

**BITOU MUNICIPALITY: INFORMATION STATEMENT FOR THE PROPOSED
AMENDMENT OF THE DEVELOPMENT AND IMPLEMENTATION OF A
REVENUE ENHANCEMENT PROGRAM SERVICE LEVEL AGREEMENT WITH
PRICE WATERHOUSE COOPERS INC.**

1. PURPOSE OF INFORMATION STATEMENT

To provide all relevant information to all interested parties in respect of the proposed amendment to the Revenue Enhancement Program Services Level Agreement (SLA) entered between the Bitou municipality and Price Waterhouse Coopers Inc. (PWC) in line with section 116(3) of the Municipal Finance Management Act, Act 56 of 2003.

2. PRESENTATION OF THE FACTS

The Bitou Municipality found itself in a position where financial distress was immanent due to various reasons including the incomplete billing of basic and consumed services. One of the strategies consequently identified that could start to move the municipality in a financially sustainable direction was the development and implementation of a complete revenue enhancement program that would ensure the completeness of revenue.

The Municipality, through a formal tender process, appointed Price Waterhouse Coopers Inc. (PwC) for the Development and implementation of a Revenue Enhancement Program. The appointment started on 01 June 2023 and will end on 30 June 2025 as per current contract. The term was intended to be for 3 years but due to implementing the project in the financial year 2022/2023, and not at beginning of the year, the contract will only run for 2 years 1 month.

The primary objective of the program is to perform a data cleansing exercise to identify all billing anomalies and to assist the municipality in ensuring that all these billing anomalies are corrected on the municipal billing system and that all customers are billed correctly. This is done through a door-to-door visit to each and every property within the Bitou municipal area to verify, inter alia, the category of the property and comparing the dominant use with the rights associated with the property as well as appropriate zoning and to make a determination whether the individual properties are appropriately charged for all services charges, including water, electricity, sewerage and refuse removal fees in accordance with the tariff structure of the municipality. The latest owner details are also verified during this process and the system will be updated accordingly with this latest information.

Progress at end November 2024 in terms of door-to-door visits were at about 85% (14 489 properties) and is projected to be finalised by March 2025. The reconciliation of the verified data with system data is also in progress and projected to be finalised by September 2025 with the

updating and verification process, including follow-up property visits, projected to be finalised by May 2026.

The anticipated outcomes of the project is the enhancement of the municipal revenue streams but also the updated owner details on the billing system leading to more efficient account rendering thereby reducing queries and increasing community trust on the municipalities service accounts.

The one-year extension will ensure that all the project objects and scope is successfully completed and that all possible successes that can be achieved through the project is achieved to ensure future financial sustainability of the municipality.

3. FINANCIAL IMPLICATIONS

The cost of the extension of the contract for the additional year is estimated to amount to R 2 325 000 which will only be for the monthly fixed cost as the door-to-door verifications would have been finalised in the current contract period. The municipality will accordingly make the necessary budget provision in the 2025/26 budget.

The additional revenue billed to date through the revenue enhancement project amounts to R 5 431 552 for services revenue and R 1 191 7139 for property rates.

The future revenue to be generated annually due to the revenue enhancement project is about R 3 633 632 per annum for services and R 673 590 for property rates as at end November 2024 and these amounts are expected to increase considerably into the foreseeable future as the program outcomes are being implemented. The project results will be enjoyed into the future and the cost of the project is projected to be more than recouped within the contract period.

SUBMISSIONS

Written comments or representations on the proposed amendment can be submitted to the Municipal Manager: Bitou Municipality, No 1 Sewell Street, Plettenberg Bay, 6600 or emailed to the Manager Revenue Services at email address: azindlu@plett.co.za by 31 January 2025.