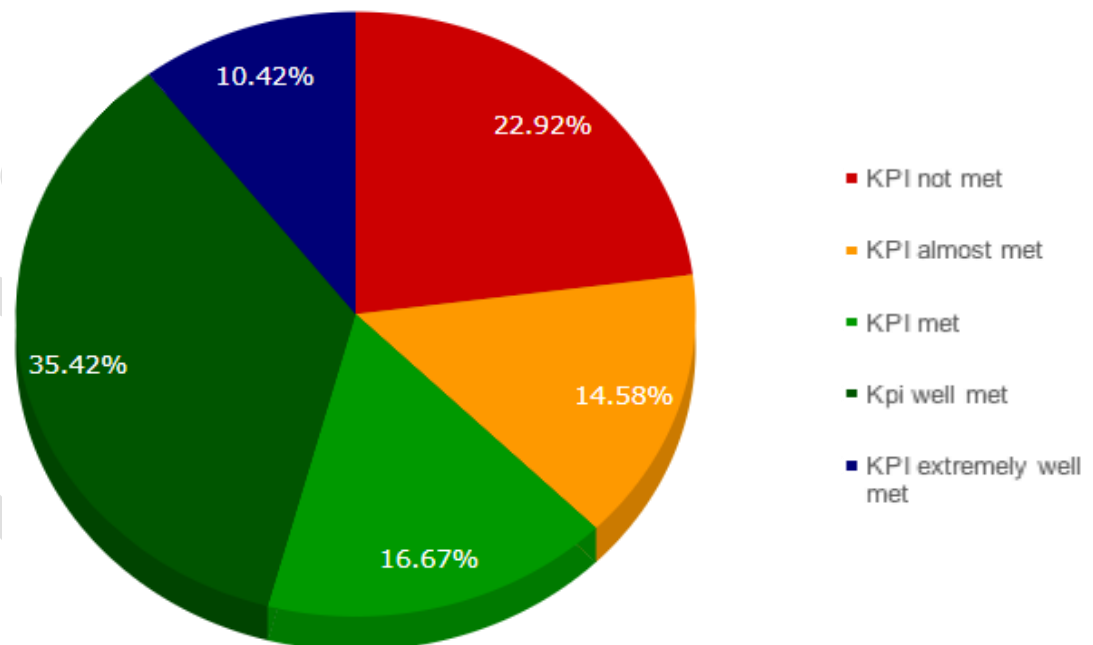


Figure 3.: SDBIP Measurement Categories

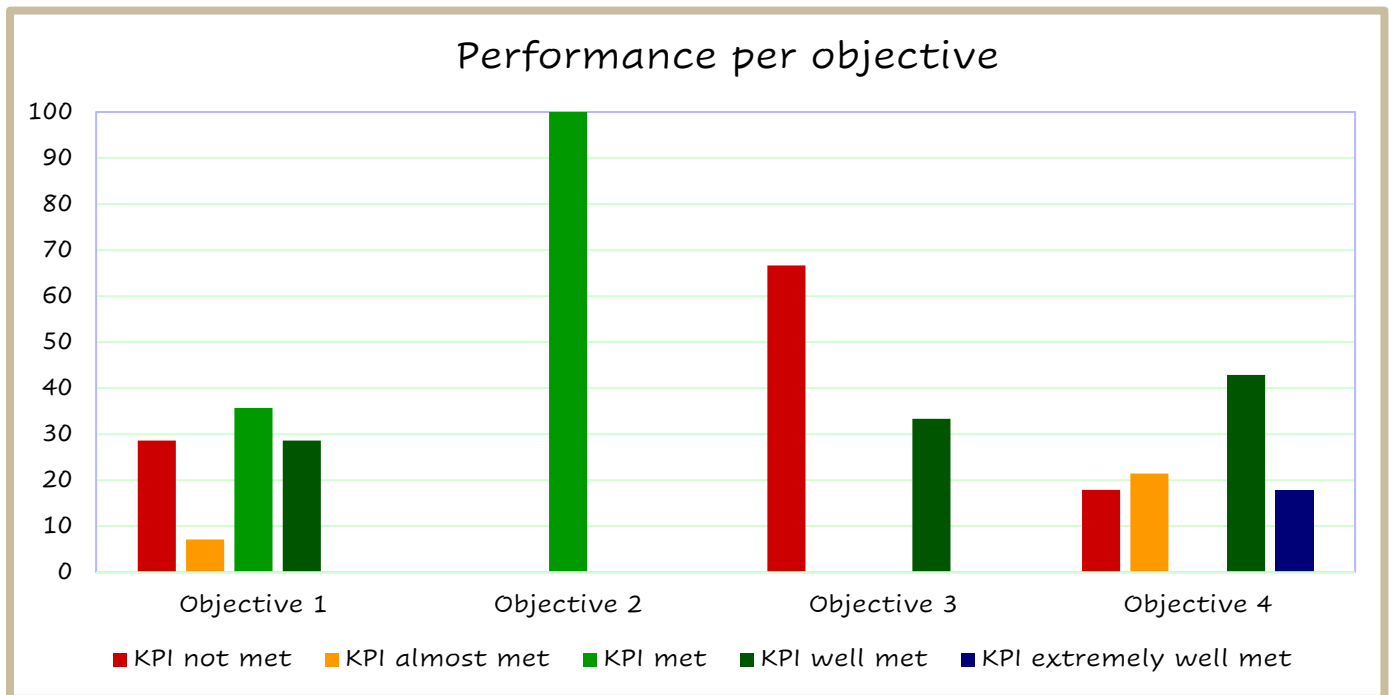
## 3.2.2 Overall performance

The graph below displays the overall performance per Strategic Objective for 2023/24:

### Overall



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Graph 1.: Overall Performance per Strategic Objective 2023/24

Measurement Category	Objective 1 Building a capable well-resourced and viable institution that can deliver on the developmental mandate of the Municipality	Objective 2 Create a conducive and mutually beneficial communication environment that is responsive to the development priorities of the municipality and community	Objective 3 Facilitate growth, jobs and expand tourism to empower the residents of Bitou	Objective 4 Provide Excellent Service Delivery to the residents of Bitou Municipality including informal settlements and the poor	Total
KPI Not Met	4	0	2	5	11
KPI Almost Met	1	0	0	6	7
KPI Met	5	3	0	0	7
KPI Well Met	4	0	1	12	17
KPI Extremely Well Met	0	0	0	5	5
Total	14	3	3	28	48

Figure 4.: Overall Performance Per Strategic Objective for 2023/24

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

- i) Build a capable, well-resourced and viable institution that can deliver on the developmental mandate of the municipality

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2024/25 financial year to the Audit Committee by 30 June 2024	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1	0	0	0	1	1	1	G
TL2	Complete 90% of audits as scheduled in the RBAP applicable for 2023/24 by 30 June 2024 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed	All	99%	0%	25%	45%	90%	90%	99%	G2
TL3	Complete the annual risk assessment for 2024/25 and submit to the CAE by 31 March 2024	Risk assessment completed and submitted to the CAE	All	1	0	0	1	0	1	1	G
TL5	Conduct the Mid-year Performance Evaluations of the section 57's employees by 28 February 2024	Number of evaluations completed	All	1	0	0	1	0	1	1	G
TL6	Conduct the Final Performance Evaluation of the	Number of evaluations completed	All	1	0	1	0	0	1	1	G

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	section 57's employees for the 2022/23 by 30 December 2024										
TL8	Review the Organisational Structure by 30 May 2024	Organisational Structure reviewed by 30 May 2024	All	1	0	0	0	1	1	1	G
TL18	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2024 {(Number of people from employment equity target groups	% of people employed	All	84%	0%	0%	0%	70%	70%	82%	G2
TL19	Spend 0.20% of operational budget on training by 30 June 2024 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.20%	0%	0%	0%	0.20%	0.20%	0.27%	G2
TL20	Review the "System of Operational Delegations" and	System of operational delegations	All	1	0	0	0	1	1	0	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	submit to Council by 30 June 2024	submitted to Council									
<b>Corrective Measure</b>			The matter will be prioritised for completion in the 2024/25 financial year								
TL21	Spend 95% of the allocated capital budget for ICT by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	90%	0%	40%	60%	95%	95%	92%	O
<b>Corrective Measure</b>			The underspending represents a savings on the projected cost and therefore no remedial action is proposed. Provision is made annually for the replacement of IT equipment and enhancement of IT services through resource allocation								
TL22	Spend 95% of the allocated capital budget for the back-up power and solar project by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	0%	0%	40%	60%	95%	95%	99%	G2
TL23	Review the HR Strategy and Plan and submit to Council by 30 May 2024	HR Strategy and Plan reviewed and submitted to Council by 30 May 2024	All	0	0	0	0	1	1	0	R
<b>Corrective Measure</b>			HR Strategy will be reviewed and workshopped before or by no later than 30 June 2025								
TL24	Develop and submit a Talent Management Framework	Talent Management Framework	All	0	0	0	0	1	1	0	R



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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Framework to Council by 31 March 2024	developed submitted to Council by 31 March 2024									
<b>Corrective Measure</b>			The Policy is still in draft format and not yet finalised The Human Resources Management Department is in the process to develop various policies which include the Talent Management Framework Policy, it is anticipated that the policies will be finalized between August and September 2024								
TL43	Review and submit the Disaster Management Plan to Council by 31 May 2024	Disaster Management Plan reviewed and submitted to Council	All	1	0	0	0	1	1	0	R
<b>Corrective Measure</b>			Disaster Management Plan was sent to the Provincial Disaster Centre as well as District Disaster Management for comments on the 23 of May 2024 and feedback was received on 6 June 2024. The disaster Management Plan will be submitted to council for review in the new financial year								

Table 70: Top Layer SDBIP - Build a capable, well-resourced and viable institution that can deliver on the developmental mandate of the municipality

- ii) Create a conducive and mutually beneficial communication environment that is responsive to the development priorities of the municipality and community

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL4	Review and submit the 5th generation IDP for the 2024/25 financial year to Council by 31 May 2024	Draft IDP compiled and submitted to Council	All	1	0	0	0	1	1	1	G
TL47	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2024	Spatial Development Framework (SDF) submitted to Council	All	1	0	0	0	1	1	1	G

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL51	Review and submit the Housing pipeline to Council by 31 May 2024	Housing pipeline reviewed and submitted to Council	All	1	0	0	0	1	1	1	G

Table 71: Top Layer SDBIP – Create a conducive and mutually beneficial communication environment that is responsive to the development priorities of the municipality and community

## iii) Facilitate growth, jobs and expand tourism to empower the residents of Bitou

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL48	Review the LED Chapter (2024/25) and submit to Council for consideration by 31 May 2024	Reviewed LED Chapter submitted to Council	All	1	0	0	0	1	1	0	R
Corrective Measure			Funding will be provided on the 2024/25 budget for the execution of the task								
TL49	Review the LED Chapter Implementation Plan (2024/25) and submit to Council for consideration by 30 June 2024	Reviewed LED Chapter Implementation Plan submitted to Council	All	1	0	0	0	1	1	0	R
Corrective Measure			Funding will be provided on the 2024/25 budget for the execution of the task								
TL50	Create 225 job opportunities in terms of the EPWP by 30 September 2024	Number of job opportunities created	All	492	56	56	56	57	225	264	G2

Table 72: Top Layer SDBIP – Facilitate growth, jobs and expand tourism to empower the residents of Bitou

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- iv) Provide Excellent Service Delivery to the residents of Bitou Municipality including informal settlements and the poor

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL7	Spend 95% of the municipal capital budget on capital projects by 30 June 2024 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% budget spent	All	83%	10%	40%	60%	95%	95%	81%	O
Corrective Measure			Tenders have already been awarded for the infrastructure projects and spending is continuing in the 2024/25 financial year. The WWTW civil works are complete and the mechanical and electrical work will commence forthwith to ensure completion in 2024/25. Funding will be rolled over in the first rollover budget								
TL9	Provide subsidies for free basic services to indigent households as at 30 June 2024	Number of indigent households receiving subsidies for free basic services as per Financial System	All	4 132	0	0	0	4 200	4 200	5 080	G2
TL10	Number of residential properties with piped water which can be/or are connected to the municipal water infrastructure network and billed for the service as at 30 June 2024	Number of residential properties billed for piped water	All	16 615	0	0	0	16 615	16 615	16 605	O
Corrective Measure			The rollout of the Human Settlements program, coupled with the increase in development in the municipality's area of jurisdiction will in all probability increase the number of connections and therefore the units of services rendered to consumers. If found to be unachievable, the target will be reconsidered upon the mid-year performance assessment for adjustment								
TL11	Number of residential	Number of residential	All	14 750	0	0	0	14 750	14 750	15 120	G2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	properties with electricity which can be/or are connected to the municipal electrical infrastructure network(credit and prepaid electrical metering and excluding Eskom areas) and billed for the service as at 30 June 2024	properties billed credit meter and prepaid meters connected to the network									
TL12	Number of residential properties with sanitation services to which can be/or are connected to the municipal waste water (sanitation/sewage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2024	Number of residential properties which are billed for sewerage	All	14 872	0	0	0	14 872	14 872	14 913	G2
TL13	Number of residential properties for which refuse can be removed/ or is removed from, once per week and billed for the service as at 30 June 2024	Number of residential properties which are billed for refuse removal	All	14 841	0	0	0	14 841	14 841	15 147	G2
TL14	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2024 (Short Term	% of debt to revenue	All	14.92%	0%	0%	0%	20%	20%	17.18%	B

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant) x 100										
TL15	Financial viability measured in terms of the outstanding service debtors as at 30 June 2024 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	9.37%	0%	0%	0%	11.80%	11.80%	9.85%	B
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2024 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	All	1.57	0	0	0	1.2	1.2	2.49	B
TL17	Achieve a debtor payment percentage of 90% by 30 June 2024 (Gross Debtors	% debtor payment achieved	All	84%	0%	0%	0%	90%	90%	96.73%	G2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100										
TL25	Limit unaccounted for water to less than 30% by 30 June 2024 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% water losses	All	35.85%	0%	0%	0%	35%	35%	37.88%	R
Corrective Measure			The municipality will intensify water conservation and demand management efforts. The water services section in collaboration with finance department as well as the revenue enhancement section will visit all service points to ensure accuracy of meter devices to reduce unaccounted losses								
TL26	Limit unaccounted for electricity to less than 12% as at 30 June 2024 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	9.29%	0%	0%	0%	12%	12%	6.24%	B
TL27	Spend 95% of the approved capital budget for Waste Water services by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}(excluding Fleet)	% budget spent	All	90%	10%	40%	60%	95%	95%	77%	O

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
Corrective Measure			Unspent grant funding resorting under Humans Settlements. Ebenezer (Phase 3, Portion 1): New Sewer - R 1,1170m Qolweni/ Bossiesgif Phase 4B: Upgrading of Sewer - R 2,450m (June 2024) Human settlements tenders have been awarded and the execution of the projects will be completed in the 2024/25 financial year								
TL28	Spend 95% of the approved capital budget for Electrical & Mechanical services by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}(excluding Fleet)	% budget spent	All	99%	10%	40%	60%	95%	95%	84%	O
Corrective Measure			The execution of the electrification of informal settlements program is dependent on the execution of the Human Settlements program and the project will therefore be completed in the next financial year as the human settlement rollout progresses. Asset replacements are budgeted annually as the need arise and in accordance with the asset maintenance, refurbishment and replacement strategy								
TL29	Spend 95% of the approved capital budget for Water services by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100} (excluding Fleet)	% budget spent	All	68%	10%	40%	60%	95%	95%	85%	O
Corrective Measure			Tenders are in process of being awarded for the completion of the infrastructure projects and spending is continuing in the 2024/25 financial year. The WWTW civil works are complete and the mechanical and electrical work will commence forthwith to ensure completion in 2024/25. Funding will be rolled over in the first rollover budget								
TL30	Spend 95% of the approved capital budget for Roads & Storm Water services by 30 June 2024 {(Total actual capital expenditure /Total	% budget spent	All	90%	10%	40%	60%	95%	95%	67%	R



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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	capital amount budgeted)x100}(excluding Fleet)										
Corrective Measure			The outstanding matters will be dealt with in the next financial year in respect of the storm water upgrades, the spending on human settlements related projects are underway and will be expedited in 2024/25. The balance of funding will be rolled over								
TL31	Spend 100% of MIG Funding allocation by 30 June 2024 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	60%	10%	40%	60%	100%	100%	101%	G2
TL32	Spend 95% of the allocated capital budget for Fleet Management by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	0%	10%	40%	60%	95%	95%	92%	O
Corrective Measure			Future budgetary allocations will be made under the relevant departments to ensure appropriate accountability and performance on capital programs								
TL33	Conduct 700 potential electricity theft investigations annually by 30 June 2024	Number of inspections conducted	All	839	175	175	175	175	700	1 806	B
TL34	Spend 95% of the budget allocated for the upgrade of the Kurland WTW ( from 0.6ml to1.2ml) by 30 June 2024{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	74%	10%	40%	60%	95%	95%	53%	R
Corrective Measure			The mechanical and electrical components of the project will be executed in the 2024/25 financial year once after the approval of the rollover of the funding								

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL35	Spend 95% of the budget allocated for the Plett WTW New Clear Water Pumpstation by 30 June 2024{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	52%	10%	40%	60%	95%	95%	100%	G2
TL36	Spend 95% of the budget allocated for the electrification of informal settlements ( Bossiesgif; Qolweni and Kurland) by 30 June 2024{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	75%	10%	40%	60%	95%	95%	70%	R
<b>Corrective Measure</b>			The execution of the electrification of informal settlements program is dependent on the execution of the Human Settlements program and the project will therefore be completed in the next financial year as the human settlement rollout progresses								
TL37	Spend 95% of the allocated capital budget for the Keurbooms upgrade of electrical network by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Performance Indicator. No comparative audit result available	10%	40%	60%	95%	95%	99%	G2
TL38	Spend 95% of the allocated capital budget for the Brakkloof new 20MVA 66/11KV TRF by 30 June 2024 {(Total actual capital expenditure /Total	% budget spent	All	New Performance Indicator. No comparative audit result available	10%	40%	60%	95%	95%	0%	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	capital amount budgeted)x100}										
<b>Corrective Measure</b>			The project was moved to the outer year as the wayleave from SANRAL was not yet granted therefore, the project is included in the 2024/25 capital program where it will be executed								
TL39	Spend 95% of the allocated capital budget for the electrification of 204 households for Ebenezer Phase A by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Performance Indicator. No comparative audit result available	10%	40%	60%	95%	95%	100%	G2
TL41	Spend 95% of the allocated capital budget for the security fencing of the waste water plant by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Performance Indicator. No comparative audit result available	10%	40%	60%	95%	95%	97%	G2
TL42	Spend 95% of the allocated capital budget for the upgrade of all gravel roads in Kranshoek with surfacing by 30 June 2024 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	New Performance Indicator. No comparative audit result available	20%	40%	60%	95%	95%	111%	G2
TL46	Spend 95% of the allocated capital budget for the upgrade of Kranshoek Sportfield floodlights by 30 June 2024{(Total	% of budget spent	All	New Performance Indicator. No comparative audit result available	0%	0%	60%	95%	95%	100%	G2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2023/24					
					Target					Actual
					Q1	Q2	Q3	Q4	Annual	
	actual capital expenditure /Total capital amount budgeted)x100}									

Table 73: Top Layer SDBIP – Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

### 3.2.5 Adjustment SDBIP 2023/24

Section 26 (1) and (2)(c) of the Municipal Budget and Reporting Regulations and in terms of the MFMA Section 54 (1) (c) the Municipality may amend/adjust the SDBIP together with the Adjustment Budget by 28 February. On 28 February 2024 Council approved the amended SDBIP (Resolution C/1/200/02/24).

The following amendments/adjustments were made:

Top Layer Number	Reason for amendment/adjustment
TL 2; 5; 7; 14 – 20; 26 – 31; 33 – 36 and 50	The baseline was adjusted to the audit actual performance of the 2022/23 financial year
TL 9 – TL 13	These targets were changed to be in line with the actual performance of the 2022/23 financial year as this subsequently becomes the baseline for the current financial year
TL25	The baseline was adjusted to the audit actual performance of the 2022/23 financial year. The target was subsequently also adjusted to be more realistic and in line with the previous year's actual performance and taking into consideration the current status of the municipal infrastructure
TL 37 – 39 and TL 42	KPI ownership was moved from the PMU department to the Electrical department
TL 41	KPI ownership was moved from the PMU department to the Water and Sanitation department

Table 74: TL SDBIP 2023/24 indicators amended

The following KPI's were removed or added:

Top Layer Number	Reason for amendment/adjustment
TL 40; 45	This KPI was removed from the SDBIP due to no budget being allocated for this project
TL 44	The KPI is removed as the project is not implementation ready. The Municipality is awaiting the finalisation of the EIA

Table 75: TL SDBIP 2023/24 indicators removed

### 3.2.6 Service Providers Strategic Performance

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

- means a person or institution or any combination of persons and institutions which provide service to or for the benefit of the local community

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

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

### 3.2.7 Municipal Functions

#### a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Childcare facilities	No
Electricity and gas reticulation	Yes – Electricity only
Firefighting services	Yes
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes

<b>Municipal Function</b>	<b>Municipal Function Yes / No</b>
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	No
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes



Municipal Function	Municipal Function Yes / No
Street lighting	Yes
Traffic and parking	Yes
Airport	Yes

Table 76: Functional Areas

## COMPONENT A: BASIC SERVICES RENDERED

### 3.3 Water Provision

#### 3.3.1 Introduction to Water Provision

Bitou Municipality operates 3 water schemes (Plettenberg Bay, Kurland and Natures Valley), providing potable water to residents. Main sources of raw water supply include the Keurbooms River and Piesang River (Roodefontein Dam) for Plettenberg Bay. Kurland is supplied with run-off water abstracted from a weir constructed on the Wit River and from four production boreholes. Raw water for Natures Valley is abstracted from the Groot River.

All residents have access to at least a basic water supply service. The top priorities are to develop sufficient sources, adequate treatment capacity, as well as bulk and reticulation system capacity to address the housing backlog and to provide for growth and development in the foreseeable future, as well as to maintain and refurbish and replace aging existing infrastructure to ensure a sustainable water supply service.

Water is a fundamental and indispensable natural resource. It is fundamental to life, the environment, food production, hygiene, and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to portable water supply systems and domestic wastewater and sewerage disposal systems as a local government function.

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

Quality both for raw incoming and final water is tested daily for operational requirements as well as for SANS 241 compliance monitoring. Water quality tests are uploaded monthly onto the Department of Water and Sanitations' *Integrated Regulatory Information System*" (IRIS).

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

### 3.3.2 Highlights: Water Provision

The table below specifies the highlights for the year:

Highlights	Description
Phase 1 of the upgrade of the Kurland Water Treatment Works (WTW) completed	Phase 1 entailed the civil portion (reinforced concrete works) as well as commissioning of two boreholes and was successfully completed
Pipe replacement programme	<ul style="list-style-type: none"> <li>1 105m section of bulk waterline from the turnoff to Kranshoek towards town along the Airport Road was replaced</li> <li>1 105m of 125mm AC pipe were replaced with 160mm diameter UPVC pipe</li> </ul>
Float shut-off valves installed at reservoirs	The installation of float shut-off valves on inlet pipes at 4 (Archiewood, Goose Valley, Matjiesfontein and Wittedrift) reservoirs to prevent reservoir from overflowing
Upgrade of the Clearwater pumpstation Plettenberg Bay WTW	The upgrade has been completed and the commissioning phase is currently in progress

Table 77: Water Provisions Highlights

### 3.3.3 Challenges: Water Provision

The table below specifies the challenges for the year:

Description	Action to address
Water scarcity, additional water resources for future development and growth is required	Implementation of Water Conservation and Demand Management initiatives, together with the investigation and explorations of groundwater sources
Filling funded vacant post- shortages of Human Resources staff to assist	Fast track the advertising of positions and follow the Recruitment and Selection process to fill budgeted vacant positions within the legislative timeframe

Table 78: Water Provisions Highlights

### 3.3.4 Water Provision Service Delivery Levels

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

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2022/23	0	0	12 664	4 051 862
2023/24	0	0	14 571	4 443 481

Table 79: Total Use of Water by Sector

The following table specifies the different water service delivery levels per households for the financial years 2022/23 and 2023/24:

Description	2022/23	2023/24
	Actual	Actual
<b>Household</b>		
<b><i>Water: (above minimum level)</i></b>		
Piped water inside dwelling	21 196	21 341
Piped water inside yard (but not in dwelling)	*2 075	*2 075
Using public tap (within 200m from dwelling)	678	680
Other water supply (within 200m)	0	0
<b>Minimum Service Level and Above Sub-total</b>	<b>23 949</b>	<b>24 096</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b><i>Water: (below minimum level)</i></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households (formal and informal)</b>	<b>23 534</b>	<b>24 096</b>
<p>*2075 households have connections to their houses – these are unauthorised connections made from communal tap stands</p> <p><b>Note:</b> The Community Services Directorate conducted full enumeration of informal settlements in the latter part of 2019/20, this is the most correct/updated figure. No further updates are available</p>		

Table 80: Water Provision Service Delivery Levels

Access to Water			
Financial year	Number of households with access to water points*	Number of households with access to piped water	Number of households receiving 6 Kℓ free#
2022/23	**2 844	21 196	4 131
2023/24	**2 844	21 196	5 080
Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute. 6 000 litres of potable water supplied per formal connection per month			
** The Community Services Directorate conducted full enumeration of informal settlements in the latter part of 2021/22, this is the most correct/updated figure.			

Table 81: Access to Water

### 3.3.5 Employees: Water Provision

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	4	2	2	50%
4 - 6	48	54	42	12	22%
7 - 9	8	22	8	14	64%
10 - 12	13	15	9	6	40%
13 - 15	2	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>74</b>	<b>99</b>	<b>64</b>	<b>35</b>	<b>35%</b>

Table 82: Employees: Water Provision

### 3.3.6 Capital: Water Provision

The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Bossiesgif: New Water (PH4A)	0	1 083	0	1 083
Ebenezer (Phase 3, portion 1): New Sewer	0	4 000	3 462	538
Green Valley: New/ Upgrade Bulk Water	1 400	1 400	1 400	0
Kurland: New Water	900	0	0	0
Kurland: Upgrade WTW	5 200	7 367	3 900	3 468
Plett WTW: New Pump Station	13 731	19 192	19 184	8
Pump Station Equipment	2 000	2 300	2 011	289
Qolweni/Bossiesgif Phase 4B: Upgrading of water	1 750	1 750	787	963
Replacement of AC pipes	2 000	2 000	1 987	13
Tools and equipment	169	419	383	36
Water Demand Management	200	200	176	24
<b>Total</b>	<b>27 350</b>	<b>39 711</b>	<b>33 290</b>	<b>6 422</b>

Table 83: Capital Expenditure 2023/24: Water Provision

## 3.4 Waste Water (Sanitation) Reticulation

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

Bitou Municipality operate and maintain 2 wastewater schemes serving the entire municipal area, mainly Goose Valley – and Kurland Wastewater Treatment Works (WWTW).

Effluent generated within the Greater Plettenberg Bay area, including Kranshoek/ Kwanokuthula/New Horizon/Keurbooms and Wittedrift are treated at the Goose Valley WWTW. The undulating topography,

combined with low-lying areas along the coast, effluent is conveyed by means of a network of sewer pumpstations and gravity lines.

The Kurland WWTW treats effluent from the Kurland Village/ Craggs as well as Natures Valley. Natures Valley makes use of septic- and conservancy tanks which are emptied by means of suction tanker and transported by road to the Kurland WWTW.

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

- The main challenges remained the following:
- Extending the waterborne sewer networks in the different towns.
- Upgrading treatment capacity when growth projections indicate the requirement; and
- Eliminating delay the request for tanker truck service.
- Efficiently maintaining and operating existing infrastructure.

The Upgrade of the Kurland wastewater treatment works is scheduled to commence during the 2024/25 financial year, funded through the Municipal Infrastructure Grant (MIG)

### 3.4.2 Highlights: Waste Water (Sanitation) Reticulation

The table below specifies the highlights for the year:

Highlights	Description
Mechanical and electrical upgrade of various sewer pump stations	Mechanical and electrical upgrades were undertaken and completed at the Heideland, Wittedrift Kurland and Kwanokuthula pump stations to ensure sound operations
Security measures at Goose Valley Waste Water Treatment Works (WWTW)	2 130 meters of security fencing was installed at Goose Valley Waste Water Treatment Works during 2023/24

Table 84: Waste Water (Sanitation) Reticulation Highlights

### 3.4.3 Challenges: Waste Water (Sanitation) Reticulation

The table below specifies the challenges for the year:

Description	Action to address
Ongoing vandalism of sewer infrastructure especially cable theft.	Installation of security fencing and security cameras at various sites are currently being investigated to ensure availability of conducive budget

Description	Action to address
Sewer blockages	The Municipality is committed to the ongoing removal of foreign and large debris, purposely thrown into sewer manholes, and regular maintenance checks

Table 85: Waste Water (Sanitation) Reticulation Challenges

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

Below is a table that specifies the different sanitation service delivery levels per household for the financial years 2022/23 and 2023/24:

Description	2022/23	2023/24
	Actual	Actual
<b>Household</b>		
<b>Sanitation/sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	21057	21 202
Flush toilet (with septic tank/conservancy tank)	2228	2 235
Chemical toilet	73	73
Pit toilet (ventilated)	35	35
Other toilet provisions (above minimum service level)	0	0
Minimum Service Level and Above Sub-total	23 393	23 545
Minimum Service Level and Above Percentage	100	100
<b>Sanitation/sewerage: (below minimum level)</b>		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	22 781	23 545

Table 86: Waste Water (Sanitation) Service Delivery Levels



### 3.4.5 Employees: Waste Water (Sanitation) Reticulation

The following table indicates the staff composition for this division:

Job Level	2023/24	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	4	2	2	50%
4 - 6	48	54	42	12	22%
7 - 9	8	22	8	14	64%
10 - 12	13	15	9	6	40%
13 - 15	2	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>74</b>	<b>99</b>	<b>64</b>	<b>35</b>	<b>35%</b>

Table 87: Employees Waste Water (Sanitation) Reticulation

### 3.4.6 Capital: Waste Water (Sanitation) Reticulation

The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Bossiesgif: New Water (PH4A)	0	1 149	392	758
Ebenezer (Phase 3, portion 1): New Sewer	0	5 600	3 713	1 887
Heideland Sewage Pump Station (SPS)	2 500	1 110	1 101	9
Kurland (1500): New Sewer	600	0	0	0
Kurland old SPS (Kurland PS2)	1 800	1 340	1 340	0

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kurland Waste Treatment Works	435	0	0	0
Kwano: Upgrading of sewer infrastructure	435	0	0	0
Kwanokuthula-Boxer shopping centre	1 677	171	0	171
Pump station equipment	2 500	4 319	4 392	(73)
Qolweni/ Bossiesgif Phase 4B: Upgrading of sewer	2 450	2 450	0	2 450
Security fencing - Waste Water Plants	3 500	5 224	5 065	159
Upgrade Sewer Reticulation	2 000	1 450	1 450	0
Wittedrif Main SPS	0	400	359	41
<b>Total</b>	<b>17 896</b>	<b>23 214</b>	<b>17 811</b>	<b>5 402</b>

Table 88: Capital Expenditure 2023/24: Waste Water (Sanitation) Provision

### 3.5 Electricity



Picture 1: Main road lights

### 3.5.1 Introduction to Electricity

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

For this purpose, municipalities must develop masterplans and maintenance schedules for their area of jurisdiction.

Bitou Municipality currently purchase all its bulk energy from Eskom but have decided to investigate the appointment of an Independent Power Producers (IPP) to ensure energy security in light of the risks of load shedding.

Bitou Municipality is also one of the Municipalities that purchase power from residential and commercial customers through its Small-Scale Embedded Generation (SSEG) policy. The SSEG tariff had attract a lot of interest in the Bitou area of supply and therefor the application process was made easier by introducing an on-line application facility.

Two of the exciting projects for the Department was the start of the electrification of the Ebenezer Housing Development and the ongoing electrification of "informal areas". Two projects that will commence in the new financial year is the new supply to Keurbooms area and the start of the Brakkloof second transformer project. Both these projects are envisaged to be completed over multiple years.

### 3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Ebenezer development	The electrification of 80 of the planned 204 erven were successfully completed
High Mast light for Green Valley	A High Mast light was installed at Green Valley
Bossiesgif informal settlement electrification	200 electrical connections successfully completed
Keurbooms upgrade	Materials for this project was precured and wayleave was approved by SANRAL
SSEG applications streamlined	Applications for SSEG can now be completed via an online portal

Table 89: Electricity Highlights

### 3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Critical staff shortage (Staff do not want to be in acting positions/ scarcity of suitable, qualified people)	Interviews were conducted recently and awaiting the report for finalisation. Municipality should investigate the possibility of streamlining and fast tracking the recruitment and selection process as stipulated by the Staff Regulations

Table 90: Electricity Challenges

### 3.5.4 Electricity Service Delivery Levels

The table below indicates the electricity notified maximum demand. The reduction in NMD in certain areas can be ascribed to the persistent load shedding experienced through the course of the financial year, coupled with the rooftop solar installations as a measure to mitigate load shedding and counter the high electricity price increases.

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Plettenberg Bay	15 500kVA	-3.2%	14 469.75kVA
Wittedrift	400kVA	2.3%	463.40kVA
Keurboomstrand	1 700kVA	-0,7%	2 740.98kVA
Natures Valley	1 000kVA	37.6%	978.18kVA
Brakkloof	9 500kVA	-0.3%	12 970.36kVA

Table 91: Electricity Notified Maximum Demand

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

Description	2022/23	2023/24
	Actual	Actual
Household		
<i>Energy: (above minimum level)</i>		
Minimum Service Level and Above Sub-total	13 019	15 120
Minimum Service Level and Above Percentage	100	100
<i>Energy: (below minimum level)</i>		

Description	2022/23	2023/24
	Actual	Actual
<b>Household</b>		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	13 019	15 120

Table 92: Electricity Service Delivery Levels

### 3.5.5 Employees Electricity

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

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	8	3	5	63%
4 - 6	8	14	8	6	43%
7 - 9	3	4	2	2	50%
10 - 12	7	13	9	4	31%
13 - 15	1	5	2	3	60%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>23</b>	<b>45</b>	<b>25</b>	<b>20</b>	<b>44%</b>

Table 93: Employees: Electricity

### 3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Brakkloof New 20mva 66/11kv trf	3 661	0	0	0
Electrification of 204 household for Ebenezer Phase A	3 282	3 282	3 282	0
Electrification of informal settlement	3 000	5 922	4 157	1 764
Furniture and equipment	0	120	119	1
Goose Valley: Upgrade main supply	650	650	606	44
Keurbooms: Upgrade network	5 989	5 989	5 922	67
Machinery and equipment	204	204	201	3
New high mast lights	660	660	541	119
New streetlights	0	483	268	215
Plett: asset replacement	2 360	2 294	1 160	1 134
Plett: new generators	50	0	0	0
Plett: Upgrade O/H to U/G network (lv)	1 150	1 150	1 017	133
Replace faulty MV meter unit	795	438	438	0

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Replace mv radial supply	890	1 626	1 602	23
Scada systems	650	428	99	329
Security key sites	400	77	79	(2)
<b>Total</b>	<b>23 741</b>	<b>23 351</b>	<b>19 492</b>	<b>3 829</b>

Table 94: Capital Expenditure 2023/24: Electricity Services

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

#### 3.6.1 Introduction to Waste Management

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

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

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

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

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

1. Waste transfer station – Portion 40 Hillview Farm, Kwanokuthula



## 2. Goose Valley waste drop-off facility

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

Plettenberg Bay Landfill Site Status	
Position of site	The site is located south of the urban centre of Plettenberg Bay (Site is permanently closed. The rehabilitation of the site was completed of the 31 <sup>st</sup> of May 2022)
Permit	16/2/7/K600/D3/Z1/P375
Year issued	2000
Classification of site: GSB+	GSB+
Type of operation (end – tip, trench, cell)	Cell
Estimated size of site	Approximately 12.5 ha
Estimated remaining life of site	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 <sup>st</sup> of May 2022)
Separation of fresh and contaminated water	Yes
Groundwater monitoring	Yes
Volumes per day, week or month	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 <sup>st</sup> of May 2022
Is cover material available?	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 <sup>st</sup> of May 2022
Is the drainage sufficient?	New cut-off drainage has been constructed +/- 250m as part of the rehabilitation of the site
Is there access control?	The Plettenberg Bay Landfill Site is permanently closed The rehabilitation of the site was completed of the 31 <sup>st</sup> of May 2022
Is the site fenced?	Yes
Does the site have a sufficient buffer zone?	Site closed
Type of equipment utilised on site	Site closed

Plettenberg Bay Landfill Site Status	
Operating hours	Site closed
Site facilities, i.e. ablutions, guard house	Ablution and guard house facilities
Cost of closure	+/- R24 000 000

Table 95: Plettenberg Bay Landfill Site Status

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

### 3.6.2 Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
Quarterly E-Waste Roadshow	The collection of all electronic waste from a central collection point for disposal
Purchasing of wheelie bins	All households from the previous disadvantage areas that didn't receive wheelie bins before, received Wheelie bins
Purchasing of 3 new Compactor trucks & 1 Hook-lift truck	The purchasing of Compactor trucks and a Hook-lift truck will enhance service delivery in Waste Management throughout the area

Table 96: Waste Management Highlights



Picture 2: Waste transfer station

### 3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Breakdown of Hook-lift trucks during high season creating gross stockpiling of solid waste at the Waste Transfer Station	Pre-season vehicle inspection, testing and repairs will be done to ensure optimal use and maintenance is done on the Hook-lifts to minimize the problem. The Municipality also purchased an additional Hook-lift
Gross stockpiling of bulky waste materials	The Municipality is investigating the possibility to ensure sufficient budget that is required for the removal and disposal of bulky waste materials to the regional landfill site

Table 97: Waste Management Challenges

### 3.6.4 Waste Management Services Delivery Levels

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

Description	2022/23	2023/24
	Actual	Actual
<b>Household</b>		
<b>Refuse Removal: (Minimum level)</b>		
Removed at least once a week	22 160	22 603
Minimum Service Level and Above sub-total	22 240	22 603
Minimum Service Level and Above percentage	100	100
<b><u>Refuse Removal: (Below minimum level)</u></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	2	2
No rubbish disposal	2	2

Description	2022/23	2023/24
	Actual	Actual
<b>Household</b>		
<b>Below Minimum Service Level sub-total</b>	<b>4</b>	<b>4</b>
<b>Below Minimum Service Level percentage</b>	<b>95%</b>	<b>95%</b>
<b>Total number of households</b>	<b>22 160</b>	<b>22 630</b>

Table 98: Waste Management Service Delivery Levels

### 3.6.5 Employees: Waste Management Services

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	18	22	19	3	14%
4 - 6	34	45	32	13	29%
7 - 9	15	17	14	3	18%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>61</b>	<b>88</b>	<b>69</b>	<b>19</b>	<b>22%</b>

Table 99: Employees: Waste Management Services

### 3.6.6 Capital: Waste Management Services

The following table indicates the capital expenditure for this division:

Capital Projects	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kurland Village – Waste drop-off facility	1 350	0	0	0
Specialised cameras at transfer station	0	50	0	50
<b>Total</b>	<b>1 350</b>	<b>50</b>	<b>0</b>	<b>50</b>

Table 100: Capital Expenditure 2023/24: Waste Management Services

## 3.7 Housing

### 3.7.1 Introduction to Housing

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

The table below indicates the priority housing sites:

Site	Units
<b>Subsidy: Priority 1</b>	
Ebenezer	1 433
<b>Subsidy Priority 2</b>	
Qolweni/ Bossiesgif	728

Table 101: Prioritised Housing Sites

### 3.7.2 Highlights: Housing

The table below specify the highlight for the year:

Highlights	Description
Construction of engineering services to sites	The construction of water, sewer reticulation, roads and related stormwater services to 115 vacant sites were completed

Highlights	Description
Allocation of Emergency funding	<ul style="list-style-type: none"> <li>The relocation of TRA toilets and the construction of standpipes for 19 TRAs was completed</li> <li>The construction of a Top Structure for an elderly couple who lost their house through fire in 2017 at Kwa-Nokuthula, Sajini Street was completed</li> </ul>
Construction of Top Structures	<p>The construction of:</p> <ul style="list-style-type: none"> <li>154 Breaking New Grounds</li> <li>25 First Home Finance</li> <li>25 Serviced Sites</li> </ul> <p>were completed</p>

Table 102: Housing Highlights



Picture 3: Ebenezer housing handover

### 3.7.3 Challenges: Housing

The table below specify the challenge for the year:

Description	Actions to address
Delayed procurement processes	The unit will assist SCM by ensuring relevant and required documentation is submitted timeously as well as assisting SCM with the arrangement of applicable Committee meetings
Transfers	A number of properties are still without Title Deeds, the Provincial department is not prioritising the transfer, however the Municipality is committed to remind and engage with province on a continues basis until these matters are finalised

Description	Actions to address
Housing backlog	Due to the fact that the matter for the approval and availing of funds resides with the provincial department, only a few of the required and needed projects have been approved. This unfortunately creates the stagnation in reduction of these backlogs. The Municipality is however committed to engaging with the provincial departments on a continues basis and submitting the required information as requested

Table 103: Housing Challenges

### 3.7.4 Housing Service Delivery Levels and Statistics

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

Number of households with access to basic housing			
Year end	Total households (including informal and formal settlements)	Households in formal settlements	Percentage of HHs in formal settlements (%)
2022/23	21 195	16 264	76.73
2023/24	21 195	16 264	76.73

Table 104: Households with Access to Basic Housing

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

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2022/23	8 710	0
2023/24	8 710	0

Table 105: Housing Waiting List



A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2022/23	13 000	13 000	100	139	0
2023/24	57 817	51 557	89.19	179	319

Table 106: Houses Built

### 3.7.5 Employees: Housing

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	3	2	1	33%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>20%</b>

Table 107: Employees: Housing

## 3.8 Free Basic Services and Indigent Support

### 3.8.1 Introduction

A debtor is considered indigent if the gross household income is equal to or less than R 5 200 per month. All indigent households receive 6 Kl of water and 50 kWh of electricity free each month. Furthermore, all indigent debtors are subsidised for refuse removal and sewerage monthly cost. Indigent debtors from the 2023/24 financial year will not have to re-apply every year but will have to verify their indigent status annually.

### 3.8.2 Service Delivery Levels

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

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2022/23	18 022	7 900	43.83	4 132	22.92	4 132	22.92	4 132	22.92
2023/24	18 034	8 068	44.77	5 080	28.17	5 080	28.17	5080	27.17

Table 108: Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2022/23	4 132	50	2 410	3 768	50	2 615	2 570	50	1 799
2023/24	5 080	50	4 389	2 988	50	2 582	2 690	50	2 712

Table 109: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2022/23	4 132	6	2 013	0	0	0
2023/24	5 080	6	2 188	0	0	0

Table 110: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2022/23	4 132	572	21 996	0	0	0
2023/24	5 080	611	37 247	0	0	0

Table 111: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2022/23	4 132	1	12 763	0	0	0
2023/24	5 080	1	20 641	0	0	0

Table 112: Free Basic Refuse Removal Services to Indigent Households per Type of Service

Financial Performance 2023/24: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2022/23	2023/24			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget %
	R'000			R'000	
Water	0	9 271	12 951	13 072	-0.93
Waste Water (Sanitation)	21 851	22 378	33 928	35 378	-4.27
Electricity	5 025	5 734	5 734	5 890	-2.7
Waste Management (Solid Waste)	15 218	15 307	24 265	24 917	-2.69

Table 113: Financial Performance 2023/24: Cost to Municipality of Free Basic Services Delivered

## COMPONENT B: ROAD TRANSPORT PROVISIONS

### 3.9 Roads



Picture 4: Main road

#### 3.9.1 Introduction: Roads

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

This is economic service delivery. A further important factor to consider is that of excess vehicle operating cost (EVOC). A poorly maintained road (i.e. potholed and/or excessively patched) is in the region of 75% more expensive to drive on than a well-maintained road. The failure to undertake timely and correct road maintenance imposes an effective financial “double whammy” on the road user. For effective road maintenance, a management plan renders effective and efficient “pro-active” preventative maintenance possible.

The roads are evaluated and managed with the pavement management systems which presents a network level proposal for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section. It is essentially a network level tool. The

completion of the network conditions was assessed 1999, 2004, 2008, 2011, 2015 and 2018 with the Rural Road Assets Management System.

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

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

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

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

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

- Visual/Surface (VCI) – the condition of the surfacing relates to its quality as a suitable riding surface for traffic and as an impermeable layer, preventing ingress of water into the pavement structure. “In general, the overall VCI for Bitou LM is at 59.8 (fair) and the general pavement surface condition is mostly dry and brittle.”
- Structural – the condition of the structure relates to its ability to withstand traffic volumes;
- Functional (FCI) – the functional condition is a measure of the level of service currently provided by the pavement, as perceived by the road user. “In general, the overall FCI for BLM is at 71.6 (good) with the riding quality, skid resistance and non-kerbed/unpaved shoulders being the most dominant defects.”

The total length of the paved network is 157.38km (144.28km tar, 13.1km block paving and 0.6km concrete pavements) with an estimated replacement value of R764, 023 million. The average condition of the network can be rated as fair, with 5% of the surfacing and 12% of the structure in the poor to very poor category.

### Rehabilitation Priorities

An amount of R38.2 million has been estimated to rehabilitate 22.99km of the road network covering an approximate area of 126 950sqm within the municipal area. **An amount of R7.637 million for rehabilitation** for the next five years is required, plus consultant’s fee 17% for rehabilitation to be spent annually on the road network to eradicate the existing backlog with the key objective of rehabilitation to restore the road to an acceptable structural capacity and level of service.

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

### **Resurfacing/Reseal Priorities**

An amount of R55 million has been estimated to resurface 42.2km of the road network covering an approximate area of 239 754sqm within the municipal area. **An amount of R11.460 million for resurfacing** for the next five years is required to restore the condition of the network to an excellent level of service.

- The following are detrimental to roads networks and results in additional maintenance:
- road crossings poorly reinstated;
- over irrigation of sidewalks which run-off on the road surface;
- discharging of stormwater;
- pool backwash;
- underground water seepage; and
- alterations to the sidewalks, which hamper stormwater discharge.

### **Gravel Roads**

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

### **Visual Gravel Index**

- A condition index has several useful applications, including the following:
- As a relatively simple way to communicate the health of the system or individual roads to management, planners and politicians;
- As a parameter to compare the general condition of different road networks;
- To indicate the rate of deterioration of individual pavement segments;
- As a factor in a priority rating method; and
- As a fast technique for estimating average costs to maintain or rehabilitate a candidate project.
- The rating system includes more than 15 distress types within the following subgroups:

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

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

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

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

Some of these costs are:

- Road User Costs
- Environmental Costs
- Social Costs

According to studies carried out by the World Bank and taking all the components of road user costs into account it could cost up to two and a half times more to travel on gravel than on paved roads.

Furthermore, studies have shown that the fuel consumption of a motor car increases by up to 20% and a truck by 27% on a poor condition gravel road when compared with a paved road.

### **Preventative Maintenance Application Strategies**

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

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

The total unpaved network is 40.958km of which 36.958km are gravel roads and the rest can be defined as track roads. The average condition of the unpaved network can be rated as good to fair with only



16% of the roads in the poor to very poor category. The total replacement value of the entire municipal area's gravel road network is in the region of R26.8 million.

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

### Upgrading network

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

#### 3.9.2 Highlights: Roads

The table below specifies the highlights for the year:

Highlights	Description
Road surface maintenance	2.18km of surfaced roads ranging from resurfacing to heavy rehabilitation were rehabilitated during the year under review
Gravel road maintenance	12.36km of gravel roads ranging from blading to re-gravelling were maintained throughout the financial year under review
Sectional completion of upgrade of Spreu Street	230m of gravel was upgraded to surfaced road

Table 114: Roads Highlights

#### 3.9.3 Challenges: Roads

The table below specify the challenges for the year:

Description	Actions to address
Actual Budget less than targeted maintenance	Request more funding and investigate alternative funding sources
Deterioration of High Street	Funding request submitted for project to be implemented and included within the 2025/26 financial year budget
Deterioration of Sewell Street	Submit funding request for project to be implemented and included with the 2025/26 financial year budget

Table 115: Roads Challenges

### 3.9.4 Roads Service Delivery Levels and Statistics

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

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2022/23	14	0	0	14
2023/24	14	0	0.23	12.36

Table 116: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2022/23	142.7	0	0	2.6	142.7
2023/24	144.28	1.58	0	2.18	144.28

Table 117: Tarred Road Infrastructure

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

Financial year	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
2022/23	0	0	800	0	0	9 000
2023/24	0	3 500	800	2 000	0	7 800

Table 118: Cost of Construction/Maintenance of Roads

### 3.9.5 Employees: Roads

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	16	10	6	38%
4 - 6	6	7	6	1	14%
7 - 9	2	3	2	1	33%
10 - 12	2	2	2	0	0%
13 - 15	2	2	1	1	50%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>23</b>	<b>31</b>	<b>22</b>	<b>9</b>	<b>29%</b>

Table 119: Employees: Roads

### 3.9.6 Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Bossiesgif: new water (PH4A)	0	2 427	0	2 427
Ebenezer (Phase 3, portion 1): New roads	0	6 400	5 906	494
Kurland (1500): New roads	1 500	0	0	0

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New Horizons: connecting Saringa Road	0	440	440	0
New Horizon-Stormwater upgrades	1 000	1 100	648	452
Qolweni/Bossiesgif Phase 4	2 800	2 800	693	2 107
Speedhumps	100	100	100	0
Upgrading of all gravel roads in Kranshoek with surfacing	3 269	3 636	3 636	0
Wittedrift-stormwater upgrades	5 000	1 051	565	486
<b>Total</b>	<b>13 669</b>	<b>17 954</b>	<b>11 987</b>	<b>5 967</b>

Table 120: Capital Expenditure 2023/24: Roads and Stormwater

### 3.10 Stormwater

#### 3.10.1 Stormwater

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

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

Stormwater run-off should not be concentrated to an extent that would result in any damage to the environment during storms with a probability frequency of more than 1 in 10 years and would result in

only minor, repairable damage in storms with a probability frequency more than 1 in 50 years. All elements of the built and natural environment must be able to withstand a 1 in 100-year storm event without significant consequential loss and risk to property and life. Note that a “storm frequency” equates to a “probability of occurrence” of a storm event that should be used to assess the annual budget or insurance provision for remedial works, should the event occur.

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

The built info collection of all the areas in throughout the Municipality is in progress. This will determine the requirements of needed stormwater upgrade caused by funding constraints. The strategy was to develop a Stormwater Master Plan that is in progress to be completed for all areas. The funding to upgrade portion of Wittedrift area was approved, the designs were prepared with the plan to implement the designs in the following financial year.

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

The stormwater management philosophy encourages the following:

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

- Contain soil erosion, whether induced by wind or water forces, by constructing protective works to trap sediment at appropriate locations. This applies particularly during construction;
- Avoid situations where natural or artificial slopes may become saturated and unstable, both during and after the construction process.

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

Area	Cost
Kwanokuthula	R49 178 243
Green Valley and Wittedrift Stormwater	R42 553 803
Kranshoek	R20 184 425
New Horizons	R20 446 588

Table 121: Stormwater Master Plan Cost

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

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

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

### 3.10.2 Highlights: Stormwater

The table below specify the highlights for the year:

Description	Actions to address
Sectional completion of Spreeu Street stormwater in Kranshoek	The upgraded road included a new stormwater drainage system
Construction of Ebenezer stormwater	New roads were built with 600m of stormwater infrastructure

Table 122: Stormwater Highlights

### 3.10.3 Challenges: Stormwater

The table below specify the challenge for the year:

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

Table 123: Stormwater Challenges

### 3.10.4 Stormwater Drainage Service Delivery Levels

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

Stormwater Infrastructure				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2022/23	83.59	0.692	0	83.59
2023/24	83.59	0.745	0	60.00

Table 124: Stormwater Infrastructure

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

Financial year	Cost of Construction/Maintenance of Stormwater Systems		
	New R'000	Upgraded R'000	Maintained R'000
2022/23	2 000	0	1 200
2023/24	2 200	0	250

Table 125: Cost of Construction/Maintenance of Stormwater Systems



### 3.10.5 Employees: Stormwater

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	4	2	2	50%
4 - 6	6	54	42	12	22%
7 - 9	2	22	8	14	64%
10 - 12	2	15	9	6	40%
13 - 15	2	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>23</b>	<b>99</b>	<b>64</b>	<b>35</b>	<b>35%</b>

Table 126: Employees: Stormwater

## COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

### 3.11 Planning

#### 3.11.1 Introduction to Planning

In the past, Bitou relied on three Zoning Schemes dating from 1985 and even older. The Zoning Bylaw which serves to integrate the previous zoning legislation was promulgated on 26 September 2023, in terms of the which the zoning and associated development rights and land use parameters will be administered. The content takes into account current/modern land uses as well as additional parameters governing the use of property.

A call for proposals for the development of erf 4367 (generally known as Shell Ultra development) was made and an award was made to a developing company to provide middle income housing on the erf. The proposal is for around 200 units with a maximum selling amount of R 1 million. This will alleviate the dire need for affordable housing for the middle-income group.

A number of substantial developments are being implemented i.e. Eden Views (near Buco), Robberg Mall at the southern end of Longships Road, the shopping centre in Kwanokuthula and Plett Quarter in Main Road. An integrated development is proposed to the east of Kranshoek, which will provide for 850 residential units as well as numerous associated land use. The application is currently being processed. This is in addition to a similar development already approved, consisting of 875 residential opportunities and associated land uses.

Non-compliance with the provisions of the Bitou Municipality Zoning Scheme Bylaw, 2023 has become an increasingly challenging issue for the Land Use Management section to regulate and control. Records will show that numerous property owners fail to adhere to the established zoning regulations and development parameters, and the circumstances for pursuing legal action against non-compliance are often difficult and non-reactive. To address this growing challenge, the Land Use Management Section has introduced penalty tariffs for non-compliant landowners. These penalty fees have been adopted in the latest 2024-2025 Municipal Tariffs adopted by Council.

The Ladywood Local Spatial Development Plan has been adopted by Council, and will serve to provide guidance to developer of the distribution of land uses, ranging from high value erven to high density housing opportunities, commercial opportunities, etc. The Ladywood area is crucial to the integration of the communities, and it is trusted that development will take place soon.

### 3.11.2 Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
Promulgation of Zoning By-laws	Integration of 3 outdated zoning schemes
Approval of penalty tariffs	Penalty tariffs will be applied where land transgression is identified

Table 127: Planning Highlights

### 3.11.3 Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
Continued land use transgressions	Penalty tariffs have been approved and will be applied for the 2024/25 financial year
Staff capacity	The Section has experienced a shortage of staff, but this has been addressed in the Draft Organogram

Table 128: Planning Challenges

### 3.11.4 Planning Service Delivery Levels

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

Applications for Land Use Development		
Detail	Built Environment	
	2022/23	2023/24
Planning applications received	86	75
Determination made in year of receipt	34	30
None-compliant notices issued	3	8
Applications closed	39	21
Applications outstanding at year end	3	24

Table 129: Applications for Land Use Development

Type of service	2022/23	2023/24
Building plan applications processed	566	463
Total surface (m²)	370 486.75	150 969.53
Approximate value (Rand)	644 559 359	867 507 831
Residential extensions	386	353

Table 130: Additional Performance Town Planning and Building Control

### 3.11.5 Employees: Planning

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	2	2	0	0%

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	3	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14%</b>

Table 131: Employees: Planning

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

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

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

### 3.12.2 Highlights: LED

The table below specifies the highlights for the year:

Highlights	Description
Visit Food and Agriculture Organization of the United Nations	<p>The Head of FAO in South Africa, Dr. Ahmadu outlined its organisation supports for farmers, and communities who require capacity building in sustainable management. The Bitou Municipality has after the briefing session submitted a request for funding and technical assistance for the review of its LED Strategy 2010 and Implementation plan.</p> <p>Also, part of the request is to assist with short-term relief projects within the Bitou Municipal area, are as follows:</p> <ul style="list-style-type: none"> <li>Harkerville Agri Forestry Project</li> </ul>

Highlights	Description
	<ul style="list-style-type: none"> <li>• Kwanokuthula Farmers Association</li> <li>• Kranshoek Small Holders famers</li> <li>• Van Huyseoord Farm</li> </ul>
Social Responsibility Initiatives: Mining Quarry	<p>As per the Department of Minerals and Energy, it is mandatory for every quarry to contribute to local economic development. A requirement is to address a community challenge identified in the Integrated Development Plan (IDP).</p> <p>The following projects have been earmarked for support, for the 2024/2025 financial year,</p> <p><b>Robberg Quarry</b></p> <ul style="list-style-type: none"> <li>• - Upgrading the Kranshoek Sport Fields</li> <li>• - Fixing the main gate</li> <li>• - Upgrading ablution facilities</li> <li>• - Repairing holes in the boundary walls</li> </ul> <p><b>Kurland Brick</b></p> <p>Has pledged to support the Happy Kids Creche in Kurland with the following interventions:</p> <ul style="list-style-type: none"> <li>• - Erection of boundary walls</li> <li>• - Construction of a kitchen</li> <li>• - Establishment of ablution facilities</li> </ul>
Youth Entrepreneurial Programme	<p>The project was officially launched by the Executive Mayor at the June 16<sup>th</sup> celebration in Qolweni. The programme focusses on informal youth businesses and targets young entrepreneurs who runs an informal business from their home or rented space. The objective of the programme is to provide non-financial support to local SMME's as a booster that will assist the informal business owner to maximise their business potential. No direct financial support or funding will be transferred to the successful participants, but small equipment will be procured</p>
Expended Public Works Programme	<ul style="list-style-type: none"> <li>• 264 Job opportunities created</li> </ul>

Highlights	Description
	<ul style="list-style-type: none"> <li>240 opportunities were created by the Bitou Municipality with own funds.</li> </ul>

Table 132: Highlights: LED

### 3.12.3 Challenges: LED

The table below specifies the challenges for the year:

Description	Actions to address
Budget Constraints	There is a lack of budget to implement projects and no capital budget for the infrastructure projects. The Municipality is investigating the possibility of external funding sources
EPWP	The turnaround time to address challenges within the EPWP Unit took too long. Better of communication and relations are currently being enforced with specific process between the Human Resource Department and the EPWP Unit to ensure this function does not stagnate
Role Clarification	Beter communications and information workshops are being discussed to ensure that the Staff Regulations are optimally implemented within the Local Economic Development Department

Table 133: Challenges: LED

### 3.12.4 Employees: LED

The following table indicates the staff composition for this division:

Job Level (T-grade)	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	2	2	2	0	0
7 – 9	1	1	1	0	0
10 – 12	3	3	3	0	0

Job Level (T-grade)	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>

Table 134: Employees: LED

### 3.12.5 Capital: LED

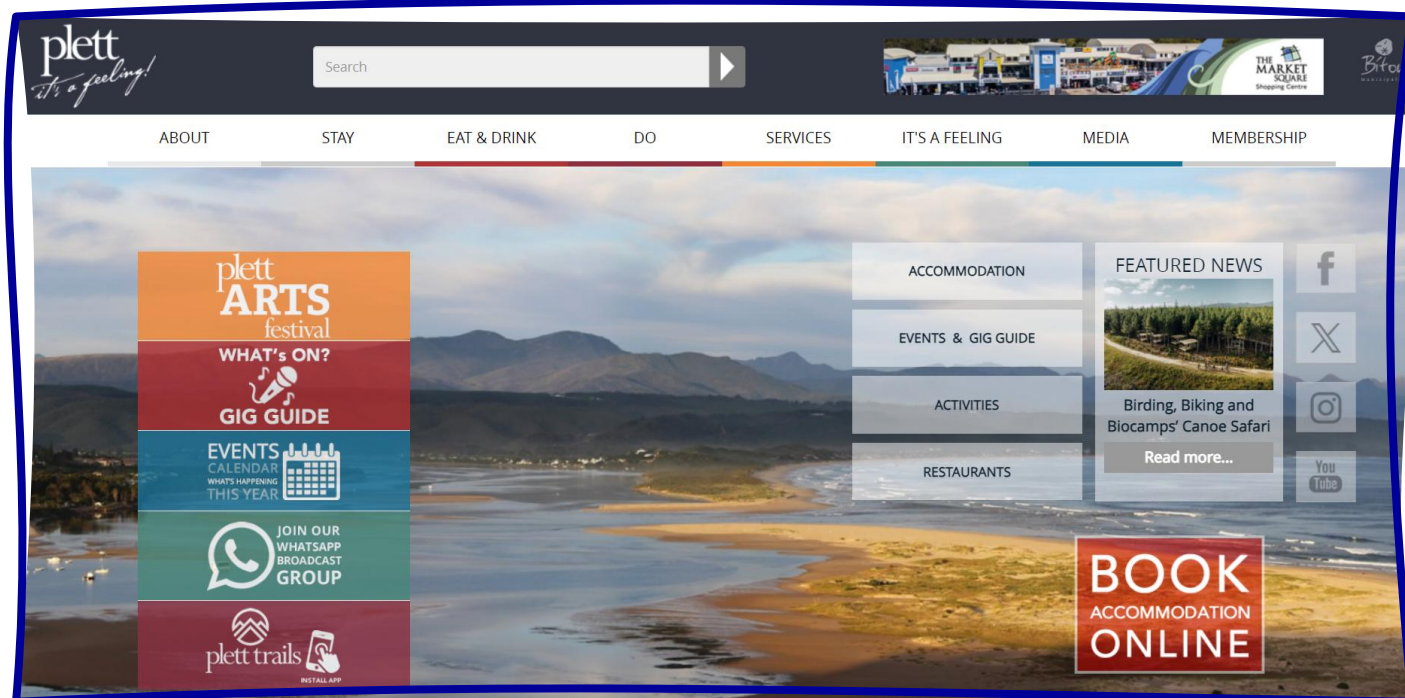
The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Construction of Qolweni Cultural Village	304	304	301	4
<b>Total</b>	<b>304</b>	<b>304</b>	<b>301</b>	<b>4</b>

Table 135: Capital Expenditure 2023/24 LED



### 3.13 Tourism



Picture 5: Bitou Tourism website

#### 3.13.1 Introduction to Tourism

The Bitou Municipality has contracted the services of a service provider for a period of three years, July 2023 until June 2026. Plett Tourism Association (PTA) currently assist the Municipality with the promotion of sustainable tourism and tourism development in the Municipal area. The responsibilities are based on a service level agreement (SLA) which includes 3 important areas such as destination marketing, destination Management and development of the Greater Plettenberg Bay area.

#### 3.13.2 Highlights: Tourism

The table below specifies the highlights for the year:

Highlights	Description
Sustainable Infrastructure Investment Conference	The Bitou Municipality hosted its inaugural Sustainable Infrastructure Investment Conference on Thursday, 23 May 2024 at the Beacon Island Resort. The conference brought together 200 stakeholders inclusive of businesses, investors, government officials, bankers, Developers, the office of the Minister of Public Works

Highlights	Description
	and Infrastructure and local SMMEs to discuss emerging trends, opportunities, and challenges in Bitou
WTM Africa 2024	Economic development and Tourism Association attended the 2024 World Trade Market Africa, products Plett trail network and the promotion of tour guides throughout Bitou
Africa Travel Indaba-Durban	Participated with tourism professionals from across the African continent and around the world to network, showcase their products and services, and discuss industry trends. Great opportunity to showcase the Garden Route/Bitou on such a platform
Skills Mecca Initiatives	17 learners trained and completed NQF level 3 General Security Practitioners

Table 136: Tourism Highlight

### 3.13.3 Challenges: Tourism

The table below specifies the challenges for the year:

Description	Actions to address
Adoption of an Events Policy/SOP	A SOP will be developed during the 2024/25 financial year to provide an appropriate system of control for events applications, consideration and processing
Lack of capacity within the Unit	Tourism is a broad sector as well as Informal Trading as a growing sector within the economy. One Officer with one assistant appointed to manage/oversee two broad and very important sectors

Table 137: Challenges Tourism

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.14 Libraries

#### 3.14.1 Introduction to Libraries

The public library provides free services and resources with a variety of materials to meet the needs of individuals and groups in its community with information, educational, cultural, technological and personal development, as well as recreation as its objectives. As such, libraries are important in the

development and empowerment of communities and should be available to everyone as set out in the *IFLA/UNESCO Public Library Manifesto, 1994*.

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

### 3.14.2 Highlights: Libraries

The table below specifies the highlights for the year:

Highlights	Description
World Read-aloud day	Bitou Libraries visited local schools in the surrounding areas to encourage and instil a love for reading from an early age. Staff members read stories to the kids and had question and answer sessions
University of South Africa (UNISA) and Bitou Libraries partnership renewal	Bitou Municipality yet again pledged its assistance and support to UNISA by assisting students with getting/ returning study materials. The library will also act as a centralized location for visitations from the University. The pledge agreement was signed in May 2024
Establishment of Kwanokuthula Library Recreational Room	<p>The Kwanokuthula library hall has been transformed into the new "Rec- Room. The intended purpose of this room is to act as a hub to attract our youth and keep them off the streets by creating a nurturing, conducive and fun environment where learning and sharing information is the norm.</p> <p>The following items are available in the Rec-Room:</p> <ul style="list-style-type: none"> <li>• Pool table</li> <li>• Foosball table</li> <li>• Table Tennis table</li> <li>• Chess, checkers and Jenga board games</li> </ul>
Staff trainings (UKS Examinations)	7 x Library assistants enrolled at UKS for the formal "Library Assistant" qualification. All of the staff have passed the assignments and will be writing their formative/ summative assessments in October 2024. We are extremely proud of each staff member that has dedicated their time to completing the modules
Library Week Event	The event was a success. This year the event was hosted by Kurland Library

Highlights	Description
Kranshoek Library: Youth Month Celebration	On 14 June 2024 Kranshoek Library hosted their annual "Youth Day Celebration". The event was a huge success thanks to all the stakeholders' involved:  (Bitou Library staff, Ward Councillors, Mayor's office, Communications, SAPS and Neighbourhood watch)

Table 138: Libraries Highlights



Picture 6: Bitou Municipality and UNISA partnership renewal

### 3.14.3 Challenges: Libraries

The table below specifies the challenges for the year:

Description	Action to address
Staff shortages	2 x Library staff from Plettenberg Bay Library has been enrolled at the Traffic College, leaving an operational gap in libraries.  There is currently no ICT Support Officer within libraries hence the backlog of ICT issues and complaints.

Description	Action to address
	Once the Organogram is adopted and approved, advertising and appointments in the vacant positions can be concluded
Green Valley Library roofing	The Green Valley Library roof has completely collapsed due to severe rain over the March month period in 2023. On 28 June 2024 the entire roof was replaced, and all leakages have stopped. The library has since re-opened up to the public
Kranshoek Library roof leakages	This roof leakage has been on-going. We are looking at having this issue corrected once we start the maintenance on library buildings

Table 139: Libraries Challenges

#### 3.14.4 Service Statistics for Libraries

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

Type of service	2022/23	2023/24
Number of libraries	6 Library Services	6 Library Services
Library members	17 282	20125
Books circulated	53 100	54120
Exhibitions held	227	228
Internet access points	6 Libraries	6 Libraries
Children's programmes	99	142
Visits by school groups	69	115
Book group meetings for adults	20	19
Primary and secondary book education sessions	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, private schools, South Cape College, ECD, UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, private schools, South Cape College, ECD, UNISA, NMMU, post matriculants and other tertiary institutions senior citizens, community groups



Table 140: Service Statistics for Libraries

### 3.14.5 Libraries Outreach programmes:

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

Type of programme	Description
<b>Teenager reading clubs</b>	Plettenberg Bay Secondary High School has a book club that participates in reading competitions. Libraries have been in communication with more schools to try and assist them with establishing a similar program
<b>Computer literacy programmes</b>	Cape Access – Accredited ICDL training course. Basic Introduction to ICDL and E-Learner (30 students are currently enrolled)
<b>Weekly aerobics classes</b>	The Rec-Room at Kwanokuthula library was established to provide recreational activities to our patrons. In addition to that we also offer free boxing/ Judo classes in all wards Bi-weekly
<b>Story hour</b>	<ul style="list-style-type: none"> <li>Digital story hour</li> <li>School and crèche visitations</li> </ul>
<b>Weekly arts classes</b>	This is ongoing and is offered by each library respectively. Libraries offer art classes as extra mural activity to scholars to keep them occupied, cultivate their talents or as an outreach initiative
<b>Student support</b>	This is ongoing. Libraries work in close collaboration with schools so that we can easily assist our patrons as we know what projects/ assignments they are working on

Table 141: Outreach Programmes Libraries

### 3.14.6 Employees: Libraries

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	1	1	50%
4 - 6	16	23	15	8	35%
7 - 9	6	10	8	2	20%
10 - 12	6	5	3	2	40%

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>32</b>	<b>42</b>	<b>29</b>	<b>13</b>	<b>31%</b>

Table 142: Employees: Libraries

### 3.14.7 Capital: Libraries

The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Computer equipment	100	100	24	76
Furniture	50	50	17	33
Library maintenance	250	250	213	37
Outreach programmes equipment	50	50	19	31
<b>Total</b>	<b>450</b>	<b>450</b>	<b>273</b>	<b>177</b>

Table 143: Capital Expenditure 2023/24: Libraries

## 3.15 Cemeteries

### 3.15.1 Introduction to: Cemeteries

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

### 3.15.2 Challenges: Cemeteries

The table below specifies the challenges for the year:



Description	Actions to address
Finalising extension of portion 5 463 Kwanokuthula	Burials will be able to commence soon and will provide some relief for burial space throughout the Bitou Municipal area
Regional cemetery	The Municipality is currently busy with the finalisation of the application however this process is being dealt with by two separate directorates within the Municipality

Table 144: Cemeteries Challenges

### 3.15.3 Service Statistics for Cemeteries

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

Type of service	2022/23	2023/24
Pauper burials	4	15

Table 145: Service Statistics for Cemeteries

### 3.15.4 Employees: Cemeteries

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Post	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	17	10	7	41%
4 - 6	8	12	8	4	33%
7 - 9	3	3	2	1	33%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>21</b>	<b>34</b>	<b>22</b>	<b>12</b>	<b>35%</b>

Table 146: Employees: Cemeteries

### 3.16 Aerodrome



Picture 7: Plettenberg Bay Aerodrome

#### 3.16.1 Introduction to Aerodrome

The Bitou aerodrome is one of the key assets of the Bitou Municipality. This could largely increase the tourism footprint and has “game changer” status in term of the economy of the Bitou region. The development of an airport precinct has been one of the projects that was identified and has the potential of creating a large number of jobs. A tender was awarded to RSA Aero for the development of and management of the airport for a period of 30 years, the take over is subject to the fulfilment of license conditions and it is anticipated that the management and control of the facility will commence in the 2024/25 financial year.

#### 3.16.2 Highlights: Aerodrome

The table below specifies the highlights for the year:

Highlights	Description
Maintain Category 5 licence for 2023/24 financial year	Various of the findings were addressed successfully
Uninterrupted aerodrome services rendered	Increased passenger total for scheduled operations as well as general aviation
CCTV coverage functional with camera footage	Available secured footage for a 30day playback period

Highlights	Description
No runway incidents	Statistical proof of no runway incursions or incidents were recorded on scheduled flights or general aviation
No bird strikes	An influx of bird life has been recorded but no strikes were recorded
Smooth vehicle and aircraft movement	No crashes or incidents were recorded

Table 147: Aerodrome Highlights

### 3.16.3 Challenges: Aerodrome

The table below specifies the challenges for the year:

Description	Actions to address
Potholes on runway, taxiway and apron	The potholes and surface with depression is earmarked to be attended to findings from the CAA in respect of the runway that was not addressed over a number of years has resulted in the closure of the airport subsequent to the closure of the books. Urgent remedial action is underway in collaboration with the newly appointed operator
Faded runway markings	Runway markings is earmarked to be repainted to ensure clearer visibility
Alien vegetation/ vegetation	A 3m clearing perimeter on both sides of the fence should form part of the general maintenance
Pine tree removal on western side of runway	The Municipality is currently investigating the removal and cost implications of the Pine trees as an obstacle

Table 148: Aerodrome Challenges

### 3.16.4 Service Statistics for Aerodrome

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

Type of service	2022/23	2023/24
Number of flights	624	646
Number of passengers	15 964	17 814

Table 149: Additional Performance Information for Aerodrome

### 3.16.5 Employees: Aerodrome

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	4	1	3	75%
4 - 6	5	5	5	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	1	0	1	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>7</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>40%</b>

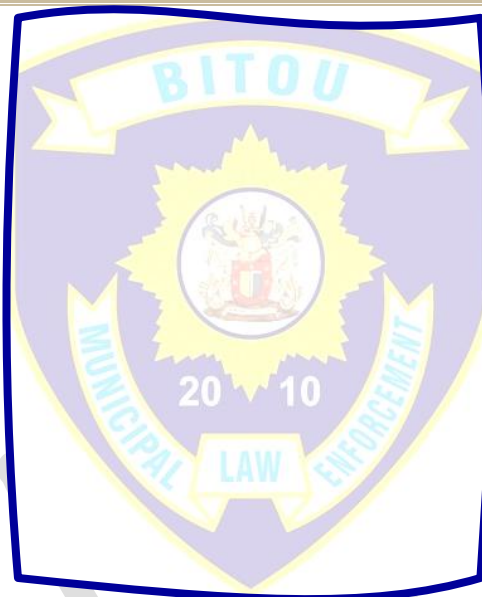
Table 150: Employees: Aerodrome

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## COMPONENT E: SECURITY AND SAFETY

### 3.17 Law Enforcement



Picture 8: Bitou Law Enforcement badge

#### 3.17.1 Introduction to Law Enforcement

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

#### 3.17.2 Highlights: Law Enforcement

The table below specifies the highlights for the year:

Highlights	Descriptions
Complaints	676 complaints attended too
Notice of complaints	188 issued
Section 341	2 734 were issued
Section 56	34 were issued
Impound of Animals	18 were issued

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Highlights	Descriptions
Stray Animals	33 animals were impounded to SPCA
Safe keeping of animals	16 notices of compliance issued
Joint operations	57 attended and discovery of drugs
Plots	On going and daily operations to remove plots
Illegal dumping	61 notices of compliance issued
Illegal structures	20 notices of compliance issued
Noise nuisance	25 notices issued
Illegal car attendants	On going removals
Stop and search	On going removals
Arrests	99 suspects were detained

Table 151: Law Enforcement Highlights

## 3.17.3 Service statistics for Law Enforcement

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

Details	2022/23	2023/24
Animals impounded	231	18
Complaints attended to by traffic officers	763	0
Special functions – Escorts	8	0
Awareness initiatives on public safety	2	0
Notice of compliance	208	188
Section 341 fines	2639	2734
Section 56	164	34
Toxic operation	33	0
Arrests	133	99
Joint crime prevention operation	78	57
Illegal Immigrants with Department of Home Affairs	2	0
Vagrants/Bush dwellers operations and car guards	220	363

Table 152: Law Enforcement Data

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## 3.17.5 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	0%
4-6	4	1	0	1	100%
7-9	16	28	22	6	21%
10-12	3	3	3	0	0%
13-15	1	1	1	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>24</b>	<b>33</b>	<b>26</b>	<b>7</b>	<b>21%</b>

Table 153: Employees: Law Enforcement

## 3.17.6 Capital: Law Enforcement

The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
37 x Bullet proof vests	265	265	208	57
Installation of security cameras	120	120	90	30
<b>Total</b>	<b>385</b>	<b>385</b>	<b>298</b>	<b>87</b>

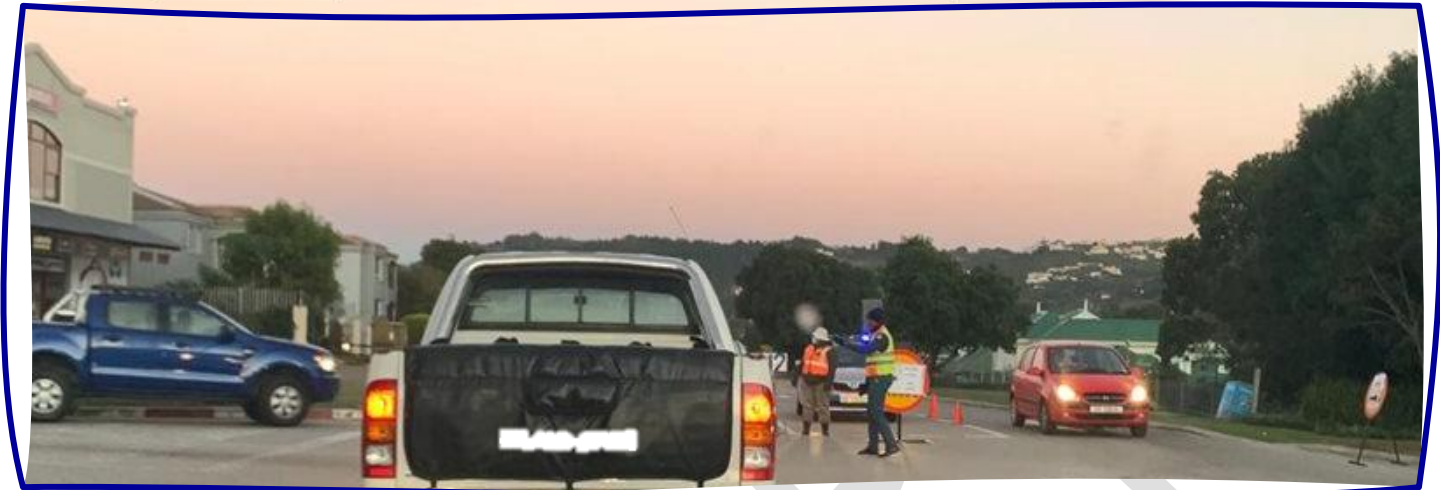
Table 154: Capital Expenditure 2023/24: Law Enforcement



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## 3.18 Traffic Services



Picture 9: Traffic Services

### 3.18.1 Introduction to Traffic Services

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

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

- Engineering
- Education
- Enforcement
- Evaluation

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

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

A concern for the department remains safety of officers as the number of attacks on officers around the country is on the increase. We aim to have a two-up policy that no officer patrol or work alone and that

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cameras for vehicles or personal cameras on vests be worn to ensure that when any incidents occur there is recourse to take and follow up.

## 3.18.2 Highlights: Traffic Services

The table below specifies the highlights for the year:

Highlights	Description
Appointment of staff	<ul style="list-style-type: none"> <li>2 x Traffic Officers were appointed</li> <li>1 x Officer on A Grade Examiner</li> </ul>
Easter Holiday	This mini-festive period was concluded without any serious injuries or fatalities on our roads
Auditor visits	The DLTC and Motor Registration and Licensing offices were audited and received good reviews. The MVR increased from 75% compliance to 88% compliance

Table 155: Traffic Services Highlights

## 3.18.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

Description	Actions to address
Fleet	This remains a challenge for the department as vehicles are becoming old. Budget requests will be submitted in the next financial year in collaboration with fleet section for the systematic replacement of aged vehicle fleet
Court	The number of cases per court role is limited and this has an impact on possible income from Traffic Fines
Seasonal Staff	Our office was inundated with calls from members of the public re intersections blocking, one of those was the N2 intersection at Old Nick where sadly a motorcyclist was fatally injured in a car crash. With resources stretched and no seasonal staff we were unable to cover all the points
Space and shelter	At our DLTC the office space is very limited and thus means that members of the public must wait outside there even is not enough space for our staff. With the members of the public standing outside, there is currently no shelter against inclement weather, this

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Description	Actions to address
	however is being addressed as specifications for a RFQ have been submitted and the facilities manager is dealing with it

Table 156: Traffic Services Challenge

## 3.18.4 Additional Performance Service statistics for Traffic Services

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

Details	2022/23	2023/24
Motor vehicle licenses processed	28 436	48 776
Rand- value for Motor Vehicle Licenses	13 971 054	15 642 216
Driving License transactions processed	11 269	12 151
Rand- value for Driving License transactions processed	1 067 880	1 073 776
Fines issued for traffic offenses	114 400	164 078
Rand-value of fines collected	8 110 110	13 475 435
Roadblocks held	11	11
Complaints attended to by traffic officers	252	127
Awareness initiatives on public safety	9	8
Number of road traffic accidents during the year	745	858
Number of officers in the field on an average day	11 (3x Officers at DLTC)	11 (4x Officers at DLTC)
Number of officers on duty on an average day	14	11

Table 157: Additional Performance Service Statistics for Traffic Services

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## 3.18.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	12	15	11	4	27%
7 - 9	2	2	2	0	0%
10 - 12	14	19	15	4	21%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>30</b>	<b>38</b>	<b>30</b>	<b>8</b>	<b>21%</b>

Table 158: Employees: Traffic Services

## 3.19 Fire Services and Disaster Management

### 3.19.1 Introduction to Fire Services and Disaster Management

#### Fire Services

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

The Bitou Fire and Rescue Service of Plettenberg Bay is dedicated to providing a service to the entire community, which include all walks of life, all races, all genders, all ages and all religions. In our efforts to improve quality of life and peace of mind, we render a service to the best of our ability, the service is proud to have had highlights for the financial year, maybe not as much as would be preferred but a step forward remains a step forward and we together with assistance from local and district fire service and engagements and support through Metro and Provincial Fire Services of the Western Cape

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believe in continuous development in aspects of resource / equipment support and that of skills and qualifications through training is a win-win situation for all.

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

## Disaster Management

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

The Unit / section has also made great strides to having the disaster plan approved by Council and have recently embarked on a fire risk reduction strategy to reduce fire loads and safer Urban Interface via fire breaks and alien clearing. Which has led to reduced fire calls. The disaster section requires funding allocations to cover the continuum of disaster from planning to response and reduction and mitigation. Operating costs for staff as well as that for relief and building materials is critical. Capital funding for vehicles and upgrades in technology, cameras, monitors, drone etc. is of essence. We are pleased 2024/25 allocates funds for various needs such as cameras, drones and radios.

### 3.19.2 Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
Decrease in total incidents reported	An 8% decrease in calls were reported for the 2024/25 financial year compared to the 2022/23 financial year
Training and development	Current and completed training included: <ul style="list-style-type: none"><li>• Fire safety</li><li>• 2 x Members on learnership</li></ul> Further to these 2024/25 financial year indicates positive opportunities for training of staff members
Vehicle repairs/ refurbishment	Due to financial constraints and cost containment measures to replace vehicles, 2 vehicles have been provided an extension into service

Table 159: Highlights: Fire Services and Disaster Management

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## 3.19.3 Challenges: Fire Services and Disaster Management

The table below specifies the challenges for the year:

Description	Actions to address
Funding constraints	Both the Fire Services and Disaster Management units require capital funding allocations for vehicles and equipment for the outer year's budget funding processes. Additional business plans and motivations were submitted to the provincial government for funding
Staff capacity/ development	Proposals and motivation have been submitted for the organogram review process Inputs have been provided for the 2024/25 training needs in order to promote the development of staff skills

Table 160: Challenges: Fire Services and Disaster Management

## 3.19.4 Service Statistics for Fire Services and Disaster Management

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

Details	2022/23		2023/24	
Operational callouts	649		618	
Reservists and volunteers trained	0		0	
Awareness initiatives on fire safety	336		409	
Total fires attended in the year	570		521	
Total other incidents attended in the year	79		97	
Average turnout time - urban areas	Urban 2.4 min	Average 7.8 min	Urban 2 Min	Average 6.3 min
Average turnout time - rural areas	Rural 15.75 min		Rural 13 min	
Fire Department Staffing in post at year end	1 Chief Fire Officer 4 Seniors Fire Officers 18 Fire Fighters 3 Learners		1 Chief Fire Officer 4 Senior Fire Officers 18 Fire Fighters * 4 Learners*	
Fire fighters in post at year end	1 x Disaster Co-Ordinator 1 x Disaster Officer 4 Control Room 5 CCTV operators		1 x Disaster Co-Ordinator 1 x Disaster Officer 4 Control Room 5 CCTV operators	

Table 161: Fire Services and Disaster Management Data

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## 3.19.5 Employees: Fire Services and Disaster Management

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	4	24	12	12	50%
7 - 9	17	20	17	3	15%
10 - 12	4	5	5	0	0%
13 - 15	1	2	2	0	0%
16 - 18	0	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>26</b>	<b>52</b>	<b>37</b>	<b>15</b>	<b>29%</b>

Table 162: Employees: Fire Services and Disaster Management

## COMPONENT F: SPORT AND RECREATION

### 3.21 Sport and Recreation

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

#### 3.21.1 Highlights: Sport and Recreation

The table below specifies the highlights for the year:

Highlights	Description
Jument Avenue Longships play park upgrade	<p>The play park was upgraded by:</p> <ul style="list-style-type: none"> <li>Painting of apparatus;</li> <li>Installing of new playground equipment in partnership with the Parks Department by one lady who felt the need to plough back in the community</li> </ul>

Table 163: Sport and Recreation Highlights



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## 3.21.2 Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Vandalism and theft	<ul style="list-style-type: none"> <li>Security by camera surveillance</li> <li>Placing of security guards at high-risk areas</li> <li>Involving community committees and external structures to assist</li> </ul>

Table 164: Sport and Recreation Challenges

## 3.21.3 Service Statistics for Sport and Recreation

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

Type of service	2022/23	2023/24
Number of sport grounds/fields	7	7
Number of events hosted on fields	2	5
Number of parks with play park equipment	6	5
Number of wards with community parks	4	4
Number of wards with sport fields	7	7

Table 165: Additional Performance Information for Sport and Recreation

## 3.21.4 Employees: Sport and Recreation

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	17	10	7	41%
4 - 6	8	12	8	4	33%
7 - 9	3	3	2	1	33%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%

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Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>21</b>	<b>34</b>	<b>22</b>	<b>12</b>	<b>35%</b>

Table 166: Employees: Sport and Recreation

## 3.21.5 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division. The planning issues and environmental authorization have not yet been completed and therefore the funds had to be moved to the outer years of the MTREF.

Capital Projects/	2023/24			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Construction of regional cemetery	1 000	0	0	0
<b>Total</b>	<b>1 000</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 167: Capital Expenditure 2023/24: Sport and Recreation

## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.22 Corporate Services

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

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## 3.22.1 Employees: Executive and Council

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	6	7	5	2	29%
10 - 12	5	7	5	2	29%
13 - 15	7	7	7	0	0%
16 - 18	1	2	1	1	50%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>20</b>	<b>24</b>	<b>19</b>	<b>5</b>	<b>21%</b>

Table 168: Employees: Corporate Services

## 3.23 Human Resources Management (HR)

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

The Human Resources Management Services branch provides the following functions:

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

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## 3.23.1 Challenges: HR

The table below specifies the challenges for the year:

Description	Actions to address
Cascading of Individual Performance Management to all staff	Implement Consequence Management to all Managers and Directors that are non-compliant
Review and approved the Macro and Micro Organizational Structure in line with the Municipal Staff Regulations	The Municipality will facilitate: <ul style="list-style-type: none"> <li>Employee engagement sessions; and</li> <li>Consultation Sessions with Recognized Labour; and</li> <li>Workshop current structure to Council and Management</li> </ul>
OHS Risk Assessment	Tender Specifications to be compile and advertised in order to appoint a Service Provider to assist with the OHS Risk Assessment – Municipality does not have any in-house capacity to conduct this assessment

Table 169: HR Challenges

## 3.23.2 Employees: HR

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	3	3	3	0	0%
10 - 12	3	7	3	4	57%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>8</b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>33%</b>

Table 170: Employees: HR Services

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## 3.24 Administration

### 3.24.1 Introduction to Administration Services

The Administration branch provides the following functions:

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

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

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

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

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

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

### 3.24.2 Highlights: Administration Services

The table below specifies the highlights for the year:

Highlight	Description
Filling of vacant position (vacant for more than one year)	The Head Registry position filled. The new incumbent resume office 8 July 2024

Table 171: Highlights: Administration

### 3.24.3 Challenges: Administration Services

The table below specifies the challenges for the year:

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

Table 172: Administration Challenges

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## 3.25 Information and Communication Technology (ICT) Services

### 3.25.1 Introduction to ICT Services

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

### 3.24.2 Highlights: ICT Services

The table below specifies the highlights for the year:

Highlights	Description
Audit Outcome 2022/23	Attaining a notably good audit outcome with only a single administrative finding is an excellent accomplishment for an organization, especially concerning ICT's ability to deliver essential support and provide assurance to the financial operations within the organization
Internship Program Recruitment Succession	Interns recruited permanently. As a first run at having ICT interns, it has been a successful internship program that moulded 2 young, local talents into ICT professionals, who furthermore went through the Bitou recruitment process successfully
Sanitary drive	The ICT unit took the lead on a Sanitary drive campaign where the aim was to donate sanitary care packages to Murray and Plettenberg Bay High Schools. The focus was to fill the gap of struggling homes that cannot buy their teenage daughters the necessary' sanitary goods. With the assistance from Human Resources and Communications units, the project was a success due to internal and external stakeholders contributing to the drive. Special mention to Mr Kova for initiating and driving this initiative

Table 173: ICT Services Highlights

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## 3.25.3 Challenges: ICT Services

The table below specifies the challenges for the year:

Description	Actions to address
General office conditions	The office conditions pose challenges for the ICT team. Insufficient space, no maintenance. Upgrading facilities and ensuring a comfortable work environment are crucial for their effectiveness.
Cyber security awareness	Although Bitou has made improvements towards improving cyber security awareness we are still facing challenges where users are not completing their awareness training timeously.
Cyber Security Phishing Campaign	We conducted a campaign to determine user propensity to click malicious links, we found that out of 352 users tested 60 (17%) failed the test. If this was a real-world scenario the chances of a breach would have been high.

Table 174: ICT Services Challenges

## 3.25.4 Employees: ICT Services

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	0	0	0	0%
7 - 9	1	2	2	0	0%
10 - 12	6	8	6	2	25%
13 - 15	1	2	1	1	50%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>10</b>	<b>13</b>	<b>10</b>	<b>3</b>	<b>23%</b>

Table 175: Employees: ICT Services



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## 3.25.5 Capital: ICT Services

The following table indicates the capital expenditure for this division:

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Airport backup power and solar	25	0	0	0
Beaches office 2-way radios	64	64	61	2
Bitou new users	701	701	700	1
Bitou repairs, maintenance and equipment	176	176	114	62
Council tablet accessories	112	112	46	66
Councillors office backup power and solar	25	72	72	0
Cutty sark hight site backup power and solar	75	0	0	0
Engineering services PMU computer monitors (MIG 5% top slice)	0	22	20	1
Fire Department 2-way radios	19	19	19	0
ICT office backup power and solar	25	125	124	1
ICT office furniture and equipment	14	20	15	5
Kranshoek high site backup power and solar	25	0	0	0

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Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Kwano Library backup power and solar	25	0	0	0
Melvilles corner backup power and solar	125	475	474	1
Melvilles corner network cabinet replacement	29	0	0	0
New Horizon Library backup power and solar	25	125	122	3
Robberg high site backup power and solar	25	0	0	0
Signal Hill high site backup power and solar	25	0	0	0
Spitskop high site backup power and solar	25	0	0	0
Traffic dept./Law Enforcement backup power and solar	25	0	0	0
Wireless AP main building Council chambers	4	4	0	4
Wireless AP main building MM office	4	4	0	4
Wireless AP new Horizon YAC	4	4	0	4
<b>Total</b>	<b>1 577</b>	<b>1 923</b>	<b>1 769</b>	<b>154</b>

Table 176: Capital Expenditure 2023/24: ICT Services

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## 3.26 Legal Services

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

### 3.26.1 Highlights: Legal Services

The table below specify the highlight for the year:

Highlights	Description
Savings realised on contracted services	Legal expenses incurred on Legal Practitioners was below the budgeted amount approved by Council for the financial year

Table 177: Legal Services Highlights

### 3.26.2 Challenges: Legal Services

The table below specifies the challenges for the year:

Description	Actions to address
Litigation against the Municipality in SCM related matters	On going training must be provided to SCM officials on the legislation and regulations applicable to procurement of goods and services

Table 178: Legal Services Challenges

### 3.26.3 Employees: Legal Services

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%

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Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0%</b>

Table 179: Employees: Legal Services

## 3.27 Financial Services

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

### 3.27.1 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Debtors' collection rate achieved	The Municipality has achieved a 96.73% collection rate for the year, it is the highest collection rate the last 7 years
Improvement in liquidity position	The liquidity position further improved from the previous financial year as cash and cash equivalents show a steady increase year-on-year
Revenue enhancement program successfully implemented	The revenue enhancement program was implemented, and additional revenue discovered already exceed R4 million

Table 180: Financial Services Highlights

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## 3.27.2 Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Vacant positions	The Municipality has not been able to fill positions within the Financial Department with suitably qualified and experienced staff members, resulting in critical vacancies remaining
Best practice norms in respect of various financial ratios not achieved	<p>The current ratio remains below the best practice norm of 3:1 as the financial recovery process is still not complete</p> <p>The staff cost ratio expressed as a percentage of total expenditure remains concerning and is nearing the upper limit of the National Treasury norm. Concerted efforts will be necessary to curb the cost from further escalation</p>

Table 181: Financial Services Challenges

## 3.27.3 Financial Services

Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2022/23			2023/24			2023/24		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	To be billed in Year	Estimate d turnout for accounts to be billed in year	Estimate d Proporti on of account s to be billed that will be collecte d (%)
Property Rates	156 899	141 209	90	178 911	158 849	89	179 802	161 822	90
Electricity	211 450	192 420	91	216 352	201 204	93	231 701	220 116	95
Water	85 375	66 592	78	88 776	70 735	80	86 173	73 247	85

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Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2022/23			2023/24			2023/24		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected (%)
Sanitation	78 318	60 304	77	65 751	62 462	95	65 521	57 003	87
Refuse	45 707	34 737	76	44 643	39 485	88	46 406	39 445	85

Table 182: Debt Recovery

## 3.27.4 Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	25	27	23	4	15%
7 - 9	10	11	10	1	9%
10 - 12	17	23	18	5	22%
13 - 15	2	2	0	0	0%
16 - 18	6	6	6	0	0%
19 - 20	0	0	0	0	0%

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Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Total</b>	<b>60</b>	<b>69</b>	<b>57</b>	<b>12</b>	<b>17%</b>

Table 183: Employees: Financial Services

## 3.28 Procurement Services

### 3.28.1 Supply Chain Management (SCM) Policy

The Council of Bitou Municipality adopted the municipality's Supply Chain Management Policy in adherence to the Supply Chain Management Regulations, and in line with the model policy issued by National Treasury (NT). It should be noted that the Bitou Municipality's Supply Chain Management Policy for 2023/24 was initially approved by Council on 31 May 2023. The Supply Chain Management Policy has focused on the procurement of goods and services.

The Supply Chain Management Policy, the Infrastructure Procurement and Delivery Management Policy, and the Preferential Procurement Policy (PPP) were reviewed on 25 January 2024, in line with the Preferential Procurement Regulations of 2023. The Bitou's Preferential Procurement Policy (PPP) is the procurement spine in the organization, in terms of Bitou Council's strategic goal to increase localized procurement to emerging enterprises.

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

#### Delegation of SCM Powers and Duties

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

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

The Municipal Manager may in terms of Section 79 of the MFMA, sub-delegate certain of these powers and duties in writing. However, sub-delegations have also been conferred in writing to the members of bid committees, and financial delegations were issued to all Heads of Directorates, as well as the



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Divisional Managers for the procurement of goods and services, in line with Section 12 (4), as well as Section 10 (1) of the Supply Chain Management and Accounts Payable Policies, respectively, as Approved by the Bitou Council. The said sub-delegations are limited to officials ranked not lower than TASK-Level 13.

## 3.28.2 SCM Unit

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

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

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

## 3.28.3 Demand Management

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

The demand management system must –

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

Include the following demand management considerations –

- understanding of future and current needs
- requirements are linked to the budget
- specifications are determined
- needs form part of the strategic plan and Integrated Development Plan of the Municipality

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- analysis of past and current expenditure
- optimum methods to satisfy needs
- frequency of requirements is specified
- calculation of economic order quantity
- conducting of industry and market analysis

These processes have been implemented with relative success over the 2022/23 financial year and resulted in a documented plan. However, the plan still lacks due to inadequate monitoring and reporting.

## 3.28.4 Acquisition Management

The Municipality's system of acquisition management must ensure:

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

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

## 3.28.5 Accredited Prospective Providers

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

The Municipality's Accredited Suppliers Database on the Solvem Financial Management System is in line with the National Treasury Central Suppliers Database (CSD). The integration of both CSD and Solvem has been finalized, and fully implemented.

The Municipality must at least once a year through newspapers circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers. The municipality could not comply with the advertisement as required as per aforementioned clause and section (14)(1)(c) of the SCM Policy however SCM has

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ensured that CSD was approached as per National Treasury Circular 81 on Web based Central Supplier Database whenever procurement process has been carried-out. That National Treasury Circular 81 requires that municipalities can only do business with suppliers registered on Central Supplier Database.

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

### **3.28.6 Formal Quotations valued less than R30 000**

The SCM Unit has progressively ensured that the procurement of formal quotations is centralized and procurement on formal quotations is in accordance with section 16 and 17 of the SCM Policy. SCM has ensured that SCM Policy is safeguarded to ensure reduction of irregular expenditure during the 2023/24 financial year. That no irregular expenditure to be incurred in the future. SCM has shared National Treasury circular 68 on Unauthorized, Irregular, Fruitless and Wasteful Expenditure to ensure that user-departments takes note thereof and consequence management entailed when one incurs irregular expenditure.

### **3.28.7 Formal Written Price Quotations for R30 001 up to R300 000**

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

### **3.28.8 Competitive Bidding for Contracts valued more than R300 001**

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

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

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

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No	Committee	Number of Meetings 2023/24	Attendance for Quorum
1	Specifications	49	100%
2	Evaluation	34	100%
3	Adjudication	30	100%

Table 184: Compliance with Council's SCM Policy

The bid committees processed 44 tenders for awards valued at R541 665 613.12

No	Tenders Processed	2023/24	2022/23	2021/22	2020/21	2019/20
1	Tenders awarded	44	61	30	30	30
2	Contracts awarded	90	61	28	28	28
3	Value of tenders awarded	541 665 613.12	92 525 705	82 902 269	82 902 269	82 902 269
4	Number of appeals received	7	1	0	0	0
5	Number of successful appeals	0		0	0	0

Table 185: Tenders Processed

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

Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2024/11/EDP	Call for development proposals, Erf 4367 Plettenberg Bay	Carnivore Capital (Pty) Ltd	R193 917 000.36
SCM/2023/130/EDP	Attainment of Airport Business and long-term lease: The Plettenberg Bay Airport	RSA Aero Limited	R116,134,906.00
SCM/2024/60/FIN	Provision of an External Loan to the amount of R45 150 000,00	The Standard Bank of South Africa Limited	R76 576 794.39
SCM/2023/98/ENG	Supply & Delivery of Vehicles outright Purchase	CFAO Mobility (Pty) Ltd t/a Williams Hunt GM Midrand; Southern Sea Motors (Pty)	R16 934 162.00

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Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
		Ltd t/a Volkswagen Knysna; Short's Nissan CC; Barloworld South Africa (Pty) Ltd t/a Barloworld Equipment	
SCM/2023/120/COMM	Construction of Engineering Services for Ebenezer (Phase 3 Portion 1)	Norland Construction (Pty) Ltd	R16 040 598.00
SCM/2024/44/COMM	Qolweni Phase 4B: Construction of Civil Engineering Services (Payle's Land Infill Site)	Amlo Trading (Pty) Ltd	R9 785 093.25
SCM/2023/99/COMM	Qolweni Phase 4B: Construction of Civil Engineering Services	SC Housing (Pty) Ltd t/a S Colarossi Housing & Civils	R6 318 131,83
SCM/2023/118/ENG	Upgrading of Gravel Roads in Kranshoek: Phase 3	Naso Civil and Building (Pty) Ltd	R3 719 334.08

Table 186: Ten Highest Bids Awarded

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

Tender Number	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2024/11/EDP	Call for development proposals, Erf 4367 Plettenberg Bay	Carnivore Capital (Pty) Ltd	R193 917 000,36
SCM/2023/130/EDP	Attainment of Airport Business and long-term lease: The Plettenberg Bay Airport	RSA Aero Limited	R116,134,906.00
SCM/2024/60/FIN	Provision of an External Loan to the amount of R45 150 000,00	The Standard Bank of South Africa Limited	R76 576 794,39
SCM/2023/98/ENG	Supply & Delivery of Vehicles outright Purchase	CFAO Mobility (Pty) Ltd t/a Williams Hunt GM Midrand; Southern Sea Motors (Pty) Ltd t/a Volkswagen	R16 934 162,00

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Tender Number	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
		Knysna; Short's Nissan CC; Barloworld South Africa (Pty) Ltd t/a Barloworld Equipment	
SCM/2023/120/COMM	Construction of Engineering Services for Ebenezer (Phase 3 Portion 1)	Norland Construction (Pty) Ltd	R16 040 598,00

**Table 187:** Tenders Awarded in Excess of R10 million

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

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

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

No	Description	2022/23	2023/24
1.	Tenders awarded	61	44
2.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	61	90
3.	Estimated value of tenders awarded	92 525 705.00	541 665 613.12
4.	Number of appeals received	1	7
5.	Number of appeals in progress	1	1
6.	Number of successful appeals	0	0
7.	Number of contracts awarded to B-BBEE Enterprises	37	63
8.	Value of contracts awarded to B-BBEE Enterprises	78 894 181.00	334 293 027.73
9.	% of contracts awarded to B-BBEE Enterprises	85.27%	78.11%
10.	Number of contracts awarded to enterprises based in the Bitou Municipality Area	20	17
11.	Value of contracts awarded to enterprises based in the Bitou Municipality Area	63 591 310.00	Rate based contracts



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No	Description	2022/23	2023/24
12.	% of contracts awarded to enterprises based in the Bitou Municipality Area vs All Contracts	68.73%	18.89%
13.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	20	17
14.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	63 591 310.00	Rate based contracts
15.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	68.73%	18.89%
16.	Sub-Contracts to Local SMME's	6 661 478.89	0
17.	% of sub-contracts awarded to SMME Enterprises based in the Bitou Municipality Area vs all contracts	7.20%	0

Table 188: Comparing Schedule

## 3.28.9 Deviations from the SCM Policy

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes. Deviations to the value of **R 6 437 097.59** were considered and approved and compares as follows to the previous financial years:

Description	2023/24	2022/23	2021/22
Value of Deviations	6 437 097.59	2 345 173.83	6 382 154.00
Number of Deviations	5	17	30

Table 189: Value of Deviations

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

Deviations from the SCM Policy were approved in the following categories as per Section 36 of the SCM Policy for the 2023/24 financial year:



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Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2022/23		2023/24		2022/23		2023/24	
	Number	%	Number	%	Value	%	Value	%
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	7	41.18	0	0	1 734 289.25	73.95	0	0
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	5	29.41	0	0	207 147.15	8.83	0	0
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0	0	0	0	0
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	5	29.41	5	100	403 737.42	17.22	6 437 097.59	100

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Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2022/23		2023/24		2022/23		2023/24	
	Number	%	Number	%	Value	%	Value	%
<b>Total</b>	<b>17</b>	<b>100</b>	<b>5</b>	<b>100</b>	<b>2 345 173.82</b>	<b>100</b>	<b>6 437 097.59</b>	<b>100</b>

Table 190: Categories Deviations

## 3.29 Capital Expenditure

### 3.29.1 Facilities management and Maintenance

The following table indicates the capital expenditure for this division. The planning issues and environmental authorization have not yet been completed and therefore the funds had to be moved to the outer years of the MTREF.

Capital Projects/	2023/24			
	R'000			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Replacement of flooring at Piesang Valley Hall	0	200	0	200
Upgrading of New Horizon Community Hall	0	601	449	152
<b>Total</b>	<b>0</b>	<b>801</b>	<b>449</b>	<b>352</b>

Table 191: Capital Expenditure 2023/24 Facilities Management and Maintenance

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## COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2023/24

The main development and service delivery priorities for 2023/24 forms part of the Municipality's Top Layer SDBIP for 2024/25 and are indicated in the tables below:

### 3.31. Achieving long terms financial sustainability

KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL7	Spend 100% of the municipal capital budget on capital projects by 30 June 2025 $\{(Actual\ amount\ spent\ on\ projects / Total\ amount\ budgeted\ for\ capital\ projects) \times 100\}$	% budget spent	All	100%
TL14	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2025 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant) x 100	% of debt to revenue	All	20%
TL15	Financial viability measured in terms of the outstanding service debtors as at 30 June 2025 ((Total outstanding service debtors (net debtors) / revenue received for services) x 100)	% of outstanding service debtors	All	11.80%
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2025 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed	Number of months it takes to cover fix operating expenditure with available cash	All	1.5

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KPI Ref	KPI	Unit of Measurement	Ward	Annual target
	Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71			
TL17	Achieve a debtor payment percentage of 90% by 30 June 2025 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved	All	90%

Table 192: Achieving long term financial sustainability

## 3.32 Adhere to implement effective and efficient governance processes

KPI Ref	KPI	Unit of Measurement	Ward	Annual Target
TL1	Submit the Risk Based Audit Plan (RBAP) for the 2025/26 financial year to the Audit Committee by 30 June 2025	Risk Based Audit Plan compiled and submitted to the Audit Committee	All	1
TL2	Complete 90% of audits as scheduled in the RBAP applicable for 2024/25 by 30 June 2025 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed	All	90%
TL3	Complete the annual risk assessment for 2025/26 and submit to the RMC by 31 March 2025	Risk assessment completed and submitted to the RMC	All	1
TL4	Review and submit the IDP for the 2025/26 financial year to Council by 31 May 2025	Draft IDP compiled and submitted to Council	All	1
TL5	Conduct the Mid-year Performance Evaluations of the section 57's employees by 28 February 2025	Number of evaluations completed	All	1

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KPI Ref	KPI	Unit of Measurement	Ward	Annual Target
TL6	Conduct the Final Performance Evaluation of the section 57's employees for the 2023/24 by 30 December 2024	Number of evaluations completed	All	1
TL8	Review the Organisational Structure by 30 May 2025	Organisational Structure reviewed by 30 May 2025	All	1

Table 193: Adhere to and implement effective and efficient governance processes

## 3.33 Build a capable, developmental, transformed and productive workforce

KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL18	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2025 {(Number of people from employment equity target groups/total vacant positions in terms of equity)x 100}	% of people employed	All	50%
TL19	Spend 100% of the 0.20% of operational budget on training by 30 June 2025 {(Actual total training expenditure divided by total operational budget)x100}	% budget spent	All	0.20%
TL20	Review the "System of Operational Delegations" and submit to Council by 30 June 2025	System of operational delegations submitted to Council	All	1
TL21	Spend 100% of the allocated capital budget for ICT by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	100%
TL22	Review the HR Strategy and Plan and submit to Council by 30 May 2025	HR Strategy and Plan reviewed and submitted to Council by 30 May 2024	All	1
TL23	Review 5 HR Policies by 31 March	Number of policies reviewed	All	5

Table 194: Build a capable, developmental, transformed and productive workforce

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## 3.34 Provide excellent and sustainable services to all residents

KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL9	Provide subsidies for free basic services to indigent households as at 30 June 2025	Number of indigent households receiving subsidies for free basic services as per Financial System	All	4 800
TL10	Number of residential properties with piped water which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2025	Number of residential properties billed for piped water	All	16 750
TL11	Number of residential properties with electricity which are connected to the municipal electrical infrastructure network(credit and prepaid electrical metering and excluding Eskom areas) and billed for the service as at 30 June 2025	Number of residential properties billed credit meter and prepaid meters connected to the network	All	15 000
TL12	Number of residential properties with sanitation services to which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2025	Number of residential properties which are billed for sewerage	All	15 000
TL13	Number of residential properties for which refuse is removed from, once per week and billed for the service as at 30 June 2025	Number of residential properties which are billed for refuse removal	All	15 000
TL24	Limit unaccounted for water to less than 30% by 30 June 2025 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% water losses	All	30%

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KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL25	Limit unaccounted for electricity to less than 10% as at 30 June 2025 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units purchased) X100}	% unaccounted electricity	All	10%
TL26	Spend 100% of the approved capital budget for Waste Water services by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}( excluding Fleet)	% budget spent	All	100%
TL27	Spend 100% of the approved capital budget for Electrical & Mechanical services by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}( excluding Fleet)	% budget spent	All	100%
TL28	Spend 100% of the approved capital budget for Water services by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100} ( excluding Fleet)	% budget spent	All	100%
TL29	Spend 100% of the approved capital budget for Roads & Storm Water services by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}( excluding Fleet)	% budget spent	All	100%
TL30	Spend 100% of MIG Funding allocation by 30 June 2025 {(Total actual MIG expenditure /Total MIG amount budgeted)x100}	% budget spent	All	100%
TL31	Spend 100% of the allocated capital budget for Fleet Management by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL32	Conduct 550 potential electricity theft investigations annually by 30 June 2024	Number of inspections conducted	All	550



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KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL33	Spend 100% of the allocated capital budget for the upgrade of Brakkloof 66kV new to 20MVA transformer from firm capacity and allow for maintenance on existing by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL34	Spend 100% of the allocated capital budget for the upgrade of Kurland WTW from 0.6 to 1.2 MI by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL35	Spend 100% of the budget allocated for the Kurland Waste Water Treatment Works (WWTW) by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL36	Review and submit the Disaster Management Plan to Council by 31 May 2025	Disaster Management Plan reviewed and submitted to Council	All	1
TL37	Spend 100% of the allocated budget for the construction of a regional cemetery at Ebenezer Sanral Road (multi-year project) by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	100%
TL38	Spend 100% of the allocated budget for upgrade of Kranshoek Sports field floodlights by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% of budget spent	All	100%
TL39	Submission of the Sports Master Plan to Council for approval by 30 June 2025	Sports Master Plan submitted	All	1
TL40	Develop and submit the Public Safety Plan to Council 30 June 2025	Public Safety Plan submitted	All	1

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KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL41	Spend 100% of the budget allocated for the upgrade of sewer reticulation for 134 Ebenezer (Portion 4) 708 by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL42	Spend 100% of the budget allocated for the upgrade of sewer reticulation 255 erven Ebenezer (Portion 3) 725 by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL43	Spend 100% of the budget allocated for the construction of sewer reticulation for 100 erven Qolweni/ Bossiesgif Phase 4B5 by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL44	Spend 100% of the budget allocated for the construction of water reticulation for 134 erven Ebenezer (Portion 4) 708 by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL45	Spend 100% of the budget allocated for the construction of water reticulation for 255 erven Ebenezer ( Portion 3) 725 by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL46	Spend 100% of the budget allocated for the Qolweni/Bossiesgif Phase 4B upgrade of water by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%

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KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL47	Spend 100% of the allocated capital budget for the electrification of Ebenezer by 30 June 2025 {(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL48	Spend 100% of the budget allocated for the road network for 255 erven with related stormwater (Ebenezer (portion 3) 725) by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL49	Spend 100% of the budget allocated for the construction of road network for 134 erven with related stormwater (Ebenezer (Portion 4) 708) by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL51	Spend 100% of the budget allocated for the construction of road network for 100 erven with related stormwater (Qolweni/ Bossiesgif Phase 4) by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL56	Spend 100% of the budget allocated for the upgrade of water reticulation for 50 erven Qolweni Bossiesgif (Phase 4) by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%
TL57	Spend 100% of the budget allocated for the construction of road network for 50 erven with related stormwater (Qolweni Bossiesgif (Phase 4) by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%

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KPI Ref	KPI	Unit of Measurement	Ward	Annual target
TL58	Spend 100% of the budget allocated for the upgrade of sewer reticulation for 50 erven Qolweni Bossiesgif (Phase 4) by 30 June 2025{(Total actual capital expenditure /Total capital amount budgeted)x100}	% budget spent	All	100%

Table 195: Provide excellent and sustainable services to all residents

## 3.36 Facilitate growth and expand economic opportunities to empower communities

KPI Ref	KPI	Unit of Measurement	Ward	Annual Target
TL50	Review the LED Strategy and submit to Council for consideration by 31 May 2025	LED Strategy reviewed	All	1
TL52	Create 330 job opportunities in terms of the EPWP by 30 September 2025	Number of job opportunities created	All	330
TL53	Review and submit the Housing pipeline to Council by 31 May 2025	Housing pipeline reviewed and submitted to Council	All	1
TL54	Submit the reviewed Spatial Development Framework (SDF) to Council by 31 May 2025	Spatial Development Framework (SDF) submitted to Council	All	1
TL55	Develop a Growth and Development Implementation Plan (2025/26) and submit to Council for consideration by 30 June 2025	Growth and Development Implementation Plan submitted to Council	All	1

Table 196: Facilitate growth and expand economic opportunities to empower communities

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PROGRAMME

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

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance

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Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	
	2022/23	2023/24
Spent 0.20% of operational budget on training by 30 June 2024 {(Actual total training expenditure divided by total operational budget) x100}	0.19%	0.27%

Table 197: National KPIs– Municipal Transformation and Organisational Development

## 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **594** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of HR management is to render an innovative HR service that addresses both skills development and an administrative function.

### 4.2.1 Employment Equity

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

### 4.4.2 Employment Equity vs. Population

Description	African	Coloured	Indian	White	Other	Total
Population numbers	34 305	18 801	201	10 757	1 176	65 240
% Population	<b>52.58</b>	<b>28.82</b>	<b>0.31</b>	<b>16.49</b>	<b>1.80</b>	<b>100</b>
Number for positions filled	350	253	3	24	0	630
% for Positions filled	<b>55.49</b>	<b>40.23</b>	<b>0.48</b>	<b>3.80</b>	<b>0</b>	<b>100</b>

Table 198: EE Population 2023/24

### 4.4.3 Specific Occupational Levels - Race

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

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Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Top Management	2	1	0	1	0	2	0	0	6
Senior management	1	1	0	1	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	15	8	1	7	3	3	0	2	39
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	37	48	2	7	50	25	0	1	170
Semi-skilled and discretionary decision making	93	72	0	3	58	42	0	2	270
Unskilled and defined decision making	39	22	0	0	31	14	0	0	106
<b>Total permanent</b>	<b>187</b>	<b>152</b>	<b>3</b>	<b>19</b>	<b>142</b>	<b>86</b>	<b>0</b>	<b>5</b>	<b>594</b>
Non- permanent employees	11	9	0	0	9	7	0	0	36
<b>Total</b>	<b>198</b>	<b>161</b>	<b>3</b>	<b>19</b>	<b>151</b>	<b>93</b>	<b>0</b>	<b>5</b>	<b>630</b>

Table 199: Occupational Levels

## 4.2.4 Department - Race

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

Department	2022/23	2023/24							
	Total	Male				Female			
		A	C	I	W	A	C	I	W
Municipal Manager	21	5	5	0	1	6	3	0	1
Corporate Services	69	18	13	0	2	21	19	0	0
Financial Services	60	13	11	0	2	21	16	0	0
Community Services	264	79	62	1	5	74	38	0	1
Municipal Services and Infrastructure Development	137	65	54	2	2	17	7	0	0

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Department	2022/23	2023/24								
	Total	Male				Female				Total
		A	C	I	W	A	C	I	W	
Planning & Strategic Services	30	7	7	0	7	3	3	0	3	30
Total permanent	581	187	152	3	19	142	86	0	5	594
Non- permanent	8	11	9	0	0	9	7	0	0	36
Grand total	589	198	161	3	19	151	93	0	5	630

Table 200: Department - Race

## 4.2.5 Vacancy Rate

The Municipality had **665** budgeted positions approved for the 2023/24 financial year. **72** Budgeted posts were vacant at the end of 2022/23, resulting in a vacancy rate of **11.43%**. A total number of **630** positions were filled of which **594** are permanent and **36** positions temporarily as at end of the 2023/2024 financial year.

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

Per Post Level				
Post level	2022/23		2023/24	
	Filled	Vacant	Filled	Vacant
MM & MSA section 57 & 56	3	3	2	4
Middle management (T14-T20)	42	5	42	3
Admin Officers (T4-T13)	436	39	473	45
General Workers (T3)	108	28	113	20
<b>Total</b>	<b>589</b>	<b>75</b>	<b>630</b>	<b>72</b>
Per Functional Level				
Functional area	Filled	Vacant	Filled	Vacant
Municipal Manager	22	4	21	4
Corporate Services	70	7	79	9
Financial Services	60	8	68	9
Community Services	<b>269</b>	31	282	19



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Per Post Level				
Post level	2022/23		2023/24	
	Filled	Vacant	Filled	Vacant
Engineering Services	138	21	150	27
Planning & Strategic Services	30	4	30	4
<b>Total</b>	<b>589</b>	<b>75</b>	<b>630</b>	<b>72</b>

Table 201: Vacancy Rate Per Post and Functional Level

## 4.2.6 Turnover Rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the Municipality. The staff turnover rate shows an increase from **5.27%** in 2022/23 compared to the **7.46%** in 2023/24.

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

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
<b>2022/23</b>	589	88	31	5.27%
<b>2023/24</b>	630	36	47	7.46%

Table 202: Staff Turnover Rate

## 4.3 MANAGING THE MUNICIPAL WORKFORCE

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

### 4.3.1 Injuries

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

The injury rate of the 2023/24 financial year shows that 35 (5.9%) employees of the 594 permanent employees were injured against the 40 (6.79%) of the 589 permanent employees in the 2022/23 financial year.

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

Directorates	2022/23	2023/24
Municipal Manager	0	0
Corporate Services	1	0
Financial Services	2	2
Community Services	28	22
Engineering Services	7	10
Economic Development and Planning Services	2	1
<b>Total</b>	<b>40</b>	<b>35</b>

Table 203: Injuries

## 4.3.2 Sick Leave

The number of days sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2023/24 financial year shows a decrease when compared to the 2022/23 financial year.

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

Department	2022/23	2023/24
Municipal Manager	161	100
Corporate Services	321.25	246
Financial Services	400	214
Community Services	1895.75	1 369.66
Engineering Services	1 620	712
Economic Development and Planning Services	203.67	134
<b>Total</b>	<b>4 601.67</b>	<b>2775.66</b>

Table 204: Sick Leave

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## 4.3.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff. The Municipality subsequently throughout the financial year under review reviewed/developed several policies to be in line with the Staff Regulation 890 and Guidelines 891.

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

Approved policies	
Name of Policy	Date approved/ revised
Acting Arrangement Policy	30 June 2023
Confidentiality Policy	30 June 2023
Education Training Development	30 June 2023
EE Policy Framework	30 June 2023
Gift Policy	30 June 2023
Incapacity Policy	30 June 2023
Internal and Functional Transfer Policy	30 June 2023
Leave of Absence Policy	30 June 2023
LLF Proceedings Policy	30 June 2023
Office Ethics Policy	30 June 2023
OHS Policy	30 June 2023
Overtime Policy (Revised)	30 June 2023
Private Work Policy	30 June 2023
Recruitment and Selection Policy	30 June 2023
Removal Expenses Policy	30 June 2023
Scares Skills and Retention Policy	30 June 2023
Sexual Harassment Policy	30 June 2023
Smoking Policy	30 June 2023
Succession Plan and Career Pathing Policy	30 June 2023
Termination of Service Policy	30 June 2023

Table 205: HR Policies and Plans

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## 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

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

### 4.4.1 Skills Matrix

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

Management level	Gender	Number of employees identified for training at start of the year (2022/23)	Number of Employees that received training (2022/23)	Number of employees identified for training at start of the year (2023/24)	Number of Employees that received training (2023/24)
Top Management	Female	0	0	0	0
	Male	0	0	0	0
Senior management	Female	0	0	0	0
	Male	0	0	1	0
Professionally qualified and experienced specialists and mid- management	Female	3	1	15	1
	Male	4	4	12	13
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Female	40	13	23	21
	Male	45	23	47	41
Semi-skilled and discretionary decision making	Female	45	19	47	43
	Male	45	33	34	31
Unskilled and defined decision making	Female	25	1	0	0
	Male	25	4	27	23
<b>Sub total</b>	<b>Female</b>	<b>113</b>	<b>34</b>	<b>85</b>	<b>77</b>

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Management level	Gender	Number of employees identified for training at start of the year (2022/23)	Number of Employees that received training (2022/23)	Number of employees identified for training at start of the year (2023/24)	Number of Employees that received training (2023/24)
	Male	117	64	121	108
Total		175	230	206	185

Table 206: Skills Matrix

## 4.4.2 Skills Development – Training Provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff. Furthermore Regulation 890 and Guidelines 891 has placed an emphasis on the development of staff skills as per Chapter 5.

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
Top Management	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Senior management	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	Female	0	1	1	2	1	3	33
	Male	3	2	1	2	4	4	100
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Female	6	15	7	25	13	40	33
	Male	9	20	14	25	23	45	51
Semi-skilled and discretionary decision making	Female	9	15	10	30	19	45	42
	Male	7	15	26	30	33	45	73
	Female	1	10	0	15	1	25	4

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Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
Unskilled and defined decision making	Male	4	10	0	15	4	25	16
Sub total	Female	16	41	18	72	34	113	30
	Male	23	47	41	70	64	117	55
Total		39	39	88	59	142	98	230

Table 207: Skills Development

## 4.4.3 Skills Development - Budget Allocation

The table below indicates that a total amount of R2 960 million were allocated to the workplace skills plan and that 83.34% of the total was spent in the 2023/24 financial year.

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2022/23	307 942	1 650	1 559	95.42
2023/24	345 596	2 960	2 467	83.34

Table 208: Budget Allocated and Spent for Skills Development

## 4.4.4 MFMA Competencies

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

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

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

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

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

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

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

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

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

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

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting officer	1	1	1	1



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Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Chief financial officer	1	1	1	1
Senior managers (Sec. 56)	4	2	4	4
Any other financial officials	21	21	0	21
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	1	1	0	1
Supply chain management senior managers	0	0	0	0
<b>Total</b>	<b>28</b>	<b>26</b>	<b>6</b>	<b>28</b>

Table 209: Budget Allocated and Spent for Skills Development

## 4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

### 4.5.1 Personnel Expenditure

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

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		%
2022/23	294 230	796 807	36.93
2023/24	320 196	813 310	36.66

Table 210: Total Personnel Expenditure

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

Financial year	2022/23	2023/24		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers Plus Other)				
Salary	5 244	5 572	5 572	5 780
Pension Contributions	422	836	836	560
Medical Aid Contributions	117	109	109	121
Motor vehicle allowance	331	350	350	197
Cell phone allowance	538	559	560	539
Housing allowance	0	0	0	0
In-kind benefits	68	247	247	178
Sub Total	6 721	7 674	7 675	7 376
% increase/(decrease)	8.44	14.17	14.19	9.75
Senior Managers of the Municipality				
Basic Salaries and Wages	4 290	7 307	14 523	9 038
Motor vehicle allowance	606	960	882	821
Cell phone allowance	227	385	316	246
Performance Bonus	0	576	493	777
Contributions to UIF, Medical and Pension Fund	672	1 345	1 527	895
Other benefits or allowances (Acting)	1 224	1 955	2 223	6 096
Sub Total	7 018	12 529	19 963	17 873
% increase/(decrease)	(6.52)	78.52	184.45	154.67
Other Municipal Staff				
Basic Salaries and Wages	168 561	177 524	180 095	182 850
Contributions to UIF, Medical and Pension	50 527	82 180	81 143	70 681
Motor vehicle allowance	11 136	13 375	13 394	10 698
Housing allowance	965	1 004	1 019	913

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Financial year	2022/23	2023/24		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Overtime	22 368	17 786	21 430	27 589
Other benefits or allowances	26 934	30 852	30 737	26 315
<b>Sub Total</b>	<b>280 490</b>	<b>322 720</b>	<b>327 818</b>	<b>319 046</b>
<b>% increase/(decrease)</b>	<b>4.21</b>	<b>15.06</b>	<b>16.87</b>	<b>13.75</b>
<b>Total Municipality</b>	<b>294 230</b>	<b>342 922</b>	<b>355 457</b>	<b>344 295</b>
<b>% increase/(decrease)</b>	<b>4.02</b>	<b>16.55</b>	<b>20.81</b>	<b>17.02</b>

Table 211: Analysis of Personnel Expenditure

## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

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

#### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2023/24 financial year:

Financial Summary						
R'000						
Description	2022/23	2023/24			2023/24 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	151 445	179 779	179 802	178 229	-0.87	-0.88
Service charges	405 789	464 234	429 307	431 020	-7.71	0.40
Investment revenue	8 027	4 950	12 325	13 203	62.51	6.65
Transfers recognised - operational	155 983	163 277	175 758	166 044	1.67	-5.85
Other own revenue	118 604	88 815	111 563	120 773	26.46	7.63
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>839 847</b>	<b>901 055</b>	<b>908 756</b>	<b>909 269</b>	<b>0.90</b>	<b>0.06</b>
Employee costs	287 758	333 063	345 596	312 820	-6.47	-10.48
Remuneration of councillors	4 017	7 674	7 675	4 793	-60.11	-60.14
Depreciation & asset impairment	28 623	40 059	40 059	46 195	13.28	13.28
Finance charges	19 740	13 428	13 428	20 922	35.82	35.82
Materials and bulk purchases	177 949	225 784	216 742	214 280	-5.37	-1.15
Transfers and grants	5 549	12 230	12 774	9 208	-32.82	-38.72
Other expenditure (Remaining)	274 030	268 038	269 934	265 952	-0.78	-1.50
<b>Total Expenditure</b>	<b>797 665</b>	<b>900 274</b>	<b>906 207</b>	<b>874 170</b>	<b>-2.99</b>	<b>-3.66</b>

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Financial Summary						
R'000						
Description	2022/23	2023/24			2023/24 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Surplus/(Deficit)</b>	<b>42 182</b>	<b>780</b>	<b>2 549</b>	<b>35 099</b>	97.78	92.74
Transfers recognised - capital	36 567	37 468	59 278	50 277	25.48	-17.90
Contributions recognised- capital and contributed assets	0	0	0	0	0	0
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>78 749</b>	<b>38 248</b>	<b>61 826</b>	<b>85 376</b>	<b>55.20</b>	<b>27.58</b>
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	36 567	37 468	59 278	50 277	25.48	-17.90
Public contributions and donations	0	0	0	33	100.00	100.00
Borrowing	35 255	40 150	40 150	45 150	11.07	11.07
Internally generated funds	12 985	31 814	29 365	8 885	-258.08	-230.52
<b>Total sources of capital funds</b>	<b>84 807</b>	<b>109 432</b>	<b>128 793</b>	<b>104 344</b>	<b>-4.88</b>	<b>-23.43</b>
Financial position						
Total current assets	236 715	429 672	476 234	329 339	-30.47	-44.60
Total non-current assets	1 281 683	1 335 112	1 331 844	1 333 926	-0.09	0.16
Total current liabilities	182 159	426 612	412 629	212 089	-101.15	-94.55
Total non-current liabilities	162 075	190 333	181 699	191 636	0.68	5.19
Community wealth/Equity	1 174 164	1 147 839	1 213 749	1 259 540	8.87	3.64
Cash flows						
Net cash from (used) operating	106 549	75 138	99 858	149 170	49.63	33.06
Net cash from (used) investing	(74 495)	(98 470)	(109 617)	(104 494)	5.76	-4.90
Net cash from (used) financing	14 396	19 383	20 633	25 624	24.36	19.48

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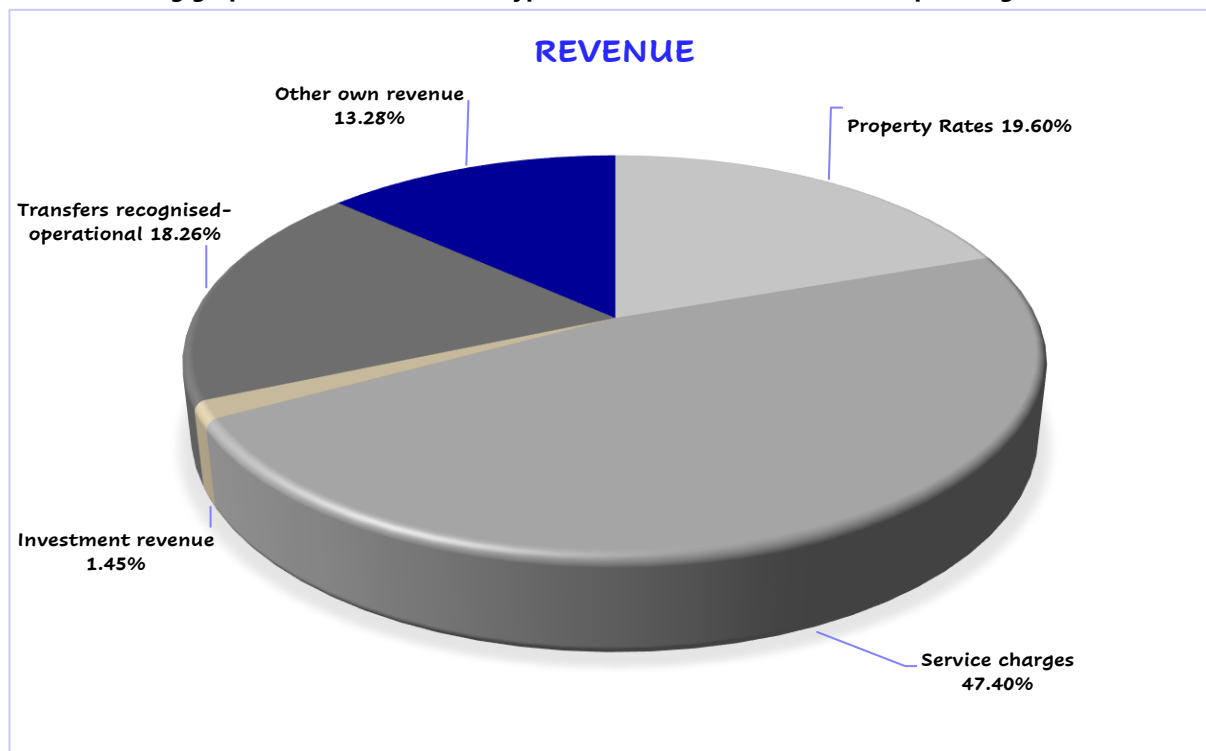
Financial Summary						
R'000						
Description	2022/23	2023/24			2023/24 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Cash/cash equivalents at the year end	46 451	(3 949)	10 875	70 300	105.62	84.53
Cash backing/ surplus reconciliation						
Cash and investments available	95 078	112 281	129 807	165 432	32.13	21.53
Application of cash and investments	(51 692)	(57 320)	(62 008)	(84 587)	32.23	26.69
<b>Balance -surplus (shortfall)</b>	<b>43 386</b>	<b>54 961</b>	<b>67 799</b>	<b>80 845</b>	<b>32.02</b>	<b>16.14</b>
Asset management						
Asset register summary (WDV)	12 729	1 322 420	1 319 152	14 088	-9286.92	-9263.73
Depreciation and asset impairment	28 623	40 059	40 059	46 195	13.28	13.28
Renewal of Existing Assets	0	0	176	1 104	100.00	84.02
Repairs and Maintenance	51 724	59 186	53 743	49 299	-20.06	-9.01
Free services						
Cost of Free Basic Services provided	42 095	0	0	(7 289)	100.00	100.00
Revenue cost of free basic services provided	6 172	0	0	(1 628)	100.00	100.00
Households below minimum service level						
Water:	(7 490)	74 487	74 772	71 660	-3.94	-4.34
Sanitation/sewerage:	132 328	62 252	62 435	40 388	-54.14	-54.59
Energy:	204 897	258 402	250 540	246 905	-4.66	-1.47
Refuse:	54 627	71 965	68 041	61 960	-16.15	-9.81
Water:	(7 490)	74 487	74 772	71 660	-3.94	-4.34
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 212: Financial Performance 2023/24

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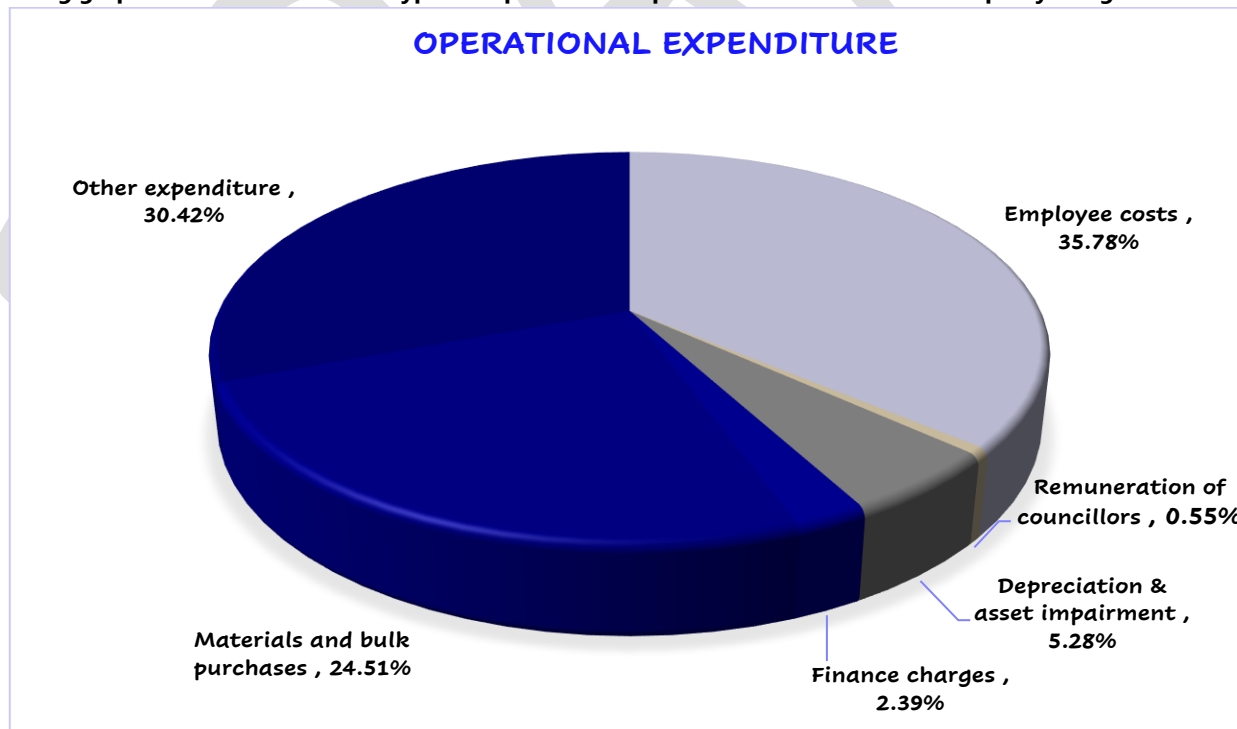


The following graph indicates the various types of revenue items in the municipal budget for 2023/24



Graph 2.: Revenue

The following graph indicates the various types of operational expenditure items in the municipality budget for 2023/24



Graph 3.: Operating Expenditure



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The table below shows a summary of performance against budgets:

Financial Year	Operating Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2022/23	805 791	839 847	(34 057)	-4.23	851 826	797 665	54 161	6.36
2023/24	908 756	909 237	(480)	-0.05	906 207	874 170	32 038	3.54

Table 213: Performance Against Budgets

## 5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2022/23	2023/24			2023/24 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Executive and Council	18	2 918	2 918	0	0	0
Vote 2 - Office of the Municipal Manager	131 670	62 081	62 149	101 437	38.80	38.73
Vote 3 - Corporate Services	3 690	0	516	2 358	100.00	78.10
Vote 4 - Community Services	128 743	137 490	139 690	133 865	-2.71	-4.35
Vote 5 - Economic Development and Planning	9 539	21 821	47 383	29 608	26.30	-60.04
Vote 6 - Financial Services	170 898	207 447	213 905	209 717	1.08	-2.00
Vote 7 - Engineering Services	431 855	506 765	501 474	482 562	-5.02	-3.92
<b>Total Revenue by Vote</b>	<b>876 414</b>	<b>938 523</b>	<b>968 034</b>	<b>959 546</b>	<b>2.19</b>	<b>-0.88</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						
<i>This table is aligned to MBRR table A3</i>						

Table 214: Revenue by Vote

## 5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2023/24 financial year:

Description	2022/23	2023/24			2023/24 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	151 445	179 779	179 802	178 229	-0.87	-0.88
Service Charges - electricity revenue	210 164	241 830	232 677	230 904	-4.73	-0.77
Service Charges - water revenue	81 627	86 725	82 972	87 795	1.22	5.49
Service Charges - sanitation revenue	72 645	77 663	66 874	67 358	-15.30	0.72

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Description	2022/23	2023/24			2023/24 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Service Charges - refuse revenue	41 353	58 016	46 784	44 964	-29.03	-4.05
Rentals of facilities and equipment	1 124	11 571	11 559	1 354	-754.32	-753.41
Interest earned - external investments	8 027	4 950	12 325	13 203	62.51	6.65
Interest earned - outstanding debtors	17 120	17 042	17 613	13 243	-28.68	-33.00
Dividends received	0	0	0	0	0	0
Fines	46 722	31 699	45 096	60 451	47.56	25.40
Licences and permits	5 438	1 285	1 965	3 719	65.46	47.16
Agency services	2 501	3 014	2 803	2 498	-20.69	-12.21
Transfers recognised - operational	155 983	163 277	175 758	166 044	1.67	-5.85
Other revenue	45 699	20 254	28 578	39 507	48.73	27.66
Gains on disposal of PPE	0	3 950	3 950	0	0	0
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>839 847</b>	<b>901 055</b>	<b>908 756</b>	<b>909 269</b>	<b>0.90</b>	<b>0.06</b>

Table 215: Revenue by Source

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## 5.1.3 Operational Services Performance

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

Description	2022/23	2023/24			2023/24 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustme nts Budget
	R'000				%	
Operating Cost						
Water	(7 490)	74 487	74 772	71 660	-3.94	-4.34
Waste Water (Sanitation)	132 328	62 252	62 435	40 388	-54.14	-54.59
Electricity	204 897	258 402	250 540	246 905	-4.66	-1.47
Waste Management	54 627	71 965	68 041	61 960	-16.15	-9.81
Housing	19 345	9 539	19 672	14 854	35.78	-32.44
Component A: sub-total	403 707	476 646	475 459	435 767	-9.38	-9.11
Road Transport	33 316	37 244	35 494	32 932	-13.09	-7.78
Component B: sub-total	33 316	37 244	35 494	32 932	-13.09	-7.78
Planning and Development	43 090	47 333	45 569	42 198	-12.17	-7.99
Air Transport	3 982	1 884	1 804	1 339	-40.65	-34.68
Tourism	2	1	0	0	0	0
Other	10 071	2 891	2 891	38 953	92.58	92.58
Health	0	0	0	0	0	0
Component C: sub-total	57 145	52 109	50 264	82 490	36.83	39.07
Libraries and Archives	15 108	15 995	16 063	12 563	-27.32	-27.87
Cemeteries, Funeral Parlours and Crematoriums	1 890	2 313	2 048	2 230	-3.74	8.14
Community and Social Services	10 312	15 371	18 401	13 922	-10.41	-32.17
Component D: sub-total	27 310	33 679	36 512	28 715	-17.29	-27.16
Environmental Protection	0	0	0	0	0	0
Component E: sub-total	0	0	0	0	0	0
Public Safety	92 887	77 981	78 309	76 977	-1.30	-1.73
Component F: Sub Total	92 887	77 981	78 309	76 977	-1.30	-1.73
Sport and Recreation	22 287	23 168	23 065	24 012	3.52	3.94
Component G: Sub Total	22 287	23 168	23 065	24 012	3.52	3.94
Finance and Administration	111 190	159 415	160 909	148 212	-7.56	-8.57
Internal Audit	4 178	5 976	5 655	4 882	-22.39	-15.82
Executive and Council	27 633	34 057	40 539	40 184	15.25	-0.88
Component H: sub-total	143 002	199 449	207 103	193 278	-3.19	-7.15
Total Net Operational Expenditure	779 654	900 274	906 207	874 170	-2.99	-3.66
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 216: Operational Services Performance

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## 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

### 5.2.1 Water Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>112 663</b>	<b>133 489</b>	<b>134 908</b>	<b>136 621</b>	<b>2.29</b>
<b>Expenditure</b>					
Employees	14 981	21 618	21 618	26 639	<b>18.85</b>
Repairs and Maintenance	3 802	2 963	3 013	3 136	<b>5.54</b>
Other	(26 273)	49 906	50 141	41 884	<b>-19.15</b>
<b>Total Operational Expenditure</b>	<b>(7 490)</b>	<b>74 487</b>	<b>74 772</b>	<b>71 660</b>	<b>-3.94</b>
<b>Net Operational (Service) Expenditure</b>	<b>120 153</b>	<b>59 002</b>	<b>60 137</b>	<b>64 961</b>	<b>9.17</b>

Table 217: Financial Performance: Water services

### 5.2.2 Waste Water (Sanitation)

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>90 640</b>	<b>100 071</b>	<b>92 360</b>	<b>87 815</b>	<b>-13.96</b>
<b>Expenditure</b>					
Employees	13 040	18 945	18 945	3 177	<b>-496.28</b>
Repairs and Maintenance	2 359	2 871	3 114	2 921	<b>1.71</b>
Other	116 929	40 437	40 377	34 290	<b>-17.93</b>
<b>Total Operational Expenditure</b>	<b>132 328</b>	<b>62 252</b>	<b>62 435</b>	<b>40 388</b>	<b>-54.14</b>
<b>Net Operational (Service) Expenditure</b>	<b>(41 688)</b>	<b>37 818</b>	<b>29 925</b>	<b>47 427</b>	<b>20.26</b>

Table 218: Financial Performance: Waste Water (Sanitation) services

### 5.2.3 Electricity

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>222 936</b>	<b>269 936</b>	<b>263 584</b>	<b>250 377</b>	<b>-7.81</b>
<b>Expenditure</b>					

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Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Employees	22 475	19 978	23 448	21 966	9.05
Repairs and Maintenance	6 132	8 164	6 959	6 725	-21.40
Other	176 291	230 260	220 133	218 215	-5.52
<b>Total Operational Expenditure</b>	<b>204 897</b>	<b>258 402</b>	<b>250 540</b>	<b>246 905</b>	<b>-4.66</b>
<b>Net Operational (Service) Expenditure</b>	<b>18 039</b>	<b>11 534</b>	<b>13 044</b>	<b>3 471</b>	<b>-232.26</b>

Table 219: Financial Performance: Electricity

## 5.2.4 Waste Management

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>49 136</b>	<b>83 242</b>	<b>70 662</b>	<b>58 224</b>	<b>-42.97</b>
<b>Expenditure</b>					
Employees	22 587	25 335	25 835	27 169	6.75
Repairs and Maintenance	1 924	1 960	2 010	1 767	-10.90
Other	30 116	44 670	40 196	33 023	-35.27
<b>Total Operational Expenditure</b>	<b>54 627</b>	<b>71 965</b>	<b>68 041</b>	<b>61 960</b>	<b>-16.15</b>
<b>Net Operational (Service) Expenditure</b>	<b>(5 491)</b>	<b>11 277</b>	<b>2 621</b>	<b>(3 735)</b>	<b>401.92</b>

Table 220: Financial Performance: Waste Management

## 5.2.5 Housing

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>10 985</b>	<b>11 893</b>	<b>36 315</b>	<b>19 147</b>	<b>37.88</b>
<b>Expenditure</b>					
Employees	6 577	3 625	3 766	6 853	47.10
Repairs and Maintenance	15	166	66	26	-536.53
Other	12 753	5 748	15 840	7 975	27.92
<b>Total Operational Expenditure</b>	<b>19 345</b>	<b>9 539</b>	<b>19 672</b>	<b>14 854</b>	<b>35.78</b>
<b>Net Operational (Service) Expenditure</b>	<b>(8 360)</b>	<b>2 354</b>	<b>16 643</b>	<b>4 293</b>	<b>45.17</b>

15. Financial Performance: Housing

# ANNUAL REPORT



## 5.2.6 Roads and Stormwater

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>0</b>	<b>140</b>	<b>140</b>	<b>447</b>	<b>68.71</b>
<b>Expenditure</b>					
Employees	8 217	11 261	10 961	8 141	-38.32
Repairs and Maintenance	10 647	10 320	8 972	9 591	-7.60
Other	14 451	15 663	15 561	15 200	-3.05
<b>Total Operational Expenditure</b>	<b>33 316</b>	<b>37 244</b>	<b>35 494</b>	<b>32 932</b>	<b>-13.09</b>
<b>Net Operational (Service) Expenditure</b>	<b>(33 316)</b>	<b>(37 104)</b>	<b>(35 354)</b>	<b>(32 485)</b>	<b>-14.22</b>

Table 221: Financial Performance: Roads and Stormwater

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

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>10 184</b>	<b>13 076</b>	<b>21 573</b>	<b>17 768</b>	<b>26.41</b>
<b>Expenditure</b>					
Employees	33 524	34 803	33 926	29 486	-18.03
Repairs and Maintenance	100	166	86	43	-286.83
Other	9 466	12 363	11 557	12 669	2.41
<b>Total Operational Expenditure</b>	<b>43 090</b>	<b>47 333</b>	<b>45 569</b>	<b>42 198</b>	<b>-12.17</b>
<b>Net Operational (Service) Expenditure</b>	<b>(32 906)</b>	<b>(34 256)</b>	<b>(23 996)</b>	<b>(24 429)</b>	<b>-40.23</b>

Table 222: Financial Performance: Planning (Development Management, Spatial Planning and Environmental Management, Building Control and Property Management)

## 5.2.8 IDP and LED

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>68</b>	<b>176</b>	<b>267</b>	<b>806</b>	<b>78.15</b>
<b>Expenditure</b>					
Employees	7 751	9 809	12 186	7 948	-23.42

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Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Repairs and Maintenance	898	1 880	1 655	950	-97.87
Other	1 663	3 681	4 560	4 989	26.21
<b>Total Operational Expenditure</b>	<b>10 312</b>	<b>15 371</b>	<b>18 401</b>	<b>13 887</b>	<b>-10.69</b>
<b>Net Operational (Service) Expenditure</b>	<b>(10 245)</b>	<b>(15 195)</b>	<b>(18 134)</b>	<b>(13 081)</b>	<b>-16.16</b>

Table 223: Financial Performance: IDP and LED

## 5.2.9 Libraries

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>10 539</b>	<b>11 879</b>	<b>11 879</b>	<b>12 783</b>	<b>7.08</b>
<b>Expenditure</b>					
Employees	11 150	12 810	12 278	11 243	-13.94
Repairs and Maintenance	1 135	1 425	820	721	-97.68
Other	2 958	3 907	3 989	4 055	3.64
<b>Total Operational Expenditure</b>	<b>15 243</b>	<b>18 142</b>	<b>17 086</b>	<b>16 018</b>	<b>-13.26</b>
<b>Net Operational (Service) Expenditure</b>	<b>(4 704)</b>	<b>(6 263)</b>	<b>(5 207)</b>	<b>(3 235)</b>	<b>-93.60</b>

Table 224: Financial Performance: Libraries

## 5.2.10 Cemeteries

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>38</b>	<b>57</b>	<b>41</b>	<b>63</b>	<b>10.57</b>
<b>Expenditure</b>					
Employees	1 354	1 849	1 354	1 213	-52.44
Repairs and Maintenance	0	0	0	0	0
Other	536	464	694	1 052	55.90
<b>Total Operational Expenditure</b>	<b>1 890</b>	<b>2 313</b>	<b>2 048</b>	<b>2 265</b>	<b>-2.11</b>
<b>Net Operational (Service) Expenditure</b>	<b>(1 852)</b>	<b>(2 256)</b>	<b>(2 008)</b>	<b>(2 202)</b>	<b>-2.48</b>

Table 225: Financial Performance: Cemeteries



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## 5.2.11 Traffic and Law Enforcement

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>47 492</b>	<b>36 230</b>	<b>49 548</b>	<b>62 927</b>	<b>42.43</b>
<b>Expenditure</b>					
Employees	43 425	51 546	51 596	51 886	0.65
Repairs and Maintenance	1 817	1 940	1 685	1 104	-75.79
Other	47 645	24 495	25 028	23 987	-2.12
<b>Total Operational Expenditure</b>	<b>92 887</b>	<b>77 981</b>	<b>78 309</b>	<b>76 977</b>	<b>-1.30</b>
<b>Net Operational (Service) Expenditure</b>	<b>(45 395)</b>	<b>(41 751)</b>	<b>(28 761)</b>	<b>(14 050)</b>	<b>-197.16</b>

Table 226: Financial Performance: Traffic and Law Enforcement

## 5.2.13 Sport and Recreation

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>137</b>	<b>252</b>	<b>407</b>	<b>657</b>	<b>61.67</b>
<b>Expenditure</b>					
Employees	17 074	16 087	16 527	17 453	7.82
Repairs and Maintenance	2 170	2 994	1 216	773	-287.27
Other	3 043	4 087	5 323	5 786	29.37
<b>Total Operational Expenditure</b>	<b>22 287</b>	<b>23 168</b>	<b>23 065</b>	<b>24 012</b>	<b>3.52</b>
<b>Net Operational (Service) Expenditure</b>	<b>(22 149)</b>	<b>(22 916)</b>	<b>(22 659)</b>	<b>(23 355)</b>	<b>1.88</b>

Table 227: Financial Performance: Sport and Recreation

## 5.2.14 Executive Council

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>130 304</b>	<b>64 999</b>	<b>65 067</b>	<b>101 411</b>	<b>35.90</b>
<b>Expenditure</b>					
Employees	16 055	16 022	21 621	24 723	35.19
Repairs and Maintenance	0	20	20	0	0
Other	11 578	18 015	18 898	15 461	-16.52

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Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Expenditure	27 633	34 057	40 539	40 184	15.25
Net Operational (Service) Expenditure	102 670	30 942	24 528	61 227	49.46

Table 228: Financial Performance: Executive Council

## 5.2.15 Tourism

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	0	0	0	0
<b>Expenditure</b>					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	2	1	0	0	0
Total Operational Expenditure	2	1	0	0	0
Net Operational (Service) Expenditure	(2)	(1)	0	0	0

Table 229: Financial Performance: Tourism

## 5.2.16 Finance

Description	2022/23	2023/24			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	170 203	212 195	219 671	213 375	0.55
<b>Expenditure</b>					
Employees	62 868	84 087	85 197	68 372	-22.98
Repairs and Maintenance	3 640	6 547	5 877	4 615	-41.86
Other	44 683	68 782	69 835	75 224	8.56
Total Operational Expenditure	111 190	159 415	160 909	148 212	-7.56
Net Operational (Service) Expenditure	59 012	52 779	58 761	65 164	19.00

Table 230: Financial Performance: Finance

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## 5.3 GRANTS

### 5.3.1 Grant Performance

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

Description	2022/23	2023/24			2023/24 Variance	
	Actual (Audited Outcome)	Budget	Adjustmen ts Budget	Actual	Original Budget	Adjustm ents Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	160 280	175 494	184 014	183 956	4.60	-0.03
Equitable Share	129 019	144 726	144 726	144 726	0.00	0.00
Local Government Financial Management	1 043	1 771	2 449	2 449	27.68	0.00
Extended public works program (EPWP)	1 155	1 879	1 879	1 879	0.00	0.00
Municipal Infrastructure	13 765	23 344	31 186	31 128	25.01	-0.19
Municipal Disaster Recovery	0	0	0	0	0	0
Integrated National Electrification Programme	8 718	3 774	3 774	3 774	0	0
Energy Efficiency And Demand Side Management	0	0	0	0	0	0
Water Services Infrastructure	6 579	0	0	0	0	0
Infrastructure - grant 13	0	0	16 000	0	0	0
Provincial Government:	31 734	25 251	34 705	31 564	20.00	-9.95
Community Library Services	2 295	2 331	1 955	1 026	-127.10	-90.47
Human Settlement Development (Beneficiaries)	10 985	150	0	1 638	90.84	100.00
Human Settlement Development	0	0	0	13 734	100.00	100.00
Library Services Replacement Funding for most vulnerable B3 Municipalities	9 572	9 898	9 892	7 353	-34.61	-34.53
Local Government Graduate Internship	0	0	0	0	0	0
Community Development Workers (CDW)	0	19	25	10	-88.92	-145.94
Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	6 993	10 000	11 659	5 804	-72.30	-100.89
Local Government Public Employment Support	128	0	0	0	0	0

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Description	2022/23	2023/24			2023/24 Variance	
	Actual (Audited Outcome)	Budget	Adjustmen ts Budget	Actual	Original Budget	Adjustm ents Budget
	R'000				%	
Operating Transfers and Grants						
Regional Social Economic Projects (RSEP)	500	350	350	345	-1.55	-1.55
Municipal Library Support	0	0	450	0	0	0
Thusong Services Centres	79	120	191	115	-4.08	-65.26
Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	135	140	6 559	140	0.00	-4585.00
Financial Management Capacity Building	14	1 743	1 743	0	0	0
Disaster Management: Emergency Housing	0	0	0	0	0	0
Western Cape Municipal Energy Resilience (WC MER)	1 034	500	1 492	1 009	50.43	-47.89
Tourism Marketing and Development	0	0	390	390	100.00	0.00
District Municipality:	0	0	0	0	0	0
Safety Plans	0	0	0	0	0	0
Other grant providers:	536	0	316	801	100.00	60.50
Nedbank - LED Contribution	0	0	0	0	0	0
Local Government, Water and Related Service SETA	536	0	316	801	100.00	60.50
Total Operating Transfers and Grants	192 550	200 745	219 036	216 321	7.20	-1.25
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 231: Grant Performance for 2023/24

## 5.3.2 Conditional Grants

Details	2022/23	2023/24			2023/24 Variance	
	Actual	Budget	Adjustment s Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustment s Budget
	R'000				%	
Local Government Financial Management	1 043	1 771	2 449	2 449	27.68	0.00

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Details	2022/23	2023/24			2023/24 Variance	
	Actual	Budget	Adjustment s Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustment s Budget
	R'000				%	
Extended public works program (EPWP)	1 155	1 879	1 879	1 879	0	0
Municipal Infrastructure	13 765	23 344	31 186	31 128	25.01	-0.19
Municipal Disaster Recovery	0	0	0	0	0	0
Integrated National Electrification Programme	8 718	3 774	3 774	3 774	0	0
Energy Efficiency And Demand Side Management	0	0	0	0	0	0
Water Services Infrastructure	6 579	0	0	0	0	0
Community Library Services	2 295	2 331	1 955	1 026	-127.10	-90.47
Human Settlement Development (Beneficiaries)	10 985	150	0	0	90.84	100.00
Human Settlement Development	0	0	0	13 734	100.00	100.00
Library Services Replacement Funding for most vulnerable B3 Municipalities	9 572	9 898	9 892	7 353	-34.61	-34.53
Local Government Graduate Internship	0	0	0	0	0	0
Community Development Workers (CDW)	0	19	25	10	-88.92	-145.94
Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	6 993	10 000	11 659	5 804	-72.30	-100.89
Local Government Public Employment Support	128	0	0	0	0	0
Regional Social Economic Projects (RSEP)	500	350	350	345	-1.55	-1.55
Municipal Library Support	0	0	450	0	0	0
Thusong Services Centres	79	120	191	115	-4.08	-65.26
Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	135	140	6 559	140	0.00	-4585.00
Financial Management Capacity Building	14	1 743	1 743	0	0	0

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Details	2022/23	2023/24			2023/24 Variance	
	Actual	Budget	Adjustment s Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustment s Budget
	R'000				%	
Disaster Management: Emergency Housing	0	0	0	0	0	0
Western Cape Municipal Energy Resilience (WC MER)	1 034	500	1 492	1 009	50.43	-47.89
Safety Plans	0	0	0	0	0	0
Nedbank - LED Contribution	0	0	0	0	0	0
Local Government, Water And Related Service SETA	536	0	316	801	100.00	60.50
Infrastructure - grant 13	0	0	16 000	0	0	0
Tourism Marketing and Development	0	0	390	390	100.00	0.00
Total	63 531	56 019	90 310	71 595	21.76	-26.14

Table 232: Conditional Grant

## 5.3.3 Level of Reliance on Grants and Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000	R'000	%
2022/23	251 240	876 414	28.67%
2023/24	275 627	959 546	28.72%

Table 233: Reliance on grants

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

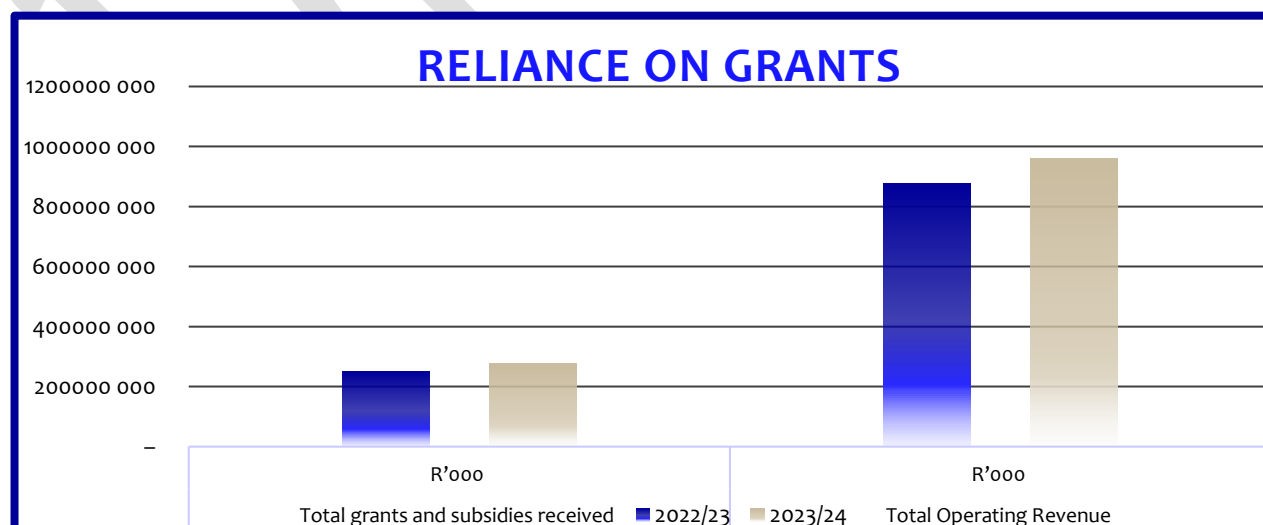


Figure 5.: Reliance on Grants

## 5.4 ASSET MANAGEMENT

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

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

The key elements of the Asset Management Policy represent:

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

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

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

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

### 5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	Farm 440 Portion 105 (Asset ID 22967)	
Description	Airport	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2018	2022/23 R million	2023/24 R million
	22 542	22 542
Future Purpose of Asset	Tourism and economic development	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 234: Treatment of the three largest assets: Asset 1

Asset 2		
Name	Farm 456 Portion 1 (Asset ID 22968)	
Description	Grootfontein (Golf Course)	



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Asset 2		
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2018	2022/23 R million	2023/24 R million
	17 163	17 163
Future Purpose of Asset	Leased for Recreational purposes	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 235: Treatment of the three largest assets: Asset 2

Asset 2		
Name	Erf 4117, Beacon Island (Plettenberg Bay) (Asset ID 22950)	
Description	Desalination Plant	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2018	2022/23 R million	2023/24 R million
	15 790	15 790
Future Purpose of Asset	Site on which Desalination Plant is constructed / Water Supply during peak seasons	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 236: Treatment of the three largest assets: Asset

## 5.4.2 Repairs and Maintenance

Description	2022/23	2023/24			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and maintenance expenditure	51 724	59 186	53 743	49 299	-9.01

Table 237: Repairs & Maintenance Expenditure

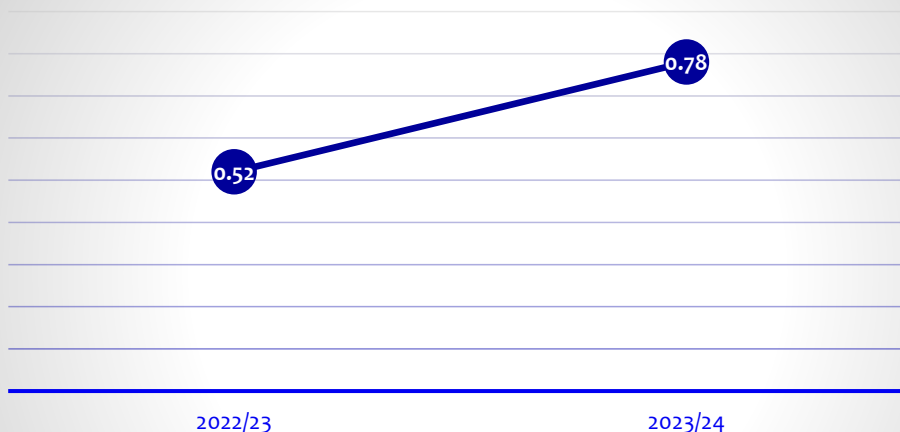
## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2022/23	2023/24
		Actual	Actual
Current Ratio	Current assets/current liabilities	1.30	1.55
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.91	1.16
Liquidity Ratio	Monetary Assets/Current Liabilities	0.52	0.78

Table 238: Liquidity Financial Ratio

## Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

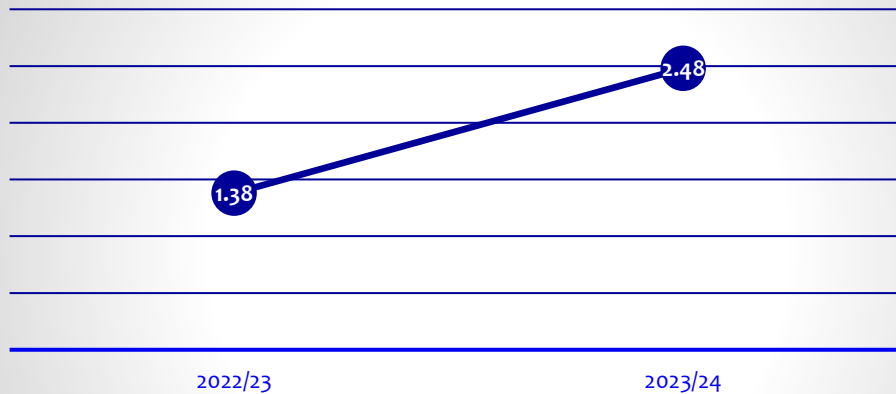
Graph 4.: Liquidity Ratio

### 5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2022/23	2023/24
		Actual	Actual
Cost Coverage	(Available cash + Investments- Unspent Grants)/monthly fixed operational expenditure	1.38	2.48
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	982%	10.94
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.93	17.18

Table 239: Financial Viability National KPAs

## Cost Coverage



Cost Coverage - It explains how many months expenditure can be covered by cash and other liquid assets available to the municipality excluding utilisation of grants and is calculated

Graph 5.: Cost Coverage

### 5.5.3 Borrowing Management

Description	Basis of calculation	2022/23	2023/24
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.44%	6.81%

Table 240: Borrowing Management

### 5.5.4 Employee Costs

Description	Basis of calculation	2022/23	2023/24
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	34%	36%

Table 241: Employee Costs

### 5.5.5 Repairs and Maintenance

Description	Basis of calculation	2022/23	2023/24
		Audited outcome	Pre-audit outcome
Repairs and Maintenance	R&M/(Total Revenue excluding capital revenue)	6%	5%

Table 242: Repairs and Maintenance

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The following graph indicates the repairs and maintenance for 2023/24:

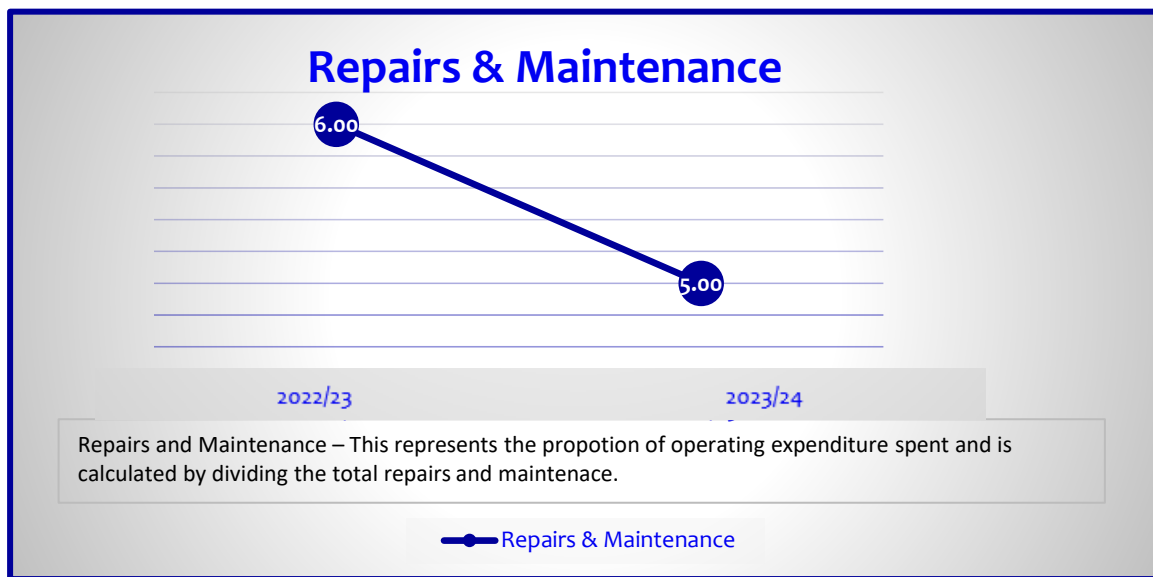


Table 243: Repairs and Maintenance

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2022/23	2023/24		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure
R'000				
Capital expenditure by Asset Class				
<b>Infrastructure - Total</b>	<b>65 568</b>	<b>71 332</b>	<b>87 810</b>	<b>67 720</b>
<b>Infrastructure: Road transport - Total</b>	<b>8 656</b>	<b>13 669</b>	<b>15 527</b>	<b>11 987</b>
Roads, Pavements & Bridges	3 781	7 669	13 376	10 774
Storm water	4 875	6 000	2 151	1 213
<b>Infrastructure: Electricity - Total</b>	<b>23 070</b>	<b>19 682</b>	<b>19 838</b>	<b>17 475</b>
Generation	0	0	0	0
Transmission & Reticulation	23 070	19 682	19 838	17 475
Street Lighting	0	0	0	0
<b>Infrastructure: Water - Total</b>	<b>24 453</b>	<b>20 031</b>	<b>35 419</b>	<b>27 114</b>
Bulk Mains	2 925	0	0	0
Water Purification	5 727	0	0	0

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Description	2022/23	2023/24		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure
Reticulation	15 801	20 031	35 419	27 114
<b>Infrastructure: Sanitation - Total</b>	<b>5 954</b>	<b>15 046</b>	<b>15 671</b>	<b>10 149</b>
Reticulation	5 954	14 612	10 071	6 436
Sewerage purification	0	435	5 600	3 713
<b>Infrastructure: Other - Total</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>
Waste Management	0	0	0	0
Transport	0	0	0	0
Gas	0	0	0	0
Other	43	0	0	(0)
<b>Community - Total</b>	<b>3 392</b>	<b>2 904</b>	<b>1 355</b>	<b>996</b>
Parks and gardens	435	304	304	301
Sports fields and stadia	0	0	0	0
Swimming pools	0	0	0	0
Community halls	1 599	0	801	449
Libraries	0	250	250	213
Recreational facilities	0	0	0	33
Cemeteries	0	1 000	0	0
Other	1 358	1 358	0	0
<b>Capital expenditure by asset class</b>	<b>19 239</b>	<b>38 100</b>	<b>40 983</b>	<b>36 591</b>
<b>Heritage assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings	0	0	0	0
<b>Other assets</b>	<b>19 239</b>	<b>38 100</b>	<b>40 983</b>	<b>36 591</b>
General vehicles	2 972	16 400	13 934	13 530
Plant & equipment	0	0	0	0
Computers - hardware/equipment	11 303	5 368	7 737	7 345
Plant and Equipment	3 412	2 0258	2 000	1 400
Furniture and other office equipment	81	1 064	1 070	302
Other Buildings	2 165	10 780	12 605	10 411
Other	(693)	2 430	3 636	3 603
<b>Total Capital Expenditure on new assets</b>	<b>84 807</b>	<b>109 432</b>	<b>128 793</b>	<b>104 311</b>

Table 244: Analysis of Capital and Operating Expenditure

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## 5.7 SOURCE OF FINANCE

The table below indicates the capital expenditure by funding source for the 2023/24 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2022/23	2023/24				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
External loans	32 098	45 150	38 998	35 920	-13.63	-7.89
Public contributions and donations	0	0	0	33	0	0
Grants and subsidies	33 505	34 335	57 821	44 924	68.40	-22.30
Own funding	19 204	29 947	31 974	23 467	6.77	-26.61
<b>Total</b>	<b>84 807</b>	<b>109 432</b>	<b>128 793</b>	<b>104 344</b>	<b>15.03</b>	<b>-4.88</b>
Percentage of finance						
External loans	37.85	41.26	30.28	34.42		
Public contributions and donations	-	-	-	0.03		
Grants and subsidies	39.51	31.38	44.89	43.05		
Own funding	22.64	27.37	24.83	22.49		
Capital expenditure						
Water and sanitation	40 304	45 246	62 925	(36 982)	39.07	-158.77
Electricity	25 395	23 741	23 321	19 492	-1.77	-16.42
Housing	0	0	0	0	0	0
Roads and Stormwater	9 135	13 669	17 954	11 987	31.35	-33.23
Other	9 973	26 776	24 593	109 847	-8.15	346.67
<b>Total</b>	<b>84 807</b>	<b>109 432</b>	<b>128 793</b>	<b>104 344</b>	<b>15.03</b>	<b>-4.88</b>
Percentage of expenditure						
Water and sanitation	47.52	41.35	48.86	-35.44		
Electricity	29.94	21.69	18.11	18.69		
Housing	-	-	-	-		
Roads and stormwater	10.77	12.49	13.94	11.49		
Other	11.76	24.47	19.09	105.27		

Table 245: Capital expenditure by Asset Program

## 5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2023/24.

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Name of Project*	2023/24			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Plett WTW: New Pump Station	13 730	19 192	19 172	40%	0%
Keurbooms: Upgrade Network	5 989	5 989	5 921	-1%	-1%
Ebenezer (Phase 3, Portion 1): New roads	0	6 400	5 883	0%	-8%
3X New 15Cube Compactors- Waste Management	5 500	5 489	5 489	0%	0%
Security Fencing - Waste Water Plants	3 500	5 224	5 065	45%	-3%
Projects with the highest capital expenditure in 2023/24					

Table 246: Capital Expenditure on the 5 Largest Projects

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

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

### 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2022/23	2023/24		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	149 399	163 156	163 105	174 876
Service charges	353 211	422 573	418 554	387 284
Other Revenue	16 645	22 595	23 655	37 761
Government - operating	136 528	163 277	167 745	170 385
Government - capital	51 322	37 468	48 907	34 470
Interest	11 407	8 221	15 596	17 654
Payments				
Suppliers and employees	(597 561)	(716 494)	(712 046)	(654 116)
Finance charges	(8 776)	(13 428)	(13 428)	(10 751)



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Cash Flow Outcomes				
R'000				
Description	2022/23	2023/24		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Transfers and Grants	(5 626)	(12 230)	(12 230)	(9 208)
<b>Net cash from/(used) operating activities</b>	<b>106 549</b>	<b>75 138</b>	<b>99 858</b>	<b>148 354</b>
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	454	10 962	10 962	0
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (Increase) other non-current receivables	1	0	0	0
Decrease (increase) in non-current investments	9 857	0	0	0
Payments				
Capital assets	(84 807)	(109 432)	(120 579)	(104 494)
<b>Net cash from/(used) investing activities</b>	<b>(74 495)</b>	<b>(98 470)</b>	<b>(109 617)</b>	<b>(104 494)</b>
Cash flows from financing activities				
Receipts				
Borrowing long term/ refinancing	35 255	40 150	40 150	45 150
Increase/(Decrease) in Consumer Deposits	945	0	0	565
Payments				
Repayment of borrowing	(21 804)	(20 767)	(19 517)	(19 526)
<b>Net cash from/(used) financing activities</b>	<b>14 396</b>	<b>19 383</b>	<b>20 633</b>	<b>26 190</b>
<b>Net increase/ (decrease) in cash held</b>	<b>46 451</b>	<b>(3 949)</b>	<b>10 875</b>	<b>70 049</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>48 627</b>	<b>59 740</b>	<b>59 740</b>	<b>95 078</b>
<b>Cash/cash equivalents at the year-end:</b>	<b>95 078</b>	<b>55 791</b>	<b>70 615</b>	<b>165 128</b>

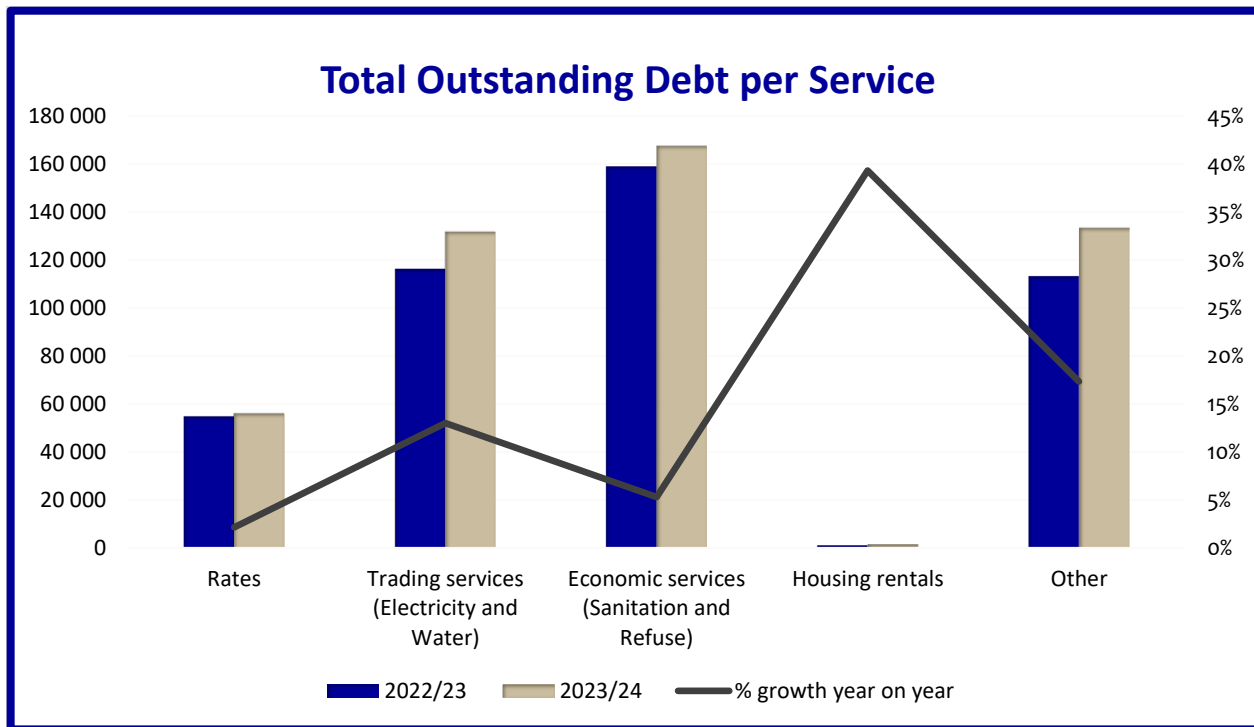
Table 247: Cashflow

## 5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
<b>2022/23</b>	54 786	116 564	159 011	1 006	113 619	444 986
<b>2023/24</b>	55 960	131 702	167 416	1 402	133 336	489 815
<b>Difference</b>	1 174	15 138	8 404	396	19 717	44 829
<b>% growth year on year</b>	<b>2.14</b>	<b>12.99</b>	<b>5.29</b>	<b>39.33</b>	<b>17.35</b>	<b>10.07</b>

Table 248: Gross Outstanding Debtors per Service

The following graph indicates the total outstanding debt per type of service for 2023/24



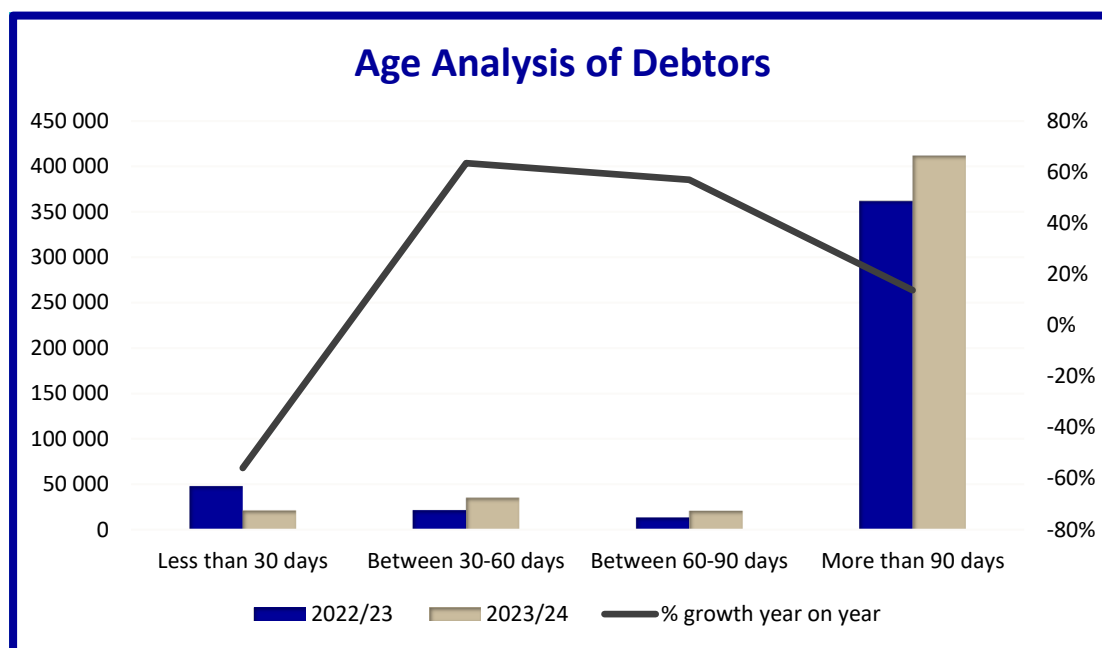
Graph 6.: Outstanding Debtors per Service

## 5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
2022/23	47 885	21 641	13 310	362 149	444 986
2023/24	21 146	35 387	20 901	411 914	489 348
Difference	(26 739)	13 745	7 591	49 765	44 362
% growth year on year	-55.84	63.51	57.03	13.74	9.97

Table 249: Service Debtor Age Analysis

The following graph indicates the age analysis of debtors and the increase/decrease from 2022/23 to 2023/24:



Graph 7.: Total Debtors Age Analysis

## 5.12 MUNICIPAL COST CONTAINMENT MEASURES

### 5.12.1 MUNICIPAL COST CONTAINMENT REGULATIONS (MCCR)

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

### 5.12.2 MUNICIPAL COST CONTAINMENT POLICY

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

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

### 5.12.3 COST CONTAINMENT MEASURE AND ANNUAL COST SAVING

The effective implementation of the MCCR is the responsibility of the municipal council and the municipal accounting officer. In terms of the cost containment framework provided in the MCCR,

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which is consistent with the provisions of the MFMA and other government pronouncements, the following cost savings for the financial year are disclosed:

Measures	Actual 2022/23	Original Budget 2023/24	Adjusted Budget 2023/24	Total Expenditure	Savings
	R'000	R'000	R'000	R'000	
Use of consultants	26 323	39 366	96 670	63 235	33 434
Vehicles used for political office- bearers	512	53	372	111	261
Travel and subsistence	969	1 687	2 093	1 155	937
Domestic accommodation	493	93	1 177	817	359
Sponsorship, events and catering	864	1 479	2 224	811	1 412
Communication	4 062	3 020	3 136	2 458	678
Other related expenditure items	35 805	44 688	48 505	10 531	37 973
<b>Total</b>	<b>69 032</b>	<b>90 390</b>	<b>154 180</b>	<b>79 122</b>	<b>75 057</b>

Table 250: Cost containment

## 5.13 BORROWING AND INVESTMENTS

### 5.13.1 Actual Borrowings

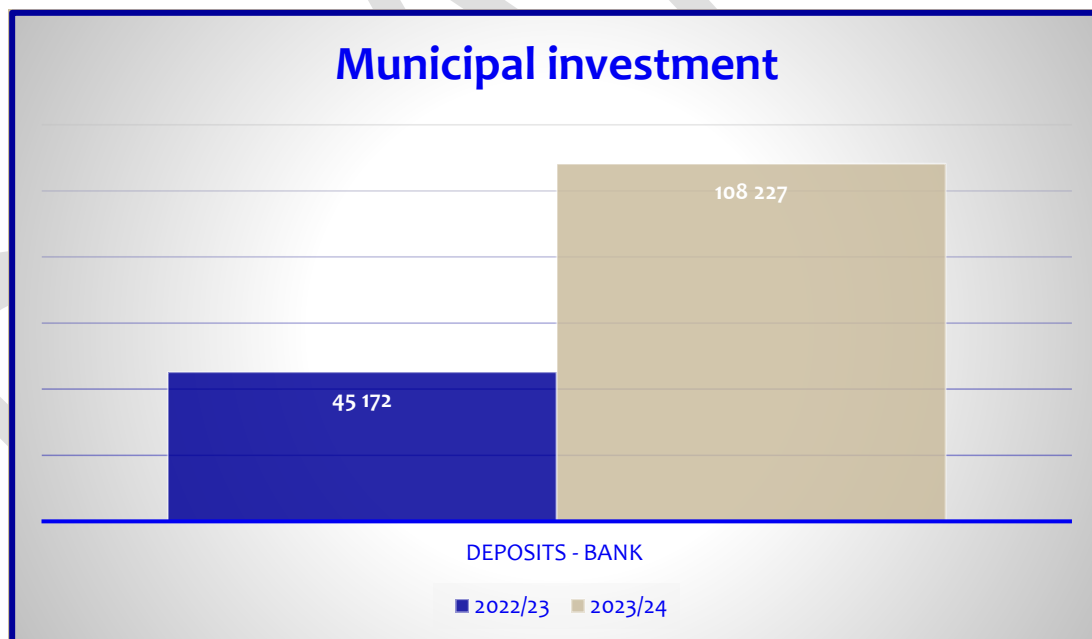
Actual Borrowings		
R' 000		
Instrument	2022/23	2023/24
Long-Term Loans (annuity/reducing balance)	100 826	127 702
Financial Leases	1 251	0
<b>Total</b>	<b>102 077</b>	<b>127 702</b>

Table 251: Actual Borrowings

### 5.12.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2022/23	2023/24
	Actual	
Deposits - Bank	45 172	108 227
<b>Total</b>	<b>45 172</b>	<b>108 227</b>

Table 252: Municipal Investments



Graph 8.: Municipal investment

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## 5.12.3 Grants made by the Municipality

All Organisation or person in receipt of Grants provided by the Municipality	Nature of project	Value 2023/24
		R'000
Youth Crime Prevention Desk	Crime Prevention	50
Ubomi Bethu Community Development	Community Development	30
Vusumzi Soup Kitchen	Feeding Scheme	52
Baby Eagles Educare	Early Childhood Development	30
Hope of life Centre	Skills Development	30
All Nations Satisfactory Centre	Skills Development and Feeding Scheme	30
Bitou Rise and Shine Enrichment Centre	Early Childhood Development	30
Wonderkids Educare Centre	Early Childhood Development	30
Sizanani Educare Centre	Early Childhood Development	30
Learn and Play Educare Centre	Early Childhood Development	30
Youth for Change	Skills Development	30
Angels of Joy	Early Childhood Development	30
New Life Centre	Skills Development	34
Kurland Educare	Early Childhood Development	30
Flamingo Educare	Early Childhood Development	30
Theodora Creche	Early Childhood Development	30
Blomathi Soup Kitchen	Feeding Scheme	32
Protea Diens Sentrum	Elderly Care	30
Kranshoek Community Women's Forum	Gender Based Violence	32
Plett Animal Welfare Service	Animal Welfare	40
Zikhona Soup Kitchen NPC	Feeding Scheme	40
House of Hope and Glory NPC	Feeding Scheme and After Care	40
Plett Food Centre	Feeding Scheme	30
Child Welfare SA - Plettenberg Bay	Child Welfare	40
Native Roots Community Development	Community Development	30
Lithemba Bafazi	Skills Development	30
Lilitha Lamasukwini	Feeding Scheme	30
Sonqoba Boxing Academy	Sport	15
Building the Walls of Communities	Food Distribution	50
Kwanokuthula Crime Prevention	Crime Prevention	50
Sonop Disabled Day Care Centre	Disabled Day Care	30
Adopt a Swimmer NPO	Sport	30
Eden Grow	Agricultural food gardens and Medicinal Fynbos Cultivation	42
Libongwe Ngabantu Community Empowerment	Community Empowerment	30

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New Horizon Pensioners Club	Pensioners Club	30
Covie Community Development	Community Development	30
Bitou 10 Education and Development Foundation	Early Childhood Development and Education	70

Table 253: Grants made by the Municipality

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## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

### Component A: audit outcomes 2022/23

#### 6.1 FINANCIAL PERFORMANCE: 2022/23

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

Table 254: AG Report 2022/23

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## 6.2 SERVICE DELIVERY PERFORMANCE: 2022/23

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

## COMPONENT B: AUDIT OUTCOMES 2023/24

### 6.1 FINANCIAL PERFORMANCE: 2023/24

Auditor-General Report on Financial Performance 2023/24	
<b>Audit report status</b>	<b>Unqualified with findings</b>
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material losses/impairments	
<b>Material impairments</b> As disclosed in note 9 to the financial statements, the municipality provided for impairment of receivables from and non-exchange transactions of R389,2 million (2022-2023: R358,4 million)	The Auditor-General is urging the municipality to further enhance this indicator as it is crucial to establish a balance between efficient revenue collection and prudent risk management to maintain fiscal health and ensure long-term sustainability
<b>Material losses</b> As disclosed in the statement of financial performance and note 38 to the financial statements, the municipality has written off bad debt of R74,4 million during the year (2022-2023: R88,9 million)	The municipality has implemented strict credit control processes and a debt collection strategy to improve on the collection of receivables and reduce the writing off of debt
As disclosed in note 39.02 to the financial statements, material water losses of 37,89% (2022-2023: 35,85%) were incurred	It was recommended by the Auditor-General that effective steps should be implemented by the municipality reduce water losses. Those would include the services inspection by the revenue enhancement team, the appointment of sufficient staff members to perform loss control inspections and repairs as well as the monitoring of deviation reports and system anomalies
Restatement and reclassification of corresponding figures	

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Auditor-General Report on Financial Performance 2023/24	
Audit report status	Unqualified with findings
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.	The municipality is implementing a system of monthly reconciliations and verification and control over processes by management to ensure accurate reporting and transactional recording to minimise the occurrence of prior year errors.

Table 255: AG Report 2023/24

## 6.2 SERVICE DELIVERY PERFORMANCE: 2023/24

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

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## List of Abbreviations

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

# ANNUAL REPORT



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29 Nov 2024

# **BITOU LOCAL MUNICIPALITY**



**Audited**

**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2024**



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## General Information

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### NATURE OF BUSINESS AND PRINCIPLE ACTIVITIES

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

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

### COUNTRY OF ORIGIN AND LEGAL FORM

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

### JURISDICTION

The Bitou Local Municipality includes the following areas:

*Bossiesgif*

*Covie*

*Harkerville*

*Keurbooms*

*Kranshoek*

*Kurland*

*Kwanokuthula*

*Natures Valley*

*New Horizons*

*Pinetrees*

*Plettenberg Bay*

*Qolweni*

*Uplands*

*Wittedrift*

### WARD INFORMATION

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

### MEMBERS OF THE MAYORAL COMMITTEE

#### Current

<i>Executive Mayor</i>	<i>Councillor CN . Terblanche</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Deputy Executive Mayor</i>	<i>Councillor NP . Kholwapi</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Speaker</i>	<i>Councillor SE . Gcabayi</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor M . Mitchell</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor T . Mhlana</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## General Information

### Previous

<i>Executive Mayor</i>	<i>Councillor D . Swart</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Deputy Executive Mayor</i>	<i>Councillor MP . Busakwe</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Speaker</i>	<i>Councillor CN . Terblanche</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Mayoral Committee Member 1</i>	<i>Councillor WJ . Nel</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
<i>Mayoral Committee Member 2</i>	<i>Councillor J . Kamkam</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>

### CHAIRPERSON OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

#### Current

<i>Section 79 Chairperson</i>	<i>Councillor NT . Seti</i>	<i>2-Feb-2024 to</i>	<i>30-Jun-2024</i>
-------------------------------	-----------------------------	----------------------	--------------------

#### Previous

<i>Section 79 Chairperson</i>	<i>Councillor NP . Kholwapi</i>	<i>18-Nov-2021 to</i>	<i>2-Feb-2024</i>
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### WARD COUNCILLORS

#### Current

<i>Ward 1</i>	<i>DA</i>	<i>Councillor J . Kamkam</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 2</i>	<i>DA</i>	<i>Councillor D . Swart</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 3</i>	<i>ANC</i>	<i>Councillor T . Mhlana</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 4</i>	<i>PDC</i>	<i>Councillor CN . Terblanche</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 5</i>	<i>ANC</i>	<i>Councillor SA . Mangxaba</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 6</i>	<i>ANC</i>	<i>Councillor NT . Seti</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>Ward 7</i>	<i>DA</i>	<i>Councillor AR . Olivier</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>

### PROPORTIONAL REPRESENTATIVE COUNCILLORS

#### Current

<i>AUF</i>	<i>Councillor MP . Busakwe</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>ANC</i>	<i>Councillor SE . Gcabayi</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>DA</i>	<i>Councillor WJ . Nel</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>DA</i>	<i>Councillor NS . Ndayi</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>
<i>PA</i>	<i>Councillor M . Mitchell</i>	<i>16-Mar-2023 to</i>	<i>30-Jun-2024</i>
<i>IPM</i>	<i>Councillor NP . Kholwapi</i>	<i>18-Nov-2021 to</i>	<i>30-Jun-2024</i>

### ACTING ACCOUNTING OFFICER

*Dr. R Links*

### ACTING CHIEF FINANCIAL OFFICER

*Mr. BM Ngubo*

### REGISTERED OFFICE

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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## General Information

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### AUDITORS

*Auditor General of South Africa*

### PRINCIPLE BANKERS

*Standard Bank, Plettenberg Bay*

### ATTORNEYS

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

### RELEVANT LEGISLATION

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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Approval of Financial Statements

---

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

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

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

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

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

In terms of section 13g, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities, and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to note 70.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality can continue in operational existence as a going concern for the foreseeable future.

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

The annual financial statements set out from page 5, which have been prepared on a going concern basis were approved by the Accounting Officer on 26 November 2024 and were signed on behalf of the municipality by:

PP



Dr. R Links  
Acting Accounting Officer

26 November 2024

Date



29 Nov 2024

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

	Note	2024	2023
		R	Restated R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Heritage assets	3	37 673	37 673
Investment property	4	14 050 224	12 691 575
Property, plant and equipment	5	1 319 838 509	1 268 953 742
		<b>1 333 926 406</b>	<b>1 281 682 990</b>
<b>Current assets</b>			
Cash and cash equivalents	6	165 432 036	95 078 061
Inventories	7	15 845 449	15 356 713
Operating lease asset	8	17 640	155 194
Receivables from exchange transactions	9	60 098 816	49 917 925
Receivables from non-exchange transactions	9	40 473 926	36 665 684
Unpaid conditional grants	10	32 319 226	29 515 940
VAT receivable	11	15 181 674	10 025 267
		<b>329 368 768</b>	<b>236 714 784</b>
<b>Total assets</b>		<b>1 663 295 174</b>	<b>1 518 397 774</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employee benefit obligation	12	84 360 000	79 529 000
Long-term borrowings	14	107 276 384	82 546 469
		<b>191 636 384</b>	<b>162 075 469</b>
<b>Current liabilities</b>			
Consumer deposits	15	11 361 601	10 793 475
Current employee benefit obligation	16	37 630 691	38 030 003
Current portion finance lease liabilities	13	-	1 250 915
Current portion of long-term borrowings	14	20 425 221	18 279 782
Current provisions	17	10 305 515	7 843 314
Operating lease liability	8	441 391	217 529
Payables from non-exchange transactions	18	-	46 118
Trade and other payables from exchange transactions	19	130 549 691	94 749 411
Unspent conditional grants	10	915 986	10 948 256
		<b>211 630 095</b>	<b>182 158 803</b>
<b>Total liabilities</b>		<b>403 266 479</b>	<b>344 234 273</b>
<b>Net Assets</b>		<b>1 260 028 695</b>	<b>1 174 163 501</b>
<b>NET ASSETS</b>			
Accumulated surplus		1 183 347 758	1 144 213 501
Reserves	20	76 680 936	29 950 000
<b>Total net assets</b>		<b>1 260 028 695</b>	<b>1 174 163 501</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Statement of Financial Performance as at 30 June 2024

	Note	2024	2023
		R	Restated R
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Agency services	21	2 497 659	2 500 851
Interest charged (trading)	22	13 243 071	17 119 510
Interest earned - cash and investments	23	13 203 208	8 026 792
Licences and permits	24	1 427 483	1 195 759
Operational revenue	25	7 415 480	4 102 602
Rendering of services	26	7 446 917	6 543 142
Rental of facilities and equipment	27	1 354 443	1 123 668
Sale of goods	28	69 345	57 565
Service charges (Exchange)	29	431 023 794	405 789 453
<b>Total revenue from exchange transactions</b>		<b>477 681 398</b>	<b>446 459 341</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation and other revenue</b>			
Actuarial gains	30	8 369 684	18 011 364
Availability charges (Non-Exchange)	31	14 749 809	16 984 306
Interest charged on non-exchange transactions	32	2 291 556	4 242 192
Property rates	33	178 228 517	151 444 708
Surcharges and taxes	34	1 419 866	-
<b>Transfer revenue</b>			
Contributed Assets	35	32 744	-
Fines, penalties and forfeits	36	60 451 399	46 722 358
Government grants & subsidies - monetary	37	216 810 117	192 549 699
<b>Total revenue from non-exchange transactions</b>		<b>482 353 692</b>	<b>429 954 627</b>
<b>Total revenue</b>		<b>960 035 091</b>	<b>876 413 967</b>
<b>EXPENDITURE</b>			
Bad debts written off	38	74 425 834	88 944 975
Bulk purchases	39	198 660 760	163 817 892
Contracted services	40	77 655 131	72 886 087
Depreciation and amortization	41	39 993 649	37 533 280
Employee related costs	42	312 819 808	287 757 717
Finance costs	43	20 922 363	19 740 467
Impairment	44	37 337 551	28 622 656
Inventories Losses / Write-Downs	45	97 619	8 628
Inventory consumed	46	15 619 222	14 130 654
Loss on disposal of assets and liabilities	47	3 216 693	1 074 350
Operating leases	48	4 792 855	4 016 866
Operational cost	49	72 030 550	66 861 745
Remuneration of councillors	50	7 376 219	6 721 149
Transfers and subsidies	51	9 208 274	5 548 831
Water losses	52	13 370	1
<b>Total expenditure</b>		<b>874 169 897</b>	<b>797 665 298</b>
<b>Surplus for the year</b>		<b>85 865 193</b>	<b>78 748 669</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

	Note	Capital Replacement Reserve R	Development Charges reserve R	Augmentation reserves R	Total: Reserves R	Accumulated surplus / (deficit) R	Total: Net assets R
<b>Balance at 30 June 2022 as previously reported</b>		<b>18 550 009</b>	-	-	<b>18 550 009</b>	<b>1 053 621 398</b>	<b>1 072 171 407</b>
<b>Adjustments</b>		-	-	-	-	<b>23 243 426</b>	<b>23 243 426</b>
Corrections of errors	54	-	-	-	-	23 243 426	23 243 426
<b>Balance at 30 June 2022 as restated</b>		<b>18 550 009</b>	-	-	<b>18 550 009</b>	<b>1 076 864 823</b>	<b>1 095 414 832</b>
Surplus for the year		-	-	-	-	78 748 669	78 748 669
<b>Total recognised income and expenses for the year</b>		-	-	-	-	<b>78 748 669</b>	<b>78 748 669</b>
Transfers in/out		11 399 991	-	-	11 399 991	(11 399 991)	-
<b>Total Changes</b>		<b>11 399 991</b>	-	-	<b>11 399 991</b>	<b>(11 399 991)</b>	-
<b>Restated Balance at 30 June 2023</b>		<b>29 950 000</b>	-	-	<b>29 950 000</b>	<b>1 144 213 501</b>	<b>1 174 163 501</b>
Surplus for the year					-	85 865 193	85 865 193
<b>Total recognised income and expenses for the year</b>		-	-	-	-	<b>85 865 193</b>	<b>85 865 193</b>
Transfers in/out		41 900 000	-	4 830 936	46 730 936	(46 730 936)	-
<b>Total changes</b>		<b>41 900 000</b>	-	<b>4 830 936</b>	<b>46 730 936</b>	<b>(46 730 936)</b>	-
<b>Balance at 30 June 2024</b>		<b>71 850 000</b>	-	<b>4 830 936</b>	<b>76 680 936</b>	<b>1 183 347 758</b>	<b>1 260 028 694</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Cash flow statement as at 30 June 2024

	Note	2024	2023
		R	Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxes, levies and fines		207 710 266.84	162 101 542.43
Goods and services provided		398 604 470.57	357 153 263.04
Government grants		204 065 065.17	189 257 134.10
Interest income		17 654 084.84	11 406 887.05
Consumer deposits		794 421.25	1 286 539.82
		<b>828 828 308.67</b>	<b>721 205 366.44</b>
<b>Payments</b>			
Suppliers for goods and services		(341 479 777.85)	(304 538 768.81)
Employees		(310 688 365.21)	(286 300 582.78)
Remuneration of councillors		(7 376 218.56)	(6 721 149.18)
Finance cost		(10 750 807.18)	(8 776 138.80)
Government grants repaid		(57 761.20)	(1 407 244.00)
Transfers and grants		(9 208 273.97)	(5 625 830.80)
Consumer deposits		(226 294.90)	(341 071.73)
		<b>(679 787 498.87)</b>	<b>(613 710 786.10)</b>
<b>Net cash flows from operating activities</b>	53	<b>149 040 809.80</b>	<b>107 494 580.34</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(104 440 392.30)	(84 807 152.33)
Proceeds from sale of property, plant and equipment		129 119.03	453 869.57
Movement in non-current investments		-	9 857 448.15
Movement in non-current receivables		-	1 093.34
<b>Net cash flows from investing activities</b>		<b>(104 311 273.27)</b>	<b>(74 494 741.27)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		45 150 000.00	35 255 300.00
Repayment of long-term borrowings		(18 274 645.58)	(16 955 712.22)
Repayment of finance leases		(1 250 915.30)	(4 848 632.12)
<b>Net cash flows from financing activities</b>		<b>25 624 439.12</b>	<b>13 450 955.66</b>
<b>Net increase in cash and cash equivalents</b>		<b>70 353 975.65</b>	<b>46 450 794.73</b>
Cash and cash equivalent at the beginning of the year	6	95 078 060.70	48 627 265.97
<b>Cash and cash equivalents at the end of the year</b>		<b>165 432 036.35</b>	<b>95 078 060.70</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	A1	55 750	48 832	104 582	165 432	(60 850)
Trade and other receivables from exchange transactions	A2	43 839	(31 305)	12 534	54 528	(41 995)
Receivables from non-exchange transactions	A3	100 771	(12 784)	87 987	40 181	47 807
Current portion of non-current receivables		11	(1)	9	9	-
Inventory		16 538	(2 105)	14 433	15 845	(1 412)
VAT	A4	212 584	43 687	256 271	283 602	(27 332)
Other current assets		180	238	418	898	(479)
		<b>429 672</b>	<b>46 562</b>	<b>476 234</b>	<b>560 496</b>	<b>(84 262)</b>
<b>Non current assets</b>						
Investment property		12 692	(1)	12 692	14 050	(1 359)
Property, plant and equipment		1 322 385	(3 268)	1 319 117	1 319 839	(721)
Heritage assets		35	-	35	38	(2)
		<b>1 335 112</b>	<b>(3 268)</b>	<b>1 331 844</b>	<b>1 333 926</b>	<b>(2 083)</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Financial liabilities	C1	-	19 507	19 507	20 867	(1 360)
Consumer deposits		9 848	945	10 793	11 362	(568)
Trade and other payables from exchange transactions	C2	79 612	37 167	116 779	125 575	(8 796)
Trade and other payables from non-exchange transactions	C3	(15 640)	(27 102)	(42 743)	(31 403)	(11 339)
Provision	C4	57 320	4 688	62 008	45 802	16 206
VAT	C5	239 157	7 128	246 284	268 421	(22 137)
Other current liabilities	C6	56 316	(56 316)	-	2 134	(2 134)
		<b>426 612</b>	<b>(13 983)</b>	<b>412 629</b>	<b>442 757</b>	<b>(30 128)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>Non current liabilities</b>						
Financial liabilities	D1	121 558	(19 387)	102 170	107 276	(5 106)
Provision	D2	10 320	56 157	66 477	13 801	52 676
Other non-current liabilities	D3	58 456	(45 404)	13 052	70 559	(57 507)
		<b>190 333</b>	<b>(8 634)</b>	<b>181 699</b>	<b>191 636</b>	<b>(9 937)</b>
<b>NET ASSETS</b>		<b>1 147 839</b>	<b>65 911</b>	<b>1 213 749</b>	<b>1 260 029</b>	<b>(46 279)</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)	E1	1 099 339	84 461	1 183 799	1 183 348	452
Reserves and funds	E2	48 500	(18 550)	29 950	76 681	(46 731)
<b>Total community wealth/equity</b>		<b>1 147 839</b>	<b>65 911</b>	<b>1 213 749</b>	<b>1 260 029</b>	<b>(46 279)</b>

Refer to notes 74.3.1 and 74.4.1 for explanations of material variances.

Material variances are considered to be any variances greater than R8.742 million.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>REVENUE</b>						
<b>Exchange Revenue By Source</b>						
Service charges - electricity	F1	241 830	(9 153)	232 677	230 904	1 773
Service charges - water		86 725	(3 753)	82 972	87 795	(4 823)
Service charges - waste water management	F2	77 663	(10 789)	66 874	67 358	(484)
Service charges - waste management	F3	58 016	(11 232)	46 784	44 964	1 820
Sale of Goods and Rendering of Services		11 571	(12)	11 559	7 520	4 039
Agency services		3 014	(212)	2 803	2 498	305
Interest earned from Receivables		13 282	2 200	15 483	13 243	2 240
Interest earned from Current and Non Current Assets		4 950	7 375	12 325	13 203	(878)
Rental from Fixed Assets		1 030	87	1 117	1 354	(238)
Licence and permits		589	681	1 269	1 427	(158)
Operational Revenue	F4	2 207	9 019	11 226	7 415	3 810
<b>Non-Exchange Revenue By Source</b>						
Property rates		179 779	24	179 802	178 229	1 574
Surcharges and Taxes		1 500	-	1 500	1 420	80
Fines, penalties and forfeits	G1	31 699	13 397	45 096	60 451	(15 355)
Licences or permits		696	-	696	-	696
Transfer and subsidies - Operational	G2	163 277	12 481	175 758	166 503	9 255
Interest		3 759	(1 629)	2 130	2 292	(161)
Operational Revenue		15 518	(782)	14 735	14 750	(14)
Gains on disposal of Assets		3 950	-	3 950	-	3 950
Other Gains		-	-	-	8 370	(8 370)
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>901 055</b>	<b>7 702</b>	<b>908 756</b>	<b>909 696</b>	<b>(939)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>Expenditure By Type</b>						
Employee related costs	H1	333 063	12 534	345 596	312 820	32 777
Remuneration of councillors		7 674	1	7 675	7 376	299
Bulk purchases - electricity	H2	206 241	(10 000)	196 241	197 628	(1 387)
Inventory consumed		19 543	958	20 501	16 652	3 849
Debt impairment	H3	18 270	0	18 270	28 480	(10 210)
Depreciation and amortisation		40 059	-	40 059	39 994	65
Interest		13 428	-	13 428	20 922	(7 494)
Contracted services	H4	95 793	2 161	97 954	77 655	20 299
Transfers and subsidies		12 230	544	12 774	9 208	3 565
Irrecoverable debts written off	H5	64 900	-	64 900	74 426	(9 526)
Operational costs	H6	89 075	(265)	88 809	76 823	11 986
Losses on disposal of Assets		-	-	-	3 217	(3 217)
Other Losses	H7	-	-	-	8 969	(8 969)
<b>Total expenditure</b>		<b>900 274</b>	<b>5 933</b>	<b>906 207</b>	<b>874 170</b>	<b>32 038</b>
<b>Surplus before capital transfers &amp; contributions</b>		<b>780</b>	<b>1 769</b>	<b>2 549</b>	<b>35 526</b>	<b>(32 977)</b>
Transfers and subsidies - capital (monetary allocations)	I1	37 468	21 810	59 278	50 307	8 971
Transfers and subsidies - capital (in-kind - all)		-	-	-	33	(33)
<b>Surplus after capital transfers &amp; contributions</b>		<b>38 248</b>	<b>23 578</b>	<b>61 826</b>	<b>85 865</b>	<b>(24 039)</b>

Refer to notes 74.3.2 and 74.4.2 for explanations of material variances.

Material variances are considered to be any variances greater than R8.742 million.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
						Difference between final budget and actuals
	Ref	Approved budget	Adjustment	Final budget	Actuals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	J1	163 156	(51)	163 105	174 876	(11 771)
Service charges	J2	422 573	(4 019)	418 554	387 284	31 270
Other revenue	J3	22 595	1 059	23 655	37 761	(14 106)
Transfers and Subsidies - Operational		163 277	4 468	167 745	170 385	(2 640)
Transfers and Subsidies - Capital	J4	37 468	11 439	48 907	34 470	14 437
Interest		8 221	7 375	15 596	17 654	(2 058)
		<b>817 291</b>	<b>20 271</b>	<b>837 562</b>	<b>822 429</b>	<b>15 133</b>
<b>Payments</b>						
Suppliers and employees	J5	(716 494)	4 449	(712 046)	(654 116)	(57 929)
Interest		(13 428)	-	(13 428)	(10 751)	(2 677)
Transfers and Subsidies		(12 230)	-	(12 230)	(9 208)	(3 022)
		<b>(742 152)</b>	<b>4 449</b>	<b>(737 704)</b>	<b>(674 076)</b>	<b>(63 628)</b>
<b>Net cash flows from operating activities</b>		<b>75 138</b>	<b>24 720</b>	<b>99 858</b>	<b>148 354</b>	<b>(48 496)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	K1	10 962	-	10 962	-	10 962
		<b>10 962</b>	<b>-</b>	<b>10 962</b>	<b>-</b>	<b>10 962</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

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

		2024 R'000	2024 R'000	2024 R'000	2024 R'000	2024 R'000
	Ref	Approved budget	Adjustment	Final budget	Actuals	Difference between final budget and actuals
<b>Payments</b>						
Capital assets	K2	(109 432)	(11 147)	(120 579)	(104 494)	(16 085)
<b>Net cash flows from investing activities</b>		<b>(98 470)</b>	<b>(11 147)</b>	<b>(109 617)</b>	<b>(104 494)</b>	<b>(5 123)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing		40 150	-	40 150	45 150	(5 000)
Increase (decrease) in consumer deposits		-	-	-	565	(565)
		<b>40 150</b>	<b>-</b>	<b>40 150</b>	<b>45 715</b>	<b>(5 565)</b>
<b>Payments</b>						
Repayment of borrowing		(20 767)	1 251	(19 517)	(19 526)	9
<b>Net cash flows from financing activities</b>		<b>19 383</b>	<b>1 251</b>	<b>20 633</b>	<b>26 190</b>	<b>(5 556)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3 949)</b>	<b>14 824</b>	<b>10 875</b>	<b>70 049</b>	<b>(59 175)</b>
Cash and cash equivalent at the beginning of the year	M1	59 740	-	59 740	95 078	(35 338)
<b>Cash/cash equivalents at the year end:</b>		<b>55 791</b>	<b>14 824</b>	<b>70 615</b>	<b>165 128</b>	<b>(94 513)</b>

Refer to notes 74.3.3 and 74.4.3 for explanations of material variances.

Material variances are considered to be any variances greater than R8.742 million.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

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### 1. Accounting Policies

#### Presentation of the Annual Financial Statements

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

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

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

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

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

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

#### 1.1. Presentation currency

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

#### 1.2. Going concern assumption

These financial statements have been prepared on a going concern basis.

#### 1.3. Comparative Information

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

#### 1.4. Materiality

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

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

#### 1.5. Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24, and guidelines issued by National Treasury.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 Jul 2023 to 30 Jun 2024.

The comparable information includes the following:

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

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

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Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements – (Refer to Note 74.3)

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements. (Refer to Note 74.4)

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

### 1.6. Internal reserves

#### Capital replacement reserve (CRR)

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

### 1.7. Leases

#### Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant, and equipment subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

After initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, and equipment. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to disclosure of finance liability and de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### Municipality as Lessor

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

### 1.8. Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 10 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies, and contributions from the public. Refer to 1.22 with regards to the Financial Instruments on Unpaid Conditional Government Grants and Receipts.

### 1.9. Unspent Conditional Government Grants and Receipts

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

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

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

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

- Unspent conditional grants are recognised as a liability when the grant is received. The revenue received is driven from the agreed terms of the contract, rather than the legislation.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

### 1.10. Provisions

Provisions are recognised when:

- the municipality has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains and Losses from the expected disposal of assets are not considered in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

### 1.11. Employee benefits

#### Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

# BITOU LOCAL MUNICIPALITY

Audited Financial Statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

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### **Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. In terms of Collective Agreement for Local Government, annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

### **Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

### **Performance Bonuses Accrued**

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

### **Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

### **Post-retirement medical obligations**

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

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

These obligations are valued annually by independent qualified actuaries.

**Other Short-term Employee Benefits**

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**1.12. Borrowing costs**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

In accordance with GRAP 5, the municipality has opted to apply the Benchmark Treatment when accounting for Borrowing Costs. Under the benchmark treatment, borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowings are applied.

**1.13. Consumer Deposits**

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

**1.14. Property, plant, and equipment****Initial Recognition**

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

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If the cost can, however, not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

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

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

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

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

### Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

### Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The annual depreciation rates are based on the following estimated useful lives (in years):

Item	Depreciation method	Expected useful life (years)
Land	Straight-line	Indefinite
Buildings	Straight-line	8-100
Infrastructure	Straight-line	
• Electricity reticulation		5-50
• ICT Network and Communication		7-10
• Refuse Sites		5-100
• Roads Infrastructure		6-100
• Sanitation Infrastructure		9-100
• Stormwater Infrastructure		5-50
• Water Supply Infrastructure		8-100
Community	Straight-line	
• Airports		15-100
• Cemeteries		10-50
• Community Halls		5-100
• Libraries		5-100
• Parks		5-100
• Public Ablution Facilities		5-100
• Sports grounds		5-100
• Testing Stations		15-100
Other Assets	Straight-line	
• Computer Equipment		5-7
• Furniture and Office Equipment		6-10
• Machinery and Equipment		5-10
• Transport Assets		5-20
Leased Assets	Straight-line	3-6



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A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17). If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Property, plant, and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly, and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

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

- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

### **Derecognition**

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

### **Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

## **1.15. Intangible assets**

### **Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset, or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

### **Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

**Amortisation and Impairment**

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

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

**De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

**1.16. Investment property****Initial Recognition**

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use.

**Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**Depreciation**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly, and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- b) The use of the asset has changed, because of the following:
  - The entity has changed the manner in which the asset is used.
  - The entity has changed the utilisation rate of the asset.
  - The entity has decided to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
  - Technological, environmental, commercial, or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - Legal or similar limits placed on the use of the asset have changed.
  - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity. In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.
- g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

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

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

### De-recognition

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

### Application of deemed cost - Directive 7

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

## 1.17. Heritage assets

### Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological, or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

### Subsequent measurement - Cost Model

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

### Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance. (Refer to 1.19: Impairment of cash-generating assets and 1.20: Impairment of non-cash generating assets.)

### Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**Application of deemed cost - Directive 7**

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

**1.18. Recognition and derecognition of Land – IGRAP18**

The municipality applies iGRAP18 for the initial recognition and de-recognition of land in its financial statements. This interpretation also considers joint control of land by more than one entity.

When the municipality concludes that it controls the land after applying the principles in this Interpretation, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the de-recognition of land when it concludes that it does not control the land after applying the principles in this Interpretation.

**Key judgements made and assumptions applied to conclude that it controls such land, are as follows (IGRAP 18 par 40):**

Land controlled by the municipality because of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use the land and by the right to direct access to the land, and to restrict or deny access of other to the land.

**Key judgements made and assumptions applied to conclude that it does not control such land, are as follows (IGRAP 18 par 41):**

Land not controlled by the municipality because of a past event and from which future economic benefit or service potential will not flow to the entity. The municipality does not have the ability to use, or direct others to use the land. The municipality does not have right to direct access to the land, and to restrict or deny access of other to the land. There is various housing scheme land where the municipality are still the legal owner per the deeds office, but control and substantive rights were transferred. These lands are not recognised by the municipality.

**1.19. Impairment of cash-generating assets**

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

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

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

a) External sources of information

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



**b) Internal sources of information**

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.20. Impairment of non-cash-generating assets**

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

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

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

**a) External sources of information**

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.



**b) Internal sources of information**

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or way, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined by the following approach:

- depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**1.21. Inventories****Initial Recognition**

Inventories comprise of current assets held for sale, consumption, or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

**Subsequent Measurement**

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

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

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

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

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

**1.22. Financial instruments****Financial assets consist of:**

- Unpaid conditional grants
- Receivables from exchange transactions
- Other receivables from non-exchange transactions
- Cash and cash equivalents

**Financial liabilities consist of:**

- Borrowings
- Finance leases
- Unspent conditional grants
- Trade and other payables from exchange transactions

**Initial recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**Subsequent measurement**

Financial assets are categorised according to their nature as financial assets at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.22.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

#### **1.22.2. Payables and long-term borrowings**

Financial liabilities consist of payables and long-term borrowings. They are categorised as financial liabilities held at amortised cost and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.22.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

#### **1.22.4. Non-Current Investments**

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

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

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

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

### **De-recognition of Financial Instruments**

#### **1. Financial assets**

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

- the rights to receive cash flows from the asset have expired; or

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- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either.
- a) the Municipality has transferred substantially all the risks and rewards of the asset, or
- b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised, and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

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

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

### 2. Financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### 3. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

## 1.23. Statutory receivables

### Identification

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

### Initial Recognition

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

### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

**Subsequent measurement**

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

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

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

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

**De-recognition**

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

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

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

**1.24. Revenue from non-exchange transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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Grants, transfers, and donations received, or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer, or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, rebates and discounts are offset against the billed revenue, that is then recognised as revenue. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines revenue comprises of spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

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

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

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

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

All unclaimed deposits are initially recognised as a liability. When 3 years has expired, then all unclaimed deposits made into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Unclaimed deposits are recognised as revenue after 3 years, the Municipality still keeps record of these unclaimed deposits in the event that a party should submit a claim, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless, and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

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

### 1.25. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably.



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- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read monthly and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month may be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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

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

Service charges relating to refuse removal are recognised monthly in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:



The prevailing rate for a similar instrument of an issuer with a similar credit rating:

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.26. Transfer of function (Municipality as the acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset, or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

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

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired, and liabilities assumed meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired, and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired, and liabilities assumed in accordance with other applicable Standards of GRAP.

**1.27. Construction contracts and receivables**

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Fixed price: In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue, if any, can be measured reliably;
- it is probable that the economic benefits or service potential associated with the contract will flow to the entity;
- both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Cost plus or cost-based contract: In the case of a cost plus or cost based contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- it is probable that the economic benefits or service potential associated with the contract will flow to the entity; and
- the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably

A contractor is an entity that enters a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

**1.28. Accounting by principals and agents****Identification**

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

**Binding arrangement**

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

**Assessing which entity benefits from the transactions with third parties.**

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

In the assessment, reference is made to substance over form. Therefore, the exact wording of the contract is not the only indicator (for example, if reference is made to “agent”). If rights and obligations are substantially transferred, this could indicate a principal/agent arrangement. If not, the arrangement is accounted for as a normal supplier/customer relationship.

**Recognition**

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

**1.29. Segment Information**

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the financial management reports to Council. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

**Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. The municipality manages its assets and liabilities as a whole, and these are not reviewed separately for each town. Segment reporting per geographical area is not deemed relevant.

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### 1.30. Related parties

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 - "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party
  - or exercise significant influence over the other party, or vice versa,
  - or an entity that is subject to common control, or joint control.
- a) The following are regarded as related parties of the Municipality: A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity, and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- a) are married or live together in a relationship similar to a marriage; or
- b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing, and controlling the activities of the Municipality, including:

- a) all members of the governing body of the Municipality;
- b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing, and controlling the activities of the Municipality;
- c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing, and controlling the activities of the Municipality; and
- d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

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Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker, and members of the Mayoral Committee.
- b) Other persons having the authority and responsibility for planning, directing, and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

### **1.31. Unauthorised expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.32. Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.33. Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.34. Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgment is required when recognising and measuring contingent liabilities.

**1.35. Significant judgements and sources of estimation uncertainty**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**Post-retirement medical obligations and, long service awards**

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 12 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**Impairment of receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of consumer debtors.

The calculation in respect of the impairment of fines is based on the legislative time frames on the aging of outstanding fines as well as the payment ratio.

**Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time, as well as a review of historic sales/disposal data.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant, and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.



For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**Derecognition of Land (IGRAP18)**

In order to measure/calculate the portion of land to be classified as inventory or expensed, the total housing development size (excluding portions that will vest with the municipality) is expressed as a percentage of the total land size. This percentage or factor is then used to calculate the land value to be expensed or re-classified as inventory, depending on the respective derecognition criteria.

**Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

**Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**Provisions and Contingent Liabilities**

Management judgment is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

**Revenue Recognition**

Accounting Policy 1.24 on Revenue from Non-Exchange Transactions and Accounting Policy and 1.25 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgment, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.



**Provision for Staff Leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**Provision for performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on a successful annual performance assessment outcome.

**Water inventory**

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also considered in determining the volume of water on hand at year-end.

**Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units.

**Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition, and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.36. Taxes - Value Added Tax**

Revenue, expenses, and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.37. Capital Commitments**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.38. Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken based on the financial statements.

**1.39. Service concession arrangements: Entity as grantor****Identification**

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

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

**Recognition of asset and liability**

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

**Measurement of asset and liability**

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

**Financial liability model**

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

**Grant of a right to the operator model**

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

**Dividing the arrangement**

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

**Other liabilities, contingent liabilities, and contingent assets**

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and financial instruments.

**Other revenues**

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

**Recognition of the performance obligation and the right to receive a significant interest in a service concession asset**

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

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Audited Financial Statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

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In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced, and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.



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## Notes to the Audited Annual Financial Statements

### 2. New standards and interpretations

#### 2.1. Standards and interpretations effective and adopted.

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

Standard	Description	Effective date
GRAP 1 - amended	Presentation of Financial statements	1 April 2023
GRAP 25 - amended	Employee Benefits	1 April 2023
iGRAP 7	Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their interaction	1 April 2023
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

#### 2.2. Standards and interpretations early adopted.

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

Standard	Description	Effective date
None	None	None

#### 2.3. Standards and interpretations issued, but not yet effective.

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

##### 2.3.1. GRAP 103 (amended): Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

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

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements, as the municipality's current treatment is already in line with the Standard's treatment.

##### 2.3.2. GRAP 104 (amended): Financial Instruments

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

The effective date of the standard is 1 April 2025.

The impact that the standard will have on the municipality's unaudited annual financial statements is yet to be determined.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

			2024			2023	
			R			R	
	Note	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
<b>3 HERITAGE ASSETS</b>							
Historic buildings		21 160.65	-	21 161	21 161	-	21 161
Other heritage assets		16 512.00	-	16 512	16 512	-	16 512
		<b>37 673</b>	<b>-</b>	<b>37 673</b>	<b>37 673</b>	<b>-</b>	<b>37 673</b>

### 3.1 Age and/or condition of heritage assets

Heritage Assets consist of a historical building, national monument and the mayoral chain.

The assets were measured at cost.

### 3.2 Restrictions on heritage assets

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

### 3.3 Pledged as security

There are no Heritage assets pledged as security for liabilities.

### 3.4 Contractual commitments for the acquisition, maintenance and restoration of heritage assets

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

### 3.5 Heritage assets used for more than one purpose

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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment (loss)/revers al	Depreciation	Carrying value
<b>3.6 Reconciliation of carrying value - 2024</b>								
Historic buildings	21 161	-	-	-	-	-	-	21 161
Other heritage assets	16 512	-	-	-	-	-	-	16 512
	<b>37 673</b>	-	-	-	-	-	-	<b>37 673</b>
<b>3.7 Reconciliation of carrying value - 2023</b>								
Historic buildings	18 992	-	-	-	2 169	-	-	21 161
Other heritage assets	18 681	-	-	-	(2 169)	-	-	16 512
	<b>37 673</b>	-	-	-	-	-	-	<b>37 673</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 4 INVESTMENT PROPERTY

	Note	2024			2023		
		R	R	R	R	R	R
		Cost	Accumulated	Carrying value	Cost	Accumulated	Carrying value
Investment property		R 18 143 680	R (4 093 456)	R 14 050 224	R 18 143 680	R (5 452 105)	R 12 691 575
		<b>R 18 143 680</b>	<b>R (4 093 456)</b>	<b>R 14 050 224</b>	<b>R 18 143 680</b>	<b>R (5 452 105)</b>	<b>R 12 691 575</b>

#### 4.1 Restrictions on Investment Property

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

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

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

#### 4.3 Pledged as security

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

#### 4.4 Additional Disclosure in terms of Investment Property

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standards of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

#### Amounts recognised in surplus or deficit

Rental revenue from investment property

	2024	2023
	R	R
	457 013	478 588

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Impairment (loss)/reversal	Depreciation	Carrying value
<b>4.5 Reconciliation of carrying value - 2024</b>								
Investment property	12 691 575	-	-	-	-	1 359 189	(539)	14 050 224
	<b>12 691 575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 359 189</b>	<b>(539)</b>	<b>14 050 224</b>
<b>4.6 Reconciliation of carrying value - 2023</b>								
Investment property	12 692 113	-	-	-	-	-	(538)	12 691 575
	<b>12 692 113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(538)</b>	<b>12 691 575</b>

  
 DEPARTMENT OF PUBLIC WORKS  
 AND INFRASTRUCTURE  
 Building by realising our vision

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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### Note 5 PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	R	R	R	R	R	R
	Accumulated depreciation and accumulated impairment			Accumulated depreciation and accumulated impairment		
	Cost	Carrying value		Cost	Carrying value	
Land	317 317 038	(36 591 817)	280 725 221	317 317 038	(26 388 723)	290 928 315
Plant and machinery	14 619 372	(8 981 034)	5 638 339	12 265 509	(8 399 048)	3 866 461
Motor vehicles	71 992 777	(31 937 740)	40 055 037	60 050 980	(28 639 565)	31 411 416
Office equipment	9 228 162	(7 638 638)	1 589 524	9 154 484	(7 499 090)	1 655 394
It equipment	13 966 462	(10 246 650)	3 719 812	14 135 102	(10 127 228)	4 007 875
Infrastructure	1 235 634 978	(347 626 019)	888 008 960	1 160 921 378	(322 375 949)	838 545 428
Community	99 920 014	(33 633 535)	66 286 480	96 485 876	(31 773 317)	64 712 559
Other property, plant and equipment	65 489 385	(31 674 248)	33 815 137	64 801 795	(30 975 499)	33 826 295
	<b>1 828 168 189</b>	<b>(508 329 680)</b>	<b>1 319 838 509</b>	<b>1 735 132 162</b>	<b>(466 178 419)</b>	<b>1 268 953 742</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	R	R	R	R	R	R	R
	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Impairment (loss)/reversal	Depreciation	Carrying value
<b>5.1 Reconciliation of carrying value - 2024</b>							
Land	290 928 315	-	-	-	(10 203 093)	-	280 725 221
Plant and machinery	3 866 461	3 022 084	-	(135 739)	-	(1 114 467)	5 638 339
Motor vehicles	31 411 416	12 687 430	-	(70 816)	-	(3 972 993)	40 055 037
Office equipment	1 655 394	358 842	-	(20 464)	-	(404 248)	1 589 524
It equipment	4 007 875	788 036	-	(68 652)	-	(1 007 446)	3 719 812
Infrastructure	838 545 428	81 883 638	-	(2 750 578)	-	(29 669 529)	888 008 960
Community	64 712 559	4 868 231	-	(297 082)	-	(2 997 229)	66 286 480
Other property, plant and equipment	33 826 295	703 013	-	(2 482)	115 508	(827 197)	33 815 137
	<b>1 268 953 742</b>	<b>104 311 273</b>	<b>-</b>	<b>(3 345 812)</b>	<b>(10 087 586)</b>	<b>(39 993 109)</b>	<b>1 319 838 509</b>

## 5.2 Reconciliation of carrying value - 2023

Land	290 928 315	-	-	-	-	-	290 928 315
Plant and machinery	4 545 155	554 358	-	(64 547)	-	(1 168 505)	3 866 461
Motor vehicles	31 963 074	3 094 989	-	(42 958)	-	(3 603 689)	31 411 416
Office equipment	1 998 289	205 228	-	(14 505)	-	(533 618)	1 655 394
It equipment	5 223 436	101 661	-	(71 066)	-	(1 246 157)	4 007 875
Infrastructure	790 222 378	76 860 126	-	(1 248 239)	-	(27 288 836)	838 545 428
Community	63 294 314	4 413 283	-	(84 836)	-	(2 910 202)	64 712 559
Other property, plant and equipment	35 032 590	(422 492)	-	(2 068)	-	(781 734)	33 826 295
	<b>1 223 207 551</b>	<b>84 807 152</b>	<b>-</b>	<b>(1 528 219)</b>	<b>-</b>	<b>(37 532 742)</b>	<b>1 268 953 742</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>5.3 Capital commitments</b>			
Capital commitments applicable	66	10 876 239	14 780 426

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

#### Cumulative expenditure recognised in the carrying value of property, plant and equipment

Electrical Infrastructure	17 801 577	14 054 237
Roads Infrastructure	6 384 685	7 758 837
Sanitation Infrastructure	4 860 597	533 000
Water Supply Infrastructure	35 245 054	1 793 332
Community Assets	3 635 746	401 085
	<b>67 927 659</b>	<b>24 540 491</b>

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

Infrastructure Assets	64 682 053	65 671 104
Community Assets	1 847 958	3 697 602
Other Assets	334 541	939 708
	<b>66 864 552</b>	<b>70 308 414</b>

#### Reasons for delay:

- Mainly Budgeting/Funding Constraints
- Delay with Grant Funding Applications
- Contractor Performance

#### Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Other Assets	605 167	-
	<b>605 167</b>	<b>-</b>

#### Reasons for delay:

- Projects related to the airport halted, due to a lease agreement entered into with another entity, whom will take over all airport related operations.

### 5.5 Expenditure incurred to repair and maintain property, plant and equipment

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

Employee Related costs	17 621 638	17 237 521
Contracted Services	27 978 362	29 072 117
Materials	3 955 357	5 374 503
Other Expenses	142 698	39 626
	<b>49 698 055</b>	<b>51 723 766</b>

### 5.6 Restrictions on property, plant and equipment assets

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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 5.7 Pledged as security

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

### 5.8 Change in estimates in terms of GRAP 3

#### Depreciation before adjustments:

Community Assets	35 446	61 631
Computer Equipment	-	145 426
Electrical Infrastructure	18 380	103 805
Furniture and Office Equipment	23 742	21 276
Machinery and Equipment	-	115 818
Network and Communication	236	465
Other Assets	-	32 011
Roads Infrastructure	46 427	232 658
Sanitation Infrastructure	23 740	31 385
Water Supply Infrastructure	14 433	224 208
	<b>162 404</b>	<b>968 684</b>

#### Depreciation after adjustments:

Community Assets	8 924	7 271
Computer Equipment	-	29 142
Electrical Infrastructure	4 888	20 722
Furniture and Office Equipment	5 952	4 428
Machinery and Equipment	-	23 432
Network and Communication	124	305
Other Assets	-	6 402
Roads Infrastructure	13 357	26 504
Sanitation Infrastructure	8 622	6 277
Water Supply Infrastructure	4 418	44 842
	<b>46 286</b>	<b>169 326</b>

The remaining useful lives of these assets were reviewed and amended, with a minimum period of three years. The increase in the useful lives resulted in a reduction in depreciation charges as indicated above.

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>6 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		3 675	3 880
Cash at bank		57 201 527	49 901 920
Short-term deposits		108 226 834	45 172 261
		<b>165 432 036</b>	<b>95 078 061</b>
<b>Current assets</b>		165 432 036	95 078 061

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

### Reconciliation of available cash and investment resources

The Following are Cash and Investment Resources held that are held by the municipality but may not be used for other than the intended purposes as stated below:

Cash and cash equivalents	165 432 036	95 078 061
	<b>165 432 036</b>	<b>95 078 061</b>
<b>Less:</b>		
Unspent conditional grants	915 986	10 948 256
Consumer deposits	11 361 601	10 793 475
Capital Replacement Reserve	71 850 000	29 950 000
<b>Resources available for working capital requirements</b>	<b>81 304 450</b>	<b>43 386 330</b>

### The municipality had the following bank accounts as at 1 July: -

Nedbank - current account number 1089911513 (Primary bank account)	5 146 436	1 975 173
Nedbank - current account number 1089913079 (Traffic account)	49 144	60 302
Nedbank - current account number 1089913974 (Direct deposits)	3 455 319	1 132 909
Standard bank - current account number 372884709 (Primary bank account)	4 776 338	19 464 330
Standard bank - current account number 372884741 (Bitou grants)	51 576 948	25 694 868



# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>The municipality had the following bank accounts as at 30 June: -</b>			
Nedbank - current account number 1089911513 (Primary bank account)		-	5 146 436
Nedbank - current account number 1089913079 (Traffic account)		-	49 144
Nedbank - current account number 1089913974 (Direct deposits)		-	3 455 319
Standard bank - current account number 372884709 (Primary bank account)		60 854 666.19	4 776 338
Standard bank - current account number 372884741 (Ring-fencing Account)		516 735.70	51 576 948
Cash book balance at beginning of year		49 901 919.69	48 623 386
Cash book balance at end of year		57 201 527.48	49 901 920
Bank statement balance at beginning of year		65 004 185.14	48 327 582
Bank statement balance at end of year		61 371 401.89	65 004 185
<b>7 INVENTORIES</b>			
Consumable stores		13 458 748	12 859 023
Unsold properties held for resale		2 235 230	2 235 230
Water for distribution		151 471	262 460
		<b>15 845 449</b>	<b>15 356 713</b>
<b>7.1 Inventory pledged as security</b>			
No inventory assets were pledged as security for liabilities.			
<b>7.2 Water for distribution</b>			
Opening Balance		262 460	271 089
Decrease in net realisable value opening balance		(97 743)	-
System input volume		14 836 566	21 668 014
Billed consumption		(9 275 074)	(13 919 817)
Data transfer and management errors		(5 561 492)	(7 756 825)
Unavoidable annual real losses	39	(13 246)	(1)
		<b>151 471</b>	<b>262 460</b>
<b>8 OPERATING LEASE ( ACCRUAL)</b>			
Operating lease asset - Current		17 640	155 194
Operating lease liability - Current		(441 391)	(217 529)
		<b>(423 751)</b>	<b>(62 335)</b>

A further breakdown/ explanation can be found below and under note 66 sub-heading Operating lease

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 8.1 Operating leases - as lessor (income)

At the statement of financial position date, where the municipality acts as a lessor under operating leases, it

#### Minimum lease payments due

- within one year	757 075	652 195
- in second to fifth year inclusive	211 926	49 968
-later than five years	25	25
	<b>969 026</b>	<b>702 187</b>

### 8.2 Operating leases - as lessee (expense)

At the statement of financial position date, where the municipality acts as a lessee under operating leases, it

#### Minimum lease payments due

- within one year	3 715 317	2 735 832
- in second to fifth year inclusive	8 402 603	10 092 636
	<b>12 117 920</b>	<b>12 828 468</b>

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

Operating leases consists of agreements for building/office rentals and office printing machines.

The municipality does not engage in any sub-lease agreements

The municipality did not pay any contingent rent during the year

## 9 DEBTORS DISCLOSURE

### Gross balances

Electricity (exchange)	30 073 091	28 711 120
Water (exchange)	92 734 948	78 618 873
Waste water (exchange)	99 022 639	93 927 068
Refuse (exchange)	59 543 701	55 219 138
Housing rentals (exchange)	1 402 326	1 006 477
Sundries (exchange)	20 424 523	16 969 736
Property rates (non-exchange)	55 959 676	54 786 008
Electricity (non-exchange)	3 657 318	3 725 563
Water (non-exchange)	5 236 230	5 508 032
Waste water (non-exchange)	5 445 794	6 331 804
Refuse (non-exchange)	3 403 614	3 533 269
Fines (non-exchange)	112 618 132	96 374 172
Sundries (non-exchange)	293 276	275 071
	<b>489 815 269</b>	<b>444 986 331</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Less: Allowance for impairment</b>			
Electricity (exchange)		(9 118 485)	(8 046 095)
Water (exchange)		(79 924 980)	(70 843 486)
Waste water (exchange)		(90 893 078)	(87 655 248)
Refuse (exchange)		(55 918 853)	(51 753 124)
Housing rentals (exchange)		(1 111 504)	(968 731)
Sundries (exchange)		(6 135 512)	(5 267 802)
Property rates (non-exchange)		(35 164 492)	(32 909 401)
Electricity (non-exchange)		(3 176 104)	(2 746 980)
Water (non-exchange)		(4 089 894)	(4 369 465)
Waste water (non-exchange)		(4 901 909)	(5 134 848)
Refuse (non-exchange)		(3 003 115)	(3 396 087)
Fines (non-exchange)		(95 804 601)	(85 311 453)
		<b>(389 242 526)</b>	<b>(358 402 721)</b>
<b>Net balance</b>			
Electricity (exchange)		20 954 606	20 665 025
Water (exchange)		12 809 969	7 775 387
Waste water (exchange)		8 129 561	6 271 820
Refuse (exchange)		3 624 848	3 466 014
Housing rentals (exchange)		290 822	37 745
Sundries (exchange)		14 289 011	11 701 934
Property rates (non-exchange)		20 795 184	21 876 607
Electricity (non-exchange)		481 214	978 582
Water (non-exchange)		1 146 337	1 138 567
Waste water (non-exchange)		543 885	1 196 957
Refuse (non-exchange)		400 500	137 182
Fines (non-exchange)		16 813 531	11 062 718
Sundries (non-exchange)		293 276	275 071
		<b>100 572 742</b>	<b>86 583 610</b>
<b>Statutory receivables included in debtors above are as follows:</b>			
Fines (non-exchange)		16 813 531	11 062 718
Property rates (non-exchange)		20 795 184	21 876 607
		<b>37 608 716</b>	<b>32 939 326</b>
<b>Financial asset receivables included in debtors above are as follows:</b>			
Electricity (exchange)		20 954 606	20 665 025
Water (exchange)		12 809 969	7 775 387
Waste water (exchange)		8 129 561	6 271 820
Refuse (exchange)		3 624 848	3 466 014
Housing rentals (exchange)		290 822	37 745
Sundries (exchange)		14 289 011	11 701 934
Electricity (non-exchange)		481 214	978 582
Water (non-exchange)		1 146 337	1 138 567
Waste water (non-exchange)		543 885	1 196 957
Refuse (non-exchange)		400 500	137 182
Sundries (non-exchange)		293 276	275 071
		<b>62 964 027</b>	<b>53 644 284</b>
<b>Total debtors</b>		<b>100 572 742</b>	<b>86 583 610</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>9.01</b>	<b>Included in above is receivables from exchange transactions - current</b>		
Electricity (exchange)		20 954 606	20 665 025
Water (exchange)		12 809 969	7 775 387
Waste water (exchange)		8 129 561	6 271 820
Refuse (exchange)		3 624 848	3 466 014
Housing rentals (exchange)		290 822	37 745
Sundries (exchange)		14 289 011	11 701 934
		<b>60 098 816</b>	<b>49 917 925</b>
<b>9.02</b>	<b>Included in above is receivables from non-exchange transactions - current</b>		
Property rates (non-exchange)		20 795 184	21 876 607
Electricity (non-exchange)		481 214	978 582
Water (non-exchange)		1 146 337	1 138 567
Waste water (non-exchange)		543 885	1 196 957
Refuse (non-exchange)		400 500	137 182
Fines (non-exchange)		16 813 531	11 062 718
Sundries (non-exchange)		293 276	275 071
		<b>40 473 926</b>	<b>36 665 684</b>
<b>Net balance</b>		<b>100 572 742</b>	<b>86 583 610</b>
<b>9.03</b>	<b>Ageing of receivables from exchange and non-exchange transactions:</b>		
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.			
<b>Electricity (exchange)</b>			
Current (0 – 30 days)		5 371 766	16 954 048
31 - 60 Days		11 285 850	888 572
61 - 90 Days		1 963 143	410 117
+ 90 Days		11 452 333	10 458 383
		<b>30 073 091</b>	<b>28 711 120</b>
<b>Water (exchange)</b>			
Current (0 – 30 days)		3 687 897	7 689 638
31 - 60 Days		5 498 911	2 706 203
61 - 90 Days		5 419 815	2 539 161
+ 90 Days		78 128 326	65 683 872
		<b>92 734 948</b>	<b>78 618 873</b>
<b>Waste water (exchange)</b>			
Current (0 – 30 days)		1 374 774	6 858 111
31 - 60 Days		4 777 919	3 182 788
61 - 90 Days		3 914 947	2 358 555
+ 90 Days		88 954 999	81 527 614
		<b>99 022 639</b>	<b>93 927 068</b>



Bitou Local Municipality  
Municipal Council

29 Nov 2024

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Refuse (exchange)</b>			
Current (0 – 30 days)		678 414	3 981 277
31 - 60 Days		3 045 290	1 745 195
61 - 90 Days		2 690 413	1 367 040
+ 90 Days		53 129 584	48 125 626
		<b>59 543 701</b>	<b>55 219 138</b>
<b>Housing rentals (exchange)</b>			
Current (0 – 30 days)		8 146	44 434
31 - 60 Days		89 641	15 190
61 - 90 Days		59 661	14 658
+ 90 Days		1 244 878	932 196
		<b>1 402 326</b>	<b>1 006 477</b>
<b>Sundries (exchange)</b>			
Current (0 – 30 days)		5 816 721	6 644 080
31 - 60 Days		432 346	694 963
61 - 90 Days		2 833 244	154 859
+ 90 Days		10 875 083	9 475 835
		<b>19 957 394</b>	<b>16 969 736</b>
<b>Property rates (non-exchange)</b>			
Current (0 – 30 days)		485 214	657 683
31 - 60 Days		9 452 753	8 013 099
61 - 90 Days		3 298 645	1 709 152
+ 90 Days		42 723 064	44 406 074
		<b>55 959 676</b>	<b>54 786 008</b>
<b>Electricity (non-exchange)</b>			
Current (0 – 30 days)		-	136 677
31 - 60 Days		123 063	83 410
61 - 90 Days		106 561	76 539
+ 90 Days		3 427 694	3 428 937
		<b>3 657 318</b>	<b>3 725 563</b>
<b>Water (non-exchange)</b>			
Current (0 – 30 days)		-	308 000
31 - 60 Days		197 813	136 586
61 - 90 Days		163 557	112 724
+ 90 Days		4 874 860	4 950 722
		<b>5 236 230</b>	<b>5 508 032</b>
<b>Waste water (non-exchange)</b>			
Current (0 – 30 days)		789	295 107
31 - 60 Days		273 373	149 718
61 - 90 Days		258 796	123 757
+ 90 Days		4 912 835	5 763 223
		<b>5 445 794</b>	<b>6 331 804</b>



Bitou Local Municipality  
Municipal Council  
Municipal Manager: M. M. M. M. M.

Bitou Local Municipality

29 Nov 2024

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Refuse (non-exchange)</b>			
Current (0 – 30 days)		447	241 938
31 - 60 Days		168 344	109 238
61 - 90 Days		166 555	90 540
+ 90 Days		3 068 269	3 091 553
		<b>3 403 614</b>	<b>3 533 269</b>
<b>Fines (non-exchange)</b>			
Current (0 – 30 days)		3 694 550	3 961 900
31 - 60 Days		41 200	3 916 450
61 - 90 Days		25 800	4 353 200
+ 90 Days		108 856 582	84 142 622
		<b>112 618 132</b>	<b>96 374 172</b>
<b>Sundries (non-exchange)</b>			
Current (0 – 30 days)		27 777	112 520
+ 90 Days		265 499	162 551
		<b>293 276</b>	<b>275 071</b>
<b>Total</b>			
Current (0 – 30 days)		21 146 494	47 885 411
31 - 60 Days		35 386 504	21 641 413
61 - 90 Days		20 901 137	13 310 301
+ 90 Days		411 914 006	362 149 206
		<b>489 348 140</b>	<b>444 986 331</b>

### 9.04 Summary of debtors by customer classification

<b>Residential</b>			
Current (0 – 30 days)		18 644 620	46 905 763
31 - 60 Days		34 597 813	19 990 467
61 - 90 Days		20 422 618	12 310 896
+ 90 Days		403 333 979	318 319 541
		<b>476 999 031</b>	<b>397 526 668</b>
<b>Less: Allowance for impairment</b>		<b>(389 242 526)</b>	<b>(358 402 721)</b>
		<b>87 756 505</b>	<b>39 123 947</b>
<b>Industrial/ commercial</b>			
Current (0 – 30 days)		2 675 620	(1 609 071)
31 - 60 Days		638 180	337 034
61 - 90 Days		345 906	356 054
+ 90 Days		6 353 157	18 748 653
		<b>10 012 863</b>	<b>17 832 670</b>
<b>National and provincial government</b>			
Current (0 – 30 days)		(173 746)	2 588 719
31 - 60 Days		150 510	1 313 912
61 - 90 Days		132 613	643 351
+ 90 Days		2 226 869	25 081 011
		<b>2 336 247</b>	<b>29 626 993</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Total</b>			
Current (0 – 30 days)		21 146 494	47 885 411
31 - 60 Days		35 386 504	21 641 413
61 - 90 Days		20 901 137	13 310 301
+ 90 Days		411 914 006	362 149 206
		<b>489 348 140</b>	<b>444 986 331</b>
<b>Less:</b> Allowance for impairment		(389 242 526)	(358 402 721)
		<b>100 105 614</b>	<b>86 583 610</b>

### 9.05 Material losses

The contract of the service provider responsible for traffic fines came to end on 30 June 2022. A new service provider was only appointed, with effect 01 December 2022. For the period of approximately two and a half months (Mid September to end of November 2022), no traffic fines were issued.

The estimated loss for the 2022-23 financial year, resulting from the non-issuing of fines for the period of approximately two and a half months is estimated at R 8 654 856

During the 2023-24 financial year, there was no incidents where operations was halted. There is thus no material losses to report.

### 9.06 Trade and other receivables pledged as security

No receivables are pledged as security for financial liabilities

### 9.07 Fair value of trade and other receivables

Due to the short term nature of receivables the carrying amount disclosed in note 9 of the financial statements is an approximation of its fair value.

### 9.08 Reconciliation of allowance for impairment

Balance at beginning of the year	358 402 721	327 131 748
Contributions to allowance	252 177 949	283 162 563
Reversal of allowance	(221 338 143)	(251 891 591)
<b>Balance at end of year</b>	<b>389 242 526</b>	<b>358 402 721</b>

#### The total amount of this provision consists of:

Electricity (exchange)	9 118 485	8 046 095
Water (exchange)	79 924 980	70 843 486
Waste water (exchange)	90 893 078	87 655 248
Refuse (exchange)	55 918 853	51 753 124
Housing rentals (exchange)	1 111 504	968 731
Sundries (exchange)	6 135 512	5 267 802
Property rates (non-exchange)	35 164 492	32 909 401
Electricity (non-exchange)	3 176 104	2 746 980
Water (non-exchange)	4 089 894	4 369 465
Waste water (non-exchange)	4 901 909	5 134 848
Refuse (non-exchange)	3 003 115	3 396 087
Fines (non-exchange)	95 804 601	85 311 453
	<b>389 242 526</b>	<b>358 402 721</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Statutory receivables included in debtors impairment provision above are as follows:</b>			
Property rates (non-exchange)		35 164 492	32 909 401
Fines (non-exchange)		95 804 601	85 311 453
		<b>130 969 092</b>	<b>118 220 854</b>
<b>Financial asset receivables included in debtors impairment provision above are as follows:</b>			
Electricity (exchange)		9 118 485	8 046 095
Water (exchange)		79 924 980	70 843 486
Waste water (exchange)		90 893 078	87 655 248
Refuse (exchange)		55 918 853	51 753 124
Housing rentals (exchange)		1 111 504	968 731
Sundries (exchange)		6 135 512	5 267 802
Electricity (non-exchange)		3 176 104	2 746 980
Water (non-exchange)		4 089 894	4 369 465
Waste water (non-exchange)		4 901 909	5 134 848
Refuse (non-exchange)		3 003 115	3 396 087
		<b>258 273 434</b>	<b>240 181 867</b>
<b>Total debtors</b>		<b>389 242 526</b>	<b>358 402 721</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. The provision for impairment is based on current and past collection rates applicable to fines.

## 10 GRANTS

### Monetary allocations - other

Local Government, Water And Related Service SETA	391 574	359 886
	<b>391 574</b>	<b>359 886</b>

### Monetary Allocations: District Municipalities

Safety Plans	120 000	120 000
	<b>120 000</b>	<b>120 000</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Monetary Allocations:Provincial Government</b>			
Community Development Workers (CDW)		13 806	4 864
Community Library Services		306 460	(299 348)
Human Settlement Development		(26 275 178)	(26 575 528)
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)		(6 044 048)	(1 392 542)
Library Services Replacement Funding for most vulnerable B3 Municipalities		-	(1 248 522)
Regional Social Economic Projects (RSEP)		5 351	-
Thusong Services Centres		75 246	70 541
Western Cape Financial Management Capability		-	366 407
		<b>(31 918 363)</b>	<b>(29 074 129)</b>

### Monetary Allocations:National Government

Local Government Financial Management	-	677 707
Municipal Infrastructure	3 549	9 348 852
	<b>3 549</b>	<b>10 026 559</b>

### Total grants

<b>(31 403 240)</b>	<b>(18 567 683)</b>
---------------------	---------------------

### Unspent conditional grants

### Unpaid conditional grants

915 986	10 948 256
(32 319 226)	(29 515 940)
<b>(31 403 240)</b>	<b>(18 567 683)</b>

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

### Conditional and unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	59 306 321	58 690 265
Unconditional grants received	144 726 000	129 019 000
	<b>204 032 321</b>	<b>187 709 265</b>

## 10.1 Grants breakdown

### 10.1.1 Monetary allocations - other

#### 10.1.1.01 Local Government, Water And Related Service SETA

Opening balance	359 886	496 544
Receipts	832 363	398 900
Conditions met - transferred to revenue - operating	(800 676)	(535 558)
<b>Conditions still to be met - remain liabilities.</b>	<b>391 574</b>	<b>359 886</b>

To facilitate skills development through learning programmes like learnerships, skills programmes, internships and other learning programmes, and offer training to employed and unemployed learners

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>10.1.2 Monetary Allocations: District Municipalities</b>			
<b>10.1.2.01 Safety Plans</b>			
Opening balance		120 000	120 000
<b>Conditions still to be met - remain liabilities.</b>		<b>120 000</b>	<b>120 000</b>
This allocation is to coordinate the Community Safety Plan initiatives within the district			
<b>10.1.2.02 Tourism Marketing and Development</b>			
Receipts		390 000	-
Conditions met - transferred to revenue - operating		(390 000)	-
<b>Conditions still to be met - remain liabilities.</b>		<b>-</b>	<b>-</b>
This allocation is for a collaboration of a joint marketing platform between Bitou Municipality and Garden Route District Municipality.			
<b>10.1.3 Monetary Allocations: Provincial Government</b>			
<b>10.1.3.01 Community Development Workers (CDW)</b>			
Opening balance		4 864	15 616
Receipts		19 000	19 000
Conditions met - transferred to revenue - operating		(10 057)	(14 136)
Re-payment of unspent grant		-	(15 616)
<b>Conditions still to be met - remain liabilities.</b>		<b>13 806</b>	<b>4 864</b>
The grant aims to facilitate community development and stronger interaction and partnerships between government and communities, and to improve quality of life for people in marginalised economic areas			
<b>10.1.3.02 Community Library Services</b>			
Opening balance		(299 348)	-
Receipts		2 091 304	1 995 652
Conditions met - transferred to revenue - operating		(1 171 069)	(2 295 000)
Conditions met - transferred to revenue - capital		(314 428)	-
<b>Conditions still to be met - remain liabilities.</b>		<b>306 460</b>	<b>(299 348)</b>
To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives			
<b>10.1.3.03 Emergency Municipal Loadshedding Relief</b>			
Receipts		-	5 600 000
Conditions met - transferred to revenue - capital		-	(5 600 000)
<b>Conditions still to be met - remain liabilities.</b>		<b>-</b>	<b>-</b>
To assist municipalities with the unforeseen and immediate impact of prolonged load-shedding on water and wastewater services			

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>10.1.3.04 Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure</b>			
Receipts		140 000	135 000
Conditions met - transferred to revenue - operating		(140 000)	(135 000)
<b>Conditions still to be met - remain liabilities.</b>		<b>-</b>	<b>-</b>

To financially assist municipalities with the maintenance/construction of proclaimed municipal main roads, where the municipality is the Road Authority (Section 50 of Ordinance 19 of 1976).

### 10.1.3.05 Human Settlement Development

Opening balance	(26 575 528)	(15 590 971)
Receipts	15 672 552	-
Conditions met - transferred to revenue - operating	(1 638 087)	(10 984 557)
Conditions met - transferred to revenue - capital	(13 734 115)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>(26 275 178)</b>	<b>(26 575 528)</b>

HSDG is the largest conditional grant in Human Settlements Sector and the primary tool used to resource the Province to implement the subsidy programmes contained in the National Housing code

### 10.1.3.06 Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)

Opening balance	(1 392 542)	-
Receipts	1 182 362	-
Conditions met - transferred to revenue - operating	(3 680 403)	-
Conditions met - transferred to revenue - capital	(2 153 466)	(1 392 542)
<b>Conditions still to be met - remain liabilities.</b>	<b>(6 044 048)</b>	<b>(1 392 542)</b>

To provide the means for households to receive water, electricity and sanitation services, and to supply informal settlements with public lighting, roads, stormwater drainage systems and refuse removal

### 10.1.3.07 Library Services Replacement Funding for most vulnerable B3 Municipalities

Opening balance	(1 248 522)	-
Receipts	8 601 739	8 323 478
Conditions met - transferred to revenue - operating	(7 353 217)	(9 560 659)
Conditions met - transferred to revenue - capital	-	(11 341)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>(1 248 522)</b>

The grant is to partially fund the Provincial function of public libraries services that the municipality is managing

### 10.1.3.08 Local Government Public Employment Support

Opening balance	-	127 771
Conditions met - transferred to revenue - operating	-	(127 771)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

To provide an employment safety net for those without access to opportunities designed to lift them out of poverty

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>10.1.3.09 Regional Social Economic Projects (RSEP)</b>			
Opening balance		-	894 628
Receipts		350 000	-
Conditions met - transferred to revenue - capital		(344 649)	(500 000)
Re-payment of unspent grant		-	(394 628)
<b>Conditions still to be met - remain liabilities.</b>		<b>5 351</b>	<b>-</b>

RSEP programme is about a capable state partnering with active citizens, communities and other stakeholders to plan and implement project that improves quality of life.

### 10.1.3.1 Thusong Services Centres

Opening balance	70 541	-
Receipts	120 000	150 000
Conditions met - transferred to revenue - operating	(115 295)	(79 459)
<b>Conditions still to be met - remain liabilities.</b>	<b>75 246</b>	<b>70 541</b>

To ensure that citizens of the Western Cape Province can seamlessly access a wide range of Integrated Public Services irrespective of where they live

### 10.1.3.11 Western Cape Financial Management Capability

Opening balance	366 407	-
Receipts	700 000	800 000
Conditions met - transferred to revenue - operating	(1 008 645)	(433 593)
Re-payment of unspent grant	(57 761)	-
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>366 407</b>

Is to assist municipalities in building their capacity for efficient, effective and transparent financial management as well as strengthen their said capabilities

### 10.1.3.12 Western Cape Municipal Energy Resilience (WC MER)

Receipts	-	587 234
Conditions met - transferred to revenue - operating	-	(587 234)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

To reduce the impacts of loadshedding on businesses and citizens in the Western Cape and facilitate a lower level of reliance in Eskom

## 10.1.4 Monetary Allocations: National Government

### 10.1.4.01 Extended public works program (EPWP)

Receipts	1 879 000	1 155 000
Conditions met - transferred to revenue - operating	(1 879 000)	(1 155 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

EPWP focuses on Skill Development and providing work opportunities. It gives unemployed people access to temporary work.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>10.1.4.02 Integrated National Electrification Programme</b>			
Opening balance		-	15 414
Receipts		3 774 000	8 718 000
Conditions met - transferred to revenue - capital		(3 774 000)	(8 718 414)
Re-payment of unspent grant		-	(15 000)
<b>Conditions still to be met - remain liabilities.</b>		<b>-</b>	<b>-</b>

INEP is an initiative of Government to provide capital subsidies to municipalities to address the Electrification Backlogs of permanently occupied residential dwellings.

### 10.1.4.03 Local Government Financial Management

Opening balance	677 707	-
Receipts	1 771 000	1 721 000
Conditions met - transferred to revenue - operating	(2 448 707)	(1 043 293)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>677 707</b>

FMG aims to secure sound and sustainable management of the fiscal affairs of the municipality, focuses on Skill Development and providing work opportunities for Finance Interns.

### 10.1.4.04 Municipal Infrastructure

Opening balance	9 348 852	1 588 228
Receipts	21 783 000	22 508 000
Conditions met - transferred to revenue - operating	(1 142 200)	-
Conditions met - transferred to revenue - capital	(29 986 103)	(13 765 376)
Re-payment of unspent grant	-	(982 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>3 549</b>	<b>9 348 852</b>

MIG aims at eradicate municipal infrastructure backlogs in poor communities to ensure the provision of Basic Services such as water, sanitation, roads and community lighting

### 10.1.4.05 Water Services Infrastructure

Receipts	-	6 579 000
Conditions met - transferred to revenue - capital	-	(6 579 000)
<b>Conditions still to be met - remain liabilities.</b>	<b>-</b>	<b>-</b>

WSIG to facilitate the planning, acceleration and implementation of various project that will ensure water supply to communities identified as not receiving basic water supply services

### 10.1.5 Total grants

Opening balance	(18 567 683)	(12 332 771)
Receipts	59 306 321	58 690 265
Conditions met - transferred to revenue - operating	(21 777 356)	(26 951 260)
Conditions met - transferred to revenue - capital	(50 306 760)	(36 566 673)
Re-payment of unspent grant	(57 761)	(1 407 244)
<b>Conditions still to be met - remain liabilities.</b>	<b>(31 403 240)</b>	<b>(18 567 683)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024	2023
		R	R
<b>11</b>	<b>VAT RECEIVABLE</b>		
VAT		15 181 674	10 025 267
		<b>15 181 674</b>	<b>10 025 267</b>
<b>Net VAT receivable</b>			
VAT receivable	R	283 602 370	R 256 270 538
VAT payable	R	(268 420 695)	R (246 245 271)
	<b>R</b>	<b>15 181 674</b>	<b>R 10 025 267</b>

It must be noted that the VAT control accounts is included in the figures as set out above.

  
AUDITOR-GENERAL  
OF SOUTH AFRICA  
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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>12</b>	<b>EMPLOYEE BENEFIT OBLIGATION</b>		
Post-retirement benefits	12.1	70 559 000	66 477 000
Long service awards	12.2	13 801 000	13 052 000
<b>Total non-current employee benefit liabilities</b>		<b>84 360 000</b>	<b>79 529 000</b>
<b>12.1</b>	<b>Post retirement benefits</b>		
Opening balance		68 422 000	72 292 810
Current service cost		5 184 000	5 209 350
Interest cost		8 480 000	9 355 236
Actual employer benefit payments		(1 403 008)	(1 552 788)
Actuarial loss/ (gain) recognised in the year		(7 989 992)	(16 882 608)
<b>Closing balance</b>		<b>72 693 000</b>	<b>68 422 000</b>
<b>Less:</b> Transfer of current portion		<b>(2 134 000)</b>	<b>(1 945 000)</b>
<b>Non-current portion</b>		<b>70 559 000</b>	<b>66 477 000</b>
<b>12.2</b>	<b>Long-service awards</b>		
Opening balance		15 602 000	15 383 998
Current service cost		1 703 000	1 397 585
Interest cost		1 654 000	1 587 446
Actual employer benefit payments		(2 298 308)	(1 721 271)
Actuarial loss/ (gain) recognised in the year		(379 692)	(1 045 757)
<b>Closing balance</b>		<b>16 281 000</b>	<b>15 602 000</b>
<b>Less:</b> Transfer of current portion		<b>(2 480 000)</b>	<b>(2 550 000)</b>
<b>Non-current portion</b>		<b>13 801 000</b>	<b>13 052 000</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R		
12.3	Post-retirement benefits				
12.3.1	The post retirement benefit plan is a defined benefit plan, of which the members are made up as follows:				
	In-service members (eligible employees on medical aid)	470	474		
	In-service non-members (eligible employees w/o medical aid)	95	88		
	Continuation members (retirees and surviving dependants)	28	36		
	<b>Total</b>	<b>593</b>	<b>598</b>		
12.3.2	The defined benefit obligation was estimated to be as follows:				
		R	R		
	In-service members (eligible employees on medical aid)	55 210 000	48 696 000		
	In-service non-members (eligible employees w/o medical aid)	863 000	833 000		
	Continuation members (retirees and surviving dependants)	16 661 000	18 893 000		
	<b>Total defined benefit obligation</b>	<b>72 734 000</b>	<b>68 422 000</b>		
12.3.3	The liability in respect of past service has been estimated to be as follows:				
		2022 R	2021 R	2020 R	2019 R
	In-service members (eligible employees on medical aid)	48 402 724	46 853 000	39 666 000	44 237 818
	In-service non-members (eligible employees w/o medical aid)	466 775	452 000	365 000	391 250
	Continuation members (retirees and surviving dependants)	23 423 311	21 684 000	18 156 000	17 423 874
	<b>Total liability</b>	<b>72 292 810</b>	<b>68 989 000</b>	<b>58 187 000</b>	<b>62 052 942</b>
12.3.4	Experience adjustments were calculated as follows:				
		2024 R'000	2023 R'000	2022 R'000	2021 R'000
	Liabilities: (gain) / loss	(6 487 000)	(6 441 000)	(6 547 130)	(4 387 000)
	<b>Total liability</b>	<b>(6 487 000)</b>	<b>(6 441 000)</b>	<b>(6 547 130)</b>	<b>(4 387 000)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R															
<p><b>12.3.5</b> The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:</p> <ul style="list-style-type: none"> <li>▪ Bonitas</li> <li>▪ LA Health</li> <li>▪ SAMWUMed</li> <li>▪ KeyHealth</li> <li>▪ Sizwe-Hosmed</li> </ul>																	
<p><b>12.3.6 Key financial assumptions</b></p> <p>i) Rate of interest</p> <table> <tr> <td></td><td>%</td><td>%</td></tr> <tr> <td>Discount rates used</td><td>12.33%</td><td>12.56%</td></tr> <tr> <td>CPI inflation rate</td><td>6.30%</td><td>0.00%</td></tr> <tr> <td>Medical aid contribution inflation rate</td><td>7.80%</td><td>8.16%</td></tr> <tr> <td>Net discount rate</td><td>4.20%</td><td>4.07%</td></tr> </table> <p>ii) Mortality post-employment</p> <p>The PA 90 ultimate table, adjusted down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries</p> <p>iii) Average retirement age</p> <p>It has been assumed that in-service members will retire at an average age of 62 years, which then implicitly allows for expected rates of early and ill-health retirement. In 2018 it was 57 years.</p>		%	%	Discount rates used	12.33%	12.56%	CPI inflation rate	6.30%	0.00%	Medical aid contribution inflation rate	7.80%	8.16%	Net discount rate	4.20%	4.07%		
	%	%															
Discount rates used	12.33%	12.56%															
CPI inflation rate	6.30%	0.00%															
Medical aid contribution inflation rate	7.80%	8.16%															
Net discount rate	4.20%	4.07%															
<p><b>12.3.7 The amount recognised in the statement of financial position is as follows:</b></p> <table> <tr> <td></td><td>R</td><td>R</td></tr> <tr> <td>Present value of fund obligations</td><td>2 134 000</td><td>1 945 000</td></tr> <tr> <td><b>Net liability - unfunded</b></td><td><b>2 134 000</b></td><td><b>1 945 000</b></td></tr> </table>		R	R	Present value of fund obligations	2 134 000	1 945 000	<b>Net liability - unfunded</b>	<b>2 134 000</b>	<b>1 945 000</b>								
	R	R															
Present value of fund obligations	2 134 000	1 945 000															
<b>Net liability - unfunded</b>	<b>2 134 000</b>	<b>1 945 000</b>															

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
<b>12.3.8 Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	68 422 000	72 292 810
Current service cost (Included in employee cost in the statement of financial performance)	5 184 000	5 209 350
Interest cost (Included in employee cost in the statement of financial performance)	8 480 000	9 355 236
Benefits paid	(1 403 008)	(1 552 788)
Actuarial gain/(losses) (included in employee cost in the statement of financial performance)	(7 989 992)	(16 882 608)
<b>Present value of fund obligation at the end of the year</b>	<b>72 693 000</b>	<b>68 422 000</b>
<b>Less: Transfer of current portion</b>	<b>(2 134 000)</b>	<b>(1 945 000)</b>
<b>Balance 30 June</b>	<b>70 559 000</b>	<b>66 477 000</b>

The total liability has increased by 6.2% (or R 4.271 million) since the last valuation. The main reasons for the actual movement in the liability are:

### 12.3.9 In-service Members

The average in-service member DBO has increased by 16% since the last valuation due to:

- an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement;
- an increase in the average past service; and
- an increase in the average post-employment subsidy

These impacts were partially offset by an increase in the net discount rate.

### 12.3.10 In-service Non-Members

The average in-service non-member DBO has increased by 3% since the last valuation due to similar reasons as those described above for in-service members:

- an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement;
- an increase in the average past service; and
- an increase in the average post-employment subsidy

The total in-service non-member DBO has increased by 2% due to the above, partially offset by a decrease in the number of in-service non-members.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
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### 12.3.11 Continuation Members

The average continuation member DBO has increased by 13% since the last valuation due to an increase in the average subsidy, a decrease in the average age, and an increase in the proportion of members with a spouse dependant. These impacts were partially offset by an increase in the net discount rate:

- an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement;
- an increase in the average past service; and
- an increase in the average post-employment subsidy

The total continuation member DBO has decreased by 12% due to the above being more than offset by a decrease in the number of continuation members.

### 12.3.12 Sensitivity analysis on the accrued liability in (R millions) on 30 June 2024

Assumptions	In-service members liability R'000	In-service Non- members liability R'000	Continuation members liability R'000	Total liability R'000
Central Assumptions	55 210	863	16 661	72 734
	<b>55 210</b>	<b>863</b>	<b>16 661</b>	<b>72 734</b>

### 12.3.13 Sensitivity analysis on the defined benefit obligation:

Assumptions	Change %	In-service members liability R'000	Continuation members liability R'000	Total liability R'000	% change %
Central Assumptions		56 073	16 661	72 734	
Medical aid contribution inflation rate	1.0	66 523	18 057	84 580	16%
Medical aid contribution inflation rate	(1.0)	47 669	15 433	63 102	-13%
Discount rate	1.0	48 040	15 490	63 530	-13%
Discount rate	(1.0)	66 152	18 010	84 162	16%
Post-retirement mortality	+ 1 Year	54 759	16 094	70 853	-3%
Post-retirement mortality	- 1 Year	57 366	17 230	74 596	3%
Average retirement age	- 1 Year	61 676	16 661	78 337	8%
Membership continuation	(10.0)	49 018	16 661	65 679	-10%

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R			
12.3.14 Sensitivity analysis on current service and interest costs					
	Change %	Current service cost R'000	Interest cost R'000	Total liability R'000	% change
Assumptions					
Central Assumptions		5 184	8 480	13 664	
Medical aid contribution inflation rate	1.0	6 236	9 890	16 126	18%
Medical aid contribution inflation rate	(1.0)	4 350	7 337	11 687	-14%
Discount rate	1.0	4 425	7 974	12 399	-9%
Discount rate	(1.0)	6 144	9 059	15 203	11%
Post-retirement mortality	+ 1 Year	5 061	8 252	13 313	-3%
Post-retirement mortality	- 1 Year	5 305	8 708	14 013	3%
Average retirement age	- 1 Year	5 021	9 174	14 195	4%
Membership continuation	(10.0)	4 548	7 713	12 261	-10%

### 12.4 Long service bonuses

#### 12.4.1 The Long service Bonuses is a defined benefit, are made up as follows:

Number of eligible employees

565	562
-----	-----

The current-service cost for the ensuing year is estimated to be R1.691 million, whereas the interest cost for the next year is estimated to be R1.722 million:

#### 12.4.2 Key assumptions used

i) Rate of interest

Discount rates

CPI inflation rate

General earnings inflation rate

Net Discount Rate

%	%
11.36%	11.45%
5.48%	0.00%
6.48%	6.68%
4.58%	4.47%

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note		2024	2023		
		R	R		
12.4.3	The amount recognised in the statement of financial position is as follows:				
		R	R		
	Present value of fund obligations	16 281 000	15 602 000		
	Net liability - unfunded	16 281 000	15 602 000		
12.4.4	The liability in respect of periods commencing prior to the comparative year has been:				
		2022	2021	2020	
		R	R	R	
	In-service (employee) members	15 383 998	12 937 000	11 306 000	
	Total liability	15 383 998	12 937 000	11 306 000	
12.4.5	Experience adjustments were calculated as follows:				
		2024	2023	2022	2021
		R	R	R	R
	Liabilities: (gain) / loss	(277 692)	44 243	36 084	999 593
	Total liability	(277 692)	44 243	36 084	999 593
12.4.6	Reconciliation of present value of fund obligation:				
			R		R
	Present value of fund obligation at the beginning of the year		15 602 000		15 383 998
	Current service cost (Included in employee cost in the statement of financial performance)		1 703 000		1 397 585
	Interest cost (Included in employee cost in the statement of financial performance)		1 654 000		1 587 446
	Benefits paid		(2 298 308)		(1 721 271)
	Actuarial gain/(losses) (included in employee cost in the statement of financial performance)		(379 692)		(1 045 757)
	Present value of fund obligation at the end of the year		16 281 000		15 602 000
	Less: Transfer of current portion		(2 480 000)		(2 550 000)
	Balance 30 June		13 801 000		13 052 000



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note		2024 R	2023 R
<b>12.4.7 Sensitivity analysis on the DBO on 30 June 2024</b>			
<b>Assumptions</b>	<b>Change %</b>	<b>Liability R'000</b>	<b>% change</b>
Central assumption		16 364	
General earnings inflation rate	1.0	17 368	6%
General earnings inflation rate	(1.0)	15 454	-6%
Discount rate	1.0	15 438	-6%
Discount rate	(1.0)	17 401	6%
Average retirement age	+ 2 Year	18 660	14%
Average retirement age	- 2 Year	14 433	-12%
Rates of termination of service	x 2	13 245	-19%
Rates of termination of service	x 0.5	18 494	13%

## 12.5 Retirement funds

The municipality requested detailed employee and pensioner information as well as information on the municipality's share of the pension and retirement funds' assets from the fund administrator. The fund administrator confirmed that assets of the pension and retirement funds are not split per participating employer. Therefore, the municipality is unable to determine the value of the plan assets as defined in GRAP 25.

Therefore, although the Cape Joint Retirement fund is a multi employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

### 12.5.1 LA RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 120.3% (30 June 2022 -111.6%).

Contributions paid recognised in the statement of financial performance

R	R
246 656	407 497

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note	2024 R	2023 R
<b>12.5.2 CAPE RETIREMENT FUND</b>		
The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 120.1% (30 June 2022 -131.6%).	R	R
Contributions paid recognised in the statement of financial performance	28 507 630	26 424 910
<b>12.5.3 DEFINED CONTRIBUTION FUNDS</b>		
Council contribute to the Government employees pension fund, Municipal council pension fund, IMATU retirement fund and SAMWU national provident fund which are defined contribution funds. The retirement benefit funds are subject to the pension fund act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by council are charged against expenditure on the basis of current service costs.	R	R
Contributions paid recognised in the statement of financial performance	97 576	90 409

  
DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE  
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# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>13</b>	<b>FINANCE LEASE LIABILITIES</b>		
	<b>At amortised cost</b>		
	<b>Standard Bank</b>		
	Finance lease - SCM/2020/20/ENG	-	1 250 915
		-	<b>1 250 915</b>
	<b>Standard bank</b>		
	The municipality has historically entered into a Vehicle Finance Lease agreement with Standard Bank. The lease repayment period were for 36 months, starting 30 August 2020. Lease instalments were payable monthly. No escalation was applicable. The lease agreement was concluded during the current 2023/2024 financial year.		
	The effective rate was fixed at 9.55%		
	The fair value of finance lease liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.		
	<b>Current liabilities</b>	-	1 250 915
	<b>Total finance leases</b>	-	<b>1 250 915</b>
<b>13.1</b>	<b>The obligations under finance leases are scheduled below:</b>		
	<b>Amounts payable under finance leases</b>		
	Within 1 year	-	1 272 881
	Less: Future finance obligations	-	(21 966)
	<b>Present value of finance lease obligations</b>	-	<b>1 250 915</b>
<b>13.2</b>	<b>Utilisation of finance lease liabilities reconciliation</b>		
	Finance lease liabilities	-	1 250 915
	Used to finance property, plant and equipment	-	(1 250 915)
	Finance lease liabilities have been utilized in accordance with the Municipal Finance Management Act		
	Refer to Appendix B for more detail on finance leases.		
<b>14</b>	<b>BORROWINGS</b>		
	<b>At amortised cost</b>		
	<b>Annuity loans</b>		
	<b>Banks: ABSA</b>		
	ABSA - 2015/2016	5 800 299	8 285 867
	ABSA - 2016/2017	10 206 393	13 000 142
		<b>16 006 692</b>	<b>21 286 009</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Banks: Nedbank</b>			
Nedbank - 7831 033912 / 000 001		1 605 688	3 034 795
Nedbank - 2017/2018		16 216 440	19 322 721
Nedbank 2022/2023		33 273 815	35 255 300
		<b>51 095 943</b>	<b>57 612 816</b>
<b>Banks: Standard Bank</b>			
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)		2 697 940	5 112 841
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)		0	1 888 287
Standard Bank - 2023/2024		45 150 000	-
		<b>47 847 940</b>	<b>7 001 128</b>
<b>Banks: Development Bank of South Africa</b>			
DBSA - 103437/1		12 751 030	14 566 439
DBSA - 103437/2		(0)	359 859
		<b>12 751 030</b>	<b>14 926 297</b>
<b>Annuity loans total</b>		<b>127 701 605</b>	<b>100 826 251</b>
<b>Borrowings total</b>		<b>127 701 605</b>	<b>100 826 251</b>

### Development Bank loans

Bitou Local Municipality currently has 1 active loan with the Development Bank of South Africa. The loan instalment is payable bi annually, during December and June, on a "Fixed capital plus interest" basis as per Loan Agreement. Interest rate applicable on the loan is 11,16%. Maturity date on the loan is June 2029. Loan is unsecured. DBSA loan, reference 103437/2, was repaid in full during June 2024.

### Standard Bank loans

Bitou Local Municipality currently has 2 active loans with Standard Bank. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans are 11,40% and 11,45% respectively. Maturity dates on the loans are June 2025 and June 2034. The loans are unsecured. One Standard Bank loan, reference 536665, was repaid in full during June 2024. A new Standard Bank loan, to the amount of R45 150 000.00 was taken up during the 2023/2024 financial year.

### Nedbank loans

Bitou Local Municipality currently has 3 active loans with Nedbank. One of the loans is repayable in monthly instalments, while the other two are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10.54% to 11.87%. Maturity dates on the loans vary from June 2025 to June 2033. The loans are unsecured.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### ABSA loans

Bitou Local Municipality currently has 2 active loans with ABSA. The loans instalments are payable bi annually, during December and June. Interest rates applicable on the loans vary from 10.04 % to 10.36%. Interest are compounded monthly in arrears on the Absa 2015/2016 loan (R20 million loan amount at 10,36% pa). Maturity dates on the loans are June 2026 and June 2027 respectively. The loans are unsecured.

The fair value of long-term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

<b>Non-current liabilities</b>	107 276 384	82 546 469
<b>Current liabilities</b>	20 425 221	18 279 782
<b>Total borrowings</b>	<b>127 701 605</b>	<b>100 826 251</b>

### 14.1 The obligations under annuity loans are scheduled below:

#### Amounts payable under annuity loans

Within 1 year	34 249 641	29 003 367
Between 1 and 5 years	95 376 935	81 656 856
After 5 years	62 938 550	34 008 806
Less: Future finance obligations	(64 863 521)	(43 842 778)
<b>Present value of annuity loans obligations</b>	<b>127 701 605</b>	<b>100 826 251</b>

### 14.2 Utilisation of long-term liabilities reconciliation

Long-term borrowings	127 701 605	100 826 251
Used to finance property, plant and equipment	(115 316 507)	(97 668 925)
<b>Present value of annuity loans obligations</b>	<b>12 385 098</b>	<b>3 157 325</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Any unspent amounts are rolled over to the next year's budget and in line with council's approval of capital projects that is funded by borrowings.

Refer to Appendix B for more detail on borrowings.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>15</b>	<b>CONSUMER DEPOSITS</b>		
Builder's deposit		1 350 075	1 135 500
Consumer Service		9 943 066	9 595 515
Rental properties		68 461	62 461
<b>Total</b>		<b>11 361 601</b>	<b>10 793 475</b>
Guarantees held in lieu of consumer service deposits		246 125	246 125

### Consumer Service:

Consumer service deposits are paid by consumers on application for new and existing water and electricity connections. The deposits are repaid only when the water and electricity connections are terminated and the account is settled in full. In cases where consumers default on their accounts, council has the right to utilize the deposit as payment for the final outstanding account.

### Builder's deposit:

Deposits for building plans are paid when such plans are submitted. These deposits are held until completion of the building and paid out when final occupancy certificates are issued.

### Rental properties (Hire of halls):

Deposits are paid for the rental of properties (hire of halls). Deposits will not be repaid in the case of any breakage to the municipality's property because of negligence from the person who hired the hall, the refundable deposit will go to the repairs of the damages.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of consumer deposits approximate their fair values.

The fair value of consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

## 16 CURRENT EMPLOYEE BENEFIT OBLIGATION

Current portion of post retirement benefits	12.1	2 134 000	1 945 000
Current portion of long-service awards	12.2	2 480 000	2 550 000
Leave	16.1	24 925 654	25 618 963
Annual bonus	16.2	7 504 645	6 974 491
Performance bonus	16.3	586 393	941 550
<b>Total current employee benefit liabilities</b>		<b>37 630 691</b>	<b>38 030 003</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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The movement in current employee benefits are reconciled as follows:

### 16.1 Leave

Opening balance	25 618 963	25 882 448
Increases	2 533 838	2 649 757
Reductions (outflow of economic benefits)	(3 227 147)	(2 913 242)
<b>Closing balance</b>	<b>24 925 654</b>	<b>25 618 963</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

### 16.2 Annual bonus

Opening balance	6 974 491	4 233 898
Increases	13 760 969	14 976 023
Reductions (outflow of economic benefits)	(13 230 815)	(12 235 431)
<b>Closing balance</b>	<b>7 504 645</b>	<b>6 974 491</b>

Bonuses are being paid to all permanent municipal staff as a 13th cheque or to contract employees, which is part of their employment benefits and where the bonuses are structured as such in their total cost to company package. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

### 16.3 Performance bonus

Opening balance	941 550	387 815
Increases	586 393	838 008
Reductions (outflow of economic benefits)	(880 964.00)	-
Reductions (without outflow of economic benefits)	(60 586)	(55 143)
Reversals	-	(229 130)
<b>Closing balance</b>	<b>586 393</b>	<b>941 550</b>

Performance bonuses are paid only to Section 57 managers. Provision is made for the full cost of performance bonuses. This provision would be realised when performance appraisals was completed.

  
Auditor-General of South Africa  
29 Nov 2024



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### Note

#### 17 PROVISIONS

##### 17.1 Reconciliation of provisions - 2024

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Other R	Total R
Legal proceedings	7 843 314	2 729 769	(150 000)	(117 568)	-	-	10 305 515
	<b>7 843 314</b>	<b>2 729 769</b>	<b>(150 000)</b>	<b>(117 568)</b>	<b>-</b>	<b>-</b>	<b>10 305 515</b>

##### 17.2 Reconciliation of provisions - 2023

	Opening Balance R	Additions R	Utilised during the year R	Reversed during the year R	Change in discount factor R	Other R	Total R
Legal proceedings	5 635 691	3 661 124	(1 453 501)	-	-	-	7 843 314
Balance at the end of year	<b>5 635 691</b>	<b>3 661 124</b>	<b>(1 453 501)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 843 314</b>

	2024 R	2023 R
Non-Current Liabilities	-	-
Current Liabilities	10 305 515	7 843 314
Total Provisions	<b>10 305 515</b>	<b>7 843 314</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

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### Note

#### 17.3 Legal proceedings provision

- a) A dispute case between Bitou Municipality and Mr. A Croutz regarding unfair dismissal, a arbitration verdict was issued in favor of the plaintiff. The amount provided is according to the arbitration verdict.
- b) A settlement agreement was reached between Bitou Municipality and John Victor. The amount provided for is the best estimate as advised.
- c) Appeal matter between Bitou Municipality and Mr. L Jacobs with regards to the fairness of his dismissal. The outcome was the plaintiff be re-instated and the amount provided for is according to the appeal outcome.
- d) A dispute case between Bitou Municipality and Mr. N Siko regarding unfair dismissal, an arbitration verdict was issued in favor of the plaintiff. The amount provided is according to the arbitration verdict.
- e) The case between Bitou Local Municipality and Ms. N Minnaar regarding damages allegedly sustained. A settlement agreement was reached, and the amount provided for is in accordance with the agreement.
- f) A Deed settlement agreement was reached between Bitou Municipality and Ms. RD Bluett. The amount provided for is a best estimate as advised.
- g) A variation ruling was reached between Bitou Municipality and Mr. R Van Rooi regarding unfair labor practice. An award was issued in favor of the plaintiff and the amount provided for is in accordance with the ruling.
- h) A settlement agreement was reached between Bitou Municipality and S Dixon. The amount provided for is in accordance with the settlement agreement.



AUDITOR-GENERAL  
OF SOUTH AFRICA  
Auditing the Public Accountants  
29 Nov 2024

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>18</b>	<b>PAYABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	Unallocated deposits	-	46 118
	<b>Total</b>	<b>-</b>	<b>46 118</b>

<b>19</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Accrued interest	61 484	23 928
	Auditor-general of South Africa	-	1 507
	Bulk water	438 774	979 921
	Control, clearing and interface accounts	1 738 233	106 574
	Payables and accruals	92 220 192	62 929 139
	Payments received in advance	25 394 031	24 216 447
	Retention	6 879 645	5 294 628
	Unclaimed deposits	3 817 331	1 197 268
	<b>Total</b>	<b>130 549 691</b>	<b>94 749 411</b>

Payables are being recognised net of any discounts.

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors mainly comprise deposits received towards services to be rendered to the municipality.

Unclaimed deposits are unknown banking deposits made on the municipality's banking accounts that might be related to either municipal account or traffic fine payments. No interest is raised and the credits held by the municipality are refunded/allocated once the services have been rendered or applied to the service account or traffic fine once the origin of the credit has been established. Management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

All payables are unsecured.

Retentions do not include retention guarantees that are held by the respective financial institutions, however they are included as part of financial instruments and financial risk management

<b>20</b>	<b>RESERVES</b>		
	Capital Replacement Reserve	71 850 000	29 950 000
	Augmentation reserves	4 830 936	-
		<b>76 680 936</b>	<b>29 950 000</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>20.01</b>	<b>CAPITAL REPLACEMENT RESERVE</b>		
Opening balance		29 950 000	18 550 009
<b>Restated opening balance</b>		<b>29 950 000</b>	<b>18 550 009</b>
Transfers in		65 334 037	30 603 251
Transfers out		(23 434 037)	(19 203 260)
<b>Closing balance</b>		<b>71 850 000</b>	<b>29 950 000</b>
<b>20.02</b>	<b>AUGMENTATION RESERVES</b>		
Transfers in		4 830 936	-
<b>Closing balance</b>		<b>4 830 936</b>	<b>-</b>
<b>21</b>	<b>AGENCY SERVICES</b>		
Vehicle registration		2 497 659	2 500 851
<b>Total</b>		<b>2 497 659</b>	<b>2 500 851</b>
Also refer to note 67.1, which relates to municipality as an agent disclosure.			
<b>22</b>	<b>INTEREST CHARGED ON EXCHANGE TRANSACTIONS</b>		
Electricity		1 091 131	1 159 916
Property rental debtors		39 480	65 364
Refuse removal		2 725 046	3 598 356
Waste water management		4 744 059	6 634 205
Water		4 643 355	5 661 669
<b>Total</b>		<b>13 243 071</b>	<b>17 119 510</b>
<b>23</b>	<b>INTEREST EARNED - CASH AND INVESTMENTS</b>		
Bank accounts		3 391 865	3 364 003
Investments		9 811 343	4 662 789
		<b>13 203 208</b>	<b>8 026 792</b>
<b>24</b>	<b>LICENSES AND PERMITS (EXCHANGE)</b>		
Boat		291 188	116 062
Road and transport		1 084 739	1 070 740
Trading		51 556	8 956
<b>Total</b>		<b>1 427 483</b>	<b>1 195 759</b>
<b>25</b>	<b>OPERATIONAL REVENUE</b>		
Administrative handling fees		146 727	208 576
Breakages and losses recovered		2 354	1 898
Commision		247 271.92	205 825
Development Charges		4 830 936	1 539 969
Incidental cash surplus		28	139
Insurance refunds		904 916	369 583
Landing fees		1 046 904	1 415 321
Request for information		1 200	1 100
Staff and councillors recoveries		235 142	360 192
<b>Total</b>		<b>7 415 480</b>	<b>4 102 602</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>26</b>	<b>RENDERING OF SERVICES</b>		
Building/ town planning fees		6 170 126	5 374 717
Cemetary fees		27 761	37 879
Clearance certificate		165 606	150 868
Entrance fees		54 554	50 128
Escort/ road closure fees		9 977	10 581
Fire services		20 040	29 816
Housing (boarding services)		896 104	793 108
Other revenue from rendering of services		-	7 956
Parking fees		44 680	45 065
Photocopies, faxes an telephone charges		45 363	43 025
Valuation Services		12 706	-
		<b>7 446 917</b>	<b>6 543 142</b>
<b>27</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
<b>Premises</b>			
Premises		1 050 958	830 884
		<b>1 050 958</b>	<b>830 884</b>
<b>Facilities and equipment</b>			
Rental of facilities		303 485	292 784
		<b>303 485</b>	<b>292 784</b>
<b>Total</b>		<b>1 354 443</b>	<b>1 123 668</b>
<b>28</b>	<b>SALE OF GOODS</b>		
Publications		69 345	57 565
		<b>69 345</b>	<b>57 565</b>
<b>29</b>	<b>SERVICE CHARGES</b>		
Other service charges		3 420	366
Refuse removal		44 963 662	41 353 150
Sale of electricity		230 903 838	210 164 342
Sale of water		87 794 690	81 626 602
Sewerage and sanitation charges		67 358 185	72 644 993
		<b>431 023 794</b>	<b>405 789 453</b>
<b>30</b>	<b>ACTUARIAL GAINS</b>		
Post Retirement Benefits		7 989 992	16 882 608
Long service awards		379 692	1 128 756
<b>Total</b>		<b>8 369 684</b>	<b>18 011 364</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>31</b>	<b>AVAILABILITY CHARGES (NON-EXCHANGE)</b>		
	Electricity - availability	2 105 472	2 064 215
	Refuse - availability	3 122 359	4 148 853
	Waste Water - availability	6 234 268	5 760 587
	Water - availability	3 287 710	5 010 651
	<b>Total</b>	<b>14 749 809</b>	<b>16 984 306</b>
<b>32</b>	<b>INTEREST CHARGED ON NON-EXCHANGE TRANSACTIONS</b>		
	Property rates	2 291 556	4 242 192
	<b>Total</b>	<b>2 291 556</b>	<b>4 242 192</b>
<b>33</b>	<b>PROPERTY RATES</b>		
<b>33.1</b>	<b>Rates received</b>		
	Residential	152 522 041	127 726 680
	Commercial	19 148 059	17 903 603
	Small holdings and farms	3 014 469	2 714 922
	Industrial	1 204 589	990 455
	Other	2 339 360	2 109 048
	<b>Total</b>	<b>178 228 517</b>	<b>151 444 708</b>
<b>33.2</b>	<b>Valuations</b>		
		<b>R 000</b>	<b>R 000</b>
	Residential	26 649 310	26 115 609
	Commercial	2 041 342	1 916 713
	State	215 860	215 860
	Municipal	653 282	652 082
	Small holdings and farms	2 042 326	2 041 746
	Industrial	118 100	119 300
	Other	479 921	524 887
	<b>Total</b>	<b>32 200 141</b>	<b>31 586 197</b>

Assessment rates are levied on the value of land and improvements, for which a valuation must be performed every 4 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2021

Other consist of:

Public benefit organisation

Public Service Infrastructure

Sport Clubs/Fields not operating from municipal property.

The tariff for residential properties is used as the basis for the calculation of property rates for all other categories. A business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households

Rates are levied monthly on all ratable property and are payable by the 7th of the next month. Property owners may apply to have their rates levied annually, with accounts payable by 30 September for annual rates. Interest is levied monthly on overdue accounts at prime plus 1%.

Rebates are annually determined by Council in the approved tariff structure and is applied to the applicable property categories accordingly.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>33.3 Basic rate</b>		<b>c / R</b>	<b>c / R</b>
Residential		0.602	0.562
Commercial		1.004	0.937
State		1.004	0.937
Small holdings and farms		0.151	0.140
Industrial		1.004	0.937
<b>Other - See breakdown below</b>			
> Public benefit organisation		0.151	0.140
> Public Service Infrastructure		0.151	0.140
> Sport Clubs/Fields not operating form municipal property		0.602	0.562
<b>34 SURCHARGES AND TAXES</b>			
Nature's Valley - Special Rated Area		1 419 866	-
<b>Total</b>		<b>1 419 866</b>	<b>-</b>
<b>35 CONTRIBUTED ASSETS</b>			
Donated asset at Longships drive playpark		32 744	-
<b>Total</b>		<b>32 744</b>	<b>-</b>
<b>36 FINES, PENALTIES AND FORFEITS</b>			
Disconnection fees penalties		3 588	42 120
Illegal connections fines		41 712	85 147
Municipal traffic fines		58 136 249	43 878 345
Overdue books fines		6 710	3 311
Unclaimed money forfeits		2 263 140	2 713 436
<b>Total</b>		<b>60 451 399</b>	<b>46 722 358</b>

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

### 36.1 MUNICIPAL TRAFFIC FINES REDUCED IN TERMS OF IGRAP 20

Fines reduced amount	1 928 230	1 306 205
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Reduced fines are requests that customers submit to either the local municipal office or court. It will state that the customers can't afford to pay the full fine issued therefore requesting for reduction formally.

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

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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>37</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	<b>Operating grants</b>		
	<b>National Government</b>		
Equitable Share		144 726 000	129 019 000
Extended public works program (EPWP)	10.1.4.01	1 879 000	1 155 000
Local Government Financial Management	10.1.4.03	2 448 707	1 043 293
Municipal Infrastructure	10.1.4.04	1 142 200	-
		<b>150 195 907</b>	<b>131 217 293</b>
	<b>Provincial Government</b>		
Community Development Workers (CDW)	10.1.3.01	10 057	-
Community Library Services	10.1.3.02	1 171 069	2 295 000
Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	10.1.3.04	140 000	135 000
Financial Management Capacity Building		-	14 136
Human Settlement Development (Beneficiaries)	10.1.3.05	1 638 087	10 984 557
Informal Settlements Upgrading Partnership: Provinces (Beneficiaries)	10.1.3.06	3 680 403	-
Local Government Public Employment Support	10.1.3.08	-	127 771
Library Services Replacement Funding for most vulnerable B3 Municipalities	10.1.3.07	7 353 217	9 560 659
Thusong Services Centres	10.1.3.1	115 295	79 459
Western Cape Financial Management Capability	10.1.3.11	1 008 645	433 593
Western Cape Municipal Energy Resilience (WC MER)	10.1.3.12	-	600 000
		<b>15 116 773</b>	<b>24 230 176</b>
	<b>District Municipalities</b>		
Tourism Marketing and Development		390 000	-
		<b>390 000.00</b>	<b>-</b>
	<b>Other</b>		
Local Government, Water And Related Service SETA	10.1.1.01	800 676	535 558
		<b>800 676</b>	<b>535 558</b>
<b>Total operating grants</b>		<b>166 503 356</b>	<b>155 983 026</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Capital grants</b>			
<b>National Government</b>			
Integrated National Electrification Programme	10.1.4.02	3 774 000	8 718 414
Municipal Infrastructure	10.1.4.04	29 986 103	13 765 376
Water Services Infrastructure	10.1.4.05	-	6 579 000
		<b>33 760 103</b>	<b>29 062 790</b>
<b>Provincial Government</b>			
Community Library Services - Capital	10.1.3.02	314 428	-
Emergency Municipal Loadshedding Relief	10.1.3.03	-	5 600 000
Human Settlement Development	10.1.3.05	13 734 115	-
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries) - Capital	10.1.3.06	2 153 466	1 392 542
Library Services Replacement Funding for most vulnerable B3 Municipalities	10.1.3.07	-	11 341
Regional Social Economic Projects (RSEP)	10.1.3.09	344 649	500 000
		<b>16 546 658</b>	<b>7 503 883</b>
<b>Total capital grants</b>		<b>50 306 760</b>	<b>36 566 673</b>
<b>Total grants</b>		<b>216 810 117</b>	<b>192 549 699</b>
<b>38 BAD DEBTS WRITTEN OFF</b>			
<b>Exchange transactions</b>			
Electricity		841 545	1 262 445
Water distribution		14 838 572	21 321 820
Sewerage		17 446 096	23 152 233
Solid waste removal		10 185 725	13 344 602
		<b>43 311 938</b>	<b>59 081 100</b>
<b>Non-exchange transactions</b>			
Property rates		2 337 673	2 007 831
Fines		28 459 820	26 291 200
Electricity		-	265 497
Solid waste removal		-	306 956
Sewerage		-	390 488
Water distribution		-	601 903
Other 1		316 402	-
		<b>31 113 896</b>	<b>29 863 874</b>
<b>Total</b>		<b>74 425 834</b>	<b>88 944 975</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>39</b>	<b>BULK PURCHASES</b>		
Electricity - eskom		197 627 955	162 599 090
Water		1 032 806	1 218 802
		<b>198 660 760</b>	<b>163 817 892</b>
<b>39.01</b>	<b>Electricity losses</b>		
		<b>MWh</b>	<b>MWh</b>
Units purchased		99 563	96 320
Units sold		(93 348)	(87 372)
<b>Total loss</b>		<b>6 215</b>	<b>8 948</b>
<b>Percentage loss:</b>		<b>%</b>	<b>%</b>
Technical + non-technical losses		6.24%	9.29%
<b>Total</b>		<b>6.24%</b>	<b>9.29%</b>
<b>39.02</b>	<b>Water losses</b>		
		<b>ML</b>	<b>ML</b>
Units purchased		4 443	4 052
Units sold		(2 760)	(2 599)
<b>Total Loss</b>		<b>1 683</b>	<b>1 453</b>
<b>Percentage loss:</b>		<b>%</b>	<b>%</b>
Technical + non-technical losses		37.89%	35.85%
<b>Total</b>		<b>37.89%</b>	<b>35.85%</b>
<b>40</b>	<b>CONTRACTED SERVICES</b>		
<b>Outsourced services</b>			
Burial services		193 734	29 400
Business and advisory		1 959 733	1 160 747
Clearing and grass cutting services		204 674	1 445 637
Connection/dis-connection		152 778	155 700
Drivers licence cards		261 137	275 236
Electrical		-	1 113 046
Illegal dumping		405 680	724 039
Litter picking and street cleaning		150 000	659 438
Meter management		2 240 222	1 463 979
Organic and building refuse removal		-	612 645
Printing services		120 736	230 970
Refuse removal		1 707 215	-
Removal of structures and illegal signs		1 699 612	-
Security services		10 682 647	12 723 073
Traffic fines management		6 216 673	2 905 645
		<b>25 994 841</b>	<b>23 499 554</b>
<b>Consultants and professional services</b>			
Business and advisory		12 403 635	5 150 536
Infrastructure and planning		3 777 277	10 836 024
Laboratory services		117 937	7 223
Legal cost		5 772 851	4 250 571
		<b>22 071 701</b>	<b>20 244 353</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Contractors</b>			
Artists and performers		171 500	222 170
Auctioneers		-	26 098
Building		453 757	1 293 232
Catering services		552 349	307 404
Electrical		4 580 069	1 148 689
Fire services		126 148	546 140
First aid		-	95 844
Maintenance of buildings and facilities		3 968 904	3 769 309
Maintenance of equipment		4 421 382	4 343 299
Maintenance of unspecified assets		14 495 470	15 714 888
Plants, flowers and other decorations		14 400	-
Removal of hazardous waste		-	341 016
Stage and sound crew		804 610	135 500
Stream cleaning and ditching		-	1 198 592
		<b>29 588 590</b>	<b>29 142 180</b>
<b>Total</b>			
		<b>77 655 131</b>	<b>72 886 087</b>
<b>41 DEPRECIATION AND AMORTISATION</b>			
Property, Plant and Equipment		39 993 109	37 532 742
Investment Property		539	538
		<b>39 993 649</b>	<b>37 533 280</b>
<b>42 EMPLOYEE RELATED COSTS</b>			
13th cheques contribution		13 760 969	14 976 023
Acting allowances		1 402 024	11 389
Basic		190 753 071	172 850 332
Cellphone allowances		1 940 421	1 914 445
Contribution to post employment medical		5 184 000	5 209 350
Group insurance - company contributions		6 270 155	5 792 409
Housing benefits and allowances		916 722	965 076
Leave pay		2 533 838	2 649 757
Long-service awards		1 703 000	1 480 584
Medical aid - company contributions		18 696 856	18 124 481
Other benefits		82 130	76 365
Overtime payments		21 112 327	16 282 516
Performance bonus		525 807	553 735
Standby allowances		6 476 736	6 085 200
Travel, motor car and other allowances		11 659 610	11 741 603
UIF and pension - company contributions		29 802 142	27 865 134
Workman's compensation (WCA)		-	1 179 318
<b>Total</b>		<b>312 819 808</b>	<b>287 757 717</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>42.01</b>	<b>Remuneration of accounting officers</b>		
Basic		2 572 640	1 316 867
Cellphone allowances		70 000	60 000
Other benefits		159	130
Performance bonus		281 781	-
Travel, motor car and other allowances		196 354	120 000
UIF and pension - company contributions		234 178	215 247
		<b>3 355 113</b>	<b>1 712 243</b>

*Mr M Memani was appointed on 04 April 2022 and resigned 30 April 2024. Dr. R Links was temporary appointed to act from 01 March 2024.*

### 42.02 Remuneration of chief financial officers

13th cheques contribution	93 669	-
Basic	1 667 414	-
Cellphone allowances	52 500	-
Group insurance - company contributions	19 249	-
Housing benefits and allowances	5 332	-
Medical aid - company contributions	28 228	-
Other benefits	137	-
Travel, motor car and other allowances	302 210	-
UIF and pension - company contributions	86 428	-
	<b>2 255 166</b>	<b>-</b>

*Mr. FM Lötter was appointed on the 1 June 2023 and appointed in another position from 1 June 2024 Mr. BM Ngubo temporary appointed to act from 1 June 2024*

### 42.03 Remuneration of directors corporate services

Basic	59 080	143 710
Cellphone allowances	-	10 000
Leave pay	-	72 542
Medical aid - company contributions	-	8 764
Other benefits	11	22
Performance bonus	103 542	-
Termination benefits	-	1 133 463
Travel, motor car and other allowances	-	71 382
UIF and pension - company contributions	177	23 234
	<b>162 810</b>	<b>1 463 117</b>

*Me. Mpahlwa was appointed on the 01 February 2021 till 31 August 2022 Mr. L Loliwe temporary appointed to act from 10 June 2024*

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>42.04</b>	<b>Remuneration of director community services</b>		
Basic		2 078 563	970 429
Cellphone allowances		60 000	50 000
Medical aid - company contributions		45 454	31 424
Other benefits		137	108
Performance bonus		278 113	-
Travel, motor car and other allowances		144 000	160 861
UIF and pension - company contributions		226 964	85 190
		<b>2 833 231</b>	<b>1 298 013</b>

*Ms. AM Paulsen was appointed on the 01 September 2022*

<b>42.05</b>	<b>Remuneration of directors economic planning and development</b>		
Basic		523 188	920 712
Cellphone allowances		-	55 000
Leave pay		-	18 407
Medical aid - company contributions		-	40 056
Other benefits		34	119
Travel, motor car and other allowances		-	151 128
UIF and pension - company contributions		531	111 088
		<b>523 753</b>	<b>1 296 511</b>

*Mr. L Gericke was appointed on the 01 November 2020 till 31 December 2022 Mr. D Friedman was temporarily appointed for 3 months 1 March 2023 till 31 May 2023 Mr. BM Ngubo was temporary appointed to act on 01 March 2024 till 30 May 2024*

<b>42.06</b>	<b>Remuneration of director engineering services</b>		
Basic		1 921 135	937 838
Cellphone allowances		63 000	51 750
Other benefits		137	-
Performance bonus		217 528	-
Travel, motor car and other allowances		173 600	102 600
UIF and pension - company contributions		272 718	156 526
		<b>2 648 117</b>	<b>1 248 715</b>

*Mr VW Felton was appointed on 01 October 2022.*

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>42.07</b>	<b>The aggregated effect of remuneration of key management personnel</b>		
13th cheques contribution		93 669	-
Basic		8 822 019	4 289 557
Cellphone allowances		245 500	226 750
Group insurance - company contributions		19 249	-
Housing benefits and allowances		5 332	-
Leave pay		-	90 949
Medical aid - company contributions		73 681	80 244
Other benefits		614	378
Performance bonus		880 964	-
Termination benefits		-	1 133 463
Travel, motor car and other allowances		816 164	605 972
UIF and pension - company contributions		820 997	591 285
		<b>11 778 190</b>	<b>7 018 598</b>

*The termination benefits that was paid in relation to the termination of the contracts of the accounting officer and chief financial officer cannot be disclosed, due to the contractual agreement's clause that prohibits the municipality from disclosing these amounts.*

### 43 FINANCE COSTS

Employee Benefits	10 134 000	10 942 682
Finance leases	21 966	378 888
Non-current borrowings	10 766 398	8 418 897
<b>Total</b>	<b>20 922 363</b>	<b>19 740 467</b>

### 44 IMPAIRMENT

#### Impairments

Other receivables from non-exchange revenue	58 849 831	10 967 212
Property, Plant and Equipment	11 591 687	-
Trade and other receivables	211 393 402	208 084 519
	<b>281 834 921</b>	<b>219 051 731</b>

#### Reversal of impairments

Investment Property	(1 359 189)	-
Other receivables from non-exchange revenue	(46 515 818)	-
Property, Plant and Equipment	(1 374 982)	-
Trade and other receivables	(195 247 380)	(190 429 075)
	<b>(244 497 369)</b>	<b>(190 429 075)</b>

#### Total impairment losses recognized / (reversed)

<b>37 337 551</b>	<b>28 622 656</b>
-------------------	-------------------

### 45 INVENTORIES LOSSES / WRITE-DOWNS

Inventories losses/write-downs	97 619	8 628
<b>Total</b>	<b>97 619</b>	<b>8 628</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>46</b>	<b>INVENTORY CONSUMED</b>		
	<b>Inventory consumed</b>		
	Standard rated	5 944 930	5 025 887
	Materials and supplies	9 674 292	9 104 767
		<b>15 619 222</b>	<b>14 130 654</b>
	<b>Total</b>	<b>15 619 222</b>	<b>14 130 654</b>
<b>47</b>	<b>NET LOSS ON THE DISPOSAL OF ASSETS</b>		
	Property, plant and equipment	3 216 693	1 074 350
	<b>Total</b>	<b>3 216 693</b>	<b>1 074 350</b>
<b>48</b>	<b>OPERATING LEASES</b>		
	<b>Premises</b>		
	Premises - contractual amounts	328 454	306 712
	<b>Motor vehicles</b>		
	Motor vehicles - contractual amounts	-	19 796
	<b>Equipment</b>		
	Equipment - contractual amounts	295 902	199 547
	<b>Lease rentals on operating lease - other</b>		
	Lease rentals on operating lease - other - contractual amounts	4 168 500	3 490 811
		<b>4 792 855</b>	<b>4 016 866</b>
<b>49</b>	<b>OPERATIONAL COST</b>		
	Advertising	328 253	419 790
	Assessment rates & municipal charges	3 981 223	3 116 637
	Assets expensed	70 084	51 304
	Audit fees	5 424 864	5 362 717
	Bank charges	2 189 136	2 177 881
	Bargaining council	-	389
	Bursaries	378 374	798 612
	Commission paid	1 905 623	1 745 160
	Communication costs	1 663 744	1 164 739
	Conferences and seminars	273 534	155 599
	Dumping fees (district council)	2 290 545	2 193 459
	Entertainment	23 756	10 173
	External computer service	7 495 943	6 689 895
	Fuel and oil	14 117 729	14 754 006
	Full time union representative	146 599	118 062
	Hire	6 555 703	5 710 722
	Insurance	4 851 168	4 449 024
	Learnerships and internships	3 276 035	2 650 764

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024	2023
		R	R
Levies		2 447 858	2 212 991
Licences		524 825	553 184
Motor vehicle expenses		274 868	208 933
Postage and courier		862 461	1 068 601
Printing and stationery		-	9 246
Promotions and sponsorships		87 164	-
Protective clothing and uniforms		2 742 708	2 743 635
Remuneration of committee members		408 500	418 000
Resettlement cost		251 135	67 100
Servitudes and land surveys		-	8 500
Signage		293 588	841 521
Software expenses		3 424 392	2 903 952
Storage of files (archiving)		26 752	24 126
Subscriptions and membership fees		3 632 327	3 121 880
Title deed search fees		194	176
Transport provided as part of departmental activities		95 740	87 385
Travel - local		1 985 727	1 023 581
<b>Total</b>		<b>72 030 550</b>	<b>66 861 745</b>

  
29 Nov 2024



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	2024 R	2023 R
<b>50 REMUNERATION OF COUNCILLORS</b>		
<b>50.1 List of councillors</b>		
Councillor J . Kamkam	604 101	718 624
Councillor D . Swart	747 727	943 977
Councillor T . Mhlana	519 064	324 452
Councillor CN . Terblanche	893 924	761 523
Councillor SA . Mangxaba	393 857	324 452
Councillor NT . Seti	515 286	324 451
Councillor AR . Olivier	413 682	458 173
Councillor MP . Busakwe	632 815	761 523
Councillor SE . Gcabayi	538 790	330 139
Councillor WJ . Nel	604 101	717 852
Councillor NS . Ndayi	355 137	325 976
Councillor M . Mitchell	505 553	110 183
Councillor TS. Harmse	-	121 164
Councillor M. Mitchell	-	93 162
Councillor NP . Kholwapi	652 181	405 500
	<b>7 376 219</b>	<b>6 721 149</b>

  
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# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

							2024	2023
							R	R
50.2	Remuneration paid to councillors can be summarised as follows:							2024
	Basic salary	Motor vehicle allowance	Cell phone and data allowances	Medical aid contributions	Pension contributions	Housing allowance	In-kind and other benefits and allowances	Total
	R	R	R	R	R	R	R	R
Chief whip	382 615	-	44 936	-	24 477	-	-	452 028
Executive mayor	847 674	-	44 936	10 080	105 412	-	-	1 008 101
Deputy executive mayor	669 289	-	44 936	17 280	83 512	-	-	815 017
Mayoral committee members	1 174 406	197 122	89 872	7 200	63 438	-	-	1 532 038
Speaker	627 229	-	44 936	7 200	58 623	-	76 698	814 686
Section 79 committee chairperson	508 914	-	44 936	17 280	57 218	-	-	628 348
Councillors	1 570 293	-	269 616	61 919	122 616	-	101 557	2 126 001
	<b>5 780 420</b>	<b>197 122</b>	<b>584 168</b>	<b>120 959</b>	<b>515 295</b>	<b>-</b>	<b>178 255</b>	<b>7 376 219</b>

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

50.3	Remuneration paid to councillors can be summarised as follows:							2023
	Basic salary	Motor vehicle allowance	Cell phone and data allowances	Medical aid contributions	Pension contributions	Housing allowance	In-kind and other benefits and allowances	Total
	R	R	R	R	R	R	R	R
Executive mayor	753 309	-	41 400	17 280	131 987	-	-	943 977
Deputy executive mayor	597 798	-	41 400	17 280	105 045	-	-	761 523
Mayoral committee members	1 439 556	330 893	124 200	-	-	-	-	1 894 650
Speaker	666 855	-	41 400	4 320	48 948	-	-	761 523
Councillors	1 786 742	-	289 955	78 196	136 476	-	68 108	2 359 477
	<b>5 244 261</b>	<b>330 893</b>	<b>538 355</b>	<b>117 076</b>	<b>422 456</b>	<b>-</b>	<b>68 108</b>	<b>6 721 149</b>

	2024	2023
	R	R

**50.4 In-kind Benefits**

The executive mayor, deputy executive mayor, speaker and mayoral committee members are full-time members. Each is provided with an office and secretarial support at the cost of the council. The Section 79 Committee Chairperson became full-time from 17 November 2023.

The executive mayor is entitled to stay at the mayoral residence owned by council at no cost and the use of a council owned vehicle for official duties. The use of the Mayoral residence will however trigger a fridge benefit tax deduction, in terms of the income tax act, on the remuneration of the mayor.

The executive mayor has 1 full-time bodyguard and driver.

The deputy executive mayor has 1 full-time bodyguard and driver. The speaker has 1 full-time drivers and bodyguard.



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

	Note	2024 R	2023 R
<b>51</b>	<b>TRANSFERS AND SUBSIDIES</b>		
	<b>Other subsidies</b>		
	Tourism	4 126 150	3 400 000
	Bursaries	455 000	342 239
	Grant in aid	2 578 785	1 221 592
	Monetary allocations	2 048 339	585 000
		<b>9 208 274</b>	<b>5 548 831</b>
	<b>Total</b>	<b>9 208 274</b>	<b>5 548 831</b>
<b>52</b>	<b>WATER LOSSES</b>		
	Water losses	13 370	1
	<b>Total</b>	<b>13 370</b>	<b>1</b>
<b>53</b>	<b>CASH GENERATED BY OPERATIONS</b>		
	Surplus for the year	85 865 193	78 748 669
	<b>Adjustment for:-</b>		
	Depreciation and amortisation	39 993 649	37 533 280
	(Gain) / loss on sale of assets and liabilities	3 216 693	1 074 350
	Contributed property, plant and equipment	(32 744)	-
	Water losses	13 370	1
	Inventories increase to net realisable value	97 619	8 628
	Reversal of impairment loss on exchange receivables	16 146 023	17 655 444
	Reversal of impairment loss on non-exchange receivables	12 334 013	10 967 212
	(Impairment loss) Reversal of impairment loss on fixed assets	8 857 516	-
	Bad debts written off - exchange transactions	43 311 938	59 081 100
	Bad debts written off - non-exchange transactions	31 113 896	29 863 874
	Movement in unspent conditional grants and receipts	(14 396 193)	(6 234 913)
	Movement in operating lease assets and accruals	361 416	143 019
	Movement in retirement benefits assets and liabilities	4 431 688	(621 965)
	Movement in provisions	2 462 201	2 207 623
	<b>Operating surplus before working capital changes:</b>	<b>233 776 276</b>	<b>230 426 323</b>
	(Increase)/decrease in inventories	(599 725)	436 579
	(Increase) in receivables from exchange transactions	(67 844 062)	(91 499 915)
	(Increase) in receivables from non-exchange transactions	(47 256 151)	(44 011 411)
	Increase in consumer deposits	568 126	945 468
	(Decrease) in taxes	(5 156 408)	(5 370 469)
	Increase in payables from exchange transactions	35 800 279	13 755 608
	(Decrease)/increase in payables from non-exchange transactions	(46 118)	46 118
	<b>Changes in working capital:</b>	<b>(84 534 057)</b>	<b>(125 698 022)</b>
	<b>Cash generated by operations</b>	<b>149 242 219</b>	<b>104 728 301</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the audited annual financial statements

### 54 CORRECTION OF ERROR IN TERMS OF GRAP 3

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

- a) The following items was reclassified due to Library membership fees that was classified under Rendering of Services instead of Service Charges, Actuarial Gains was classified as Exchange revenue instead of Non-Exchange Revenue and Gains and Losses on the disposal of assets and liabilities that was combined. Unclaimed deposits relating to fines bankaccounts was incorrectly classified as Trade and other Payables from Exchange transactions instead of Payables from non-exchange transactions. Below is the breakdown of each restated item.

	2022-2023 Amount	2021-2022 Amount
a) <b>Reclassification of the following items under the Statement of Financial Position</b>		
a)		
a) <b>1. Trade and other payables from exchange transactions</b>		
a)		
a) <b>Balance previously reported</b>	<b>94 872 529</b>	<b>80 993 804</b>
a) Transfer to Payables from non-exchange transactions	(46 118)	
a) <b>Restated balance 30 June 2023</b>	<b>94 826 411</b>	<b>80 993 804</b>
a)		
a) <b>2. Payables from non-exchange transactions</b>		
a)		
a) <b>Balance previously reported</b>	<b>-</b>	<b>-</b>
a) Transfer from Trade and other payables from exchange transactions	46 118	
a) <b>Restated balance 30 June 2023</b>	<b>46 118</b>	<b>-</b>
a)		

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the audited annual financial statements

	2022-2023 Amount	
↖ a) <b>Reclassification of the following items under the Statement of Financial Performance</b>		
↖ a) <b>1. Rendering of services</b>		
a) <b>Balance previously reported</b>	<b>6 809 439</b>	
a) Transfer to Service charges (Exchange)	(366)	Reclassification
a) <b>Restated balance 30 June 2023</b>	<b>6 809 073</b>	
↖ a) <b>2. Service charges (Exchange)</b>		
a) <b>Balance previously reported</b>	<b>405 638 160</b>	
a) Transfer from Rendering of services	366	Reclassification
a) <b>Restated balance 30 June 2023</b>	<b>405 638 527</b>	
↖ a) <b>3. Actuarial gains - Exchange Revenue</b>		
a) <b>Balance previously reported</b>	<b>18 011 364</b>	
a) Transfer to Actuarial gains - Exchange Revenue	(18 011 364)	
a) <b>Restated balance 30 June 2023</b>	<b>-</b>	
↖ a) <b>4. Actuarial gains - Non-Exchange Revenue</b>		
a) <b>Balance previously reported</b>	<b>-</b>	
a) Transfer from Actuarial gains - Non-Exchange Revenue	18 011 364	
a) <b>Restated balance 30 June 2023</b>	<b>18 011 364</b>	
↖ a) <b>5. Gain on disposal of assets and liabilities</b>		
a) <b>Balance previously reported</b>	<b>453 870</b>	
a) Transfer to Loss on disposal of assets and liabilities	(453 870)	Reclassification
a) <b>Restated balance 30 June 2023</b>	<b>-</b>	
↖ a) <b>6. Loss on disposal of assets and liabilities</b>		
a) <b>Balance previously reported</b>	<b>1 528 219</b>	
a) Transfer from Gain on disposal of assets and liabilities	(453 870)	Reclassification
a) <b>Restated balance 30 June 2023</b>	<b>1 074 350</b>	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the audited annual financial statements

- b) Mayor's Charity funds was incorrectly paid from Grant in aid Expenditure. This Correction is as follows: Transfers and subsidies (2022-2023) Cr R 77 000.00 and Trade and other payables from exchange transactions (2022-2023) Dt R 77 000.00
- c) Correction of Consumer accounts due to reading that was captured incorrectly and corrected. This Correction is as follows: Service charges (Exchange) (2022-2023) Dt R 36 546.54, Receivables from exchange transactions (2022-2023) Cr R 42 028.52 and VAT receivable (2022-2023) Dt R 5 481.98
- d) Correction of Consumer accounts due to long-term readings that was captured in the wrong financial year. This Correction is as follows: Service charges (Exchange) (2022-2023) Dt R 2 926.89, Receivables from exchange transactions (2022-2023) Cr R 3 365.73 and VAT receivable (2022-2023) Dt R 438.84
- e) Correction of Consumer accounts due to revenue enhancement findings that needs to be restated in the correct financial year. This Correction is as follows: Service charges (Exchange) (2022-2023) Cr R 190 399.68, Receivables from exchange transactions (2022-2023) Dt R 218 959.65 and VAT receivable (2022-2023) Cr R 28 559.97
- f) Correction of accrued interest that was incorrectly accounted for in previous financial years. This Correction is as follows: Receivables from exchange transactions (2022-2023) Dt R 249 775.01, (2021-2022) Dt R 257 687.66, Interest earned - cash and investments (2022-2023) Dt R 7 912.65, (2021-2022) Cr R 257 687.66 and Accumulated surplus (2022-2023) Cr R 257 687.66
- g) Correction of billing of Landing Fees and Fire Services fees captured in the wrong financial year This Correction is as follows: Rendering of services (2022-2023) Dt R 265 931.15, Operational revenue (2022-2023) Cr R 419 477.17, Receivables from exchange transactions (2022-2023) Dt R 92 026.43 and VAT receivable (2022-2023) Dt R 61 519.59
- h) First Time Recognition of Moveable Assets as part of the Moveable assets verification that was done, first time recognition of PPE immovable assets and first time recognition of heritage assets. This Correction is as follows: Property, plant and equipment (2022-2023) Dt R 26 334 670.01, (2021-2022) Dt R 27 474 584.07, Accumulated surplus (2022-2023) Cr R 27 477 063.72, (2021-2022) Cr R 27 477 063.72, Depreciation and amortization (2022-2023) Dt R 1 139 914.06 and Heritage assets (2022-2023) Dt R 2 479.65, (2021-2022) Dt R 2 479.65
- i) Prior year error journal relating to the performance bonus provision of 30 June 2022, relating only to the Municipal Manager for 1 month. The package amounts used for the HOD were amended with a waiver application, resulting in the provision being understated. The package amounts used for the HOD were amended with a waiver application, resulting in the provision being understated. Furthermore, the pro-rating of months was removed due to the actual payout being based on a full year. The Director Corporate services had a package increase due to the Upperlimits increasing. Reversal of bonus provisions for the year, based on the new calculation of the package value. This Correction is as follows: Accumulated surplus (2022-2023) Dt R 21 913.06, Current employee benefit obligation (2022-2023) Cr R 271 263.91, (2021-2022) Cr R 21 913.06 and Employee related costs (2022-2023) Dt R 249 350.85, (2021-2022) Dt R 21 913.06

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the audited annual financial statements

j) Making provision for the VAT portion on the Library grants, that is still awaiting a VAT ruling from SARS. This Correction is as follows: Accumulated surplus (2022-2023) Dt R 4 469 412.82, (2021-2022) Dt R 4 469 412.82, Unpaid conditional grants (2022-2023) Dt R 1 547 869.57 and Current provisions (2022-2023) Cr R 6 017 282.39, (2021-2022) Cr R 4 469 412.82

k) VAT on some of the transactions was not taken into account when the revenue was performed. This Correction is as follows: Unspent conditional grants (2022-2023) Dt R 12 766.17 and Government grants & subsidies - monetary (2022-2023) Cr R 12 766.17

		R	R	R	R	R
	Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
<b>54.01 Statement of financial position - non current assets</b>						
<b>2023</b>						
Heritage assets	h	35 193	2 480	-	-	37 673
Property, plant and equipment	h	1 242 619 072	26 334 670	-	-	1 268 953 742
<b>Total</b>		<b>1 255 345 840</b>	<b>26 337 150</b>	<b>-</b>	<b>-</b>	<b>1 281 682 990</b>
<b>2022</b>						
Heritage assets	h	35 193	2 480	-	-	37 673
Property, plant and equipment	h	1 195 732 967	27 474 584	-	-	1 223 207 551
<b>Total</b>		<b>1 208 460 273</b>	<b>27 477 064</b>	<b>-</b>	<b>-</b>	<b>1 235 937 337</b>
<b>54.02 Statement of financial position - current assets</b>						
<b>2023</b>						
Receivables from exchange transactions	c,d,e,f,g	49 402 559	515 367	-	-	49 917 925
Unpaid conditional grants	j	27 968 070	1 547 870	-	-	29 515 940
VAT receivable	c,d,e,g	9 986 386	38 880	-	-	10 025 267
<b>Total</b>		<b>234 612 667</b>	<b>2 102 117</b>	<b>-</b>	<b>-</b>	<b>236 714 784</b>
<b>2022</b>						
Receivables from exchange transactions	c,d,e,f,g	37 663 147	257 688	-	-	37 920 835
<b>Total</b>		<b>165 840 839</b>	<b>257 688</b>	<b>-</b>	<b>-</b>	<b>166 098 526</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

Notes to the audited annual financial statements

			R	R	R	R	R
		Note	As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
<b>54.03</b>	<b>Statement of financial position - current liabilities</b>						
<b>2023</b>							
Current employee benefit obligation	i		37 758 740	271 264	-	-	38 030 003
Current provisions	j		1 826 031	6 017 282	-	-	7 843 314
Payables from non-exchange transactions	a,		-	-	-	46 118	46 118
Trade and other payables from exchange transactions	a,b		94 872 529	(77 000)	-	(46 118)	94 749 411
Unspent conditional grants	k		10 961 022	(12 766)	-	-	10 948 256
<b>Total</b>			<b>175 960 023</b>	<b>6 198 780</b>	<b>-</b>	<b>-</b>	<b>182 158 803</b>
<b>2022</b>							
Current employee benefit obligation	i		34 286 653	21 913	-	-	34 308 566
Current provisions	j		1 166 278	4 469 413	-	-	5 635 691
<b>Total</b>			<b>151 459 379</b>	<b>4 491 326</b>	<b>-</b>	<b>-</b>	<b>155 950 705</b>
<b>54.04</b>	<b>Statement of financial position - net assets</b>						
<b>2023</b>							
Accumulated surplus	f,h,i,j		1 121 973 015	22 240 486	-	-	1 144 213 501
<b>Total</b>			<b>1 151 923 015</b>	<b>22 240 486</b>	<b>-</b>	<b>-</b>	<b>1 174 163 501</b>
<b>2022</b>							
Accumulated surplus	f,h,i,j		1 053 621 398	23 243 426	-	-	1 076 864 823
<b>Total</b>			<b>1 072 171 407</b>	<b>23 243 426</b>	<b>-</b>	<b>-</b>	<b>1 095 414 832</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the audited annual financial statements

			R	R	R	R	R
	Note		As previously reported	Correction of prior period error	Changes in accounting policy	Reclassification	Restated
<b>54.05</b>	<b>Statement of financial performance - revenue from exchange transactions</b>						
<b>2023</b>							
Actuarial gains	a,		18 011 364	-	-	(18 011 364)	-
Gain on disposal of assets and liabilities	a,		453 870	-	-	(453 870)	-
Interest earned - cash and investments	f		8 034 704	(7 913)	-	-	8 026 792
Operational revenue	g		3 683 125	419 477	-	-	4 102 602
Rendering of services	a,g		6 809 439	(265 931)	-	(366)	6 543 142
Service charges (Exchange)	a,c,d,e		405 638 160	150 926	-	366	405 789 453
<b>Total</b>			<b>464 628 015</b>	<b>296 560</b>	<b>-</b>	<b>(18 465 234)</b>	<b>446 459 341</b>
<b>54.06</b>	<b>Statement of financial performance - revenue from non-exchange transactions- taxation and other revenue</b>						
<b>2023</b>							
Actuarial gains	a,		-	-	-	18 011 364	18 011 364
<b>Total</b>			<b>172 671 205</b>	<b>-</b>	<b>-</b>	<b>18 011 364</b>	<b>190 682 569</b>
<b>54.07</b>	<b>Statement of financial performance - revenue from non-exchange transactions- taxation and other revenue</b>						
<b>2023</b>							
Government grants & subsidies - monetary	k		192 536 933	12 766	-	-	192 549 699
<b>Total</b>			<b>239 259 291</b>	<b>12 766</b>	<b>-</b>	<b>-</b>	<b>239 272 058</b>
<b>54.06</b>	<b>Statement of financial performance - expenditure</b>						
<b>2023</b>							
Depreciation and amortization	h		36 393 366	1 139 914	-	-	37 533 280
Employee related costs	i		287 508 367	249 351	-	-	287 757 717
Loss on disposal of assets and liabilities	a,		1 528 219	-	-	(453 870)	1 074 350
Transfers and subsidies	b		5 625 831	(77 000)	-	-	5 548 831
<b>Total</b>			<b>796 806 903</b>	<b>1 312 265</b>	<b>-</b>	<b>(453 870)</b>	<b>797 665 298</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>55</b>	<b>UNAUTHORISED EXPENDITURE</b>		
Opening balance as previously reported		-	1 230 321 826
Add: Operating Expenditure identified - Current		31 730 958	-
Add: Operating Expenditure identified - Prior period		129 242	-
Add: Capital Expenditure identified - Current		32 744	-
Less: Approved/authorised by council		-	(1 230 321 826)
<b>Closing balance</b>		<b>31 892 944</b>	<b>-</b>

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Operating Expenditure identified - 2023	None	129 242	-
Operating Expenditure identified - 2024	None	31 730 958	-
Capital Expenditure identified - 2024	None	32 744	-
		<b>31 892 944</b>	<b>-</b>

### 55.1 Operating Expenditure determination

Operating	Expenditure 2024 R'000	Budget 2024 R'000	Difference 2024 R'000	Unauthorized Expenditure 2024 R
Council And General	11 819	13 174	1 355	-
Office Of The Municipal Manager	31 787	30 607	(1 180)	(1 179 956)
Corporate Services	65 735	81 522	15 787	-
Community Services	249 999	219 448	(30 551)	(30 551 002)
Economic Development And Planning	43 038	50 366	7 328	-
Financial Services	59 734	68 967	9 232	-
Engineering Services	412 058	442 124	30 067	-
	<b>874 170</b>	<b>906 207</b>	<b>32 038</b>	<b>(31 730 958)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note			2024 R	2023 R
<b>Operating</b>	<b>Expenditure</b>	<b>Budget</b>	<b>Difference</b>	<b>Unauthorized Expenditure</b>	
	<b>2023 R'000</b>	<b>2023 R'000</b>	<b>2023 R'000</b>	<b>2023 R</b>	
Council And General	8 072	9 268	1 196	-	
Office Of The Municipal Manager	28 190	30 938	2 748	-	
Corporate Services	58 195	69 303	11 108	-	
Community Services	247 183	247 054	(129)	(129 242)	
Economic Development And Planning	22 295	23 233	938	-	
Financial Services	47 025	62 948	15 924	-	
Engineering Services	386 706	409 082	22 376	-	
	<b>797 665</b>	<b>851 826</b>	<b>54 161</b>	<b>(129 242)</b>	

### 55.2 Capital Expenditure determination

<b>Capital</b>	<b>Expenditure</b>	<b>Budget</b>	<b>Difference</b>	<b>Unauthorized Expenditure</b>	
	<b>2024 R'000</b>	<b>2024 R'000</b>	<b>2024 R'000</b>	<b>2024 R</b>	
Office Of The Municipal Manager	149	880	731	-	
Corporate Services	1 769	1 923	154	-	
Community Services	4 657	5 322	665	-	
Economic Development And Planning	301	304	4	-	
Financial Services	33	-	(33)	(32 744)	
Engineering Services	97 403	120 364	22 961	-	
	<b>104 311</b>	<b>128 793</b>	<b>24 481</b>	<b>(32 744)</b>	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note					2024	2023
					R	R
Capital	Expenditure	Budget	Difference	Unauthorized Expenditure		
	2023	2023	2023	2023		
	R'000	R'000	R'000	R		
Corporate Services	2 145	2 339	194	-		
Community Services	7 249	9 715	2 466	-		
Economic Development And Planning	435	435	-	-		
Engineering Services	74 978	89 482	14 504	-		
	<b>84 807</b>	<b>101 971</b>	<b>17 164</b>	<b>-</b>		

### 56 FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported  
 Add: Expenditure identified - Current  
 Add: Expenditure identified - Prior Period  
 Less: Amounts repaid - Current  
**Closing balance**

4 465 508	4 465 508
1 161 659	-
-	75 000
-	(75 000)
<b>5 627 167</b>	<b>4 465 508</b>

Expenditure identified in the current year include those listed below:

Incident	Disciplinary steps taken/criminal proceedings		
Payment for the Bulk Filer (HR Archives) not delivered The EMP 201 was submitted in August 2023 before the due date of the 07th September 2023 but the actual payment to SARS was not processed. Only processed on the 22nd of September 2023. A request for suspension of paymnet was lodged with SARS and in July 2024 and it was declined by SARS so the reason why paymnet only done in 2024FY financial year.	Under investigation	-	75 000
	Under investigation		
		409 019	-
Fruitless and wasteful expenditure incurred in relation to the Airport Fire Substation during the financial year July 2018/June 2018 - COMAF No.12	Under investigation	752 639	-
		<b>1 161 659</b>	<b>75 000</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>57</b>	<b>IRREGULAR EXPENDITURE</b>		
	Opening balance as previously reported	120 535 850	226 813 065
	Correction of prior period error	15 248 553	-
	<b>Opening balance as restated</b>	<b>135 784 402</b>	<b>226 813 065</b>
	Add: Expenditure identified - Current	6 627 216	15 423 898
	Less: Amounts written off - Prior Period	(5 511 035)	(106 452 560)
	<b>Closing balance</b>	<b>136 900 583</b>	<b>135 784 402</b>

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

Incident	Disciplinary steps taken/criminal proceedings		
SCM policy section 16- Processes for Written Price Quotations	To be reported to council	-	4 083
SCM policy section 13(c)(i): Supplier false declaration of interest	To be reported to council	-	3 760
SCM policy section 19- Competitive bidding processes not followed	To be reported to council	121 612	167 502
Regulation 12(1)(d) - COMAF No.26	As identified by AG during audit -to be reported to council	1 430 360	-
Regulation 43 and SCM Policy paragraph 42 - COMAF No.6	As identified by AG during audit -to be reported to council	1 029 825	-
MFMA Sec 122(1)(a) & Sec 125(2)(d) - COMAF No.28	As identified by AG during audit -to be reported to council	-	5 511 035
MSA Sec 54(2)(a) & Reg 35(1) - COMAF No.27 (Issue 3)	As identified by AG during audit -to be reported to council	37 378	-
MSA Sec 54(2)(a) & Reg 35(1) - COMAF No.27 (Issue 4)	As identified by AG during audit -to be reported to council	44 914	-
MFMA Sec 122(1)(a) & Sec 125(2)(d) - COMAF No.13 PY -	As identified by AG during audit - reported to council		
Additional items identified in 23/24 FYE		1 868 535	-
MFMA Sec 110(2)(a) & Regulation 19(a)	As identified by AG during audit -to be reported to council	2 094 592	9 737 518
		<b>6 627 216</b>	<b>15 423 898</b>

## 58 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

### 58.1 Contributions to organised local government

Opening Balance	(3 233 163)	(2 842 539)
Subscription amount paid	(3 128 386)	(3 233 163)
Expenditure recognized	3 233 163	2 842 539
	<b>(3 128 386)</b>	<b>(3 233 163)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>58.2 Audit fees</b>			
Opening Balance		1 506.96	-
Deposits		6 154 690	6 190 682
Withdrawals		(6 156 197)	(6 189 175)
		<b>-</b>	<b>1 507</b>
<b>58.3 VAT</b>			
VAT receivable		283 602 370	256 270 538
VAT payable		(268 420 695)	(246 245 271)
		<b>15 181 674</b>	<b>10 025 267</b>
Amount paid in relation to VAT for current year		(15 108 138)	(21 360 441)
Amount received in relation to VAT for current year		-	3 118 009
Amount received in relation to VAT for prior year		-	5 089 244
All VAT returns have been submitted by the due date throughout the year.			
Refer to note 54 for prior year corrections made to the value of R38 880			
<b>58.4 PAYE, UIF and SDL</b>			
Deposits		53 103 224	44 277 055
Withdrawals		(53 103 224)	(44 277 055)
		<b>(0)</b>	<b>-</b>
<b>58.5 Pension and medical aid deductions</b>			
Deposits		76 156 099	73 462 496
Withdrawals		(76 156 099)	(73 462 496)
		<b>-</b>	<b>-</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>58.6 Investments as at 30 June:</b>			
<b>Short Term Investments</b>			
Standard Bank		26 103 321	20 570 112
ABSA		68 372 593	10 267 051
NedBank		13 750 920	14 335 099
		<b>108 226 834</b>	<b>45 172 261</b>
<b>Total Investments</b>		<b>108 226 834</b>	<b>45 172 261</b>

### 58.7 Councillor's arrear consumer accounts

There was no councillors that had arrear accounts outstanding for more than 90 days during any time during the current and previous financial years.

The following councillors had accounts outstanding:

#### as at 30 June 2024

Councillor J . Kamkam  
Councillor D . Swart  
Councillor NT . Seti  
Councillor AR . Olivier  
Councillor MP . Busakwe  
Councillor SE . Gcabayi  
Councillor WJ . Nel  
Councillor NS . Ndayi

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor J . Kamkam	1 497	-	1 497
Councillor D . Swart	20 936	-	20 936
Councillor NT . Seti	1 497	-	1 497
Councillor AR . Olivier	1 588	-	1 588
Councillor MP . Busakwe	1 497	-	1 497
Councillor SE . Gcabayi	1 497	-	1 497
Councillor WJ . Nel	1 725	-	1 725
Councillor NS . Ndayi	1 497	-	1 497
	<b>31 732</b>	<b>-</b>	<b>31 732</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>as at 30 June 2023</b>			
Councillor J. Kam Kam		1 369	1 369
Councillor D. Swart		13 936	13 936
Councillor NT. Seti		1 369	1 369
Councillor AR. Olivier		1 454	1 454
Councillor MP. Busakwe		1 390	1 390
Councillor SE. Gcabayi		1 369	1 369
Councillor WJ. Nel		1 504	1 504
Councillor NS. Ndayi		1 369	1 369
		<b>23 758</b>	<b>23 758</b>

### 58.8 Intergovernmental and other allocations

In terms of section 123 of the municipal finance management act the municipality must disclose particulars regarding all allocations, except Equitable Share, received and made by the municipality. Under notes 10 and 37 the particulars of the amounts received, recognised after conditions was met, repaid, unspent or unpaid is disclosed. The table below shows the allocation in terms of municipal department, how it was spent, as well as whether conditions was met and / or funds withheld, delayed or withdrawn and the reason for such.

#### 58.8.1 Corporate Services

Name of allocation	Description of spending	Did municipaity comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Local Government, Water And Related Service SETA	Description of spending	Training (Compliance Training) and payment of intern stipends.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Western Cape Financial Management Capability	Description of spending	The payments was for external bursaries.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 58.8.2 Community Services

Name of allocation	Description of spending	Did municipaity comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Community Development Workers (CDW)	Description of spending	Travel and substance cost used by the appointed Community Development Workers			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Community Library Services	Description of spending	Operational cost for running the library function.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Library Services Replacement Funding for most vulnerable B3 Municipalities	Description of spending	Operational cost for running the library function.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Safety Plans	Description of spending	Procurement of security cameras at various municipal locations			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Thusong Services Centres	Description of spending	Procurement of painting material for Kranshoek satellite center.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Tourism Marketing and Development	Description of spending	Funds was paid to Plettenberg Bay Tourism for the marketing and promotion of Garden Route & Klein Karoo District			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Note

2024

2023

R

R

### 58.8.3 Economic Development And Planning

Name of allocation	Description of spending	Did municipaity comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Extended public works program (EPWP)	Description of spending	Spending in terms of the business plan of the EPWP programme.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	Description of spending	Development of erven, which includes construction of engineering services and relocations, meaning that it includes bulk earth works, platform preparations, demolition of shacks and constructing of TRA's with toilets, water reticulation, sewer reticulation, internal roads, stormwater and ducts.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			
Human Settlement Development	Description of spending	Development of erven, which includes construction of engineering services that include bulk earthworks, platform preparations, water reticulation, sewer reticulation, internal roads, stormwater and ducts. A portion of the funds are also the preparation of deed of sales and title deeds.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.	Yes			
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.	No			

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 58.8.4 Financial Services

Name of allocation	Description of spending	Did municipaity comply with allocation		Was any of the allocations delayed, withheld or	
		Yes/No	Reason if no	Yes/No	Reason if no
Local Government Financial Management	Description of spending	Intern stipends and various projects as per Businesss Plan.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.		Yes		
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.		No		
Western Cape Financial Management Capability	Description of spending	Revenue enhancement payments to appointed service provider			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.		Yes		
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.		No		

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 58.8.5 Engineering Services

Name of allocation		Did municipaity comply with allocation			
		Yes/No	Reason if no	Yes/No	Reason if no
Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	Description of spending	Maintenance of paved roads, including accomodation of traffic, cleaning and patching of roads and painting of raodmarkings, as per agreement with Western Cape Government Department of Transport and Public Works.			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.		Yes		
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.		No		
Integrated National Electrification Programme	Description of spending				
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.		No	Non-compliance was due to "slow spending", as a result of the building contractor not completing houses in time	
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.		No		
Municipal Infrastructure	Description of spending	Upgrading of all gravel roads in Kranshoek, Upgrading of Kranshoek Sportfield Floodlighting and Plettenberg Bay water treatment works - new pumpstation			
	Did the municipality comply with allocation conditions? Provide a reason if answer is no.		No	Allocation spending was only 99.9%, which was due to one of the service providers not been registered as a VAT vendor.	
	Was any of the allocations delayed, withheld or withdrawn conditions? Provide a reason if answer is Yes.		No		

### 58.9 Supply chain management regulations

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

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Category from SCM policy</b>	<b>Section</b>		
In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	36(1)(a)(i)	-	1 787 068
Where it can be demonstrated that goods or services are produced or available from a single provider only	36(1)(a)(ii)	-	207 147
Exceptional case and it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	6 437 098	350 958
		<b>6 437 098</b>	<b>2 345 174</b>

### 59 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the supply chain management policy).

Company	Relation	Name	Designation	Organ of state	Amount
Shelf Plett 40 T/A Isolomzi	Spouse	Yonn LB	SAPS officer	South African police service	10 796 981
Zutari (Pty) Ltd	Spouse	Ahlschlager HC	Legal Representative	Special investigating unit	2 726 749
	Spouse	Nadasen K	Director: Key Account Management	Department of public works	
	Son	Mncube T	Specialist Category Manager Supply Chain	Airports company South Africa	
Ikapa Distribution Network	Daughter	Davids C	Teacher	Western Cape: Department of Education	154 855
Sonqua Consulting	Spouse	Adams BL	Administrator	Department of Health	3 200 350
Kemanzi (Pty) Ltd	Spouse	Du Toit JN	Traffic Services: Inspector	City of Cape Town	1 459 984
Laurencia Andrews T/A Isiyetu Projects (PTY) Ltd	Spouse	Andrews R	EPWP Law Enforcement	Bitou Municipality	523 270
Furicom (PTY) Ltd	Spouse	Nqolo T	IDP Officer	Bitou Municipality	15 177
Inga and Sihle General Trading	Spouse	Mpita Z	Traffic Officer	Bitou Municipality	30 000
Kulungwane Distributions	Spouse	D Mgidi	Cashier	City of Tshwane Metropolitan Municipality	Rated based award
					<b>18 907 366</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 60 RELATED PARTIES

#### 60.1 Related party transactions

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

2023

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

#### 60.2 Councilors - rates and services billed 01 July 2023 - 30 June 2024

Councillor J . Kamkam  
Councillor D . Swart  
Councillor NT . Seti  
Councillor AR . Olivier  
Councillor MP . Busakwe  
Councillor SE . Gcabayi  
Councillor WJ . Nel  
Councillor NS . Ndayi

Rates and services billed	Outstanding balance as at 30 June 2024
R	R
17 961	1 497
147 605	20 936
17 961	1 497
18 380	1 588
17 961	1 497
17 961	1 497
20 248	1 725
17 961	1 497
<b>276 038</b>	<b>31 732</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 60.3 Directors - rates and services billed 01 July 2023 - 30 June 2024

Mr. M Memani  
Mr. FM Lötter  
Mr. L Loliwe  
Ms. AM Paulsen  
Mr V W Felton

Rates and services billed	Outstanding balance as at 30 June 2024
R	R
5 656	-
15 761	-
53 755	73 887
56 210	-
16 517	-
<b>147 899</b>	<b>73 887</b>

### 60.4 Councilors - rates and services billed 01 July 2022 - 30 June 2023

Councillor J. Kam Kam  
Councillor D. Swart  
Councillor NT. Seti  
Councillor AR. Olivier  
Councillor MP. Busakwe  
Councillor SE. Gcabayi  
Councillor WJ. Nel  
Councillor NS. Ndayi

Rates and services billed	Outstanding balance as at 30 June 2023
R	R
16 423	1 369
115 458	13 926
16 423	1 369
17 027	1 454
16 445	1 390
16 423	1 369
19 924	1 504
16 423	1 369
<b>234 544</b>	<b>23 748</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

		Rates and services billed	Outstanding balance as at 30 June 2023
		R	R
60.5	Directors - rates and services billed 01 July 2022 - 30 June 2023		
	Mr. M Memani	4 451	-
	Me MP Mpahlwa	2 278	2 209
	Mr. MJ Fourie	55 953	4 237
	Ms A M Paulsen	48 844	-
	Mr L Gericke	8 156	4 971
	D Friedman	31 923	2 592
	VW Felton	2 350	2 350
		<b>153 954</b>	<b>16 359</b>

The remuneration of key management and councillors can be found on notes 42 & 50.

## 61 FINANCIAL RISK MANAGEMENT

### 61.1 Liquidity risk

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

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Although it is a legal obligation, it is also contractual obligations. The professional engineers who compiled the design and assisted with the tendering processes is already evident of the contractual obligations the municipality has because the landfill site is closed and is in the de- commissioning phase, which already started of which the cost and future cost would be allocated to the landfill provision.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### At 30 June 2024

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

Within 1 year	Between 1 and 5 years	After 5 years
R	R	R
34 249 641	95 376 935	62 938 550
105 155 660	-	-
915 986	-	-

### At 30 June 2023

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

Within 1 year	Between 1 and 5 years	After 5 years
R	R	R
29 003 367	81 656 856	34 008 806
1 272 881	-	-
70 532 965	-	-
10 948 256	-	-

## 61.2 Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, council endeavours to collect such accounts by 'levying of penalty charges', 'demand for payment', 'restriction of services' and, as a last resort, 'handed over for collection', whichever procedure is applicable in terms of council's credit control and debt collection policy.

All rates and services are payable within 30 days from invoice date. Refer to note 9 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Balance past due not impaired:

### Non-exchange receivables

Electricity

Water

Waste water

Refuse removal

Sundries

	2024 %	2024 R	2023 %	2023 R
Electricity	16.97%	481 214	30.76%	841 906
Water	40.42%	1 146 337	30.35%	830 567
Waste water	19.15%	543 096	32.95%	901 850
Refuse removal	14.11%	400 053	0.00%	-
Sundries	9.36%	265 499	5.94%	162 551
		<b>2 836 198</b>		<b>2 736 873</b>

### Exchange receivables

Electricity

Water

Waste water

Refuse removal

Housing rentals

Sundries

	2024 %	2024 R	2023 %	2023 R
Electricity	36.10%	15 582 840	41.91%	3 710 977
Water	21.13%	9 122 072	0.97%	85 750
Waste water	15.65%	6 754 787	0.00%	-
Refuse removal	6.83%	2 946 434	0.00%	-
Housing rentals	0.65%	282 677	0.00%	-
Sundries	19.63%	8 472 290	57.12%	5 057 854
		<b>43 161 099</b>		<b>8 854 581</b>

No receivables are pledged as security for financial liabilities

Due to short term nature of trade and other receivables the carrying value disclosed in note 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

### Non-exchange receivables

Electricity

Water

Waste water

Refuse removal

	2024 %	2024 R	2023 %	2023 R
Electricity	20.94%	3 176 104	17.56%	2 746 980
Water	26.96%	4 089 894	27.92%	4 369 465
Waste water	32.31%	4 901 909	32.82%	5 134 848
Refuse removal	19.80%	3 003 115	21.70%	3 396 087
		<b>15 171 021</b>		<b>15 647 380</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Exchange Receivables	2024 %	2024 R	2023 %	2023 R
Electricity	3.75%	9 118 485	3.58%	8 046 095
Water	32.88%	79 924 980	31.55%	70 843 486
Waste water	37.39%	90 893 078	39.04%	87 655 248
Refuse removal	23.00%	55 918 853	23.05%	51 753 124
Housing rentals	0.46%	1 111 504	0.43%	968 731
Sundries	2.52%	6 135 512	2.35%	5 267 802
		<b>243 102 413</b>		<b>224 534 487</b>

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term receivables and other debtors are individually evaluated annually at balance sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets maximum exposure to credit risk at year end is as follows:

	2024 R	2023 R
Receivables from exchange transactions	60 098 816	49 917 925
Receivables from non-exchange transactions	40 473 926	36 665 684
Cash and cash equivalents	165 432 036	95 078 061
	<b>266 004 779</b>	<b>181 661 670</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 61.3 Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

#### Sensitivity analysis

1% (2023. 1%) Increase in interest rates

1% (2023. 1%) Decrease in interest rates

2024	2023
R	R
(27)	(332 187)
27	332 187

  
AUDITOR-GENERAL  
OF SOUTH AFRICA  
Accountability. Integrity. Courage.  
29 Nov 2024

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 62 FINANCIAL INSTRUMENTS DISCLOSURE

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as

The fair value of financial instruments approximates the amortised costs as reflected below.

#### 62.1 Financial assets (at amortised cost)

Unpaid conditional grants	32 319 226	29 515 940
Receivables from exchange transactions	60 098 816	49 917 925
Other receivables from non-exchange	2 865 211	3 726 359
Cash and cash equivalents	165 432 036	95 078 061
	<b>260 715 289</b>	<b>178 238 285</b>

#### 62.2 Financial liabilities (at amortised cost)

Long-term borrowings	107 276 384	82 546 469
Current portion of long-term borrowings	20 425 221	18 279 782
Current portion finance lease liabilities	-	1 250 915
Unspent conditional grants	915 986	10 948 256
Trade and other payables from exchange transactions	130 549 691	94 749 411
	<b>259 167 281</b>	<b>207 774 834</b>

### 63 STATUTORY RECEIVABLES

In accordance with the principles of GRAP108, statutory receivables are classified as follows:

VAT receivable	15 181 674	10 025 267
Property rates (non-exchange)	20 795 184	21 876 607
Fines (non-exchange)	16 813 531	11 062 718
	<b>52 790 390</b>	<b>42 964 592</b>

### 64 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

### 65 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>66</b>	<b>COMMITMENTS</b>		
<b>66.1</b>	<b>Authorised capital expenditure</b>		
	<b>Already contracted for but not provided for</b>		
	SCM/2023/37/ENG	-	3 087 063
	SCM/2023/41/ENG	-	509 575
	SCM/2023/44/ENG	-	6 064 939
	SCM/2023/49/COMM	-	531 165
	SCM/2023/57/ENG	516 505	4 587 685
	SCM/2023/120/COMM	1 604 466	-
	SCM/2024/44/COMM	8 755 268	-
		<b>10 876 239</b>	<b>14 780 426</b>
	<b>Total capital commitments</b>		
	Already contracted for but not provided for	10 876 239	14 780 426
		<b>10 876 239</b>	<b>14 780 426</b>
	<b>Commitments as per class of PPE</b>		
	Roads infrastructure	10 359 734	509 575
	Community Assets	-	531 165
	Water infrastructure	516 505	13 739 686
		<b>10 876 239</b>	<b>14 780 426</b>
	This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.		
<b>66.2</b>	<b>Operating leases - as lessee (expense)</b>		
	A breakdown / explanation for operating leases can be found under note 8.2.		
<b>67</b>	<b>ACCOUNTING BY PRINCIPALS AND AGENTS</b>		
	The municipality is a party to a principle-agent arrangement(s).		
<b>67.1</b>	<b>Municipality as agent</b>		
<b>67.1.1</b>	<b>Details of the arrangement(s) is/are as follows:</b>		
	The municipality undertakes to handle motor vehicle license issuing on behalf of the department of transport and province and collects a commission of 12% plus VAT.		
<b>67.1.2</b>	<b>Resources held on behalf of the principal(s), but recognised in the municipality's own financial</b>		
	The resources regarding the licensing department, remain that of the department of transport and do not form part of the municipality's financial statements.		

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 67.1.3 Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is R 2 497 659 (2023: R 2 500 851).

### 67.1.4 Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality as receivables, have a net effect of R -20 324 that is still owed to the municipality and will be paid over by the department of transport in the new financial year.

### 67.1.5 Additional information

#### 67.1.5.1 Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories	Additional details
Licensing fees	Income collected on behalf of DOT and provincial transport for motor vehicle registration

Amount of revenue received on behalf of the principal during the reporting period

Licensing fees	15 733 698	16 141 300
	<b>15 733 698</b>	<b>16 141 300</b>

#### 67.1.5.2 Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables/(payables)

##### Vehicle licensing

Opening balance	69 060	64 301
Revenue received on behalf of the principal	15 733 698	16 141 300
Amounts transferred to the principal	(15 823 082)	(16 136 541)
	<b>(20 324)</b>	<b>69 060</b>

##### All Categories

Opening balance	69 060	64 301
Revenue received on behalf of the principal	15 733 698	16 141 300
Amounts transferred to the principal	(15 823 082)	(16 136 541)
	<b>(20 324)</b>	<b>69 060</b>



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>67.2 Municipality as Principle</b>			
<b>67.2.1 Details of the arrangement(s) is/are as follows:</b>			
The municipality appointed TMT and Utilities world as agents to collect revenue on its behalf. TMT receives a fixed amount per fine closed and Utilities world receives a percentage of Electricity sales			
<b>67.2.2 Resources held on behalf of the principal(s), but recognised in the municipality's own financial</b>			
No resources are under the agents custodianship.			
<b>67.2.3 Fees Paid</b>			
<b>Fee paid as compensation to the agent</b>			
TMT		6 216 673	2 905 645
Utilities World		1 778 843	1 217 333
		<b>7 995 516</b>	<b>4 122 978</b>

### **67.2.4 Resource and/or cost implications for the entity if the principal-agent arrangement is terminated**

No implication on the Municipality as no new service provider will be appointed

## **68 GOING CONCERN**

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the constitution.

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 1 183 347 758 and that the municipality's total assets exceed its liabilities by R 1 260 028 695.

The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The possible outflow of resources due to contingent liabilities is disclosed in note 72

## **69 LIVING AND NON-LIVING RESOURCES**

The municipality has no living resources under its control

The non-living resources that the municipality have right to use via license agreements are rivers and boreholes, however a value cannot be determined since it is rivers and boreholes that is not disturbed in its natural state.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
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### 70 BBEE PERFORMANCE

Information on compliance with the B-BBEE act is included in the annual report under the section titled B-BBEE compliance performance information.

### 71 EVENTS AFTER THE REPORTING DATE

The following is events after the reporting date that needs to be brought to the attention of the reader of this financial statements.

1. In accordance with the contractual liability that stems from the award of a public tender for the operation of the Plettenberg Bay airport and the responsibility that vests in the municipality as the current owner of the airport business and to enable the newly appointed operator to acquire a CAT5 airport license from the Civil Aviation Authority of South Africa. It was confirmed that immediate remedial action is required on the runway as required by previous as well as recent CAA findings. A detailed investigation and analysis of the remedial action was undertaken, and a cost estimate was done that confirmed the cost of repairs. Further negotiations with the newly appointed operator was done and it was agreed that the municipality would contribute a reduced amount for the upgrade of the runway to enable a CAT5 license to be issued by the CAA to the new operator. This event only has future financial implications that does not affect the current reporting period.

2. Due arbitration and appeal processes that was concluded during July and August 2024, 2 officials were re-instated in there previous positions with full backdated benefits which have a financial impact that was provided for under legal proceedings provision, refer to Note 19.

3. There was a executive council change during August 2024, which has no financial implications for the reporting period.

### 72 CONTINGENT LIABILITIES

	2024 R	2023 R
<b>Sugar Sweet Props 26 (Pty)Ltd</b>	-	150 000

Town planning matter, concerning the proclamation of an access road and related matters

<b>Teniqua Wildfire rehabilitation and awareness</b>	-	286 400
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The Plaintiff issued summons against Bitou Local Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the Regional Court. The matter was concluded.

<b>Proudafrique 0004 t/a Powerhouse</b>	165 300	600 000
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The company claimed monies for the work performed during the coalition strategic session held in 2016 between AUF and DA. Bitou has filed an opposition to defend the matter.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
<b>Johann Victor</b>		-	100 000
This matter involves the enforcement of the river by-law, which the applicant sued the municipality after he was arrested by the law enforcement for the contravention of the river by-law. Subsequently a final settlement letter was issued for the plaintiff to be paid on or before the 31 January 2024, this in the current year a provision was raised for the amount due to the plaintiff			
<b>Plettenberg Bay Rate-Payers Residents Association</b>		350 000	-
Reviewing and setting aside a Council resolution for the procurement of vehicles for political office bearers. A notice to abide was filed. The matter is still pending.			
<b>Project Guardian</b>		250 000	-
Application for the review of the decision taken by the Acting Executive Mayor on 19 November 2021 on the rezoning and related matters regarding ERF 156. Application to abide filed at Court. The matter is pending.			
<b>Bradwell Moos</b>		500 000	-
Due to a fatal electrocution of a minor child, legal action is taken against the Bitou Municipality ("the Municipality") for inter alia, the loss, damages, pain and suffering that the plaintiff endured. The legal action states that the accident is due to the Municipality's failure to act and/or carry out its constitutional duty resulting in the electrocution and events that led to the death of the minor child on 24 September 2022 at the Kranshoek Municipal Sports Field in Ward 7, Bitou.			
<b>SC Housing</b>		2 014 440	-
The matter relates to a breach of contract between SC Housing (PTY) Ltd and Bitou Municipality Breach of contract. SC Housing (PTY) Ltd is demanding payment for construction of civil engineering service rendered in terms of a tender awarded to them and where the cause relates to a series of events that occurred as a result of the awarded tender.			
<b>Actophambili Roads</b>		195 917	-
The matter relates to a breach of contract between Actophambili Roads and Bitou Municipality and a summons was issued, claiming for services rendered.			
<b>South African Revenue Services - Library Grant</b>		-	-
Due to the issue around the VAT treatment on Grant allocations for Library Services that was raised by SARS, the municipality will disclose the interest and penalties portion of this matter will be disclosed as a contingent liability until such time that clarity is obtained. The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities, the municipality is not assigned a Library function in terms of the Constitution, and is also not acting formally in terms of an SLA as agent of the Province, but it is also expected to contribute financially to provision of library services. The Municipality is therefore unclear on the VAT treatment on all contributions received from Government, the amount of the full obligation is split into a provision that is made for the known VAT amounts based on the 15% VAT calculation and is provided for as a provision in Note 17 and the unknown portion of the possible fines and penalties is shown as a contingent liability. The municipality applied for a VAT ruling from SARS, but to date, it is still awaiting a formal response. The potential impact of penalties can only be determined once a formal response is received from SARS.			
<b>Total</b>		<b>3 475 657</b>	<b>1 136 400</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Note	2024 R	2023 R
73	CONTINGENT ASSETS		
		2024 R	2023 R
	CANCOM vs Bitou municipality and others	5 500 000	5 500 000
Bitou Local Municipality is taken to court for blocking renewal of licence disks for cars of hiring companies for not redirecting outstanding fines on vehicles to the individuals, Bitou is owed by Cancom for unpaid fines to the amount of R 5.5 million.			
	Bitou Municipality vs Farmers Fowls CC	350 000	-
Illegal Land Use: Non-compliance issue where land use is causing a nuisance for surrounding property owners, impacting their ability to enjoy their land use rights. The Legal Department is now required to assist with the necessary actions as per the requirements of the Planning By-law			
Total		5 850 000	5 500 000

  
NATIONAL TREASURY AND FINANCE  
SOUTH AFRICA  
Accountability and integrity  
29 Nov 2024

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 74 EXPLANATIONS ON BUDGET COMPARISON STATEMENTS AND DIFFERENCES

#### 74.1 Disclosure in terms of GRAP 24 par 38 & 42

The Approved budget was prepared on the accrual accounting basis. The classification basis used was the mSCOA classification method.

The Approved budget was prepared on the 3 year MTREF basis as prescribed by National treasury.

#### 74.2 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

#### 74.2.1 Statement of financial position

##### 74.2.1.1

Current assets	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
Cash and cash	165 432	Cash and cash	165 432	-	
Trade and other receivables from exchange transactions	54 528	Receivables from exchange transactions	60 099	(5 570)	Accounts of R 651.364k included in receivables from exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA). Accounts of R 4.919m included in receivables from exchange transactions (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA).

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Receivables from non-exchange transactions	40 181	Receivables from non-exchange transactions	40 474	(293)	Accounts of R 9.438k included in receivables from non-exchange transactions (GRAP) forms part of current assets / current portion of non-current receivables (mSCOA). Accounts of R 263.514k included in receivables from non-exchange transactions (GRAP) forms part of current assets / other current assets (mSCOA).Accounts of R 20.324k included in receivables from non-exchange transactions (GRAP) forms part of current liabilities / trade and other payables from exchange transactions (mSCOA).
Current portion of non-current receivables	9	Current portion of long-term receivables	-	9	Accounts of R 9.438k included in receivables from non-exchange transactions (GRAP) forms part of current portion of non-current receivables (mSCOA).
Inventory	15 845	Inventories	15 845	-	
VAT	283 602	VAT receivable	15 182	268 421	Accounts of R 268.421m included in vat receivable (GRAP) forms part of current liabilities / vat (mSCOA).
Other current assets	898	Operating lease asset	18	(31 439)	
		Unpaid conditional grants	32 319		Accounts of R 32.319m included in unpaid conditional grants (GRAP) forms part of none (mSCOA). Accounts of R 651.364k included in receivables from exchange transactions (GRAP) forms part of other current assets (mSCOA). Accounts of R 263.514k included in receivables from non-exchange transactions (GRAP) forms part of other current assets (mSCOA). Accounts of R 34.887k included in trade and other payables from exchange transactions (GRAP) forms part of other current assets (mSCOA).
	<b>560 496</b>		<b>329 369</b>	<b>231 127</b>	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

74.2.1.2	<b>Non current assets</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Position R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>	<b>Comment on Differences</b>
	Investment property	14 050	Investment property	14 050	-	
	Property, plant and equipment	1 319 839	Property, plant and equipment	1 319 839	-	
	Heritage assets	38	Heritage assets	38		
		<b>1 333 926</b>		<b>1 333 926</b>	<b>-</b>	
74.2.1.3	<b>Current liabilities</b>	<b>Actuals per Budget Comparison R'000</b>	<b>GRAP Classification</b>	<b>Actuals per Statement of Financial Position R'000</b>	<b>Reclassification due to mSCOA vs GRAP Classification R'000</b>	<b>Comment on Differences</b>
	Financial liabilities	20 867	Current portion of long-term borrowings	20 425	-	
			Operating lease liability	441		
	Consumer deposits	11 362	Consumer deposits	11 362	-	
	Trade and other payables from exchange transactions	125 575	Trade and other payables from exchange transactions	130 550	(4 974)	Accounts of R 34.887k included in trade and other payables from exchange transactions (GRAP) forms part of other current assets (mSCOA). Accounts of R -4.919m included in receivables from exchange transactions (GRAP) forms part of trade and other payables from exchange transactions (mSCOA). Accounts of R -20.324k included in receivables from non-exchange transactions (GRAP) forms part of trade and other payables from exchange transactions (mSCOA).

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Trade and other payables from non-exchange transactions	(31 403)	Unspent conditional grants	916	(32 319)	Accounts of R 32.319m included in unspent conditional grants (GRAP) forms part of none (mSCOA).
Provision	45 802	Current employee benefit obligation	37 631	(2 134)	Accounts of R 2.134m included in current employee benefit obligation (GRAP) forms part of other current liabilities (mSCOA).
		Current provisions	10 306		
VAT	268 421	VAT payable	-	268 421	Accounts of R 268.421m included in vat payable (GRAP) forms part of vat (mSCOA).
Other current liabilities	2 134	Landfill site	-	2 134	Accounts of R 2.134m included in current employee benefit obligation (GRAP) forms part of other current liabilities (mSCOA).
<b>442 757</b>		<b>211 630</b>		<b>231 127</b>	

74.2.1.4

Non current liabilities	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
Financial liabilities	107 276	Long-term borrowings	107 276	-	
Provision	13 801	Non-current provisions	-	13 801	Accounts of R 13.052m included in employee benefit obligation (GRAP) forms part of provision (mSCOA).
Other non-current liabilities	70 559	Employee benefit obligation	84 360	(13 801)	Accounts of R 13.052m included in employee benefit obligation (GRAP) forms part of non current liabilities / provision (mSCOA).
<b>191 636</b>		<b>191 636</b>		<b>-</b>	



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

74.2.1.5	Community Wealth/Equity		GRAP Classification	Actuals per Statement of Financial Position R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Accumulated surplus/(deficit)	1 183 348	Accumulated surplus	1 183 348	-	
	Reserves and funds	76 681	Reserves	76 681	-	
		<b>1 260 029</b>		<b>1 260 029</b>	<b>-</b>	

### 74.2.2 Statement of financial performance

74.2.2.1	Exchange Revenue By Source	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Service charges - electricity	230 904	Service charges (Exchange)	431 024	(3)	Accounts of R 3.42k included in service charges (exchange) (GRAP) forms part of sale of goods and rendering of services (mSCOA).
	Service charges - water	87 795				
	Service charges - waste water management	67 358				
	Service charges - waste management	44 964				
	Sale of Goods and Rendering of Services	7 520	Rendering of services	7 447	3	Accounts of R 3.42k included in service charges (exchange) (GRAP) forms part of sale of goods and rendering of services (mSCOA).
			Sale of goods	69		
	Agency services	2 498	Agency services	2 498	-	
	Interest earned from Receivables	13 243	Interest charged (trading)	13 243	-	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

Interest earned from Current and Non Current Assets	13 203	Interest earned - cash and investments	13 203	-	
Rental from Fixed Assets - Operational	1 354	Rental of facilities and equipment	1 354	-	
Licence and permits	1 427	Licences and permits	1 427	-	
Operational Revenue	7 415	Operational revenue	7 415	-	

74.2.2.2

Non-Exchange Revenue By Source	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
Property rates	178 229	Property rates	178 229	-	
Surcharges and Taxes	1 420	Surcharges and taxes	1 420	-	
Fines, penalties and forfeits	60 451	Fines, penalties and forfeits	60 451	-	
Transfer and subsidies - Operational	166 503	Government grants & subsidies - monetary	216 810	(50 307)	Accounts of R 50.307m included in government grants & subsidies - monetary (GRAP) forms part of transfers and subsidies - capital (monetary allocations) (mSCOA).
Interest	2 292	Interest charged on non-exchange transactions	2 292	-	
Operational Revenue	14 750	Availability charges (Non-Exchange)	14 750	-	
Other Gains	8 370	Actuarial gains	8 370	-	

**Total Revenue (excluding capital transfers and contributions)**

**909 696**

**960 002**

**(50 307)**

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

74.2.2.3

Expenditure By Type	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
Employee related costs	312 820	Employee related costs	312 820	-	
Remuneration of councillors	7 376	Remuneration of councillors	7 376	-	
Bulk purchases - electricity	197 628	Bulk purchases	198 661	(1 033)	Accounts of R 1.033m included in bulk purchases (GRAP) forms part of inventory consumed (mSCOA).
Inventory consumed	16 652	Inventory consumed	15 619	1 033	Accounts of R 1.033m included in bulk purchases (GRAP) forms part of inventory consumed (mSCOA).
Debt impairment	28 480	Impairment	37 338	(8 858)	Accounts of R 8.858m included in impairment (GRAP) forms part of other losses (mSCOA).
Depreciation and amortisation	39 994	Depreciation and amortization	39 994	-	
Interest	20 922	Finance costs	20 922	-	
Contracted services	77 655	Contracted services	77 655	-	
Transfers and subsidies	9 208	Transfers and subsidies	9 208	-	
Irrecoverable debts written off	74 426	Bad debts written off	74 426	-	
Operational costs	76 823	Operating leases	4 793	-	
		Operational cost	72 031		
Losses on disposal of Assets	3 217	Loss on disposal of assets and liabilities	3 217	-	
Other Losses	8 969	Inventories Losses / Write-Downs	98	8 858	Accounts of R 8.858m included in impairment (GRAP) forms part of other losses (mSCOA).
		Water losses	13		
<b>Total expenditure</b>	<b>874 170</b>		<b>874 170</b>	<b>-</b>	

## BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

### Notes to the Audited Annual Financial Statements

74.2.2.4	Transfers and Subsidies	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Transfers and subsidies capital (monetary allocations)	50 307	Contributed Assets	33	50 307	Accounts of R 50.307m included in government grants & subsidies - monetary (GRAP) forms part of transfers and subsidies - capital (monetary allocations) (mSCOA).
	Transfers and subsidies capital (in-kind - all)	33				
	<b>Surplus after capital transfers &amp; contributions</b>	<b>85 865</b>		<b>85 865</b>	<b>-</b>	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 74.2.3 Cash flow statement

#### 74.2.3.1 Cash Flow from Operating Activities

74.2.3.1.1	Receipts	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Property rates	174 876	Taxes, levies and fines	189 395	(14 519)	Cashflows of R 224.785k included in taxes, levies and fines (GRAP) forms part of service charges (mSCOA). Cashflows of R 14.294m included in taxes, levies and fines (GRAP) forms part of other revenue (mSCOA).
	Service charges	387 284	Goods and services provided	410 699	(23 415)	Cashflows of R 23.467m included in goods and services provided (GRAP) forms part of other revenue (mSCOA). Cashflows of R 224.785k included in taxes, levies and fines (GRAP) forms part of service charges (mSCOA).
	Other revenue	37 761	Reconciling items	-	37 761	Cashflows of R 14.294m included in taxes, levies and fines (GRAP) forms part of other revenue (mSCOA). Cashflows of R 23.467m included in goods and services provided (GRAP) forms part of other revenue (mSCOA).
	Transfers and Subsidies - Operational	170 385	Government grants	204 855	-	
	Transfers and Subsidies - Capital	34 470	Payments / Public contributions and donations repaid	-		
	Interest	17 654	Interest income	17 654	-	
		<b>822 429</b>		<b>822 603</b>	<b>(174)</b>	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

74.2.3.1.2	Payments	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Suppliers and employees	(654 116)	Suppliers for goods and services	(336 498)	(77)	
			Employees	(310 242)		
			Remuneration of councillors	(7 300)		
	Interest	(10 751)	Finance cost	(10 751)	-	
	Transfers and Subsidies	(9 208)	Transfers and grants	(9 208)	-	
		<u>(674 076)</u>		<u>(673 999)</u>	<u>(77)</u>	

### 74.2.3.2 Cash Flow from Investing Activities

74.2.3.2.2	Payments	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Capital assets	(104 494)	Purchase of property, plant and equipment	(104 494)	-	
		<u>(104 494)</u>		<u>(104 494)</u>	<u>-</u>	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 74.2.3.3 Cash Flow from Financing Activities

74.2.3.3.1	Receipts	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Borrowing long term/refinancing	45 150	Proceeds from long-term borrowings	45 150	-	
	Increase (decrease) in consumer deposits	565	CASH FLOWS FROM OPERATING ACTIVITIES - Receipts - Consumer deposits	791	-	
			CASH FLOWS FROM OPERATING ACTIVITIES - Payments - Consumer deposits	(226)		
		<b>45 715</b>		<b>45 715</b>	<b>-</b>	
74.2.3.3.2	Payments	Actuals per Budget Comparison R'000	GRAP Classification	Actuals per Statement of Financial Performance R'000	Reclassification due to mSCOA vs GRAP Classification R'000	Comment on Differences
	Repayment of borrowing	(19 526)	Repayment of long-term borrowings	(18 275)	-	
			Repayment of finance leases	(1 251)		
		<b>(19 526)</b>		<b>(19 526)</b>	<b>-</b>	

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### Ref No Explanation on material differences

#### 74.3 Material differences between original budget and final budget

##### 74.3.1 Statement of financial position

Cash and cash equivalents	A1	Adjusted Opening Balances and additional funding received
Trade and other receivables from exchange transactions	A2	Adjusted Opening Balances and additional funding received
Receivables from non-exchange transactions	A3	Adjusted Opening Balances and additional funding received
VAT	A4	Adjusted Opening Balances and results due to adjustments

##### 74.3.1.1 Current liabilities

Financial liabilities	C1	Adjusted Opening Balances that were not included in the Original Budget
Trade and other payables from exchange transactions	C2	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
Trade and other payables from non-exchange transactions	C3	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
VAT	C5	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
Other current liabilities	C6	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments

##### 74.3.1.2 Non current liabilities

Financial liabilities	D1	Adjusted Opening Balances that were not included in the Original Budget
Provision	D2	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
Other non-current liabilities	D3	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

		Ref No	Explanation on material differences
<b>74.3.1.3</b>	<b>Community wealth/equity</b>		
	Accumulated surplus/(deficit)	E1	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
	Reserves and funds	E2	Adjusted Opening Balances that were not included in the Original Budget and additions as a result of the adjustments
<b>74.3.2</b>	<b>Statement of financial performance</b>		
<b>74.3.2.1</b>	<b>Revenue</b>		
<b>74.3.2.1.1</b>	<b>Exchange Revenue By Source</b>		
	Service charges - electricity	F1	Electricity has been adjusted downwards by R9.2 Million due to continuous loadshedding and longer downtime due to the different stages and an increase in our customer base moving to SSEG. The increase in consumption anticipated in the colder months will not meet the current budgeted target and thus the need for adjustment
	Service charges - waste water management	F2	Revenue source has continuously been underperforming and the effect of the increase in the number of indigent customers has led to an adjustment of R10.8 Million to bring this source in line with the actual revenue trend
	Service charges - waste management	F3	This revenue source has been adjusted downwards as a result of the under performance in the current financial year, the increase in the number of indigents that require subsidization with the associated increase in revenue foregone contributed to the necessity for the reduction in the anticipated revenue
	Operational Revenue	F4	The increase in operational revenue, is as a result of revenue from development charges that have been paid to the municipality
<b>74.3.2.1.2</b>	<b>Non-Exchange Revenue By Source</b>		
	Fines, penalties and forfeits	G1	Fines are adjusted upwards due to an anticipated over performance based on the trend, it was projected that the Municipality would gain an additional R13.4 Million in revenue from this source
	Transfer and subsidies - Operational	G2	Result of the additional grant received and rolled-over funds

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>74.3.2.2 Expenditure By Type</b>		
Employee related costs	H1	Additional funds for overtime and standby due to the continuous loadshedding stages as well as to provide for the under budgeting in the original budget
Bulk purchases - electricity	H2	Bulk electricity reduction, is due to the increase in SSEG in our town coupled with the increase in loadshedding, causing lower demand to such an extent that was not known when the original budget was compiled
<b>74.3.2.3 Capital Funding</b>		
Transfers and subsidies - capital (monetary allocations)	I1	Result of the additional grant received and rolled-over funds
<b>74.3.3 Cash flow statement</b>		
<b>74.3.3.1 Cash flows from operating activities</b>		
<b>74.3.3.1.1 Receipts</b>		
Transfers and Subsidies - Capital	J4	Result of the additional grant received and rolled-over funds
<b>74.3.3.2 Cash flows from investing activities</b>		
<b>74.3.3.2.2 Payments</b>		
Capital assets	K2	Result of the additional grant received and rolled-over funds

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>74.4</b>	<b>Material differences between final budget and actuals</b>	
<b>74.4.1</b>	<b>Statement of financial position</b>	
<b>74.4.1.1</b>	<b>Current assets</b>	
Cash and cash equivalents	A1	Actuals on Cash and Cash Equivalents are over-performing due to lack of spending on certain expenditure items including contracted services and employee related costs
Trade and other receivables from exchange transactions	A2	Over performance due to exceptional collection rate and subsequently a reduction in Impairment
Receivables from non-exchange transactions	A3	Under performance due to a higher rate of fines issued than expected and subsequently a higher impairment for non-collection
VAT	A4	Due to an increase in billing the effect is an increase in our VAT Receivable
<b>74.4.1.2</b>	<b>Current liabilities</b>	
Trade and other payables from exchange transactions	C2	Increase due to above anticipated movement in various items such as Payables and Accruals; Retention and Unallocated deposits
Trade and other payables from non-exchange transactions	C3	Difference can be allocated to the underspending on certain grants that lead to the difference
Provision	C4	Increase due to an increase in employee benefit obligation as well as an increase in Litigation provisions
VAT	C5	Due to an increase in trade payables the effect is an increase in our VAT Payable
<b>74.4.1.3</b>	<b>Non current liabilities</b>	
Provision	D2	Increase due to an increase in employee benefit obligation as well as an increase in Litigation provisions
Other non-current liabilities	D3	Due to B-Schedule mapping, Other liabilities form part of provisions
<b>74.4.1.4</b>	<b>Community Wealth/Equity</b>	
Reserves and funds	E2	Difference due to final capitalisation and reserve for Augmentation fees

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>74.4.2 Statement of financial performance</b>		
<b>74.4.2.1 Revenue</b>		
<b>74.4.2.1.2 Non-Exchange Revenue By Source</b>		
Fines, penalties and forfeits	G1	The Fines Budget was adjusted upward to accommodate the increase in Fines Revenue, however based on the Trend the Actual revenue could not have been predicted to spike this much
Transfer and subsidies - Operational	G2	Underspending is partially due to VAT issue on Library grants
<b>74.4.2.2.2 Expenditure By Type</b>		
Employee related costs	H1	The Actuarial report for the 2022-23 financial was not used to adjust the original budget during the adjustment budget and subsequently led to the "Saving" after the 2023-24 report was finalised
Debt impairment	H3	The difference is due to the increase in Fines Revenue which as a result, will increase debt impairment and irrecoverable debt
Contracted services	H4	Difference can be attributed to projects that were started and did not finish in time and projects which never started
Irrecoverable debts written off	H5	The difference is due to the increase in Fines Revenue which as a result, will increase debt impairment and irrecoverable debt
Operational costs	H6	Difference can be attributed to operational items that funding was provided for but for some reason never materialised, examples are registration cost for seminars, conference registration and savings on Travel and subsistence.
Other Losses	H7	Difference is due to asset impairment that forms part of the year-end asset verification and due to timing of the exercise, could not reasonably be budgeted for as per the last adjustment budget of the financial year.
<b>74.4.2.3.3 Capital Funding</b>		
Transfers and subsidies - capital (monetary allocations)	I1	Underspending due to Informal Settlement grant, where the tender process was only concluded towards the end of the financial year and thus spending was delayed.

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

	Ref No	Explanation on material differences
<b>74.4.3 Cash flow statement</b>		
<b>74.4.3.1 Cash flows from operating activities</b>		
<b>74.4.3.1.1 Receipts</b>		
Property rates	J1	The above anticipated cashflow actuals is attributed to the above anticipated collection rate on Property rates
Service charges	J2	The below anticipated cashflow budgeting can be attributed to the below anticipated collection on Service Charges and Higher indigent figuers
Other revenue	J3	The Fines Budget was adjusted upward to accommodate the increase in Fines Revenue, however based on the Trend the Actual revenue could not have been predicted to spike this much
Transfers and Subsidies - Capital	J4	Difference can be attributed to housing projects that never materialised
<b>74.4.3.1.2 Payments</b>		
Suppliers and employees	J5	Difference can be attributed to projects that were started and did not finish in time and projects which never started
<b>74.4.3.2 Cash flows from investing activities</b>		
<b>74.4.3.2.1 Receipts</b>		
Proceeds on disposal of PPE	K1	Council intended to sell some of our properties, however it did not materialise in the current financial year and will be included in the new fiancial year plans.
<b>74.4.3.2.2 Payments</b>		
Capital assets	K2	Difference can be attributed to projects that were started and did not finish in time and projects which never started
<b>74.4.3.3 Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalent at the beginning of	M1	A substantial amount of the borrowings taken up was not yet spent.

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 75 SEGMENTAL REPORTING

#### 75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

##### REVENUE

##### Revenue from exchange transactions

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Agency services	-	-	-	2 497 659
Interest charged (trading)	-	39 480	-	2 725 046
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	51 556	-	1 375 927
Operational revenue	-	236 342	-	1 681 178
Rendering of services	-	-	55 067	981 126
Rental of facilities and equipment	-	1 050 958	-	303 485
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	44 963 962
<b>Total revenue from exchange transactions</b>	<b>-</b>	<b>1 378 336</b>	<b>55 067</b>	<b>54 528 383</b>

##### Revenue from non-exchange transactions

##### Taxation and other revenue

Actuarial gains	-	391 408	1 501 929	2 762 970
Availability charges (Non-Exchange)	-	-	-	3 122 359
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
Surcharges and taxes	-	-	-	-

##### Transfer revenue

Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	-	-	58 142 942
Government grants & subsidies - monetary	-	99 667 359	800 676	15 734 548

##### Total revenue from non-exchange transactions

##### Total revenue

<b>Total revenue from non-exchange transactions</b>	<b>-</b>	<b>100 058 767</b>	<b>2 302 605</b>	<b>79 795 562</b>
<b>Total revenue</b>	<b>-</b>	<b>101 437 103</b>	<b>2 357 672</b>	<b>134 323 945</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

### 75 SEGMENTAL REPORTING

#### 75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

##### EXPENDITURE

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Bad debts written off	316 402	-	-	38 645 545
Bulk purchases	-	-	-	-
Contracted services	241 256	2 579 971	5 352 477	26 071 428
Depreciation and amortization	40 231	123 555	675 607	7 859 666
Employee related costs	-	27 522 759	32 920 330	119 073 780
Finance costs	-	865 083	2 160 154	5 857 681
Impairment	-	-	-	22 755 472
Inventories Losses / Write-Downs	-	-	-	-
Inventory consumed	25 143	36 865	495 575	5 132 591
Loss on disposal of assets and liabilities	746	4 909	46 696	313 824
Operating leases	-	-	345 754	4 447 101
Operational cost	1 205 220	653 617	23 538 766	18 921 912
Remuneration of councillors	7 376 219	-	-	-
Transfers and subsidies	2 613 785	-	200 000	920 000
Water losses	-	-	-	-
<b>Total expenditure</b>	<b>11 819 000</b>	<b>31 786 759</b>	<b>65 735 357</b>	<b>249 999 000</b>
<b>Surplus / (deficit) for the year</b>	<b>(11 819 000)</b>	<b>69 650 344</b>	<b>(63 377 686)</b>	<b>(115 675 055)</b>

#### 75.02 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

	Council R	Office of the Municipal Manager R	Corporate Services R	Community Services R
Capital Expenditure	-	149 406	1 768 652	4 656 670

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

### 75 SEGMENTAL REPORTING

#### 75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

##### REVENUE

##### Revenue from exchange transactions

	Economic Development And Planning R	Financial Services R	Engineering Services R	Total R
Agency services	-	-	-	2 497 659
Interest charged (trading)	-	-	10 478 546	13 243 071
Interest earned - cash and investments	-	13 203 208	-	13 203 208
Licences and permits	-	-	-	1 427 483
Operational revenue	-	394 027	5 103 932	7 415 480
Rendering of services	6 170 126	239 807	791	7 446 917
Rental of facilities and equipment	-	-	-	1 354 443
Sale of goods	-	69 345	-	69 345
Service charges (Exchange)	3 120	-	386 056 712	431 023 794

##### Total revenue from exchange transactions

**6 173 246      13 906 387      401 639 981      477 681 398**

##### Revenue from non-exchange transactions

##### Taxation and other revenue

Actuarial gains	677 610	1 014 712	2 021 055	8 369 684
Availability charges (Non-Exchange)	-	-	11 627 450	14 749 809
Interest charged on non-exchange transactions	-	2 291 556	-	2 291 556
Property rates	-	178 228 517	-	178 228 517
Surcharges and taxes	-	1 419 866	-	1 419 866

##### Transfer revenue

Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	2 308 458	-	60 451 399
Government grants & subsidies - monetary	22 786 719	10 547 753	67 273 063	216 810 117

##### Total revenue from non-exchange transactions

**23 464 329      195 810 862      80 921 568      482 353 692**

##### Total revenue

**29 637 575      209 717 248      482 561 548      960 035 091**



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

### 75 SEGMENTAL REPORTING

#### 75.01 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

##### EXPENDITURE

	Economic Development And Planning R	Financial Services R	Engineering Services R	Total R
Bad debts written off	-	2 337 673	33 126 213	74 425 834
Bulk purchases	-	-	198 660 760	198 660 760
Contracted services	7 622 636	6 926 908	28 860 456	77 655 131
Depreciation and amortization	136 260	767 643	30 390 687	39 993 649
Employee related costs	27 451 519	33 584 436	72 266 985	312 819 808
Finance costs	1 287 323	333 975	10 418 147	20 922 363
Impairment	-	3 009 621	11 572 459	37 337 551
Inventories Losses / Write-Downs	-	97 619	-	97 619
Inventory consumed	1 413 876	169 300	8 345 873	15 619 222
Loss on disposal of assets and liabilities	9 319	15 383	2 825 816	3 216 693
Operating leases	-	-	-	4 792 855
Operational cost	990 751	11 143 359	15 576 925	72 030 550
Remuneration of councillors	-	-	-	7 376 219
Transfers and subsidies	4 126 150	1 348 339	-	9 208 274
Water losses	-	-	13 370	13 370
<b>Total expenditure</b>	<b>43 037 835</b>	<b>59 734 256</b>	<b>412 057 690</b>	<b>874 169 897</b>
<b>Surplus / (deficit) for the year</b>	<b>(13 400 260)</b>	<b>149 982 992</b>	<b>70 503 858</b>	<b>85 865 193</b>

#### 75.02 SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2024

	Economic Development And Planning R	Financial Services R	Engineering Services R	Total R
Capital Expenditure	300 847	32 744	97 402 955	104 311 273

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

<b>SEGMENTAL OF STATEMENT OF FINANCIAL</b>				
<b>75.03</b>	<b>PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023</b>			
	<b>Council</b>	<b>Office of the</b>	<b>Corporate Services</b>	<b>Community Services</b>
	<b>R</b>	<b>Municipal Manager</b>	<b>R</b>	<b>R</b>
		<b>R</b>		
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Agency services	-	-	-	2 500 851
Interest charged (trading)	-	65 364	-	3 598 356
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	8 956	-	1 186 802
Operational revenue	18 417	361 292	4 966	1 513 885
Rendering of services	-	-	-	955 995
Rental of facilities and equipment	-	830 884	-	292 784
Sale of goods	-	-	-	-
Service charges (Exchange)	-	-	-	41 353 516
<b>Total revenue from exchange transactions</b>	<b>18 417</b>	<b>1 266 496</b>	<b>4 966</b>	<b>51 402 189</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation and other revenue</b>				
Actuarial gains	-	1 384 959	3 014 531	6 444 903
Availability charges (Non-Exchange)	-	-	-	4 148 853
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
<b>Transfer revenue</b>				
Fines, penalties and forfeits	-	-	-	43 881 656
Government grants & subsidies - monetary	-	129 019 000	670 558	22 865 693
<b>Total revenue from non-exchange transactions</b>	<b>-</b>	<b>130 403 959</b>	<b>3 685 089</b>	<b>77 341 105</b>
<b>Total revenue</b>	<b>18 417</b>	<b>131 670 456</b>	<b>3 690 055</b>	<b>128 743 294</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

<b>SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023</b>				
	<b>Council</b>	<b>Office of the</b>	<b>Corporate Services</b>	<b>Community Services</b>
	<b>R</b>	<b>Municipal Manager</b>	<b>R</b>	<b>R</b>
<b>EXPENDITURE</b>				
Bad debts written off	-	259 496	-	39 942 758
Bulk purchases	-	-	-	-
Contracted services	51 376	1 360 774	4 111 577	38 154 563
Depreciation and amortization	55 705	150 106	832 817	7 925 096
Employee related costs	-	23 536 598	30 631 392	116 277 853
Finance costs	-	767 454	2 672 419	6 024 583
Impairment	-	-	-	9 570 159
Inventories Losses / Write-Downs	-	-	-	-
Inventory consumed	122 646	29 955	386 625	4 320 707
Loss on disposal of assets and liabilities	638	1 149	78 549	176 428
Operating leases	-	-	199 547	3 797 523
Operational cost	1 120 827	462 777	19 281 627	20 708 222
Remuneration of councillors	6 721 149	-	-	-
Transfers and subsidies	-	1 621 592	-	285 000
Water losses	-	-	-	-
<b>Total expenditure</b>	<b>8 072 341</b>	<b>28 189 900</b>	<b>58 194 552</b>	<b>247 182 893</b>
<b>Surplus / (deficit) for the year</b>	<b>(8 053 924)</b>	<b>103 480 556</b>	<b>(54 504 497)</b>	<b>(118 439 599)</b>

<b>SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023</b>				
	<b>Council</b>	<b>Office of the</b>	<b>Corporate Services</b>	<b>Community Services</b>
	<b>R</b>	<b>Municipal Manager</b>	<b>R</b>	<b>R</b>
Capital Expenditure	-	-	2 145 191	7 249 442

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

75.03	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023	Economic			
		Development And	Financial Services	Engineering	Total
		Planning		Services	
		R	R	R	R
<b>REVENUE</b>					
<b>Revenue from exchange transactions</b>					
Agency services		-	-	-	2 500 851
Interest charged (trading)		-	-	13 455 790	17 119 510
Interest earned - cash and investments		-	8 026 792	-	8 026 792
Licences and permits		-	-	-	1 195 759
Operational revenue		-	414 539	1 789 503	4 102 602
Rendering of services	5 374 717		212 430	-	6 543 142
Rental of facilities and equipment		-	-	-	1 123 668
Sale of goods		-	57 565	-	57 565
Service charges (Exchange)		-	-	364 435 937	405 789 453
<b>Total revenue from exchange transactions</b>		<b>5 374 717</b>	<b>8 711 326</b>	<b>379 681 229</b>	<b>446 459 341</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation and other revenue</b>					
Actuarial gains		1 036 954	2 182 093	3 947 924	18 011 364
Availability charges (Non-Exchange)		-	-	12 835 453	16 984 306
Interest charged on non-exchange transactions		-	4 242 192	-	4 242 192
Property rates		-	151 444 708	-	151 444 708
<b>Transfer revenue</b>					
Fines, penalties and forfeits		-	2 840 702	-	46 722 358
Government grants & subsidies - monetary	3 127 001		1 476 886	35 390 561	192 549 699
<b>Total revenue from non-exchange transactions</b>		<b>4 163 955</b>	<b>162 186 580</b>	<b>52 173 938</b>	<b>429 954 627</b>
<b>Total revenue</b>		<b>9 538 672</b>	<b>170 897 907</b>	<b>431 855 167</b>	<b>876 413 967</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

75.03	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023	Economic Development And Planning	Financial Services	Engineering Services	Total
		R	R	R	R
	<b>EXPENDITURE</b>				
	Bad debts written off	-	1 748 335	46 994 386	88 944 975
	Bulk purchases	-	-	163 817 892	163 817 892
	Contracted services	379 483	2 064 465	26 763 848	72 886 087
	Depreciation and amortization	85 709	516 561	27 967 287	37 533 280
	Employee related costs	17 654 590	29 129 281	70 528 003	287 757 717
	Finance costs	574 612	1 209 173	8 492 226	19 740 467
	Impairment	-	895 916	18 156 581	28 622 656
	Inventories Losses / Write-Downs	-	8 628	-	8 628
	Inventory consumed	46 901	188 003	9 035 817	14 130 654
	Loss on disposal of assets and liabilities	1 646	(78 035)	893 976	1 074 350
	Operating leases	-	-	19 796	4 016 866
	Operational cost	152 321	11 100 152	14 035 818	66 861 745
	Remuneration of councillors	-	-	-	6 721 149
	Transfers and subsidies	3 400 000	242 239	-	5 548 831
	Water losses	-	-	1	1
	<b>Total expenditure</b>	<b>22 295 262</b>	<b>47 024 718</b>	<b>386 705 631</b>	<b>797 665 298</b>
	<b>Surplus / (deficit) for the year</b>	<b>(12 756 590)</b>	<b>123 873 189</b>	<b>45 149 536</b>	<b>78 748 669</b>
75.04	SEGMENTAL OF CAPITAL EXPENDITURE (MUNICIPAL VOTES CLASSIFICATION) AT 30 JUNE 2023	Economic Development And Planning	Financial Services	Engineering Services	Total
		R	R	R	R
	Capital Expenditure	434 783	-	74 977 737	84 807 152

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Agency services	-	-	-	-
Interest charged (trading)	-	1 091 131	-	39 480
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	-	-	51 556
Operational revenue	2 354	-	-	236 342
Rendering of services	27 761	691	-	-
Rental of facilities and equipment	78 803	-	-	1 050 958
Sale of goods	-	-	-	-
Service charges (Exchange)	300	230 903 838	-	-
<b>Total revenue from exchange transactions</b>	<b>109 218</b>	<b>231 995 660</b>	<b>-</b>	<b>1 378 336</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation and other revenue</b>				
Actuarial gains	647 106	447 996	-	365 034
Availability charges (Non-Exchange)	-	2 105 472	-	-
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
Surcharges and taxes	-	-	-	-
<b>Transfer revenue</b>				
Contributed Assets	-	-	-	-
Fines, penalties and forfeits	6 692	-	-	-
Government grants & subsidies - monetary	8 954 009	15 827 680	-	99 667 359
<b>Total revenue from non-exchange transactions</b>	<b>9 607 807</b>	<b>18 381 148</b>	<b>-</b>	<b>100 032 393</b>
<b>Total revenue</b>	<b>9 717 025</b>	<b>250 376 808</b>	<b>-</b>	<b>101 410 729</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

75.05	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
	<b>EXPENDITURE</b>				
	Bad debts written off	-	841 545	-	316 402
	Bulk purchases	-	197 627 955	-	-
	Contracted services	1 560 861	7 423 389	-	1 769 866
	Depreciation and amortization	1 380 329	5 272 187	-	169 529
	Employee related costs	22 571 919	21 965 898	-	24 723 394
	Finance costs	1 604 526	3 443 362	-	207 783
	Impairment	-	1 305 665	-	-
	Inventories Losses / Write-Downs	-	-	-	-
	Inventory consumed	463 719	1 749 662	-	149 312
	Loss on disposal of assets and liabilities	213 256	82 354	-	2 940
	Operating leases	541 686	-	-	-
	Operational cost	777 481	7 193 356	-	2 854 759
	Remuneration of councillors	-	-	-	7 376 219
	Transfers and subsidies	-	-	-	2 613 785
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>29 113 776</b>	<b>246 905 372</b>	<b>-</b>	<b>40 183 990</b>
	<b>Surplus / (deficit) for the year</b>	<b>(19 396 751)</b>	<b>3 471 436</b>	<b>-</b>	<b>61 226 739</b>
75.06	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Community and Social Services R	Energy Sources R	Environmental Protection R	Executive and Council R
	Capital Expenditure	3 909 162	19 492 220	-	149 406

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Finance and Administration R	Housing R	Internal Audit R	Other R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Agency services	-	-	-	-
Interest charged (trading)	-	-	-	-
Interest earned - cash and investments	13 203 208	-	-	-
Licences and permits	-	-	-	-
Operational revenue	978 080	-	-	1 046 904
Rendering of services	1 128 964	-	-	99 235
Rental of facilities and equipment	(274)	-	-	224 956
Sale of goods	69 345	-	-	-
Service charges (Exchange)	-	-	-	-
<b>Total revenue from exchange transactions</b>	<b>15 379 322</b>	<b>-</b>	<b>-</b>	<b>1 371 095</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation and other revenue</b>				
Actuarial gains	2 398 972	94 084	148 137	-
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	2 291 556	-	-	-
Property rates	178 228 517	-	-	-
Surcharges and taxes	1 419 866	-	-	-
<b>Transfer revenue</b>				
Contributed Assets	-	-	-	-
Fines, penalties and forfeits	2 308 458	-	-	-
Government grants & subsidies - monetary	11 348 429	19 052 604	-	-
<b>Total revenue from non-exchange transactions</b>	<b>197 995 798</b>	<b>19 146 688</b>	<b>148 137</b>	<b>-</b>
<b>Total revenue</b>	<b>213 375 120</b>	<b>19 146 688</b>	<b>148 137</b>	<b>1 371 095</b>



# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	EXPENDITURE			
	Finance and Administration R	Housing R	Internal Audit R	Other R
Bad debts written off	2 337 673	-	-	28 459 820
Bulk purchases	-	-	-	-
Contracted services	15 737 888	5 169 242	202 807	5 178
Depreciation and amortization	2 843 737	66 690	18 351	347 302
Employee related costs	65 081 388	6 852 986	4 394 876	(12 067)
Finance costs	3 823 524	806 123	218 241	131 691
Impairment	11 991 287	-	-	10 493 147
Inventories Losses / Write-Downs	97 619	-	-	-
Inventory consumed	1 513 780	1 273 048	2 103	39 409
Loss on disposal of assets and liabilities	(57 045)	4 941	1 678	230
Operating leases	3 922 716	-	-	-
Operational cost	36 080 051	680 940	44 315	827 730
Remuneration of councillors	-	-	-	-
Transfers and subsidies	1 548 339	-	-	-
Water losses	-	-	-	-
<b>Total expenditure</b>	<b>144 920 957</b>	<b>14 853 971</b>	<b>4 882 371</b>	<b>40 292 440</b>
<b>Surplus / (deficit) for the year</b>	<b>68 454 164</b>	<b>4 292 718</b>	<b>(4 734 235)</b>	<b>(38 921 345)</b>
75.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024				
	Finance and Administration R	Housing R	Internal Audit R	Other R
Capital Expenditure	17 073 362	-	-	-

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Agency services	-	2 497 659	-	-
Interest charged (trading)	-	-	-	-
Interest earned - cash and investments	-	-	-	-
Licences and permits	-	1 084 739	-	291 188
Operational revenue	4 830 936	2 055	-	2 953
Rendering of services	6 170 126	20 040	-	-
Rental of facilities and equipment	-	-	-	-
Sale of goods	-	-	-	-
Service charges (Exchange)	3 120	-	-	-
<b>Total revenue from exchange transactions</b>	<b>11 004 182</b>	<b>3 604 492</b>	<b>-</b>	<b>294 141</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation and other revenue</b>				
Actuarial gains	874 654	1 186 107	307 359	329 712
Availability charges (Non-Exchange)	-	-	-	-
Interest charged on non-exchange transactions	-	-	-	-
Property rates	-	-	-	-
Surcharges and taxes	-	-	-	-
<b>Transfer revenue</b>				
Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	58 136 249	-	-
Government grants & subsidies - monetary	5 919 372	-	140 000	-
<b>Total revenue from non-exchange transactions</b>	<b>6 794 026</b>	<b>59 322 356</b>	<b>447 359</b>	<b>362 456</b>
<b>Total revenue</b>	<b>17 798 209</b>	<b>62 926 849</b>	<b>447 359</b>	<b>656 596</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## Notes to the Audited Annual Financial Statements

75.05	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024	EXPENDITURE			
		Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
	Bad debts written off	-	-	-	-
	Bulk purchases	-	-	-	-
	Contracted services	5 442 492	17 803 071	10 836 439	509 454
	Depreciation and amortization	111 951	1 447 244	9 635 346	1 679 908
	Employee related costs	32 776 297	51 886 041	8 140 712	17 452 700
	Finance costs	1 914 918	789 702	2 709 907	1 142 839
	Impairment	-	-	-	-
	Inventories Losses / Write-Downs	-	-	-	-
	Inventory consumed	172 900	793 620	200 855	1 022 040
	Loss on disposal of assets and liabilities	6 154	4 245	95 490	113 360
	Operating leases	-	-	-	-
	Operational cost	538 159	4 252 823	1 313 224	1 171 350
	Remuneration of councillors	-	-	-	-
	Transfers and subsidies	4 126 150	-	-	920 000
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>45 089 021</b>	<b>76 976 745</b>	<b>32 931 975</b>	<b>24 011 651</b>
	<b>Surplus / (deficit) for the year</b>	<b>(27 290 812)</b>	<b>(14 049 896)</b>	<b>(32 484 616)</b>	<b>(23 355 055)</b>
75.06	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024				
		Planning and Development R	Public Safety R	Road Transport R	Sport and Recreation R
	Capital Expenditure	300 847	298 248	11 987 279	-

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## Notes to the Audited Annual Financial Statements

<b>75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024</b>	<b>Waste Management R</b>	<b>Waste Water Management R</b>	<b>Water Management R</b>	<b>Total R</b>
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
Agency services	-	-	-	2 497 659
Interest charged (trading)	2 725 046	4 744 059	4 643 355	13 243 071
Interest earned - cash and investments	-	-	-	13 203 208
Licences and permits	-	-	-	1 427 483
Operational revenue	42 860	-	272 996	7 415 480
Rendering of services	-	-	100	7 446 917
Rental of facilities and equipment	-	-	-	1 354 443
Sale of goods	-	-	-	69 345
Service charges (Exchange)	44 963 662	67 358 185	87 794 690	431 023 794
<b>Total revenue from exchange transactions</b>	<b>47 731 568</b>	<b>72 102 244</b>	<b>92 711 141</b>	<b>477 681 398</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation and other revenue</b>				
Actuarial gains	600 045	970 477	-	8 369 684
Availability charges (Non-Exchange)	3 122 359	6 234 268	3 287 710	14 749 809
Interest charged on non-exchange transactions	-	-	-	2 291 556
Property rates	-	-	-	178 228 517
Surcharges and taxes	-	-	-	1 419 866
<b>Transfer revenue</b>				
Contributed Assets	-	-	-	32 744
Fines, penalties and forfeits	-	-	-	60 451 399
Government grants & subsidies - monetary	6 770 481	8 508 480	40 621 703	216 810 117
<b>Total revenue from non-exchange transactions</b>	<b>10 492 886</b>	<b>15 713 225</b>	<b>43 909 413</b>	<b>482 353 692</b>
<b>Total revenue</b>	<b>58 224 453</b>	<b>87 815 469</b>	<b>136 620 554</b>	<b>960 035 091</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

<b>75.05 SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024</b>		<b>Waste Management</b>	<b>Waste Water Management</b>	<b>Water Management</b>	<b>Total</b>
<b>EXPENDITURE</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Bad debts written off		10 185 725	17 446 096	14 838 572	74 425 834
Bulk purchases		-	-	1 032 806	198 660 760
Contracted services		4 009 598	2 969 744	4 215 102	77 655 131
Depreciation and amortization		2 483 188	6 236 928	8 300 959	39 993 649
Employee related costs		27 169 139	3 177 110	26 639 415	312 819 808
Finance costs		658 703	1 901 651	1 569 393	20 922 363
Impairment		3 280 658	2 612 949	7 653 846	37 337 551
Inventories Losses / Write-Downs		-	-	-	97 619
Inventory consumed		2 712 470	788 433	4 737 871	15 619 222
Loss on disposal of assets and liabilities		111 747	2 390 796	246 546	3 216 693
Operating leases		328 454	-	-	4 792 855
Operational cost		11 019 863	2 864 404	2 412 095	72 030 550
Remuneration of councillors		-	-	-	7 376 219
Transfers and subsidies		-	-	-	9 208 274
Water losses		-	-	13 370	13 370
<b>Total expenditure</b>		<b>61 959 545</b>	<b>40 388 111</b>	<b>71 659 974</b>	<b>874 169 897</b>
<b>Surplus / (deficit) for the year</b>		<b>(3 735 092)</b>	<b>47 427 358</b>	<b>64 960 580</b>	<b>85 865 193</b>

<b>75.06 SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2024</b>		<b>Waste Management</b>	<b>Waste Water Management</b>	<b>Water Management</b>	<b>Total</b>
		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Capital Expenditure		-	17 811 188	33 289 560	104 311 273

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
		R	R	R	R
	<b>REVENUE</b>				
	<b>Revenue from exchange transactions</b>				
	Agency services	-	-	-	-
	Interest charged (trading)	-	1 159 916	-	65 364
	Interest earned - cash and investments	-	-	-	-
	Licences and permits	-	-	-	8 956
	Operational revenue	1 898	229 348	-	379 709
	Rendering of services	37 879	-	-	-
	Rental of facilities and equipment	67 673	-	-	830 884
	Sale of goods	-	-	-	-
	Service charges (Exchange)	366	210 164 342	-	-
	<b>Total revenue from exchange transactions</b>	<b>107 816</b>	<b>211 553 605</b>	<b>-</b>	<b>1 284 913</b>
	<b>Revenue from non-exchange transactions</b>				
	<b>Taxation and other revenue</b>				
	Actuarial gains	1 339 904	1 055 615	-	969 707
	Availability charges (Non-Exchange)	-	2 064 215	-	-
	Interest charged on non-exchange transactions	-	-	-	-
	Property rates	-	-	-	-
	<b>Transfer revenue</b>				
	Fines, penalties and forfeits	3 311	-	-	-
	Government grants & subsidies - monetary	11 867 000	9 318 414	-	129 019 000
	<b>Total revenue from non-exchange transactions</b>	<b>13 210 215</b>	<b>12 438 244</b>	<b>-</b>	<b>129 988 707</b>
	<b>Total revenue</b>	<b>13 318 031</b>	<b>223 991 849</b>	<b>-</b>	<b>131 273 620</b>

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## Notes to the Audited Annual Financial Statements

75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	EXPENDITURE			
		Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
		R	R	R	R
	Bad debts written off	-	1 527 942	-	259 496
	Bulk purchases	-	162 599 090	-	-
	Contracted services	3 679 558	5 364 171	-	1 065 400
	Depreciation and amortization	1 367 632	4 868 738	-	220 236
	Employee related costs	20 347 812	22 474 666	-	16 055 243
	Finance costs	1 104 842	2 712 445	-	537 348
	Impairment	-	(1 567 220)	-	-
	Inventories Losses / Write-Downs	-	-	-	-
	Inventory consumed	470 132	2 985 396	-	227 637
	Loss on disposal of assets and liabilities	11 048	(358 719)	-	1 786
	Operating leases	380 632	19 796	-	-
	Operational cost	1 003 490	5 326 693	-	1 893 258
	Remuneration of councillors	-	-	-	6 721 149
	Transfers and subsidies	285 000	-	-	1 621 592
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>28 650 145</b>	<b>205 952 998</b>	<b>-</b>	<b>28 603 145</b>
	<b>Surplus / (deficit) for the year</b>	<b>(15 332 115)</b>	<b>18 038 851</b>	<b>-</b>	<b>102 670 475</b>
75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023				
		Community and Social Services	Energy Sources	Environmental Protection	Executive and Council
		R	R	R	R
	Capital Expenditure	2 358 633	25 394 871	-	-

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## Notes to the Audited Annual Financial Statements

75.07	<b>SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023</b>	<b>Finance and Administration R</b>	<b>Housing R</b>	<b>Internal Audit R</b>	<b>Other R</b>
	<b>REVENUE</b>				
	<b>Revenue from exchange transactions</b>				
	Agency services	-	-	-	-
	Interest charged (trading)	-	-	-	-
	Interest earned - cash and investments	8 026 792	-	-	-
	Licences and permits	-	-	-	-
	Operational revenue	437 672	-	-	1 424 861
	Rendering of services	1 005 538	-	-	95 192
	Rental of facilities and equipment	-	-	-	225 111
	Sale of goods	57 565	-	-	-
	Service charges (Exchange)	-	-	-	-
	<b>Total revenue from exchange transactions</b>	<b>9 527 567</b>	<b>-</b>	<b>-</b>	<b>1 745 165</b>
	<b>Revenue from non-exchange transactions</b>				
	<b>Taxation and other revenue</b>				
	Actuarial gains	5 311 364	465 856	343 466	168 371
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	4 242 192	-	-	-
	Property rates	151 444 708	-	-	-
	<b>Transfer revenue</b>				
	Fines, penalties and forfeits	2 840 702	-	-	-
	Government grants & subsidies - monetary	2 147 444	10 984 557	-	-
	<b>Total revenue from non-exchange transactions</b>	<b>165 986 410</b>	<b>11 450 413</b>	<b>343 466</b>	<b>168 371</b>
	<b>Total revenue</b>	<b>175 513 977</b>	<b>11 450 413</b>	<b>343 466</b>	<b>1 913 535</b>



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## Notes to the Audited Annual Financial Statements

75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	EXPENDITURE			
		Finance and Administration R	Housing R	Internal Audit R	Other R
	Bad debts written off	1 748 335	-	-	-
	Bulk purchases	-	-	-	-
	Contracted services	8 656 949	11 614 143	117 179	253 615
	Depreciation and amortization	1 955 804	80 223	24 889	405 826
	Employee related costs	62 867 791	6 577 193	4 109 066	2 478 287
	Finance costs	4 630 222	496 337	190 326	93 300
	Impairment	895 916	-	-	10 071 296
	Inventories Losses / Write-Downs	8 628	-	-	-
	Inventory consumed	1 097 677	558 377	3 526	64 085
	Loss on disposal of assets and liabilities	2 937	535	-	1
	Operating leases	3 309 725	-	-	-
	Operational cost	31 085 486	483 965	76 738	857 731
	Remuneration of councillors	-	-	-	-
	Transfers and subsidies	242 239	-	-	-
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>116 501 709</b>	<b>19 810 774</b>	<b>4 521 724</b>	<b>14 224 140</b>
	<b>Surplus / (deficit) for the year</b>	<b>59 012 267</b>	<b>(8 360 361)</b>	<b>(4 178 258)</b>	<b>(12 310 604)</b>
75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	EXPENDITURE			
		Finance and Administration R	Housing R	Internal Audit R	Other R
	Capital Expenditure	2 548 124	-	-	-

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## Notes to the Audited Annual Financial Statements

75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Planning and Development	Public Safety	Road Transport	Sport and Recreation
		R	R	R	R
	<b>REVENUE</b>				
	<b>Revenue from exchange transactions</b>				
	Agency services	-	2 500 851	-	-
	Interest charged (trading)	-	-	-	-
	Interest earned - cash and investments	-	-	-	-
	Licences and permits	-	1 070 740	-	116 062
	Operational revenue	1 539 969	12 326	-	21 267
	Rendering of services	5 374 717	29 816	-	-
	Rental of facilities and equipment	-	-	-	-
	Sale of goods	-	-	-	-
	Service charges (Exchange)	-	-	-	-
	<b>Total revenue from exchange transactions</b>	<b>6 914 686</b>	<b>3 613 732</b>	<b>-</b>	<b>137 329</b>
	<b>Revenue from non-exchange transactions</b>				
	<b>Taxation and other revenue</b>				
	Actuarial gains	2 065 334	2 235 722	535 877	941 211
	Availability charges (Non-Exchange)	-	-	-	-
	Interest charged on non-exchange transactions	-	-	-	-
	Property rates	-	-	-	-
	<b>Transfer revenue</b>				
	Fines, penalties and forfeits	-	43 878 345	-	-
	Government grants & subsidies - monetary	3 268 908	-	-	-
	<b>Total revenue from non-exchange transactions</b>	<b>5 334 242</b>	<b>46 114 067</b>	<b>535 877</b>	<b>941 211</b>
	<b>Total revenue</b>	<b>12 248 928</b>	<b>49 727 800</b>	<b>535 877</b>	<b>1 078 540</b>

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## Notes to the Audited Annual Financial Statements

75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023 EXPENDITURE	Planning and Development	Public Safety	Road Transport	Sport and Recreation
		R	R	R	R
	Bad debts written off	-	26 291 200	-	-
	Bulk purchases	-	-	-	-
	Contracted services	1 727 877	15 321 373	12 029 359	1 947 541
	Depreciation and amortization	142 088	1 486 758	9 597 658	1 650 249
	Employee related costs	33 523 887	43 424 982	8 217 121	17 074 003
	Finance costs	1 144 473	1 636 665	2 566 824	570 082
	Impairment	4 653 795	-	-	-
	Inventories Losses / Write-Downs	-	-	-	-
	Inventory consumed	133 084	1 238 364	251 193	689 089
	Loss on disposal of assets and liabilities	2 546	64 141	15 918	100 697
	Operating leases	-	-	-	-
	Operational cost	427 274	5 659 543	1 173 481	1 196 221
	Remuneration of councillors	-	-	-	-
	Transfers and subsidies	3 400 000	-	-	-
	Water losses	-	-	-	-
	<b>Total expenditure</b>	<b>45 155 024</b>	<b>95 123 026</b>	<b>33 851 553</b>	<b>23 227 884</b>
	<b>Surplus / (deficit) for the year</b>	<b>(32 906 096)</b>	<b>(45 395 227)</b>	<b>(33 315 676)</b>	<b>(22 149 344)</b>
75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Planning and Development	Public Safety	Road Transport	Sport and Recreation
		R	R	R	R
	Capital Expenditure	434 783	2 327 462	9 134 818	921 022

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## Notes to the Audited Annual Financial Statements

75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Waste Management	Waste Water	Water Management	Total
		R	R	R	R
	<b>REVENUE</b>				
	<b>Revenue from exchange transactions</b>				
	Agency services	-	-	-	2 500 851
	Interest charged (trading)	3 598 356	6 634 205	5 661 669	17 119 510
	Interest earned - cash and investments	-	-	-	8 026 792
	Licences and permits	-	-	-	1 195 759
	Operational revenue	35 367	-	20 186	4 102 602
	Rendering of services	-	-	-	6 543 142
	Rental of facilities and equipment	-	-	-	1 123 668
	Sale of goods	-	-	-	57 565
	Service charges (Exchange)	41 353 150	72 644 993	81 626 602	405 789 453
	<b>Total revenue from exchange transactions</b>	<b>44 986 873</b>	<b>79 279 198</b>	<b>87 308 457</b>	<b>446 459 341</b>
	<b>Revenue from non-exchange transactions</b>				
	<b>Taxation and other revenue</b>				
	Actuarial gains	1 028 632	725 515	824 789	18 011 364
	Availability charges (Non-Exchange)	4 148 853	5 760 587	5 010 651	16 984 306
	Interest charged on non-exchange transactions	-	-	-	4 242 192
	Property rates	-	-	-	151 444 708
	<b>Transfer revenue</b>				
	Fines, penalties and forfeits	-	-	-	46 722 358
	Government grants & subsidies - monetary	-	5 600 000	20 344 376	192 549 699
	<b>Total revenue from non-exchange transactions</b>	<b>5 177 485</b>	<b>12 086 102</b>	<b>26 179 816</b>	<b>429 954 627</b>
	<b>Total revenue</b>	<b>50 164 358</b>	<b>91 365 300</b>	<b>113 488 273</b>	<b>876 413 967</b>

# BITOU LOCAL MUNICIPALITY

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## Notes to the Audited Annual Financial Statements

75.07	SEGMENTAL OF STATEMENT OF FINANCIAL PERFORMANCE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023 EXPENDITURE	Waste Management	Waste Water Management	Water Management	Total
		R	R	R	R
	Bad debts written off	13 651 558	23 542 721	21 923 723	88 944 975
	Bulk purchases	-	-	1 218 802	163 817 892
	Contracted services	3 625 431	2 682 218	4 801 273	72 886 087
	Depreciation and amortization	2 431 341	5 588 787	7 713 051	37 533 280
	Employee related costs	22 586 924	13 039 665	14 981 079	287 757 717
	Finance costs	1 615 318	1 071 998	1 370 287	19 740 467
	Impairment	(501 137)	80 687 040	(65 617 034)	28 622 656
	Inventories Losses / Write-Downs	-	-	-	8 628
	Inventory consumed	1 149 902	1 008 138	4 254 054	14 130 654
	Loss on disposal of assets and liabilities	6	842 057	391 395	1 074 350
	Operating leases	306 712	-	-	4 016 866
	Operational cost	10 789 173	4 590 496	2 298 195	66 861 745
	Remuneration of councillors	-	-	-	6 721 149
	Transfers and subsidies	-	-	-	5 548 831
	Water losses	-	-	1	1
	<b>Total expenditure</b>	<b>55 655 227</b>	<b>133 053 121</b>	<b>(6 665 172)</b>	<b>797 665 298</b>
	<b>Surplus / (deficit) for the year</b>	<b>(5 490 869)</b>	<b>(41 687 821)</b>	<b>120 153 444</b>	<b>78 748 669</b>
75.08	SEGMENTAL OF CAPITAL EXPENDITURE (FUNCTION CLASSIFICATION) AT 30 JUNE 2023	Waste Management	Waste Water Management	Water Management	Total
		R	R	R	R
	Capital Expenditure	1 383 387	15 301 757	25 002 295	84 807 152

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2024

Grant description	Opening balance R	Correction R	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R
<b>Monetary allocations - other</b>								
Local Government, Water And Related Service SETA	359 886	-	359 886	832 364	-	(800 676)	-	391 574
<b>Total monetary allocations - other</b>	<b>359 886</b>	<b>-</b>	<b>359 886</b>	<b>832 364</b>	<b>-</b>	<b>(800 676)</b>	<b>-</b>	<b>391 574</b>
<b>Monetary Allocations: National Government</b>								
Integrated National Electrification Programme	-	-	-	3 774 000	-	-	(3 774 000)	-
Municipal Infrastructure	9 348 852	-	9 348 852	21 783 000	-	(1 142 200)	(29 986 103)	3 549
Local Government Financial Management	677 707	-	677 707	1 771 000	-	(2 448 707)	-	-
Extended public works program (EPWP)	-	-	-	1 879 000	-	(1 879 000)	-	-
<b>Total Monetary Allocations: National Government</b>	<b>10 026 559</b>	<b>-</b>	<b>10 026 559</b>	<b>29 207 000</b>	<b>-</b>	<b>(5 469 907)</b>	<b>(33 760 103)</b>	<b>3 549</b>

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## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2024

Grant description	Opening balance R	Correction R	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R
<b>Monetary Allocations: Provincial Government</b>								
Informal Settlement Upgrading Partnership: Provinces (Beneficiaries)	(1 392 542)	-	(1 392 542)	1 182 362	-	(3 680 403)	(2 153 466)	(6 044 048)
Library Services Replacement Funding for most vulnerable B3 Municipalities	-	(1 248 522)	(1 248 522)	8 601 739	-	(7 353 217)	-	(0)
Western Cape Financial Management Capability Community Development Workers (CDW)	366 407	-	366 407	700 000	(57 761)	(1 008 645)	-	-
Community Library Services	4 864	-	4 864	19 000	-	(10 057)	-	13 806
Human Settlement Development	-	(299 348)	(299 348)	2 091 304	-	(1 171 069)	(314 428)	306 460
Financial Assistance To Municipalities For Maintenance And Construction Of Transport Infrastructure	(26 575 528)	-	(26 575 528)	15 672 552	-	(1 638 087)	(13 734 115)	(26 275 178)
Regional Social Economic Projects (RSEP)	-	-	-	140 000	-	(140 000)	-	-
Thusong Services Centres	-	-	-	350 000	-	-	(344 649)	5 351
Western Cape Municipal Energy Resilience (WC MER)	70 541	-	70 541	120 000	-	(115 296)	-	75 246
	12 766	(12 766)	-	-	-	-	-	-
<b>Total Monetary Allocations: Provincial Government</b>	<b>(27 513 493)</b>	<b>(1 560 636)</b>	<b>(29 074 129)</b>	<b>28 876 958</b>	<b>(57 761)</b>	<b>(15 116 773)</b>	<b>(16 546 658)</b>	<b>(31 918 363)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2024

Grant description	Opening balance R	Correction R	Restated opening balance R	Contributions during the year R	Repaid to national revenue fund R	Operating expenditure during the year transferred to revenue R	Capital expenditure during the year transferred to revenue R	Closing balance R
<b><u>Monetary allocations: District municipalities</u></b>								
Safety Plans	120 000	-	120 000	-	-	-	-	120 000
<b>Total monetary allocations: District municipalities</b>	<b>120 000</b>	<b>-</b>	<b>120 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120 000</b>
<b>Total grants</b>	<b>(17 007 048)</b>	<b>(1 560 636)</b>	<b>(18 567 683)</b>	<b>58 916 321</b>	<b>(57 761)</b>	<b>(21 387 357)</b>	<b>(50 306 760)</b>	<b>(31 403 240)</b>
<b>Grand total</b>	<b>(17 007 048)</b>	<b>(1 560 636)</b>	<b>(18 567 683)</b>	<b>58 916 321</b>	<b>(57 761)</b>	<b>(21 387 357)</b>	<b>(50 306 760)</b>	<b>(31 403 240)</b>

The unspent grants are cash-backed. The municipality complied with the conditions attached to all grants received. No grants were withheld.



# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## APPENDIX A

### DISCLOSURES OF GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2024

Grant description	Unspent grants R (Creditor)	Unspent public contributions R (Creditor)	Unpaid grants R (Debtor)
<b><u>Monetary allocations - other</u></b>			
Local Government, Water And Related Service SETA	391 574		-
<b>Total monetary allocations - other</b>	<b>391 574</b>	<b>-</b>	<b>-</b>
<b><u>Monetary Allocations: National Government</u></b>			
Integrated National Electrification Programme	-		-
Municipal Infrastructure	3 549		-
<b>Total Monetary Allocations: National Government</b>	<b>3 549</b>	<b>-</b>	<b>-</b>
<b><u>Monetary Allocations: Provincial Government</u></b>			
Informal Settlement Upgrading Partnership: Provinces	-		(6 044 048)
Library Services Replacement Funding for most	-		(0)
Community Development Workers (CDW)	13 806		-
Community Library Services	306 460		-
Human Settlement Development	-		(26 275 178)
Regional Social Economic Projects (RSEP)	5 351		-
Thusong Services Centres	75 246		-
<b>Total Monetary Allocations: Provincial Government</b>	<b>400 863</b>	<b>-</b>	<b>(32 319 226)</b>
<b><u>Monetary allocations: District municipalities</u></b>			
Safety Plans	120 000		-
<b>Total monetary allocations: District municipalities</b>	<b>120 000</b>	<b>-</b>	<b>-</b>
<b>Total grants</b>	<b>915 986</b>	<b>-</b>	<b>(32 319 226)</b>
<b>Grand total</b>	<b>915 986</b>	<b>-</b>	<b>(32 319 226)</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## APPENDIX B

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
<b>Annuity loans</b>				
<b>Banks: ABSA</b>				
ABSA - 2015/2016	8 285 867	-	-2 485 568	5 800 299
ABSA - 2016/2017	13 000 142	-	-2 793 749	10 206 393
<b>Banks: Nedbank</b>				
Nedbank - 7831 033912 / 000 001	3 034 795	-	-1 429 106	1 605 688
Nedbank - 2017/2018	19 322 721	-	-3 106 281	16 216 440
Nedbank 2022/2023	35 255 300	-	-1 981 485	33 273 815
<b>Banks: Standard Bank</b>				
Standard Bank - 282024913(old acc number)/ 000537504(new acc number)	5 112 841	-	-2 414 901	2 697 940
Standard Bank - 082602247(old acc number)/ 000536665(new acc number)	1 888 287	-	-1 888 287	-
Standard Bank - 2023/2024	-	45 150 000	-	45 150 000
<b>Banks: Development Bank of South Africa</b>				
DBSA - 103437/1	14 566 439	-	-1 815 409	12 751 030
DBSA - 103437/2	359 859	-	-359 859	-
<b>Total annuity loans</b>	<b>100 826 251</b>	<b>45 150 000</b>	<b>-18 274 646</b>	<b>127 701 605</b>

# BITOU LOCAL MUNICIPALITY

Audited financial statements for the year ended 30 June 2024

## APPENDIX B

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

Description & account / vehicle reference	Opening balance R	Received during the period R	Repayment / written off during the period R	Closing balance R
<b>Finance leases</b>				
<b>Standard Bank</b>				
Finance lease - SCM/2020/20/ENG	1 250 915	-	-1 250 915	-
<b>Total finance leases</b>	<b>1 250 915</b>	<b>-</b>	<b>-1 250 915</b>	<b>-</b>
<b>Grand total</b>	<b>102 077 166</b>	<b>45 150 000</b>	<b>-19 525 561</b>	<b>127 701 605</b>

  
BITOU LOCAL MUNICIPALITY  
Audited financial statements for the year ended 30 June 2024  
29 Nov 2024

# **Bitou Municipality**

## **REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE**

We are pleased to present the report of the Audit and Performance Audit Committee (APAC) for the financial year ended 30 June 2024.

The APAC is constituted in terms of sections 166(1) and (2) and 166(6)(b) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) read with the applicable Treasury Regulations. The APAC is an independent advisory body which must advise Council, the municipal manager, management and staff of the municipality on matters relating to :

- Internal financial control and internal audits
- Risk management
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting, records and information
- Performance management
- Effective governance
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- Performance evaluation
- Any other matter referred to it by the institution

Sections 166(2)(b), (c), (d) and (e) of the MFMA also requires the APAC to review the Annual Financial Statements and respond to Council on matters raised by the Auditor-General of South Africa (AGSA) in the management letter and audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by Council. The APAC assists Council in fulfilling its oversight responsibilities in helping to ensure high-quality financial and performance management reporting as well as effective internal controls. The APAC has no executive function and its primary objective is to review and challenge rather than assume responsibility for any matters within its remit.

The role and responsibilities of the APAC are set out in the APAC Charter which is reviewed annually and approved by Council, taking into account relevant legislative precepts which may be applicable thereto and recommended good practice. The APAC endeavours to conduct its oversight role in compliance with its Charter and the provisions of the MFMA at all times.

The advice tendered by the APAC is recorded in the minutes of the various meetings. The Municipal Manager, all Directors, the Auditor-General of South Africa (AGSA) and the MPAC chairperson have standing invitations to all APAC meetings.

The APAC comprises of four independent external members. During the period under review, five hybrid meetings were held, being four ordinary quarterly meetings and one special meeting to review the 2023/24 Annual Financial Statements as well as the Annual Performance Report.

Below is a summary of the meeting attendance of the members pertaining to the financial period which ended 30 June 2024:

Member	Appointment dates	Number of meetings attended out of five
Ms R Shaw (Chairperson)	11 March 2019	Five
Mr K Zono	11 March 2019	Two
Mr M Hennessy	1 January 2021	Five
Mr M Brewis	1 January 2022	Five

## **FINANCIAL CONTROLS**

Through the quarterly reviews of the financial information presented to the APAC, the APAC wishes to raise concern over the following high risk areas which threaten the medium to long term financial sustainability of the municipality :

- The ever-increasing consumer debt balance
- Major water losses
- Electricity losses, although some improvement has been reported in this area
- Unspent capital grants, resulting in roll-over applications which could potentially be rejected
- The excessive overtime payments

The CFO reported that the cash flow was sufficient to meet the short- and medium-term operational requirements but is not sufficient to sustain operations in the long term. It is of the utmost importance that all parties play their role to enhance the cash flow position through savings and austerity measures as well as the stringent application of the cost containment policy.

The APAC recommended that

- Regarding the recovery of **outstanding staff debt** : the monthly deductions should not be limited to the basic salaries of the employees. Outstanding staff debt should also be recovered from overtime payments as well as from the annual bonuses of the relevant staff members.
- **Traffic fine revenue** should be better managed to ensure completeness. Appointing a clerk to perform monthly reconciliations will assist in this regard.
- Improving **Cost Containment** measures amongst others
  - o by reducing reliance on consultants and ensuring skills transfer, where possible, when consultants are utilised
  - o by reducing overtime through the implementation of an overtime reduction strategy and by making it a KPI for directors to remain within their department's overtime budget

## **EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS**

Despite a well-drafted AFS preparation plan having been in place, the drafting and finalisation of the Annual Financial Statements did not progress as planned. It is essential that all the officials adhere to the timeframes as per the AFS preparation plan to ensure that a quality set of AFS is presented to the AG(SA).

The APAC

- reviewed the municipality's annual financial statements for the 2023/24 financial year
- reviewed the draft annual performance report for the 2023/24 financial year

before submission to AGSA for audit purposes.

The APAC took note of AGSA's management report and will be monitoring management's response and corrective measures thereto on a quarterly basis.

The audit opinion regressed from a Clean Audit for the 2022/23 financial period to an Unqualified audit opinion with findings for the 2023/24 financial year. The APAC concurs with and accepts AGSA's opinion and report on the municipality's Annual Financial Statements for the 2023/24 financial year.

## **INTERNAL AUDIT**

The systems of internal control are the legislative responsibility of the Municipal Manager and senior management as required by the MFMA, read in conjunction with National Treasury Audit and Risk Framework, MFMA Circular 65 and International Standards for the Professional Practice of Internal Auditing.

Internal Audit reports functionally to the APAC on a quarterly basis, including on the execution of the internal audit plan. The APAC is satisfied that Internal Audit conducted its audits following the Standards for the Professional Practice of Internal Auditing as set out by the Institute of Internal Auditors. The assurance reports issued together with recommended remedial action are considered adequate.

The following internal audit work was completed during the period under review :

- **Risk Management Quarters 1, 2, 3 and 4 of 2023/24**
- **Performance Management System Quarter 1, 2 and 3 of 2023/24**
- **2021/22 OHS Follow-up Review**
- **2023/24 Proclaimed Roads Conditional Grant Review**
- **2023/24 OPCAR Review**
- **2023/24 DORA**
- **2023/24 Cash Count**
- **2023/24 Annual Stock Count**
- **Fleet Management**
- **Various Ad-hoc audits**

The Acting Chief Audit Executive requested the APAC's approval to amend the 2023/24 Risk Based Internal Audit Plan due to capacity constraints caused by

- a vacant position that was not filled during the financial period due to the moratorium placed on the filling of vacancies and
- the resignation of the CAE during March 2024.

The following changes to the 2023/24 internal audit plan were approved during the period under review :

- The Asset Management operational audit was removed from the 2023/24 internal audit plan, to be reconsidered for inclusion in the 2024/25 internal audit plan
- The time availed due to the removal of the Asset Management audit would be partly allocated to AdHoc audit requests from the office of the MM

The Internal Audit Unit reported that it had completed 99% of its planned audits for 2023/24 as at 30 June 2024 which is highly commendable.

## **COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

### **Occupational Health and Safety**

APAC noted with concern that the base line Safety Risk Assessment as required by the OHSA had not been performed and recommended that this matter receives urgent attention.

### **mSCOA**

The on-going non-compliance regarding mSCOA remains a key focus area together with the risks associated with this non-compliance.

The APAC is concerned about the slow progress made with becoming fully mSCOA compliant as well as the continuous moving of the goal post. A concerted effort should be made to fully implement mSCOA by no later than 30 April 2025 to allow sufficient time to iron out challenges before 30 June 2025.

### **Fruitless and wasteful, irregular expenditure and unauthorised expenditure.**

Irregular Expenditure as well as Fruitless and Wasteful expenditure are not dealt with timeously and effectively by MPAC. The chairperson of the Disciplinary Board has indicated that there is room for improvement as far as the functioning of the Disciplinary Board is concerned.

## **CORPORATE SERVICES**

### **Policies**

The APAC encourages the municipality to consider the environmental impact and long-term environmental sustainability of natural resources when drafting and adopting policies, whenever possible, such as

- Incentivize and promote the development and use of renewable energy sources
- Develop policies that promote sustainable urban planning and the prescription of energy efficient standards for new developments.
- Providing facilities for waste to be separated for recycling and to encourage recycling within the municipality.
- Implementing policies that promote sustainable forestry and fishing practices.

### **Suspended employees**

The extended time that it takes to conclude disciplinary cases remains a concern as these delays come at a cost to the municipality. During the periods of the suspensions, the municipality incurs costs, amongst others

- salaries to officials on suspension
- acting allowances in relation to those positions.

## **ENGINEERING SERVICES**

**Fleet Management** is an area that needs intervention.

- The controls over the vehicles and related matters, such as the use of municipal fuel cards, need to be improved.
- The Fleet policy needs to be reviewed.

**Airport maintenance**, particularly the runway surface, has been neglected. The resultant suspension of the license could have significant long-term negative implications for Bitou.

Converting all **street lights** to solar powered lights is advisable.



## **RISK MANAGEMENT**

Mr M Hennessy, one of the APAC members who chairs the Risk Management Committee, provides a report on Risk Management to the APAC at the quarterly meetings to keep the APAC abreast of matters relating to Risk Management within the municipality and to afford the APAC the opportunity to provide its oversight of the risk management process of the municipality as required by section 166(2)(a)(II) of the MFMA.

The Risk Management Committee continues to contribute effectively to identifying high risk areas. From the Risk Management Committee's report, it is evident that the risk environment is constantly improving, moving towards a mature compliant approach and providing a sound base for risk management at the Municipality.

## **CONCLUSION**

It is important that a conscious effort to address the noted APAC concerns is made on a systematic basis, failing which the oversight of the APAC becoming irrelevant.

A handwritten signature in black ink, appearing to be 'R Shaw', with a long horizontal stroke extending to the right.

**R Shaw (CA(SA))**

Chairperson, Audit and Performance Audit Committee

1 December 2024

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Bitou Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Bitou municipality set out on pages 5 to 176, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bitou municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

## Material impairments

8. As disclosed in note 9 to the financial statements, the municipality provided for impairment of receivables from exchange and non-exchange transactions of R389,2 million (2022-23: R358,4 million).

## Material losses

9. As disclosed in the statement of financial performance and note 38 to the financial statements, the municipality has written off bad debts of R74,4 million during the year (2022-23: R88,9 million).
10. As disclosed in note 39.02 to the financial statements, material water losses of 37,89% (2022-23: 35,85%) were incurred.

## Other matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited supplementary schedules

12. The supplementary information set out on pages 177 to 182 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

## Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the auditor-general for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an



auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 7, forms part of our auditor's report.

### Report on the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
19. I selected the following material performance indicators related to objective 4: provide excellent service delivery to the residents of Bitou municipality including informal settlements and the poor, presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- TL9 - Provide subsidies for free basic services to indigent households as at 30 June 2024
  - TL10 - Number of residential properties with piped water which can be, or are, connected to the municipal water infrastructure network and billed for the service as at 30 June 2024
  - TL11 - Number of residential properties with electricity which can be, or are, connected to the municipal electrical infrastructure network (credit and prepaid electrical metering and excluding Eskom areas) and billed for the service as at 30 June 2024.
  - TL12 - Number of residential properties with sanitation services to which can be, or are, connected to the municipal wastewater (sanitation/sewerage) network and are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2024.
  - TL13 - Number of residential properties for which refuse can be, or is, removed once per week and billed for the service as at 30 June 2024.
  - TL25 - Limit unaccounted for water to less than 30% by 30 June 2024  $\{( \text{number of kilolitres water Purchased or Purified} - \text{Number of Kilolitres Water Sold} ) / \text{Number of Kilolitres Water Purchased or Purified} \times 100\}$
  - TL 26 - Limit unaccounted for electricity to less than 12% as at 30 June 2024  $[\text{Number of units purchased} - \text{number of units sold (incl free basic electricity)} / \text{Number of units purchased}] \times 100]$
20. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting

framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance].

22. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

23. I did not identify any material findings on the reported performance information for the selected indicators.

## **Other matter**

24. I draw attention to the matter below.

### **Achievement of planned targets**

25. The annual performance report includes information on reported achievements against planned targets and provides explanations for measures taken to improve performance.

26. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 16 to 24.

**Provide Excellent Service Delivery to the residents of Bitou Municipality including informal settlements**

<i>Targets achieved: 60,71%</i> <i>Budget spent: 92,06%</i>		
Key indicators not achieved	Planned target	Reported achievement
TL 7 - Spend 95% of the municipal capital budget on capital projects by 30 June 2024	95%	81%
TL 10 - Number of residential properties with piped water which can be/or are connected to the municipal water infrastructure network and billed for the service as at 30 June 2024	16 615	16 603
TL 25 - Limit unaccounted for water to less than 30% by 30 June 2024	35%	37.88%
TL 27 - Spend 95% of the approved capital budget for wastewater Services by 30 June 2024	95%	77%
TL 28 - Spend 95% of the approved capital budget for electrical & mechanical services by 30 June 2024	95%	84%
TL 29 - Spend 95% of the approved capital budget for water services by 30 June 2024	95%	83%
TL 30 - Spend 95% of the approved capital budget for roads & storm water services by 30 June 2024	95%	67%
TL 32 - Spend 95% of the allocated capital budget for fleet management by 30 June 2024	95%	92%
TL 34 - Spend 95% of the budget allocated for the upgrade of the Kurland WTW ( from 0,6 MI to1,2 MI) by 30 June 2024	95%	53%
TL 36 - Spend 95% of the budget allocated for the electrification of informal settlements (Bossiesgif, Qolweni and Kurland) by 30 June 2024	95%	70%
TL 38 - Spend 95% of the allocated capital budget for the Brakkloof new 20MVA 66/11KV TRF by 30 June 2024	95%	0%

**Report on compliance with legislation**

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.



28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material finding on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### **Expenditure management**

31. Reasonable steps were not taken to prevent irregular expenditure of R6 627 216 disclosed in note 57 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by regulations 12 and 19 of the Municipal Supply Chain Management Regulation.

### **Other information in the annual report**

32. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in objective presented in the annual performance report that have been specifically reported on in this auditor's report.
33. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in objective presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
37. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
38. The design and implementation of controls were inadequate to ensure compliance with the MFMA and SCM regulation, resulting in the incurring of irregular expenditure.

*Auditor-General*  
2

Cape Town

29 November 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	<p>Section 1</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1)</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b)</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d)</p> <p>Sections 63(2)(a), 63(2)(c), 64(2)(b)</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e)</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2)</p> <p>Sections 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii)</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170</p> <p>Sections 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1)(a), 71(1)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a)</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b), 22(2), 27(2)(a)</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b)</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c)</p> <p>Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43</p> <p>Regulations 44, 46(2)(e), 46(2)(f)</p>
Municipal Systems Act 32 of 2000 (MSA)	<p>Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b)</p> <p>Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 54A(1)(a), 56(1)(a), 57(2)(a)</p> <p>Sections 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</p>
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a)

Legislation	Sections or regulations
	Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Staff Regulations, 2021	Regulations: 7(1), 31
Division of Revenue Act 5 of 2023	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

