



THEMBELIHLE

**LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT
U-MASIPALA WASEKUHALENI**

FINAL ANNUAL BUDGET 2018/2019



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GLOSSARY

Annual Budgets – sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget accompanied by any proposed amendments to the municipality's Integrated Development Plan (IDP) following the annual review of the IDP in terms of section 34 of the Municipal Systems Act, at a council meeting at least 90 days (i.e. by 31 March 2018) before the start of the budget year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget. Examples include traffic policy, rated policy and credit control and debt policy.

Budget Steering Committee – Committee established to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

CPI – Headline Consumer Price Index

DORA – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

DoRb – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to assist municipalities with the costs of free basic services.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level thereof. It effectively represents a municipality's medium term financial plan.

NT – National Treasury

Operating Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SCM – Supply Chain Management

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

SFA – Strategic Focus areas: The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these strategic focus areas.

Vote – One of the main segments into which a budget is divided, usually at directorate level

MAYORAL BUDGET SPEECH

Councillors,
Compatriots and friends,
Municipal Manager, CFO, the management team and all officials of the municipality
Community leaders
Ward committee members
Honored guests
Residents of Thembelihle,

Introduction

I am humbled by the honor to address you as I present the Integrated Development Plan (IDP) and Annual Budget of Thembelihle Local Municipality for the 2018/19 Medium Term Revenue and Expenditure Framework period. This is the most critical time of our tenure as council as it sets the tone for the following years to come and ensure we deliver services to this community and its inhabitants.

“The core services that local government provides - clean drinking water, sanitation, electricity, waste removal and roads - are basic human rights, essential components of the right to dignity enshrined in our Constitution and Bill of Rights. Local government is where most citizens interface with government, and its foundational ethos must be about serving people.

Local government has been a primary site for the delivery of services in South Africa since 1994. We have made tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in world-wide terms.

Yet despite our delivery achievements, it is clear that much needs to be done to support, educate and where needed, enforce implementation of local governments mandate for delivery. The transformation of the local government sector remains a priority for us as council.

mSCOA – Municipal Standard Chart of Accounts

Councillors, the implementation date for Municipalities to be live on the mSCOA System was 1 July 2017. Unfortunately, we did not meet our deadline of transacting but we as Thembelihle are able to provide National Treasury with monthly data strings and reports in mSCOA format. Sebatla as well as Thembelihle Municipality are hard at work to ensure that we transact on the mSCOA portal within the near future.

mSCOA was introduced by the National Treasury to provide a uniform and standardized financial transaction classification framework. The primary objective of mSCOA is to achieve an acceptable level of uniformity and quality from the collection of data. The data is then used to compile both budgets and financial statements. mSCOA therefore prescribes the method and format that municipalities should record and classify all their expenditure, revenue, liabilities, equity and assets policy.

mSCOA is divided into 7 segments and they are:

Funding – describes which source of funding will be used for transactions and from which source revenue is received

Function – the function/sub-function against which transactions are recorded

Item – describes the nature of transactions to be recorded (asset, liability, revenue, expenditure or gain/loss)

Projects – describes the projects to which transactions are related

Costing – impact of the transaction on the secondary costing

Region – describes the region of the municipality to which the transaction relates

Classification – describes the votes or sub-votes to which each transaction is to be recorded.

The main reasons why National Treasury introduced mSCOA at local government level are as follows:

- There are inconsistencies in financial classifications by municipalities;
- Poor data integrity (validity, accuracy and completeness of municipal data was in most cases questionable); and
- Irregular submission of reports to regulatory bodies/organizations.

This lead to difficulty in decision making by regulatory bodies and policy makers and ultimately leading to unnecessary tension at customer level.

Challenges faced by Thembelihle Local Municipality

It is a well-known fact that our municipality is currently facing challenges with regards to staff and the cash flow of the municipality leaves much to be desired. We as council and the administration, are making a concerted effort to steer the municipality to address these challenges and with the continued commitment of all Councilors and dedication of the staff we will surely overcome them to ensure the financial viability and sustainability of the municipality.

I wish to highlight the fact that one of the biggest problems in our municipality is the collection of debt and this problem needs to be addressed with stringent measures and programmes which, if implemented correctly, can ease the pressure on the cash flow of the municipality. As a basic rule, for every expense incurred, there must be a corresponding revenue stream to fund that expenditure.

Good governance

Good governance is at the heart of the effective functioning of any organization and we as a municipality need to adhere to the same principles. These simple basics should be carried out by all of us:

- The holding of Council meetings as legislated;
- The functionality of s79 committees;
- The existence and efficiency of Anti-Corruption measures;
- The extent to which there is compliance with legislation and enforcement of by- laws; and
- The rate of service delivery protests and approaches to address them.

Public Participation

We as a municipality must develop affordable and efficient communication systems to communicate regularly with communities and disseminate urgent information. The basic measures to be monitored:

- The existence of the required number of functional Ward committees.
- The number of effective public participation programmes conducted by Councilors.
- The regularity of community satisfaction surveys carried out.

Financial Management

Sound financial management is integral to the success of Thembelihle. National Treasury has legislated standards and reporting requirements that municipalities should adhere to. Performance against the following basic indicators to be monitored regularly:

- The number of qualifications in the last three to five years.
- Whether the budgets are realistic and based on cash available.
- The percentage revenue collected.
- The extent to which debt is serviced.
- The efficiency and functionality of supply chain management.

With that said, there are a number of key figures that I would like to emphasize:

- The Capital Budget increased from about R14 million from the previous year to R33 million;
- Projected revenue being 102 million including capital and expenditure being R67,3 million excluding capital.
- The budget will also indicate that tariffs have increased by a base line increase of 5.3% for the year coming and for Electricity, which increased by an overall 6.84% which is as per notice from the National Energy Regulator of South Africa. All budget related National Treasury MFMA Circulars were taken into account when compiling the budget.
- The budget book contains the details in the outer years of the medium term revenue and expenditure framework which in essence maintain this trend.

Our major cost drivers reflect as follows:

- | | |
|-------------------------------|---------------|
| • Employee Cost: | R27,8 million |
| • Remuneration of councilors: | R2,8 million |
| • Operating Cost: | R66,9 million |
| • Capital Cost: | R33,2 million |
| • Depreciation: | R8,2 million |

Our Major Revenue Sources that we anticipate:

Grants & Subsidies	R27,9 million
Income Generated	R40,7 million
Capital Funding	R 33,2 million

The total capital budget is funded as follows:

National Government	<u>R33,2 million</u>
TOTAL SOURCE	R33,2 million

During the Financial Year of 2018/2019 major capital projects that we anticipate to actively progress with and work towards completion are as follows:

- Upgrading of Roads in Steynville Phase III (MIG)
- Pourflush Toilets in Hopetown and Strydenburg (WSIG)
- Turnkey Development (INEP)
- MV Network Backbone Strengthening & Extension and Electrification of 390 Stands in Goutrou, Hopetown (INEP)
- Road Maintenance (EPWP)
- Fencing of Hopetown and Strydenburg Building Perimeters (EPWP)
- Cleaning, Bush Clearing and General Work for the Building of the Vehicle Testing Station (EPWP)

Councillors, the Annual recommendations of this budget will be dealt with when the budget is presented to Council for adoption.

Conclusion

Having worked together with our communities, we will strive to continue to do so.

We remain strongly committed to the principles of accountability, transparency, good governance, proper financial management and effective internal control systems. It is through our collective wisdom and unity of purpose that we can serve our communities much better.

I hereby table the Budget/IDP 2018/19 for adoption.

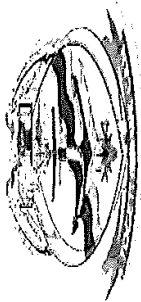
I thank you.

Cllr B Mpamba
Mayor
Thembelihle Local Municipality

3 RESOLUTION

Minutes of Special Council meeting who took place 30 May 2018

9.1 ANNUAL BUDGET 2018/19 & INTEGRATED DEVELOPMENT PLAN 2018/22 & FINAL BUDGET RELATED POLICIES 2018/19
1. Agtergrond / Background
<p>The Mayor must table an annual budget to the Council for the Next three year Budget and the Integrated Development Plan.</p> <p>The Council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.</p>
2. Regsimplikasies / Legal Implications
<ul style="list-style-type: none">• MFMA S16 (1),(2), (17), 87 (3) (5) - Compliance
3. Finansiële Implikasies / Financial Implications
Operational and Capital Expenditure
4. Voorgestelde Aanbeveling / Proposed Recommendation
<p>That Council approves the</p> <ol style="list-style-type: none">1. Final Annual Budget 2018/192. Final Budget related policies for 2018/193. Integrated Development Plan 2018-2022 with all additions made to the Budget and IDP. <p>Proposed: Councillor Tshangela Seconded: Councillor Tallies</p>
5. Kommentaar deur die Rekenpligtige Beampte / Artikel 82 van die Strukturewet & Artikel 60 van die Wet op Munisipale Finansiële Bestuur / Comments by the Accounting Officer / Section 82 of the Structures Act & Section 60 of the MFMA
<p>Dat die voorgestelde aanbevelings oorweeg word</p> <p>That the proposed recommendations be considered</p>
6. Aansluitings / Attachments
<ol style="list-style-type: none">1. Final Annual Budget 2018/192. Final Budget related policies for 2018/193. Integrated Development Plan 2018-2022



LOCAL MUNICIPALITY
MASIPALA
UMSIPALA WASEKHALENI

DATE: 30 MAY 2018

MEETING: SPECIAL COUNCIL MEETING

VENUE: COUNCIL CHAMBERS

NAME & SURNAME	CONTACT DETAILS	E-MAIL ADDRESS	SIGNATURE
D. Mpeba	071 6791000		<i>[Signature]</i>
G. Sonteling	0826171070	SilviaSonteling@gmail.com	G. Sonteling
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MICHAEL R JACK	08 4988 9093	brits@i26@gmail.com	<i>[Signature]</i>
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4 EXECUTIVE SUMMARY

The 2018/2019 MTREF budget has been developed with an overall planning framework and includes programmes and projects to achieve the municipality's strategic objectives. Municipal revenues and cash flows are expected to remain under pressure in 2018/19 due to the state of the economy; hence a conservative approach has been adopted when projecting expected revenues and receipts.

The challenge to produce a sustainable, affordable budget necessitated reductions to certain budgetary provisions. National Treasury MFMA Budget related Circulars and related correspondence clearly prescribe that a budget must be realistic, sustainable and relevant; and must be fully funded. To comply with these prescribes, it is a requirement that the municipality must produce a positive cash flow budget for the 2018/2019 financial year. This was no mean feat to achieve which resulted in having to apply a very conservative approach during the budget process.

The MTREF is a financial plan that enables the municipality to achieve its vision and mission through the IDP Strategy which is informed by the development agenda and community/stakeholder inputs.

The budget serves to bring to light the current council developmental priorities as outlined below:

- Poverty reduction, job-creation, rural and economic development
- Financial sustainability
- Spatial development and the built environment
- Human settlements
- Social and community services
- Good governance

National Treasury's MFMA Circular Nos. 88, 89 & 91 was used to guide the compilation of the 2018/19 MTREF. In addition, this budget format and content incorporates the requirements of the Municipal Budget and Reporting Regulations.

The following budgeting PRINCIPLES were applied in formulating the medium term budget:

- Sustainable, affordable, realistic and balanced budget
- Budget to contribute to achieving strategic objectives of the IDP
- Tariffs to be cost reflective, realistic and affordable
- Income/ Revenue driven budget: affordability i.e. if funds do not materialize review expenditure
- Realistic and achievable collection rates

The main CHALLENGES experienced during the compilation of the 2018/19 MTREF can be summarized as follows:

- The growing debt to Eskom;
- Limited resources and minimal growth in the rates base;
- Major strain on capital budget due to increased demand and eradication of backlogs.
- Unemployment: sustaining existing collection rates.

Further key parameters applied to the Municipality's financial framework included the following for the 2018/2019 financial year:

Revenue / tariff increases

- Rates 6.1%
- Electricity 6.84%
- Water 6.1%
- Sanitation 6.1%
- Refuse 6.1%
- Salaries and Wages adjustments 7.1%
- General Expenses 9.5%

Our major cost drivers reflect as follows:

- Employee Cost: R 27,9 million
- Remuneration of councilors: R2,8 million
- Operating Cost: R66,9 million
- Capital Cost: R33,2 million
- Depreciation: R8,2 million

Our Major Revenue Sources that we anticipate:

- Grants & Subsidies R27,3 million
- Income Generated R40,7 million
- Capital Funding R 33,2 million

The budget has been prepared in terms of guidelines as contained in all budget related National Treasury Circulars and Guidelines issued. Budget related policies need to be revised or amended on a regular basis to ensure that the municipality has effective guidelines to ensure performance of their duties. The budget related policies can also be found on the municipality official website under the heading policies.

I hereby recommend that this 2018/2019 Annual budget presented to council will be adopted.



Michael R Jack
Municipal Manager

4 QUALITY CERTIFICATE

THEMBELIHLE MUNICIPALITY (NC076)

**Quality certificate in terms of Section 5 of the Municipal Budget Regulations;
Government Gazette 32141, 17 April 2009...**

I Michael Ruben Jack, Municipal Manager of Thembelihle Municipality hereby certify that the Annual Budget for 2018/19 and supporting documentation have been prepared in accordance with the Municipal Financial Management Act No 56 of 2003 and the regulations made under the Act and that the budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

A handwritten signature in black ink, appearing to read 'M. R. Jack', is written over a horizontal line. The signature is contained within a light pink rectangular box.

**MICHAEL R JACK
MUNICIPAL MANAGER**

The Budget schedules approved by resolution of Council:

Table 1 – Budget Summary

NC076 Thembelihle - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	2 603	3 137	3 882	7 571	-	-	-	8 406	8 860	9 348
Service charges	16 226	19 940	20 730	22 752	-	-	-	25 231	26 856	28 595
Investment revenue	391	180	505	590	-	-	-	642	676	713
Transfers recognised - operational	22 424	23 052	26 273	26 023	-	-	-	27 936	30 438	32 879
Other own revenue	7 512	1 738	6 159	10 578	-	-	-	6 393	6 738	7 110
Total Revenue (excluding capital transfers and contributions)	49 156	48 047	57 549	67 514	-	-	-	68 607	73 568	78 645
Employee costs	22 188	25 518	26 241	26 961	-	-	-	27 897	29 849	31 923
Remuneration of councillors	2 498	2 524	2 259	2 640	-	-	-	2 779	2 812	3 009
Depreciation & asset impairment	8 936	8 142	10 393	8 256	-	-	-	8 233	8 669	9 145
Finance charges	3 476	680	8 342	541	-	-	-	384	405	427
Materials and bulk purchases	11 563	12 369	13 938	13 691	-	-	-	8 396	8 850	9 459
Transfers and grants	1 421	-	-	895	-	-	-	7 557	5 016	5 186
Other expenditure	19 202	18 967	24 049	12 818	-	-	-	12 111	12 736	13 436
Total Expenditure	69 285	68 199	85 223	65 802	-	-	-	67 356	68 336	72 586
Surplus/(Deficit)	(20 128)	(20 152)	(27 673)	1 713	-	-	-	1 251	5 231	6 059
Transfers and subsidies - capital (monetary allocated)	23 168	26 444	8 328	14 055	-	-	-	33 209	18 577	9 232
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	3 040	6 292	(19 345)	15 768	-	-	-	34 461	23 808	15 291
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	3 040	6 292	(19 345)	15 768	-	-	-	34 461	23 808	15 291
Capital expenditure & funds sources										
Capital expenditure	20 614	26 015	14 323	14 055	-	-	-	33 367	18 742	9 407
Transfers recognised - capital	20 614	26 015	14 283	14 055	-	-	-	33 209	18 577	9 232
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	157	165	175
Total sources of capital funds	20 614	26 015	14 283	14 055	-	-	-	33 367	18 742	9 407
Financial position										
Total current assets	7 381	15 917	10 061	24 493	-	-	-	15 570	21 543	28 325
Total non current assets	229 723	239 015	234 392	252 744	-	-	-	225 044	253 602	276 546
Total current liabilities	50 789	63 154	78 970	61 930	-	-	-	34 800	35 921	37 717
Total non current liabilities	9 496	8 987	9 408	12 187	-	-	-	13 142	13 852	14 545
Community wealth/Equity	176 820	182 791	156 075	230 714	-	-	-	192 493	219 473	239 655
Cash flows										
Net cash from (used) operating	13 535	29 795	7 417	12 790	-	-	-	31 511	20 699	12 009
Net cash from (used) investing	(20 631)	(26 015)	(6 261)	(7 751)	-	-	-	(30 260)	(15 467)	(5 950)
Net cash from (used) financing	(1 044)	(1 241)	(4 363)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	723	3 261	(37)	5 039	-	-	-	1 852	7 083	13 142
Cash backing/surplus reconciliation										
Cash and investments available	723	3 261	601	8 176	-	-	-	2 346	7 604	13 689
Application of cash and investments	36 896	39 103	52 040	34 134	-	-	-	12 236	12 894	13 536
Balance - surplus (shortfall)	(36 174)	(35 842)	(51 439)	(25 958)	-	-	-	(9 890)	(5 290)	153
Asset management										
Asset register summary (WDV)	232 132	216 237	225 856	245 777	-	-	-	253 384	271 035	294 463
Depreciation	8 936	8 142	10 393	-	-	-	-	8 105	8 534	9 004
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1 191	865	1 111	312	-	-	-	924	973	1 027
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	3 462	-	-	3 329	3 329	3 508	3 701
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	1	1	1	1	1
Energy:	-	-	-	-	-	2	2	2	2	2
Refuse:	-	-	-	-	-	-	-	-	-	-

Table 1: Budget Summary (Table A1)

Table 2 – Budgeted Financial Performance (Revenue and Expenditure by standard classification)

NC076 Thembelihle - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
Governance and administration		27 049	26 467	29 357	45 351	17 242	17 242	28 097	30 833	33 369
Executive and council		17 799	19 135	28 538	17 242	17 242	17 242	19 774	21 726	23 485
Finance and administration		9 250	7 332	818	28 109	-	-	8 323	9 107	9 883
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 298	560	1 183	2 846	602	602	1 310	1 568	1 629
Community and social services		1 298	560	1 183	2 846	602	602	1 310	1 568	1 629
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		22 987	14 878	10 597	14 443	-	-	11 825	11 656	12 010
Planning and development		17 650	14 878	9 101	10 566	-	-	11 035	10 822	11 131
Road transport		5 336	-	1 496	3 877	-	-	790	833	879
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		20 990	32 586	24 389	34 625	-	-	61 916	50 684	42 035
Energy sources		11 164	12 103	12 909	15 562	-	-	34 099	27 689	17 774
Water management		6 162	16 392	4 999	11 125	-	-	11 652	5 957	6 285
Waste water management		2 428	2 696	4 236	5 159	-	-	4 841	5 102	5 383
Waste management		1 236	1 396	2 246	2 779	-	-	11 325	11 937	12 593
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	72 324	74 491	65 526	97 265	17 844	17 844	103 149	94 740	89 042
Expenditure - Functional										
Governance and administration		30 428	31 262	47 567	30 672	-	-	24 474	25 015	26 490
Executive and council		6 557	8 050	23 299	8 832	-	-	6 161	6 402	6 805
Finance and administration		23 871	23 211	24 268	21 839	-	-	18 313	18 613	19 685
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 087	1 506	1 695	2 417	-	-	2 651	2 820	3 002
Community and social services		1 070	1 506	1 692	2 417	-	-	2 651	2 820	3 002
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		17	-	4	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		13 525	12 082	11 371	12 072	-	-	12 759	12 515	13 326
Planning and development		11 978	9 973	8 809	10 317	-	-	10 321	9 914	10 549
Road transport		1 547	2 109	2 562	1 755	-	-	2 438	2 601	2 777
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		24 244	23 350	24 590	28 440	-	-	21 061	22 311	23 782
Energy sources		13 948	13 803	14 340	16 133	-	-	10 238	10 811	11 548
Water management		6 698	6 205	6 125	6 889	-	-	7 143	7 590	8 073
Waste water management		1 817	2 023	2 084	3 016	-	-	1 578	1 673	1 778
Waste management		1 780	1 318	2 041	2 402	-	-	2 102	2 237	2 384
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	69 285	68 199	85 223	73 601	-	-	60 945	62 662	66 600
Surplus/(Deficit) for the year		3 040	6 292	(19 697)	23 664	17 844	17 844	42 204	32 078	22 443

Table 2: Budget Summary (Table A2)

Table 3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC076 Thembelihle - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Executive Council		17 799	19 135	28 538	17 242	-	-	19 342	21 271	23 005
Vote 2 - Budget & Treasury		7 646	6 184	818	11 041	-	-	12 138	13 128	14 124
Vote 3 - Corporate Service		1 603	1 148	-	6 585	-	-	4 706	4 960	5 234
Vote 4 - Community & Social Service		1 298	560	1 183	2 846	-	-	1 312	1 570	1 632
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development		17 650	14 878	9 101	10 566	-	-	11 035	10 822	11 131
Vote 7 - Road Transport		5 336	-	1 496	3 877	-	-	790	833	879
Vote 8 - Electricity		11 164	12 103	12 909	15 562	-	-	33 980	27 563	17 642
Vote 9 - Water		6 162	16 392	4 999	11 125	-	-	11 652	5 957	6 285
Vote 10 - Waste Water Management		2 428	2 696	4 236	5 159	-	-	4 841	5 102	5 383
Vote 11 - Waste Management		1 236	1 396	2 246	2 779	-	-	3 353	3 534	3 728
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	72 324	74 491	65 526	86 781	-	-	103 149	94 740	89 042
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive Council		6 557	8 050	23 299	8 832	-	-	6 161	6 402	6 805
Vote 2 - Budget & Treasury		18 966	15 795	24 268	15 255	-	-	10 396	10 191	10 722
Vote 3 - Corporate Service		4 905	7 417	-	6 585	-	-	7 917	8 422	8 963
Vote 4 - Community & Social Service		1 070	1 506	1 692	2 380	-	-	2 647	2 817	2 998
Vote 5 - Public Safety		17	-	4	37	-	-	3	3	4
Vote 6 - Planning & Development		11 978	9 973	8 809	10 317	-	-	10 324	9 917	10 553
Vote 7 - Road Transport		1 547	2 109	2 562	1 755	-	-	2 438	2 601	2 777
Vote 8 - Electricity		13 948	13 803	14 340	16 133	-	-	10 238	10 811	11 548
Vote 9 - Water		6 698	6 205	6 125	6 889	-	-	7 143	7 590	8 073
Vote 10 - Waste Water Management		1 817	2 023	2 084	3 016	-	-	1 578	1 673	1 778
Vote 11 - Waste Management		1 780	1 318	2 041	2 402	-	-	2 102	2 237	2 384
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	69 285	68 199	85 223	73 601	-	-	60 948	62 666	66 604
Surplus/(Deficit) for the year	2	3 040	6 292	(19 697)	13 180	-	-	42 201	32 075	22 439

Table 3: Budgeted Financial Performance (revenue and expenditure by municipal vote) (Table A3)

Table 4 – Budgeted Financial Performance (revenue and expenditure)

NC076 Thembelihle - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	2 603	3 137	3 882	7 571	-	-	-	8 406	8 860	9 348
Service charges - electricity revenue	2	10 795	12 103	12 310	13 261	-	-	-	15 532	16 593	17 727
Service charges - water revenue	2	2 066	3 745	3 918	5 604	-	-	-	4 636	4 887	5 155
Service charges - sanitation revenue	2	2 250	2 696	2 982	2 572	-	-	-	3 332	3 512	3 705
Service charges - refuse revenue	2	1 115	1 396	1 520	1 314	-	-	-	1 731	1 864	2 008
Service charges - other		-	-	-	-						
Rental of facilities and equipment		435	-	1 045	802				1 046	1 103	1 163
Interest earned - external investments		391	180	505	590				642	676	713
Interest earned - outstanding debtors		808	-	560	510				1 025	1 081	1 140
Dividends received		-	-	-	-						
Fines, penalties and forfeits		3 879	-	1 007	3 580				227	239	252
Licences and permits		23	-	461	301				325	343	361
Agency services		-	-	-	80				459	483	510
Transfers and subsidies		22 424	23 052	26 273	26 023				27 936	30 438	32 879
Other revenue	2	2 368	1 738	3 087	-	-	-	-	361	380	401
Gains on disposal of PPE		-	-	-	5 305				2 950	3 109	3 282
Total Revenue (excluding capital transfers and contributions)		49 156	48 047	57 549	67 514	-	-	-	68 607	73 568	78 645
Expenditure By Type											
Employee related costs	2	22 188	25 518	26 241	26 961	-	-	-	27 897	29 849	31 923
Remuneration of councillors		2 498	2 524	2 259	2 640				2 779	2 812	3 009
Debt impairment	3	6 690	-	5 321	4 012				819	863	911
Depreciation & asset impairment	2	8 936	8 142	10 393	8 256	-	-	-	8 233	8 669	9 145
Finance charges		3 476	680	8 342	541				384	405	427
Bulk purchases	2	10 372	11 503	12 839	12 488	-	-	-	7 085	7 468	8 001
Other materials	8	1 191	865	1 099	1 203				1 311	1 382	1 458
Contracted services		-	-	41	577	-	-	-	2 523	2 630	2 775
Transfers and subsidies		1 421	-	-	895	-	-	-	7 557	5 016	5 186
Other expenditure	4, 5	12 705	18 967	18 687	8 229	-	-	-	8 769	9 242	9 751
Loss on disposal of PPE		(193)									
Total Expenditure		69 285	68 199	85 223	65 802	-	-	-	67 356	68 336	72 586
Surplus/(Deficit)		(20 128)	(20 152)	(27 673)	1 713	-	-	-	1 251	5 231	6 059
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		23 168	26 444	8 328	14 055				33 209	18 577	9 232
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all))	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		3 040	6 292	(19 345)	15 768	-	-	-	34 461	23 808	15 291
Taxation											
Surplus/(Deficit) after taxation		3 040	6 292	(19 345)	15 768	-	-	-	34 461	23 808	15 291
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		3 040	6 292	(19 345)	15 768	-	-	-	34 461	23 808	15 291
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		3 040	6 292	(19 345)	15 768	-	-	-	34 461	23 808	15 291

Table 4: Budgeted Financial Performance (revenue and expenditure) (Table A4)

Table 5 – Budgeted Capital Expenditure by vote, standard classification and funding

NC076 Thembelihle - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Service		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Service		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development		-	-	-	9 055	-	-	-	8 884	8 977	9 232
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 8 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	9 055	-	-	-	8 884	8 977	9 232
Single-year expenditure to be appropriated	2										
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		451	-	40	-	-	-	-	-	-	-
Vote 3 - Corporate Service		-	-	-	-	-	-	70	74	78	
Vote 4 - Community & Social Service		-	-	-	-	-	-	-	-	-	
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	
Vote 6 - Planning & Development		415	13 369	8 567	-	-	-	33	35	36	
Vote 7 - Road Transport		-	-	-	-	-	-	1	1	1	
Vote 8 - Electricity		1 054	-	-	1 000	-	-	18 325	9 600	-	
Vote 9 - Water		-	12 647	5 716	-	-	-	-	-	-	
Vote 10 - Waste Water Management		11	-	-	4 000	-	-	6 000	-	-	
Vote 11 - Waste Management		18 683	-	-	-	-	-	53	56	59	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total		20 614	26 015	14 323	5 000	-	-	24 482	9 765	175	
Total Capital Expenditure - Vote		20 614	26 015	14 323	14 055	-	-	33 367	18 742	9 407	
Capital Expenditure - Functional											
Governance and administration		451	-	40	-	-	-	70	74	78	
Executive and council		-	-	-	-	-	-	-	-	-	
Finance and administration		451	-	40	-	-	-	70	74	78	
Internal audit		-	-	-	-	-	-	-	-	-	
Community and public safety		-	-	-	-	-	-	-	-	-	
Community and social services		-	-	-	-	-	-	-	-	-	
Sport and recreation		-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	
Economic and environmental services		415	13 369	8 567	9 055	-	-	8 919	9 012	9 270	
Planning and development		415	13 369	8 567	9 055	-	-	8 917	9 011	9 269	
Road transport		-	-	-	-	-	-	1	1	1	
Environmental protection		-	-	-	-	-	-	-	-	-	
Trading services		19 748	12 647	5 716	5 000	-	-	24 378	9 656	59	
Energy sources		1 054	-	-	1 000	-	-	18 325	9 600	-	
Water management		18 683	12 647	5 716	4 000	-	-	6 000	-	-	
Waste water management		11	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	53	56	59	
Other		-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Functional	3	20 614	26 015	14 323	14 055	-	-	33 367	18 742	9 407	
Funded by:											
National Government		20 614	26 015	14 283	14 055	-	-	33 209	18 577	9 232	
Provincial Government		-	-	-	-	-	-	-	-	-	
District Municipality		-	-	-	-	-	-	-	-	-	
Other transfers and grants		-	-	-	-	-	-	-	-	-	
Transfers recognised - capital	4	20 614	26 015	14 283	14 055	-	-	33 209	18 577	9 232	
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	
Borrowing	6	-	-	-	-	-	-	-	-	-	
Internally generated funds		-	-	-	-	-	-	157	165	175	
Total Capital Funding	7	20 614	26 015	14 283	14 055	-	-	33 367	18 742	9 407	

Table 5: Budget Capital Expenditure by vote, standard classification and funding (Table A5)

Table 6 – Budgeted Financial Position

NC076 Thembehlhe - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash		723	3 261	601	8 176				1 852	7 083	13 142
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	5 969	7 250	–	12 688	–	–	–	10 325	10 882	11 426
Other debtors		689	5 357	9 377	3 579				3 392	3 575	3 754
Current portion of long-term receivables				17							
Inventory	2	2	49	66	50				2	2	2
Total current assets		7 381	15 917	10 061	24 493	–	–	–	15 570	21 543	28 325
Non current assets											
Long-term receivables		455	457		460						
Investments									494	521	547
Investment property		7 729	7 675	7 896	7 729				8 139	8 578	9 007
Investment in Associate											
Property, plant and equipment	3	221 339	230 614	225 856	244 555	–	–	–	216 201	244 282	266 759
Agricultural											
Biological											
Intangible		200	269	178					211	222	233
Other non-current assets				461							
Total non current assets		229 723	239 015	234 392	252 744	–	–	–	225 044	253 602	276 546
TOTAL ASSETS		237 105	254 931	244 453	277 237	–	–	–	240 615	275 145	304 870
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	413	894	894	270	–	–	–	–	–	–
Consumer deposits		474	523	564							
Trade and other payables	4	40 834	52 167	69 708	45 000	–	–	–	25 573	26 954	28 302
Provisions		9 068	9 570	7 804	16 660				8 507	8 967	9 415
Total current liabilities		50 789	63 154	78 970	61 930	–	–	–	34 080	35 921	37 717
Non current liabilities											
Borrowing		4 730	3 817	9 408	4 984	–	–	–	4 990	5 260	5 523
Provisions		4 766	5 169	–	7 203	–	–	–	8 152	8 593	9 022
Total non current liabilities		9 496	8 987	9 408	12 187	–	–	–	13 142	13 852	14 545
TOTAL LIABILITIES		60 285	72 140	88 378	74 117	–	–	–	47 223	49 773	52 262
NET ASSETS	5	176 820	182 791	156 075	203 120	–	–	–	193 392	225 372	252 609
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		176 820	182 791	156 075	230 714				192 493	219 473	239 655
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	176 820	182 791	156 075	230 714	–	–	–	192 493	219 473	239 655

Table 6 – Budgeted Financial Position (Table A6)

Table 7 – Budgeted Cash Flows

NC076 Thembelihle - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		653	3 137		2 505				8 406	8 860	9 348
Service charges		12 783	19 940		15 428				25 231	26 856	28 595
Other revenue		1 148	1 740	57 977	5 190				2 417	2 548	2 688
Government - operating	1	20 437	23 052		26 023				27 936	30 438	32 879
Government - capital	1	17 229	26 444		13 056				33 209	18 577	9 232
Interest		391	180	505	844				1 667	1 757	1 854
Dividends					-				-	-	-
Payments											
Suppliers and employees		(35 729)	(44 018)	(42 777)	(49 576)				(56 457)	(59 827)	(63 715)
Finance charges		(3 377)	(680)	(8 288)	(680)				(819)	(863)	(911)
Transfers and Grants	1				-				(10 080)	(7 646)	(7 961)
NET CASH FROM/(USED) OPERATING ACTIVITIES		13 535	29 795	7 417	12 790	-	-	-	31 511	20 699	12 009
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				404	5 305				2 950	3 109	3 282
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(20 631)	(26 015)	(6 664)	(13 056)				(33 209)	(18 577)	(9 232)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(20 631)	(26 015)	(6 261)	(7 751)	-	-	-	(30 260)	(15 467)	(5 950)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				513					-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(1 044)	(1 241)	(4 876)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 044)	(1 241)	(4 363)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(8 140)	2 538	(3 206)	5 039	-	-	-	1 251	5 231	6 059
Cash/cash equivalents at the year begin:	2	8 863	723	3 169					601	1 852	7 083
Cash/cash equivalents at the year end:	2	723	3 261	(37)	5 039	-	-	-	1 852	7 083	13 142

Table 7: Budgeted cash Flow (Table A7)

Table 8 – Cash backed reserves/accumulated surplus reconciliation

NC076 Thembelihle - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	723	3 261	(37)	5 039	-	-	-	1 852	7 083	13 142
Other current investments > 90 days		-	-	638	3 137	-	-	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	494	521	547
Cash and investments available:		723	3 261	601	8 176	-	-	-	2 346	7 604	13 689
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	301	317	333
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	36 896	39 103	52 040	34 134	-	-	-	11 935	12 577	13 203
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		36 896	39 103	52 040	34 134	-	-	-	12 236	12 894	13 536
Surplus(shortfall)		(36 174)	(35 842)	(51 439)	(25 958)	-	-	-	(9 890)	(5 290)	153

Table 8: Cash backed reserves/accumulated surplus reconciliation (Table A8)

Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-
Roads Infrastructure	-	13 369	40	-	-	-	8 417	8 504	8 746
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	1 054	-	-	-	-	-	18 325	9 600	-
Water Supply Infrastructure	18 377	12 647	-	-	-	-	-	-	-
Sanitation Infrastructure	11	-	-	-	-	-	6 000	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	387	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	5 281	-	-	-	-	-	-
Infrastructure	19 829	26 015	5 320	-	-	-	32 742	18 104	8 746
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	699	-	711	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	699	-	711	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	87	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	87	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	272	-	-	-	-	-	-
Machinery and Equipment	-	-	175	-	-	-	-	-	-
Transport Assets	-	-	158	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		20 614	26 015	6 637	-	-	32 742	18 104	8 746

ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		66 024	45 768	201 852	48 488			8 417	9 449	9 718
Storm water Infrastructure					-			-	-	-
Electrical Infrastructure		6 567	16 146	140	12 428			230 618	252 786	275 505
Water Supply Infrastructure		97 352	146 379		139 458			6 000	-	-
Sanitation Infrastructure		19 524			32 909			-	-	-
Solid Waste Infrastructure					2 812			-	-	-
Rail Infrastructure								-	-	-
Coastal Infrastructure								-	-	-
Information and Communication Infrastructure		1 049		11 035						
Infrastructure		190 515	208 293	213 027	236 095	-	-	245 035	262 235	285 223
Community Facilities		2 940			9 681					
Sport and Recreation Facilities										
Community Assets		2 940	-	-	9 681	-	-	-	-	-
Heritage Assets										
Revenue Generating								8 139	8 578	9 007
Non-revenue Generating										
Investment properties		-	-	-	-	-	-	8 139	8 578	9 007
Operational Buildings		30 749		9 713						
Housing		7 729	7 675					211	222	233
Other Assets		38 478	7 675	9 713	-	-	-	211	222	233
Biological or Cultivated Assets										
Servitudes		200	269							
Licences and Rights										
Intangible Assets		200	269	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment				1 463						
Machinery and Equipment				727						
Transport Assets				927						
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	232 132	216 237	225 856	245 777	-	-	253 384	271 035	294 463
EXPENDITURE OTHER ITEMS										
Depreciation	7	8 936	8 142	10 393	-	-	-	8 105	8 534	9 004
Repairs and Maintenance by Asset Class	3	1 191	865	1 111	312	-	-	924	973	1 027
Roads Infrastructure		-	-	157	-	-	-	6	6	6
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		173	-	158	-	-	-	133	140	148
Water Supply Infrastructure		199	-	207	-	-	-	229	241	254
Sanitation Infrastructure		314	-	-	-	-	-	63	67	70
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		686	-	522	-	-	-	430	454	478
Community Facilities		105	-	-	-	-	-	23	24	25
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		105	-	-	-	-	-	23	24	25
Heritage Assets										
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		399	865	552	312	-	-	96	101	107
Housing		-	-	-	-	-	-	-	-	-
Other Assets		399	865	552	312	-	-	96	101	107
Biological or Cultivated Assets										
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	36	-	-	-	90	95	101
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	20	21	22
Transport Assets		-	-	-	-	-	-	264	278	293
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		10 127	9 008	11 504	312	-	-	9 029	9 508	10 031
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		0.5%	0.4%	0.5%	0.1%	0.0%	0.0%	0.4%	0.4%	0.4%
<i>Renewal and upgrading and R&M as a % of PPE</i>		1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 9: Asset Management (Table A9)

Table 10 – Basic service delivery measurement

NC076 Thembelihle - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	2 560	2 560	2 560	2 560
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	1 501	1 501	1 501	1 501
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	4 061	4 061	4 061	4 061
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	4 061	4 061	4 061	4 061
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	2 229	2 229	2 229	2 229
Flush toilet (with septic tank)		-	-	-	-	-	-	383	383	383
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	731	731	731	731
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	2 960	3 343	3 343	3 343
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	1 101	718	718	718
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	1 101	718	718	718
Total number of households	5	-	-	-	-	-	4 061	4 061	4 061	4 061
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	740	740	740	740
Electricity - prepaid (min.service level)		-	-	-	-	-	1 820	1 820	1 820	1 820
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	2 560	2 560	2 560	2 560
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	1 875	1 875	1 875	1 875
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	1 875	1 875	1 875	1 875
Total number of households	5	-	-	-	-	-	4 435	4 435	4 435	4 435
Refuse:										
Removed at least once a week		-	-	-	-	-	4 061	4 061	4 061	4 061
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	4 061	4 061	4 061	4 061
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	4 061	4 061	4 061	4 061
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)					15 000			15 000	15 000	15 000
Water (kilolitres per household per month)					6			6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)					22			22	22	22
Electricity (kwh per household per month)					50			50	50	50
Refuse (average litres per week)					200			200	200	200
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA					410			432	455	480
Water (in excess of 6 kilolitres per indigent household per month)					660			1 280	1 349	1 423
Sanitation (in excess of free sanitation service to indigent households)					1 216			695	733	773
Electricity/other energy (in excess of 50 kwh per indigent household per month)					465			489	516	544
Refuse (in excess of one removal a week for indigent households)					712			432	455	480
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6				3 462			3 329	3 508	3 701

Table 10: Basic service delivery measurement (Table A10)

OVERVIEW OF ANNUAL BUDGET PROCESS

a. Budget Process Overview (including consultation process and outcomes)

In terms of Section 24 of the MFMA, Council must at least 30 days before the start of the financial year consider approval of the annual budget. Section 53, requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, states that the mayor of the municipality must establish a budget steering committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.

1. BACKGROUND

The Municipal System Act (Act 32 of 2000) and the Municipal Finance Management Act (Act 56 of 2003) require all municipalities to adopt a process plan for the integrated development plan and budget that will harness the development process. It is within this context that this first process plan of the newly constituted council was Annualized to particularly enable the municipality to meet the requirements spelled-out in section 27 (2) of the Municipal Systems Act (Act 32 Of 2000). The next sub-sections highlight the legislative frameworks to be complied with.

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the mSCOA classification framework which must be used when compiling the 2018/19 MTREF budget. This version incorporates major changes (see Annexure A). Therefore, Thembelihle made use of this version for the preparation of their 2018/19 MTREF budget.

1.1 *Municipal Systems Act*

In terms of the Municipal System Act of 2000, all municipalities have to undertake an IDP process to produce the IDP. The Act further mandates municipalities to have a Performance Management System in place. These planning tools together with other planning instruments i.e. a municipal budget are designed to assist Municipalities to be developmentally oriented and to contribute meaningfully in improving the lives of their communities. As the aforementioned plans are the legislative requirements they have legal status and supersede all other plans that guide development at local government level.

Thembelihle Municipality has completed its 5 year IDP cycle. This was done in terms of chapter 5 and 6, of the Municipal System Act and of the Municipal Finance Management Act of 2003. In terms of Section 34 of the Municipal Systems Act:

Thembelihle Municipality is currently embarking on revising the IDP, the first one of the newly elected council, which will reflect the new planning. This plan will address, amongst others, the following:

- (a) Comments received from various role-players in the IDP process, especially the community, the IDP Representative Forum the IDP Hearings and the Engagement sessions.
- (b) Areas requiring additional attention in terms of legislation requirements;
- (c) Areas identified through self-assessment;
- (d) The review of KPI's (PMS) and alignment of budget;
- (e) The update of the 5 years' financial plan as well as the list of projects;
- (f) Identification of new projects,
- (g) The continuation of the Sector Plans to be completed
- (h) Implementation of existing projects
- (i) The update of the Spatial Development Framework (SDF); and
- (j) The preparation and update to the Sector Plans.

1.2 *Municipal Finance Management Act*

Chapter 4, section 16 (1) and (2) of the Municipal Finance Management Act states that-

- 1) *The Council of the municipality must of each financial year approve an annual budget for the municipality before the start of the financial year.*
- 2) *In order for the municipality to comply with subsection (1), the Mayor of the municipality must table the annual budget at the council meeting at least 90 days before the start of the budget year.*

The above section must be read in conjunction with section 24 (1) which states that Council must at least 30 days before the start of the new financial year approve the annual budget. It is clear that this Act provides very strict time frames within the budget process must be completed.

Adding to the above the Act states in section 21 (1) (b) that-

The Mayor of a Municipal must-

- (a) At least 10 months before the starts of the budget year, table in the municipal council a time schedule outlining key deadlines for-
 - (b) The preparation, tabling and approval of the annual budget;
 - (ii) the annual review of-
 - (aa) the integrated development plan in terms of section 34 of the municipal Systems Act and
 - (bb) the budget related policies;
 - (iii) the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and
 - (iv) Any consultative processed forming part of the referred to in subparagraphs (i), (ii) and (iii).

Considering this, it implies that the Mayor must table the budget process before Council, 10 months before the start of the new financial year.

Schedule of Key Dealines was approved by Council on the 10/08/2017

ALIGNMENT PROCESS

The Municipal Systems Act states that development strategies must be aligned with National and Provincial sector plans as well as planning requirements. It also establishes that a single inclusive and strategic plan must be adopted which links, integrates and coordinates plans.

The municipality realized early into the first round of IDPs that good effective alignment would result in successful implementation whilst a failure to align might result in a total collapse of the implementation of the IDP. The municipality tries to ensure alignment with the assistance of the PIMS-Centre, located at the Pixley ka Seme District Municipality and the involvement of the sector departments in the IDP Representative Forum.

Although alignment was not always reached fully in the previous IDP cycle the municipality takes the following documents into account in the IDP process:

- Integrated Sustainable Rural Development Programme (ISRDP)
- Northern Cape Provincial Growth and Development Strategy (PGDS)
- District Growth and Development (DGDS)
- National Spatial Development Programme (NSDP)
- IDP Hearings Comments

Besides the alignment with National, Provincial and district programmes and policies, internal alignment is also reached in the process plan, aligning the budget, the PMS and the IDP.

2. PROCESS PLAN

As with the previous years, there is a need for the preparation and adoption of a process plan as emphasized in paragraph 1.2 above. This plan is also aligned with the District Process and Framework Plan to provide the linkage and binding relationships between the district and local municipality in the region.

Process plan was tabled and approved by Council.

3. ORGANISATIONAL ARRANGEMENT

Council	<ul style="list-style-type: none"> • Political oversight over the IDP
---------	--

IDP Steering Committee	<ul style="list-style-type: none"> • Responsible for assisting the Council in its oversight role. • Assumes the role of the political champion of the process (this is particularly important and critical as it allows for the Councilors to take ownership of the IDP process). • Forms the link between Council, management and the representatives forum
Municipal Manager	<ul style="list-style-type: none"> • Overall responsibility for the IDP
IDP Co-ordinator	<ul style="list-style-type: none"> • Responsible for managing the IDP process through • Facilitation of the IDP process, • Coordinating IDP related activities including capacity building programmes, • Facilitating reporting and the documentation thereof, • Making recommendations to the IDP Steering Committee • Liaising with the PIMS Centre and Provincial Sector Departments, • Providing secretariat functions for the IDP Steering Committee and the Representative Forum
The Financial Manager	<p>Ensures that the municipal budget is linked to the IDP. Responsible for:</p> <ul style="list-style-type: none"> • Co-ordinating the budget implementation in a manner aim at addressing the issues raised in the IDP, • Development of the 3 year integrated financial plan
IDP Steering Committee	<p>The technical working team, also the “driver of the bus” consist of 11 members of whom 3 are departmental managers, 1 Municipal Manager, 7 Councilors</p> <ul style="list-style-type: none"> • This committee meets monthly, chaired by Mayor • It is responsible for IDP process, resources and outputs, • It oversees the monthly status reports that are received from departments, • It makes recommendations to Council, • It oversees the meetings of the IDP Representative Forum, • The committee is responsible for the process of integration and alignment.
IDP Representative Forum	<p>Representatives from local organisational and communities. It forms the interface for community participation in the affairs of the council.</p> <p>Operates on consensus basis in the determination of priority issues for the municipal area,</p> <p>Participates in the annual IDP review process,</p> <p>Meets quarterly to discuss progress and shortcomings,</p> <p>All the wards within the municipal area are represented on this forum through the Ward Committee members.</p>
PIMS Centre	<p>Situated at the Pixley ka Seme District Municipality.</p> <ul style="list-style-type: none"> • The centre plays a supporting role to the local municipality, • It contributes to the IDP process by facilitating activities and process, especially during difficult times,

	<ul style="list-style-type: none"> Facilitates the process of alignment amongst the municipalities in the district and the various other sector departments.
Budget Steering Committee	<p>The budget steering committee (BSC) is responsible for the budget process</p> <p>The composition of the BSC is as follows:</p> <ul style="list-style-type: none"> Mayor (Chairperson) Municipal Manager Chief Financial Officer Manager responsible for IDP Other managers will be co-opted, when necessary. <p>Councilors may attend any meetings of BSC and will be co-opted, when necessary, to smoothen the process.</p> <p>2.2 Other stakeholders to be consulted:</p> <ul style="list-style-type: none"> Ward Committees and Ward communities Local Economic Steering forum Local Formers / Emerging Farmers Committee IDP Rep Forum

Table 11: Organizational Structure

4. ACTION PROGRAMME WITH TIME FRAME AND RESOURCE REQUIREMENTS

As mentioned earlier, the new legislation and processes like the Municipal Finance Management Act, budget process and PMS compels municipalities to align the planning process (IDP) with all these other processes. Adding to this, it is sometimes a difficult task to align projects of the IDP with Provincial and National Departments as well as aligning timeframes with the District Municipality. All of this did take place in the previous IDP processes, but it is recognized that room for improvement does exist. The Municipality will increase its efforts to try and consider that various Provincial and National Department's efforts in the IDP and also try to improve the process of budget allocations to the Local Municipalities. The table below illustrates the various phases of the planning process, linking it with the budget process and PMS process in order to accomplish proper alignment. This is also the schedule for the budget and IDP process stipulated in Section 21 of the MFMA.

7. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

a. The Vision & Mission of the Municipality

The Municipality's Vision:

- **“We as Thembelihle Municipality, commit ourselves to a better life for all through sound economic growth, provision of basic infrastructure, disciplined social welfare, a sound and participative institutional management system, as we stand united.”**

The Municipality's Mission:

To improve the lives of citizens of Thembelihle Municipal area through:

- **Quality Service Delivery**
- **Have a two-way approach to communication and service**
- **Ensuring a safe and enabling environment for economic growth**
- **Ensuring integrated sustainable human settlements**
- **Ensuring equal opportunities**

b. The IDP and Strategic Focus Areas

The IDP was reviewed and outlines the intent of the Municipality in terms of the eight strategic focus areas, which it has agreed are required to overcome the challenges it is facing, achieve its vision, and implement its other strategic considerations.

These eight strategic focus areas from the framework of the IDP and function as internal strategic levers to facilitate shared growth and development and enhance urban efficiency and institutional effectiveness.

The way in which the Municipality's vision is supported by the eight strategic focus areas is shown in the figure below:

VISIONARY GOALS:

- a) A prosperous Municipality
- b) Effective and equitable service delivery
- c) A well-governed and efficiently run administration

STRATEGIC FOCUS AREAS:

- 1) Shared economic growth and development
- 2) Sustainable urban infrastructure and services
- 3) Energy efficiency for a sustainable future
- 4) Public transport systems
- 5) Integrated human settlements
- 6) Safety and security
- 7) Health, social and community development
- 8) Good governance and regulatory reform, urban efficiency, institutional, effectiveness

The Integrated Development Plan is attached as Annexure 12.

c. The Intergovernmental Development Agenda for Thembelihle Municipality

The Municipality engages with the Provincial and National Government in a structured and functional manner. At a technical and administrative level, engagements take place at sectoral (functional) level. This is aimed at ensuring the Municipality derives meaningful benefit through such interaction by ensuring the better planning, coordination and accountability are achieved, that the Municipality's strategic objectives of infrastructure investment for economic growth, service delivery excellence and constitutional efficiency are enhanced, and resources better and efficiently utilized. In short, it is aimed at ensuring the Municipality extracts value and benefit for its participation in intergovernmental and international cooperative relations.

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Key financial indicators and ratios

NC076 Thembelihle - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	6.5%	2.8%	15.5%	0.8%	0.0%	0.0%	0.0%	0.6%	0.6%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	16.9%	7.7%	42.3%	1.3%	0.0%	0.0%	0.0%	0.9%	0.9%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	1282.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.1	0.3	0.1	0.4	-	-	-	0.5	0.6	0.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.1	0.3	0.1	0.4	-	-	-	0.5	0.6	0.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.0	0.1	-	-	-	0.1	0.2	0.3
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		71.4%	100.0%	0.0%	59.1%	0.0%	0.0%	0.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		71.4%	100.0%	0.0%	59.1%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.5%	27.2%	16.3%	24.8%	0.0%	0.0%	0.0%	20.0%	19.7%	19.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		5651.5%	1599.7%	-186315.2%	893.1%	0.0%	0.0%	0.0%	1364.6%	376.0%	212.8%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	45.1%	53.1%	45.6%	39.9%	0.0%	0.0%	0.0%	40.7%	40.6%	40.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	43.8%	0.0%	0.0%	0.0%	47.4%	46.8%	46.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.4%	1.8%	1.9%	0.5%	0.0%	0.0%	0.0%	1.3%	1.3%	1.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	25.3%	18.4%	32.6%	13.0%	0.0%	0.0%	0.0%	12.6%	12.3%	12.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18.8	4.6	37.1	-	-	-	-	23.1	23.3	24.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.6%	54.6%	36.6%	52.3%	0.0%	0.0%	0.0%	39.5%	39.3%	38.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.2	0.8	(0.0)	1.2	-	-	-	0.4	1.6	2.8

Table 13: Performance indicators (Supporting Table SA8)

b. Measurable performance objectives and indicators

The Municipality's visionary framework is unpacked into objectives, Key Performance Indicators (KPIs) and targets for implementation. These are then broken up into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects, which are then allocated a budget. This concept also includes the Municipality's performance management system, as the KPIs that are contained in the SDBIPs are monitored and reported on quarterly.

The Municipality's measurable performance objectives as reflected in support, SDBIP are attached as an annexure.

9 OVERVIEW OF BUDGET-RELATED POLICIES

Revenue Framework

Section 18 of the MFMA states that the budget can only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.

The MFMA requires the municipality to adopt and implement a tariff policy. Council has approved such policies for all major tariff-funded services provided by the municipality, which are attached as annexure to this document.

Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (CHAPTER 4, S17 (1) (a) & (3) (b)).

1. Revenue related policies

General Tariff Policy

The Municipal System Act requires Council to adopt a Tariff Policy. The general financial management functions covered in section 62 of the MFMA includes the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy.

Credit Control and Debt Collection Policy

This Policy has been formulated in terms of section 96 (b) and 98 of the Local Government: Municipal Systems Act, 200 and the Credit Control and Debt Collection By-Law.

2. Budget related policies

The following budget related policies have been approved by Council, or have been reviewed / amended and / or are currently being reviewed / amended, in line with National Guidelines and Legislation.

Supply Chain Management Policy

Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act.

Property Rates Policy

The Rates Policy has been Annualized and submitted to council on 30 May 2018.

Cash Management and Investment Policy

The Municipality's Investment Policy, which deals with the management of the Municipality's surplus cash and capital resources and the investment thereof, was submitted to council on 30 May 2018. The policy also covers partially related long-term financial planning, and dealing with infrastructure investment and capital projects.

Borrowing, & Cash Backed and Funds Reserve Policy

The municipality is a low capacity municipality and as a result Borrowing Funds Reserve Policies have not been implemented. All the policies required is not feasible to establish because the policies are not used by the municipality

10. OVERVIEW OF BUDGET ASSUMPTIONS

The ability of customers to pay for services is declining and this means that less revenue will be collected. Municipalities were therefore required to consider the following when compiling the 2018/19 MTREF budget:

- Improving the effectiveness of revenue management processes and procedures;
- Paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities;
- The affordability of providing free basic services to all households; and
- Curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

The Municipality faced similar challenges in preparing the 2018/2019 MTREF as in the 2017/2018 MTREF:

1. Lower than planned revenue collection ratios are currently achieved, which in turn required a re-assessment of previously modeled rates revenue for future years. The collection ratios of major revenue sources were consequently adjusted downwards to reflect realistic and sustainable flows over the 3-year MTREF period. This aspect is currently receiving priority attention to improve on the collection rate of the municipality.
2. The actual expenditure incurred on the repairs and maintenance of infrastructure, especially on water infrastructure with pipes bursting and the replacement of the old asbestos pipes with pvc type pipes.
3. Service delivery vehicles are very old and are breaking down more regularly and subsequent repair cost is gradually on the increase year after year.
4. With the National Municipal Infrastructure Unit of the Department of Cooperative Governance and Traditional Affairs, declining to finance roads in town and previous “white” areas, more and more pressure is put on the repair and maintenance of the tar roads in town that is very old.
5. Roads infrastructure in the CBD area can no longer be repaired but is at a stage where it must be resealed and in other places even ripped up and rebuild in full.
6. The global financial meltdown and the effect it had on the ever increasing unemployment rate, has caused huge increases in the poor communities and lead to an increased number of households being unable to pay for municipal services utilized and increase the indigent figures dramatically.
7. This however, has a huge effect on the main source of income of the municipality which is rates and taxes for services rendered.

The combined effect of the above-listed economic/financial factors and consequential impact on departmental budgets resulted in a substantial deficit starting position on the MTREF Rates-funded portion.

Reversing the unacceptable deficit position on Rates required several iterative changes to the multi-year targets on both revenue and expenditure across all services, while simultaneously retaining the strategic links to and focus on the IDP and Budget Prioritization Model.

The Budget Steering Committee further placed particular emphasis on the following aspects to influence the outcome of the financial / MTREF scenario’s presented to it:

- ✓ a differentiated approach to consideration of budgetary amendments across services, thereby giving effect to the strategic intent of the Budget Prioritization Model;
- ✓ further specific considerations to inform budgetary amendments or allocations were (factors to impact positively on budget allocations):
 - services which promote external service delivery;
 - services responsible for improvement to citizens’ quality of living environment;
 - services responsible for hard infrastructure – based economic growth;
 - Services responsible for revenue collection.

- ✓ The limited financial resources available for additional allocations meant that few new projects or initiatives were to receive such budgetary allocations.

Financial modeling

In addition to the above, further principles applied to the MTREF in determining the affordability envelope included:

- ✓ Higher than headline CPI revenue increases with regards Property rates at 6.1% increase to the extent that they affect and support Council's operational activities of relevant services.
- ✓ A high percentage capital expenditure implementation rate was assumed, based on current spending patterns.
- ✓ Improved collection rates, based on collection achievements to date, incorporating improved success anticipated on selected revenue items taking in consideration the debt collection strategy.
- ✓ Higher than nationally projected inflation provisions for repairs and maintenance, to attain nationally benchmarked levels on this expenditure item, and ensure/enhance the preservation of the Municipality's infrastructure.

EXPENDITURE FRAMEWORK

Salaries, wages and related staff costs

The promulgation of the Salary and Wage Collective Agreement by the South African Local Government Bargaining Council (SALGBC) provided the general salary adjustment guidelines for the period 2018/2019 is still under negotiations and are set to be in and around the 7%.

General expenses

Items with the general expenses category were increased in proportion on the projected CPI increases over the MTREF.

However, as part of the initiative to attain affordable budget, general expenses were reduced.

Repairs and maintenance

Serious repairs and maintenance and renewal backlogs exist in relation to municipal infrastructure, particularly municipality's electricity, water reticulation, sewage, storm water and roads systems. It is noted that these backlogs are impacting negatively on the financial sustainability of municipalities and on the reliability and quality of municipal services, as well as municipality's contribution to supporting economic growth.

- National Treasury is very concerned about the low levels of expenditure on repairs and maintenance and the renewal of existing infrastructure in most municipalities. Municipal councils, Mayors and municipal managers are therefore urged to ensure that allocations to repairs and maintenance, and the renewal of existing infrastructure are prioritised. In this regard:
- Therefore, more emphasis will be placed on this budget vote from this year going forward.

REVENUE FRAMEWORK

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore, municipalities are now required to justify all increases in excess of the 6.1 per cent projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

Maximising the revenue generation of the municipal revenue base

Municipalities are required to make a greater effort to integrate the work of their Town Planning and Valuations functions. This will ensure that every new property development, improvements to existing properties and changes to property usage and other such influences are correctly processed and filtered to the billing system. This will enable timeous and accurate updating of municipal accounts. The completeness, correctness and validity of the General Valuation Roll and supplementary valuations as well as resolving any objections to property values within the prescriptions of the Municipal Property Rates Act, 2004 (Act No.6 of 2004), are fundamental to protecting and growing the municipal revenue base.

In addition, the necessary reconciliations must be in place to ensure that the correct tariffs are applied for property rates and all trading services, that the correct accountholders are billed and that the municipal accounts are reaching the customers who are responsible for payment. These are among the minimum requirements of creating a “positive and reciprocal relationship between persons liable for making payment to the municipality and the municipality or service provider” as per section 95 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

When municipalities fail to achieve these minimum legally prescribed requirements there is a greater risk of burdening customers with higher tariff increases to compensate for operational inefficiencies.

It is therefore necessary for municipalities to ensure that their tariffs are adequate to, at the minimum, cover the costs of bulk services and also to ensure that all properties are correctly billed for property rates and all services rendered.

Eskom bulk tariff increases

In terms of the Multi-Year Price Determination (MYPD) for Eskom’s tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 7.32 per cent has been approved for the 2018/19 financial year.

Municipalities were urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability.

Water and sanitation tariff increases

The 2015 Municipal Services Strategic Assessment report (MuSSA) issued by the Department of Water and Sanitation shows that the majority of municipal Water Service Authorities (WSAs) are operating their water services at a loss. This performance is as a result of, amongst others, implementation of tariffs that are not cost-reflective and unsubstantiated institutional arrangements between districts (WSAs) and local municipalities

It is a must that the municipality improves revenue generation from this service through better financial management, demand management, maintenance and meter reading as it will enable payment of creditors such as water boards. This baseline information is critical to tariff setting and budget compilation. Municipalities in arrears with water boards should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

National Grants

Equitable Share

The Constitution provides that each sphere of government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. The equitable division of revenue takes into account the functions assigned to each sphere under the Constitution and the capacity of each, government to pay for these functions through own receipts and revenues. The local government equitable share allocations supplement municipalities’ own revenue sources for the provision of basic services to poor households within their areas of jurisdiction.

Initiatives are currently being pursued to assess the application of the equation for the Municipality to ensure that the allocation received by die Municipality is equitable and fair. The annual Division of Revenue Act (DORA) published the equitable share allocations. The following indicative allocations, as published in the 2018/2019 Division of Revenue Bill, were modeled:

2018/2019 – R 22 988 000

2018/2019 – R 25 113 000

2019/2020 – R 27 059 000

NC076 Thembelihle - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Transfers to other municipalities											
<i>TRANSFERS AND GRANTS</i>	1	1 421							7 557	5 016	5 186
Total Cash Transfers To Municipalities:		1 421	-	-	-	-	-	-	7 557	5 016	5 186
Cash Transfers to Entities/Other External Mechanisms											
<i>TRANSFERS AND GRANTS</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
<i>TRANSFERS AND GRANTS</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>TRANSFERS AND GRANTS</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
<i>TRANSFERS AND GRANTS</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	1 421	-	-	-	-	-	-	7 557	5 016	5 186
Non-Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
<i>TRANSFERS AND GRANTS</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
<i>TRANSFERS AND GRANTS</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
Indigent support	4				712						
Ward Committee Stipends					183						
Total Non-Cash Grants To Organisations		-	-	-	895	-	-	-	-	-	-
Groups of Individuals											
<i>TRANSFERS AND GRANTS</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	895	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	1 421	-	-	895	-	-	-	7 557	5 016	5 186

Table 14- Transfers and grants made by the municipality (Supporting Table SA21)

Capital expenditure (External Financing Fund/EFF component)

The larger portion of Capital expenditure will be financed from conditional grants of National Government.

Here we have the Municipal Infrastructure Grant and RBIG projects as indicated. The following Infrastructure projects are budgeted for the 2018/19 financial year:

- Upgrading of Roads in Steynville
- Electrification
- Upgrading of Outfall Sewer
- VIP Toilets

Table 15 - Detailed capital budget(Supporting Table SA36)

NC076 Thembelille - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Planning and Development																
Planning and Development		INEP			Yes	Storm water Infrastructure	Water Treatment Works		1000	-	-	18325	9600			New
Planning and Development		Sneyville: Upgrading of roads (MIG)			Yes	Roads Infrastructure	Road Structures		77788	-	-	8884	8977	9322		New
Planning and Development		WIP Tools (from WSIG)			Yes	Sanitation Infrastructure	Waste Water Treatment Works		4000			6000				New
Planning and Development		PMU (Only Salaries; not of a capital nature)			Yes	Non-revenue Generating	Unspecified		478			468	472	486		New
Parent Capital expenditure	1											33677	19049	9718		

11. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

1. 2018/2019 and 2019/2020 to 2020/2021 projected financial performance

1.1 Operating Budget

The followings provisions made:

- Repairs and Maintenance (Primary) of Infrastructure
- Inflation related increases to major expenditure components, such as the staff budget (salary level increases).

1.2 Capital Budget

The capital budget increased from R15 million in 2017/2018 to R33 million in 2018/2019. The following funding available:

- MIG
- WSIG
- INEP

2. Medium Term Outlook: 2017/2018 to 2020/2021

Operating Budget

The ensuing table reflects the operating budgets

Table 16: Medium term operating budget

	2018/2019 R'm	2019/2020 R'm	2020/2021 R'm
Operating Budget	68,6	73,6	78,6

Capital Budget

The ensuing table reflects the capital budget as well as the funding sources in the medium term:

	2018/2019 R'm	2019/2020 R'm	2020/2021 R'm
Capital Budget	33,20	18,57	9,23
Funded as follows:			
National Grant Funding	33,20	18,57	9,23
Provincial Grant Funding			

Table 17: Medium term capital budget and funding sources

The funding sources listed below as appropriated towards the following major projects on the capital budget:

National Grant Funded

- MIG
- RBIG
- INEP

1. Source of Funding

Rates, tariffs and other charges

Property Tax Rates

The proposed property rates are to be levied in accordance with existing Council policies unless otherwise indicated and both the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

The proposed average rates increase in 6.1% for all categories of properties.

Property tax rates are based on values indicated in the General Valuation Roll 2015 (GV). The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls.

Rebates and concessions are granted to certain categories of property usage and/or property owner and took effect with the new General Valuation Roll implemented by 01st July 2015. Each year thereafter a supplementary roll will amend the General Valuation Roll.

Water and Sanitation

The proposed Water and Sanitation Tariffs for 2018/2019 are consistent with National Policy on the provision of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Service Framework. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

The progressive nature of the existing domestic stepped tariff structure both for water is pro-poor and allows for the needs of the indigent.

The tariff levels for water increase by 6.1% to make provision for the under collection of previous years. Sanitation tariffs increase by 6.1%. This is still a challenge for the municipality due to the cost reflective tariff that needs to be implemented.

Electricity

The proposed revisions to the tariffs have been formulated in accordance with the Tariff and Rates Policy and comply with Section 78 of the Municipal Systems Act as well as the recommendation of the National Energy Regulator of South Africa (NERSA).

The Electricity Regulation Act requires that proposed revisions to the electricity consumption based tariffs be submitted to the Regulator for approval prior the implementation. Provisional approval will therefore be requested with the express proviso that any alterations required by Council will be submitted to the Regulator as soon as possible.

Solid Waste Management

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees, compost sales, clearance of illegal dumping on private properties, weighbridge fees and other ad hoc services. It is proposed that the Collections Tariffs (Consumptive and Sundry) increase by 6.1%.

2 Grant Allocations

National Allocations

The table below reflects the grant allocations in terms of the Division of Revenue Act that have been included in the medium term budget:

NC076 Thembelihle - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	24 738	24 738	24 738	26 871	28 465	30 857
Local Government Equitable Share					20 915	20 915	20 915	22 988	25 113	27 059
Finance Management					2 345	2 345	2 345	2 415	2 880	3 312
Municipal Systems Improvement					-	-	-	-	-	-
EPWP Incentive					1 000	1 000	1 000	1 000	-	-
MIG					478	478	478	468	472	486
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	1 285	602	602	454	654	654
Sport and Recreation					1 285	602	602	454	654	654
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	26 023	25 340	25 340	27 325	29 119	31 511
Capital Transfers and Grants										
National Government:		-	-	-	14 055	19 655	19 655	33 209	18 577	9 232
Municipal Infrastructure Grant (MIG)					9 055	7 655	7 655	8 884	8 977	9 232
Regional Bulk Infrastructure					4 000	4 000	4 000	6 000	-	-
Integrated National Electrification Programme					1 000	8 000	8 000	18 325	9 600	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	14 055	19 655	19 655	33 209	18 577	9 232
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	40 078	44 995	44 995	60 534	47 696	40 743

Table 18: National allocations

Provincial Allocations

The table below reflects the grants allocated in terms of the Provincial Gazette that have been included in this medium term budget:

NC076 Thembelihle - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	22 712	22 712	22 712	26 871	28 465	30 857
Local Government Equitable Share					19 367	19 367	19 367	22 988	25 113	27 059
Finance Management					2 345	2 345	2 345	2 415	2 880	3 312
Municipal Systems Improvement								-	-	-
EPWP Incentive					1 000	1 000	1 000	1 000	-	-
MIG								468	472	486
Other transfers/grants [insert description]					-					
Provincial Government:		-	-	-	1 277	602	602	454	654	654
Sport and Recreation					1 277	602	602	454	654	654
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	-	23 989	23 314	23 314	27 325	29 119	31 511
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	14 055	19 655	19 655	33 209	18 577	9 232
Municipal Infrastructure Grant (MIG)					9 055	7 655	7 655	8 884	8 977	9 232
Regional Bulk Infrastructure					4 000	4 000	4 000	6 000	-	-
Integrated National Electrification Programme					1 000	8 000	8 000	18 325	9 600	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	14 055	19 655	19 655	33 209	18 577	9 232
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	38 044	42 969	42 969	60 534	47 696	40 743

Table 19: Provincial allocations

12 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

NC076 Thembelihle - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants:										
National Government:		-	-	-	22 712	22 712	22 712	26 871	28 465	30 857
Local Government Equitable Share					19 367	19 367	19 367	22 988	25 113	27 059
Finance Management					2 345	2 345	2 345	2 415	2 880	3 312
Municipal Systems Improvement								-	-	-
EPWP Incentive					1 000	1 000	1 000	1 000	-	-
MIG					-	-	-	468	472	486
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	1 277	602	602	454	654	654
Sport and Recreation					1 277	602	602	454	654	654
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	-	23 989	23 314	23 314	27 325	29 119	31 511
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	14 055	19 655	19 655	33 209	18 577	9 232
Municipal Infrastructure Grant (MIG)					9 055	7 655	7 655	8 884	8 977	9 232
Regional Bulk Infrastructure					4 000	4 000	4 000	6 000	-	-
Integrated National Electrification Programme					1 000	8 000	8 000	18 325	9 600	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	14 055	19 655	19 655	33 209	18 577	9 232
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	38 044	42 969	42 969	60 534	47 696	40 743

Table 20: Expenditure on allocations and grant programme (Supporting Table SA19)

13 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

As can be seen from the Table below, the cash flow situation will remain very constraint for the 2018/19 financial year.

NC076 Thembelihle - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20
Cash Receipts By Source													1		
Property rates	630	630	630	630	630	630	630	630	630	630	630	1 471	8 406	8 860	9 348
Service charges - electricity revenue	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	4 142	15 532	16 593	17 727
Service charges - water revenue	309	309	309	309	309	309	309	309	309	309	309	1 236	4 636	4 887	5 155
Service charges - sanitation revenue	222	222	222	222	222	222	222	222	222	222	222	888	3 332	3 512	3 705
Service charges - refuse revenue	65	65	65	65	65	65	65	65	65	65	65	1 012	1 731	1 864	2 008
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	87	87	87	87	87	87	87	87	87	87	87	87	1 046	1 103	1 163
Interest earned - external investments	53	53	53	53	53	53	53	53	53	53	53	53	642	676	713
Interest earned - outstanding debtors	85	85	85	85	85	85	85	85	85	85	85	85	1 025	1 081	1 140
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	49	49	49	49	49	49	49	49	49	49	49	(312)	227	239	252
Licences and permits	30	30	30	30	30	30	30	30	30	30	30	(4)	325	343	361
Agency services	-	-	-	-	-	-	-	-	-	-	-	459	459	483	510
Transfer receipts - operational	2 328	2 328	2 328	2 328	2 328	2 328	2 328	2 328	2 328	2 328	2 328	2 328	27 936	30 438	32 879
Other revenue	30	30	30	30	30	30	30	30	30	30	30	30	361	380	401
Cash Receipts by Source	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	4 926	11 476	65 658	70 459	75 364
Other Cash Flows by Source															
Transfer receipts - capital	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	33 209	18 577	9 232
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)													-	-	-
Proceeds on disposal of PPE	246	246	246	246	246	246	246	246	246	246	246	246	2 950	3 109	3 282
Short term loans													-	-	-
Borrowing long term/refinancing													-	-	-
Increase (decrease) in consumer deposits													-	-	-
Decrease (Increase) in non-current debtors													-	-	-
Decrease (increase) other non-current receivables													-	-	-
Decrease (increase) in non-current investments													-	-	-
Total Cash Receipts by Source	7 939	7 939	7 939	7 939	7 939	7 939	7 939	7 939	7 939	7 939	7 939	14 489	101 817	92 144	87 877

Cash Payments by Type																		
Employee related costs	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	2 325	27 897	29 849	31 923			
Remuneration of councillors	232	232	232	232	232	232	232	232	232	232	232	232	2 779	2 812	3 009			
Finance charges	68	68	68	68	68	68	68	68	68	68	68	68	819	863	911			
Bulk purchases - Electricity	686	686	686	686	686	686	686	686	686	686	686	686	8 233	8 669	9 145			
Bulk purchases - Water & Sewer	32	32	32	32	32	32	32	32	32	32	32	32	384	405	427			
Other materials	590	590	590	590	590	590	590	590	590	590	590	590	7 085	7 468	8 001			
Contracted services	109	109	109	109	109	109	109	109	109	109	109	109	1 311	1 382	1 458			
Transfers and grants - other municipalities	304	304	304	304	304	304	304	304	304	304	304	(822)	2 523	2 630	2 775			
Transfers and grants - other	112	112	112	112	112	112	112	112	112	112	112	6 327	7 557	5 016	5 186			
Other expenditure	621	621	621	621	621	621	621	621	621	621	621	1 943	8 769	9 242	9 751			
Cash Payments by Type	5 079	5 079	5 079	5 079	5 079	5 079	5 079	5 079	5 079	5 079	5 079	11 490	67 356	68 336	72 586			
Other Cash Flows/Payments by Type																		
Capital assets	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	2 767	33 209	18 577	9 232			
Repayment of borrowing												-						
Other Cash Flows/Payments												-						
Total Cash Payments by Type	7 846	7 846	7 846	7 846	7 846	7 846	7 846	7 846	7 846	7 846	7 846	14 257	100 566	86 913	81 818			
NET INCREASE/(DECREASE) IN CASH HELD	93	93	93	93	93	93	93	93	93	93	93	232	1 251	5 231	6 059			
Cash/cash equivalents at the month/year begin:	601	693	786	879	971	1 064	1 157	1 249	1 342	1 435	1 527	1 620	601	1 852	7 083			
Cash/cash equivalents at the month/year end:	693	786	879	971	1 064	1 157	1 249	1 342	1 435	1 527	1 620	1 852	1 852	7 083	13 142			

Table 21: Monthly targets for revenue and cash flow (Support Table SA30)

14 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

No provision for performance bonuses has been made as this is not affordable at this stage. Remuneration is to a large degree negotiated at a national level and Thembelihle will have to implement the agreed to increases whether it is affordable or not. Due to the tight cash flow situation, Council has taken a decision that only critical posts will be filled until such time that the cash flow situation has improved. This will put a burden on staff to meet the vast number of reports having to be submitted as required by legislation. It will not always be possible to meet all deadlines, but we will endeavor to comply with legislation. This aspect also places a burden on our ability to work towards a clean audit opinion.

NC076 Thembelihle - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4							-
Chief Whip								-
Executive Mayor								-
Deputy Executive Mayor								-
Executive Committee			2317	60	456			2834
Total for all other councillors								-
Total Councillors	8	-	2317495	60258	456446			2834
Senior Managers of the Municipality	5							
Municipal Manager (MM)			801	33	169			1003
Chief Finance Officer			753					753
Manager Corporate Services			753					753
Manager Technical Services			753					753
								-
								-
<i>List of each official with packages >= senior manager</i>								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	3059	33	169	-		3261
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	5377	93	626	-		6095

Table 22: Salaries, allowances & benefits (political office bearers/councillors/senior managers) (Support Table SA23)

NC076 Thembelihle - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages					1 960			2 317	2 319	2 481
Pension and UIF Contributions					346			60	64	69
Medical Aid Contributions					149			116	124	132
Motor Vehicle Allowance					-			-	-	-
Cellphone Allowance					185			286	306	327
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors					2 640	-	-	2 779	2 812	3 009
% increase	4	-	-	-	-	(100.0%)	-	-	1.2%	7.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages					2 541			3 059	3 059	3 059
Pension and UIF Contributions					486			33	33	33
Medical Aid Contributions					-					
Overtime					-					
Performance Bonus					-					
Motor Vehicle Allowance	3				340			131	131	131
Cellphone Allowance	3				33			38	38	38
Housing Allowances	3				-					
Other benefits and allowances	3				166					
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality					3 567	-	-	3 261	3 261	3 261
% increase	4	-	-	-	-	(100.0%)	-	-	-	-
Other Municipal Staff										
Basic Salaries and Wages					16 067			18 296	19 577	20 947
Pension and UIF Contributions					2 425			2 839	3 037	3 250
Medical Aid Contributions					1 596			1 116	1 194	1 277
Overtime					1 188			1 370	1 466	1 569
Performance Bonus					1 183			1 243	1 330	1 423
Motor Vehicle Allowance	3				-			255	272	276
Cellphone Allowance	3				12			44	47	50
Housing Allowances	3				53			62	67	71
Other benefits and allowances	3				82			9	10	11
Payments in lieu of leave					714			393	421	450
Long service awards					4			-	-	-
Post-retirement benefit obligations	6				70			881	943	1 009
Sub Total - Other Municipal Staff					23 394	-	-	26 509	28 365	30 334
% increase	4	-	-	-	-	(100.0%)	-	-	7.0%	6.9%
Total Parent Municipality					29 601	-	-	32 549	34 438	36 605
					-	(100.0%)	-	-	5.8%	6.3%
Total Municipal Entities					-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS					29 601	-	-	32 549	34 438	36 605
% increase	4	-	-	-	-	(100.0%)	-	-	5.8%	6.3%
TOTAL MANAGERS AND STAFF	5,7				26 961	-	-	29 770	31 626	33 595

Table 23: Councilor allowances and employee benefits (Support Table SA22)

15 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL DEPARTMENTS

In terms of Section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate the following :

- (a) Projections for each month of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Executive Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the budget. In addition, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public with 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the budget of the municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2018 to 30 June 2019 (the Municipality's financial year). It includes the service delivery targets and performance indicators for each quarter which should be linked to the performance agreements of senior management. It therefore facilitates oversight over financial and non-financial performance of the municipality and allows the Municipality Manager to monitor the performance of the Executive Directors, the Mayor/Council to monitor the performance of the Municipality Manager, and the Community to monitor the performance of the Municipality Government.

The SDBIP for the 2018/2019 financial year will be approved by the Mayor in June 2018 after approval of the Budget.

Providing clean water and managing waste water

DRINKING WATER QUALITY AND WASTE WATER MANAGEMENT

THEMBELIHLE MUNICIPAL WATER SERVICE AUTHORITY AND PROVIDER

Thembelihle Municipality is the Water Service Authority and Provider.

This responsibility falls under the Technical Department's water and wastewater sections. The Technical Manager is the responsible person.

BLUE DROP PERFORMANCE

Water quality in both Hopetown and Steynville is good and complies with SAN 241 specifications. We have recorded problems where samples have been analysed in Kimberley. The results have indicated that free chlorine is above 1 mg/ℓ but we still obtain an E-coli count. This is not possible and so we are investigating the issue of contamination at the laboratory.

The Table below shows our Blue Drop Score.

Thembelihle Local Municipality
from www.dwa.gov.za

Supply Area of Strydenburg

The Town of Strydenburg, Deetlifsiville and Mandela Square and Informal area

Treatment:

Raw water is abstracted from several boreholes. Water is disinfected using calcium hypochlorite at the central command reservoir.

Current Water Quality:

Excellent Microbiological Water Quality Compliance but with Operational (*Not Monitored*) non-compliance.

Blue Drop Status:

2009 (Blue Drop Report 2010) not participated.
 2010 (Blue Drop Report 2011) 29.44%
 2011 (Blue Drop Report 2012) 62.49%

Regulatory Comments:

See below.

Supply Area Hopetown

The Town of Hopetown, Steynville, Tamboville, Vergenoeg, Sewendelaan, Houjoubek, Informal areas of Goutrou,

Industrial area and plots

Treatment:

Conventional processes of flash mixing, coagulation, flocculation, clarification, filtration and disinfection Raw water from boreholes.

Current Water Quality:

Excellent Drinking Water Quality Compliance!

Blue Drop Status:

not
 2009 (Blue Drop Report 2010) participated.
 2010 (Blue Drop Report 2011) 54.08%
 2011 (Blue Drop Report 2012) 77.71%

Regulatory Comments:

The Department salutes the tremendous efforts made by Thembelihle Local Municipality to improve previous audit performance challenges. As a small municipality with an even smaller revenue base, Thembelihle displays what is possible if those responsible are dedicated to manage drinking water quality according to the set regulatory requirements. The Department congratulates all involved.

The four non-complying microbiological results in the Strydenburg water supply system slightly spoiled the performance. But it is trusted that disinfection procedures and the full implementation of the water safety planning process will ensure a turn-around in this regard.

Average consumption figures are reasonably high. It is therefore required that the municipality would give attention to this aspect of the water business, especially in light of the arid nature of the two Northern Cape towns, which the municipality is taking responsibility for.

2011 Municipal Score (2012 Report)

THEMBELIHLE LOCAL MUNICIPALITY
NORTHERN CAPE

Water Service Provider

THEMBILIHLE LOCAL MUNICIPALITY

OVERALL SCORE

72.82%

This places us second in the Northern Cape and we wish to salute Ms Linda van Wyk for her efforts.

GREEN DROP PERFORMANCE RATINGS

Performance of our wastewater treatment works both in Hopetown and Strydenburg have low ratings. Thembelihle Municipality was audited last year and the results of that audit are shown in the Table below.

<i>System Name</i>	WSP No.	Design Capacity (Ml/d)	2013 System Score (%) 53	2011 System Score (%)
Hopetown (Old Plant)		0.80	E+	62.40
Hopetown (New Plant)		1.30	D+	
Strydenburg (Old Plant)		0.25	C-	26.00
Strydenburg (New Plant)		0.55	C-	

We have many areas in which to improve and this will be part of our business plan for 2013/2014.

RISK-BASED WATER SAFETY PLAN

Risk-based approach to the management of our water infrastructure is critical to ensuring the effective and efficient delivery of water services to Thembelihle residents.

Risks identified include:

- Abstraction license with van der Kloof WUA for abstracting water from the Orange River in Hopetown
- Abstraction licenses for all boreholes in Strydenburg
- Addressing the high risk associated with the abstraction pump station at Hopetown
- Registration and licensing of the water treatment works and the wastewater treatment works
- Effective training and registration of our process controllers
- Effective Water Conservation Water Demand Management of the infrastructure
- Addressing the lack of back-up power generators for all pump stations in both Hopetown and Strydenburg
- Aged asbestos cement pipes which burst regularly
- Addressing the disinfection management of potable water in Strydenburg
- Addressing the hardness of the potable water in Strydenburg possible by the introduction of lime softening
- Leaking command reservoir in Deetlefsville
- Addressing health and safety issues throughout all infrastructure in Hopetown and Strydenburg

- Inability to attract skilled artisans and professional to Thembelihle
- Problem with aged vehicles, plant and equipment to operate and maintain Thembelihle's infrastructure

The following key components have been addressed:

- New 4,6 Mℓ/d WTW which was commissioned in May 2013
- Planning has begun on the refurbishment of the abstraction pump station on the Orange River at Hopetown
- Refurbished bulk water supply scheme to Steynville
- Planning for the upgrading of the water resources in Strydenburg by equipping new boreholes in Fairfield

ACIP funding has been granted to Thembelihle for the replacement of bulk and domestic meters that are out of order. This will make a significant improvement to our unaccounted-for water losses which is currently standing at 48,4% of the potable water produced.

16 RECONCILIATION OF IDP STRATEGIC OBJECTIVES AND CAPITAL BUDGET

NC076 Thembelihle - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Sustaining the Natural and Built Environment	Services	A					4 000			24 449	9 731	-
Economic Development and Job Creation	Planning & Development	B					9 056			8 917	9 011	9 407
Quality Living Environment	Recreation	C										
Safe, Health and Secure Environment	Health & Public Safety	D										
Empowering our Citizens	Library	E										
Embracing our Cultural Diversity	Community	F										
Good Governance	Public Participation (Council)	G										
Financial Viability and Sustainability	Financial Management	H										
Operations and Support Services	Corporate Services	I										
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	-	13 056	-	-	33 366	18 742	9 407

Table 24: Reconciliation of IDP strategic objective and budget (capital Expenditure) (Supporting table SA6)

NC076 Thembelihle - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class	1									
Infrastructure		19 829	26 015	5 320	-	-	-	32 742	18 104	8 746
Roads Infrastructure		-	13 369	40	-	-	-	8 417	8 504	8 746
Roads			13 369	40				8 417	8 504	8 746
Electrical Infrastructure		1 054	-	-	-	-	-	18 325	9 600	-
MV Networks								18 325	9 600	-
Water Supply Infrastructure		18 377	12 647	-	-	-	-	-	-	-
Reservoirs		18 377	12 647	-	-	-	-	-	-	-
Sanitation Infrastructure		11	-	-	-	-	-	6 000	-	-
Pump Station										
Reticulation		11						6 000		
Rail Infrastructure		387	-	-	-	-	-	-	-	-
MV Substations		387								
Information and Communication Infrastructure		-	-	5 281	-	-	-	-	-	-
Distribution Layers				5 281						
Capital Spares										
Community Assets		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Other assets		699	-	711	-	-	-	-	-	-
Operational Buildings		699	-	711	-	-	-	-	-	-
Municipal Offices		699		711						
Intangible Assets		87	-	-	-	-	-	-	-	-
Servitudes		87								
Furniture and Office Equipment		-	-	272	-	-	-	-	-	-
Furniture and Office Equipment				272						
Machinery and Equipment		-	-	175	-	-	-	-	-	-
Machinery and Equipment				175						
Transport Assets		-	-	158	-	-	-	-	-	-
Transport Assets				158						
Total Capital Expenditure on new assets	1	20 614	26 015	6 637	-	-	-	32 742	18 104	8 746

Table 25: Capital expenditure by Asset class/ sub class (Supporting Table SA34(a))

17 LEGISLATION COMPLIANCE STATUS

1. **Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:**

Budget and Treasury Office

A budget office and Treasury office has been established in accordance with the MFMA.

Budgeting

The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.

- **Financial reporting**
100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report**
The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- **Internship Programme**
The Municipality of Thembelihle in participating in the Municipal Finance Management Internship Programme has employed a number of interns undergoing training in various finance departments. One of the interns completed the two-year training period and has taken up permanent employment within Finance. Five interns are currently employed in the Treasury department.

18 NATIONAL TREASURY DIRECTIVES

Key issues addressed in National Treasury Circular 79: Municipal Budget Circular for the 2016/17 MTREF and Circular 85 – Municipal Budget Circular for the 2018/19 MTREF

1. The South African economy and inflation targets

The 2016 Medium Term Budget Policy Statement emphasised that the global recovery from the 2008 financial crisis remains precarious, with growth forecast at 5.3 per cent in 2018/19 and 5.4 per cent in 2019/20. In developed economies, the combination of weak economic growth, low or negative interest rates, and elevated asset prices has increased the likelihood of renewed financial volatility.

Economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach has been followed for projecting revenue. Thembelihle Local Municipality is trying to improve its efforts to limit non-priority spending and to implement stringent cost-containment measures. A major challenge has been to facilitate and encourage semi and unskilled labour absorptive growth. With financial services being the major driver of the Municipality economy its high end skills employer and does not create jobs at scale necessary to address employment challenges.

2. Key focus areas for the 2018/19 budget process

Conditional grants and additional allocations

The purpose of conditional grants is to deliver on national government service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

In addition to these policies and procedures, the Municipality makes use of an external service provider to verify the HDI status of vendor. The HDI status is used as part of the scoring when awarding to vendors, over and above the scoring of price and functionality (functionality is determined by the requisitioning department). With regard to the procurement of goods and services up to a value of R200 000, the buyers are placed in commodities and are rotated on an annual basis.

Compliance

The Municipality's SCM policy is adopted in accordance with legislation. The supply chain processes are linked to this policy and each process is followed and monitored through regular internal, external and ISO audits.

3. Eskom bulk tariff increases

As per MFMA Budget Circular 91, Eskom has been granted a tariff increase of 7.32% where Municipalities are expected to have an increase of 6.84%. It also indicates that Municipalities that would like to implement a higher tariff increase must apply for such increases.

4. Providing clean water and managing waste water

The Municipality of Thembelihle performs the roles of both the Water Service Authority and Water Service Provider i.e. actually manages the provision of drinking water and treatment of wastewater.

5. Phasing in on formats and tables – Repairs and Maintenance

In order for the Municipality to be compliant, a rework of the repairs and maintenance subjective category had to be undertaken. A new allocation structure was created to allocate the budgetary provision by cost element of 'component expenditure' for the 2018/2019 budget

CAPITAL EXPENDITURE DETAILS

NC076 Thembelihle - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Planning and Development																
Planning and Development		INEP			Yes	Storm water Infrastructure	Water Treatment Works		1 000	-	-	18 325	9 600			New
Planning and Development		Srey nville: Upgrading of roads (MIG)			Yes	Roads Infrastructure	Road Structures		77 788	-	-	8 917	9 011	9 269		New
Planning and Development		VIP Toilets (from WSIG)			Yes	Sanitation Infrastructure	Waste Water Treatment Works		4 000			6 000				New
Planning and Development		PMU (Only Salaries; not of a capital nature)			Yes	Non-revenue Generating	Unspecified		478			124	131	138		New
Parent Capital expenditure																
	1											33 367	18 742	9 407		

Table 26: Capital budget detail (Support Table SA36)

20 OTHER SUPPORTING DOCUMENTS

Operating Revenue by Source and Operating Expenditure by Type

NC076 Thembelihle - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive Council	Vote 2 - Budget & Treasury	Vote 3 - Corporate Service	Vote 4 - Community & Social Service	Vote 5 - Public Safety	Vote 6 - Planning & Development	Vote 7 - Road Transport	Vote 8 - Electricity	Vote 9 - Water	Vote 10 - Waste Water Management	Vote 11 - Waste Management	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates		-	8 404	-	2	-	-	-	-	-	-	-					8 407
Service charges - electricity revenue		-	-	-	793	-	-	-	14 738	-	-	-					15 532
Service charges - water revenue		-	-	-	-	-	-	-	-	4 636	-	-					4 636
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	3 332	-					3 332
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	2 133					2 133
Service charges - other		-	-	-	-	-	-	-	-	-	-	-					-
Rental of facilities and equipment		-	-	980	57	-	9	-	-	-	-	-					1 046
Interest earned - external investments		-	641	-	-	-	-	1	-	-	-	-					642
Interest earned - outstanding debtors		-	119	-	-	-	-	-	247	320	217	-					904
Dividends received		-	-	-	-	-	-	-	-	-	-	-					-
Fines, penalties and forfeits		-	-	-	5	-	-	583	-	-	-	-					588
Licences and permits		-	10	122	-	-	10	216	1	-	-	-					359
Agency services		-	-	-	-	-	-	-	-	-	-	-					-
Other revenue		-	144	206	-	-	7	(9)	-	-	11	-					359
Transfers and subsidies		19 342	2 820	448	454	-	1 657	-	489	695	1 280	-					27 186
Gains on disposal of PPE		-	-	2 950	-	-	-	-	-	-	-	-					2 950
Total Revenue (excluding capital transfers and contributions)		19 342	12 138	4 706	1 312	-	1 683	790	15 476	5 652	4 841	2 133	-	-	-	-	68 074
Expenditure By Type																	
Employee related costs		1 520	4 700	4 832	1 661	-	5 613	1 994	1 265	4 102	748	1 467					27 902
Remuneration of councillors		2 779	-	-	-	-	-	-	-	-	-	-					2 779
Debt impairment		-	819	-	-	-	-	-	-	-	-	-					819
Depreciation & asset impairment		-	-	1 188	390	-	2 400	-	2 108	1 181	541	424					8 233
Finance charges		-	384	-	-	-	-	-	-	-	-	-					384
Bulk purchases		-	-	20	-	-	-	6 370	695	-	-	-					7 085
Other materials		15	177	123	379	-	133	50	10	371	-	38					1 296
Contracted services		46	1 867	670	1	-	151	222	232	311	106	-					3 606
Transfers and subsidies		17	-	-	-	-	1 325	-	-	-	-	749					2 091
Other expenditure		1 785	2 449	1 084	216	-	702	172	252	483	184	125					7 452
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-					-
Total Expenditure		6 161	10 396	7 917	2 647	-	10 324	2 438	10 238	7 143	1 578	2 804	-	-	-	-	61 647
Surplus/(Deficit)		13 181	1 743	(3 212)	(1 335)	-	(8 641)	(1 647)	5 238	(1 492)	3 262	(670)	-	-	-	-	6 427
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)																	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		13 181	1 743	(3 212)	(1 335)	-	(8 641)	(1 647)	5 238	(1 492)	3 262	(670)	-	-	-	-	6 427

Table 27: Operating revenue by source and operating expenditure by type per vote (Supporting Table SA2)

ANNEXURE 1: RATES POLICY

PROPERTY RATES POLICY (Approved by Council on 30 May 2018)

INTRODUCTION

1.1 The Local Government: Municipal Property Rates Act (2004) requires THEMBELIHLE MUNICIPALITY to develop and adopt a rates policy consistent with the Act on levying of rates on rateable property in the municipality.

1.2 In developing and adopting this rates policy, THEMBELIHLE MUNICIPALITY has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;

There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;

Revenues derived from property rates represent a critical source of income for municipalities to achieve constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and

It is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation and which takes account of historical imbalances and the burden of rates on the poor.

1.3 In applying its rates policy, the Council shall adhere to all requirements of the Property Rates Act, 2004 (Act no. 6 of 2004) including any regulations promulgated in terms of the Act.

DEFINITIONS

2.1 In this Policy, a word or expression derived from a word or expression defined in this subsection has a corresponding meaning unless the context indicates that another meaning is intended:

“agent”, in relation to the owner of a property, means a person appointed by the owner of the property—

(a) to receive rental or other payments in respect of the property on behalf of the owner; or

(b) to make payments in respect of the property on behalf of the owner;

“agricultural purpose”, in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game; **“annually”** means once every financial year;

“appeal board” means a valuation appeal board established in terms of section 56;

“assistant municipal valuer” means a person designated as an assistant municipal valuer in terms of section 35(1) or (2);

“category” —

- (a) in relation to property, means a category of properties determined in terms of section; and
- (b) in relation to owners of properties, means a category of owners determined in terms of section 15(2);

“data-collector” means a person designated as a data-collector in terms of section 36;

“date of valuation” means the date determined by a municipality in terms of section 31(1);

“district management area” means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

“district municipality” means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

“effective date” —

- (a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1); or
- (b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b);

“exclusion”, in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17;

“exemption”, in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15;

“financial year” means the period starting from 1 July in a year to 30 June the next year;

“Income Tax Act” means the Income Tax Act, 1962 (Act No. 58 of 1962);

“land reform beneficiary”, in relation to a property, means a person who— (a) acquired the property through—

- (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
- (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

“land tenure right” means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

“local community”, in relation to a municipality—

- (a) means that body of persons comprising—
 - (i) the residents of the municipality;

- (ii) the ratepayers of the municipality;
 - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
 - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

“local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

“market value”, in relation to a property, means the value of the property determined in accordance with section 46;

“MEC for local government” means the member of the Executive Council of a province who is responsible for local government in that province;

“Minister” means the Cabinet member responsible for local government;

“multiple purposes”, in relation to a property, means the use of a property for more than one purpose;

“municipal council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

“Municipal Finance Management Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“municipality”—

(a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and

(b) as a geographical area, means a municipal area demarcated in terms of the Local

Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998); the THEMBELIHLE MUNICIPALITY.

“municipal manager” means a person appointed in terms of section 82 of the Municipal Structures Act;

“Municipal Structures Act” means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

“municipal valuer” or **“valuer of a municipality”** means a person designated as a municipal valuer in terms of section 33(1);

“newly rateable property” means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding—

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and

- (b) a property identified by the Minister by notice in the *Gazette* where the phasing-in of a rate is not justified;

“occupier”, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

“organ of state” means an organ of state as defined in section 239 of the Constitution;

“owner”—

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”,

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curator ship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“permitted use”, in relation to a property, means the limited purposes for which the property may be used in terms of —

- (a) any restrictions imposed by —
 - (i) a condition of title;
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

“person” includes an organ of state;

“prescribe” means prescribe by regulation in terms of section 83;

“property” means—

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or

(d) public service infrastructure;

“property register” means a register of properties referred to in section 23;

“protected area” means an area that is or has to be listed in the register referred to in section 10 of the Protected Areas Act;

“Protected Areas Act” means the National Environmental Management: Protected Areas Act, 2003;

“publicly controlled” means owned by or otherwise under the control of an organ of state, including —

(a) a public entity listed in the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(b) a municipality; or

(c) a municipal entity as defined in the Municipal Systems Act;

“public service infrastructure” means publicly controlled infrastructure of the following kinds:

(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

(b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

(e) railway lines forming part of a national railway system;

(f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;

(g) runways or aprons at national or provincial airports;

(h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

(i) any other publicly controlled infrastructure as may be prescribed; or

(j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

“rate” means a municipal rate on property envisaged in section 229(1) (a) of the Constitution;

“rateable property” means property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17;

“rebate”, in relation to a rate payable on a property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

“reduction”, in relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating of the property at that lower amount;

“register”—

- (a) means to record in a register in terms of—
 - (i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
 - (ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- (b) includes any other formal act in terms of any other legislation to record—
 - (i) a right to use land for or in connection with mining purposes; or (ii) a land tenure right;

“residential property” means a property included in a valuation roll in terms of section 48 (2) (b) as residential;

“Sectional Titles Act” means the Sectional Titles Act, 1986 (Act No. 95 of 1986);

“sectional title scheme” means a scheme defined in section 1 of the Sectional Titles Act;

“sectional title unit” means a unit defined in section 1 of the Sectional Titles Act;

“specified public benefit activity” means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

“state trust land” means land owned by the state—

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

“this Act” includes regulations made in terms of section 83.

ADOPTION AND CONTENTS OF RATES POLICY

3.1 The THEMBELIHLE MUNICIPALITY will adopt a policy on levying rates on rateable property in the THEMBELIHLE municipal area.

3.2 The rates policy shall:

treat persons liable for rates equitably; determine the criteria to be applied by the municipality if it – levies different categories of properties; exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment on their properties;

grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or

increases rates;

determine, or provide criteria for the determination of – categories of properties for the purpose of levying different rates as contemplated in paragraph (b)(i); and

categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions as contemplated in paragraph

(b)(ii) or (iii);

determine how the municipality's powers in terms of section 9(1) must be exercised in relation to properties used for multiple purposes;

identify and quantify in terms of cost to the municipality and any benefit to the local

community—

exemptions, rebates and reductions; exclusions referred to in section 17(1)(a),(e),(g), (h) and (i) of the Act; and rates on properties that must be phased in, in terms of section 21 of the Act;

take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;

take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;

take into account the effect of rates on public service infrastructure; allow the municipality to promote local, social and economic development; and identify, on a basis as may be prescribed, all rateable properties in the municipality that are not rated in terms of section 7(2)(a) of the Act .

3.3 Any exemptions, rebates or reductions referred to in subsection (3) and provided for in a rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organised local government.

3.4 Council may not grant relief in respect of the payment of a rate – to a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, a rebate or a reduction provided for in its rates policy and granted in terms of section 15 of the Act; or

to the owners of properties on an individual basis.

LEVYING OF RATES

4.1 Rates payable

The THEMBELIHLE MUNICIPALITY shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll.

Rates to be levied on all rateable property

THEMBELIHLE MUNICIPALITY may levy rates on all rateable property in its area. Section 7(1) of the Act does not-

- (a) oblige the municipality to levy rates on— properties of which that municipality is the owner; public service infrastructure owned by a municipal entity; properties referred to in paragraph (b) of the definition of “property” in section 1 of the Act; or properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices; or
- (b) prevent a municipality from granting in terms of section 15 exemptions from, rebates on or reductions in rates levied in terms of subsection 4.1 of this policy.

Differential rates

- (1) Subject to section 19 of the Act, a municipality may levy rates for different categories of rateable property, which may include categories determined according to the— use of the property; permitted use of the property; or geographical area in which the property is situated.
- (2) Categories of rateable property may include the following:
 - residential properties; industrial properties; business and commercial properties; farm properties used for— agricultural purposes; other business and commercial purposes; residential purposes; or purpose other than those specified in subparagraphs (i) to (iii);
 - farm properties not used for any purpose; smallholdings used for— agricultural purposes; residential purposes; industrial purposes; business and commercial purposes; or purposes other than those specified in subparagraphs (i) to (iv); state-owned properties; municipal

properties; public service infrastructure; privately owned towns serviced by the owner; formal and informal settlements; communal land as defined in section 1 of the Communal Land Rights Act, 2004; state trust land; protected areas; properties on which national monuments are proclaimed;

properties owned by public benefit organisations and used for any specific public

benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax

Act; or properties used for multiple purposes.

Rates on properties used for multiple purposes will be levied on properties used for:

- a) a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated.
- b) a purpose corresponding with the dominant use of the property; or
- c) by apportioning the market value of the property to the different purposes for which the property is used; and
- d) applying the relevant cent amount in the Rand to the corresponding apportioned market value.

Levying of rates on property in sectional title schemes

A rate on a property which is subject to a sectional title scheme will be levied on the body corporate for the current valuation roll or supplementary valuation roll. With the implementation of the new valuation roll, a rate on a property which is subject to a sectional title scheme will be levied on the individual sectional title units in the scheme and not on the property as a whole. This does not apply in respect of rates levied against a valuation roll or supplementary roll prepared before the effective date of the first valuation roll as prepared in terms of the Act. This process will be phased in over a period of four years counting from the date of implementation of the Property Rates Act 2004, (Act no. 6 of 2004).

Period for which rates may be levied

THEMBELIHLE MUNICIPALITY will levy the rate for a financial year. The levying of rates forms part of this municipality's annual budget process as set out in Chapter 4 of the Municipal Finance Management Act.

Exemptions, reductions and rebates

- (a) In imposing the rate in the rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated below, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular budget so dictate.
- (b) In determining whether a property forms part of a particular category indicated below, the council shall have regard to the actual use to which the relevant property is put. In the case of

vacant land not specifically included in any of the categories indicated below, the permitted use of the property shall determine into which category it falls.

- (c) Such exemptions, reductions and rebates must be indicated in the tariff and rate schedule approved by the council annually.

Exemptions

The following categories of owners of properties may be exempted from payment of a rate on their properties:

properties on which national monuments are situated, and where no business or commercial activities are conducted in respect of such monuments;

properties owned by public benefit (welfare/humanitarian) organisations and used to further the objectives of such organisations; or

- (iii) properties of which the Municipality is the owner;
- (iv) public service infrastructure owned by the Municipality;
- (v) properties in respect of which it is impossible or unreasonable difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices;

Council may in terms of the Municipal Property Rates Act, 2004, identify other properties to be exempted from payment of a rate.

Reductions and rebates

Reductions and rebates on rates may be granted to the following categories of owners of properties:

indigent owners; owners dependant on pensions or social grants for their livelihood; owners temporarily without income; owners of property situated within an area affected by—

- (i) a disaster within the meaning of the Disaster Management Act, 2002(Act No. 57 of 2002); or
 - (ii) any other serious adverse social or economic conditions;
- (e) owners of residential properties with a market value lower than an amount determined by council;

properties on which national monuments are situated, but where business or commercial activities are conducted in respect of such monuments;

agricultural properties, but the following criteria has to be applied by Council in respect of such rebates:

- (i) the extent of services provided by Council in respect of such properties;
- (ii) the contribution of agriculture to the local economy;
- (iii) the extent to which agriculture assists in meeting the service delivery and development obligations of the council; and
- (iv) the contribution of agriculture to the social and economic welfare of farm workers;

state-owned properties; or formal and informal settlements.

Other impermissible rates

- (a) Council may not levy a rate:
 - (i) on the first 30% of the market value of public service infrastructure with effect from the implementation of the valuation roll compiled in terms of this Act;
 - (ii) on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes;
 - (iii) on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship with effect from the implementation of the valuation roll compiled in terms of this Act;.
- (b) In addition to the foregoing, and as from 1 JULY 2015, the first R30 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from payment of rates in terms of Section 17(1)(h) of the Property Rates Act.
- (c) In respect of indigents' property rates, the rebate shall be 100% of the rates based on the rateable value up to R60 000 and 75% of the rates based on the rateable value above R60 000.

4.8 Reporting

- (a) The municipal manager must annually table in the Council:

- (i) a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
 - (ii) a statement reflecting the income, which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates.
- (b) All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

4.9 Limits on annual increases of rates

Council shall, in imposing the rate for each financial year, revert to the requirements of Section 20 of the Act.

LIABILITY FOR RATES

Method and time of payment

THEMBELIHLE MUNICIPALITY shall recover rates on a monthly basis, calculated in 12 equal monthly instalments, payable on/or before due date as depicted on the monthly statement. Council can recover a rate annually, as may be agreed to with the owner of that property, and will be payable on or before 30 September of that current year.

Accounts to be furnished

5.2.1 THEMBELIHLE MUNICIPALITY shall furnish each person liable for the payment of a rate with a written account specifying— (a) the amount due for rates payable;

- (b) the date on or before which the amount is payable;
- (c) how the amount was calculated;
- (d) the market value of the property;
- (e) if the property is subject to any compulsory phasing-in discount in terms of section 21 of the Act, the amount of the discount.

5.2.2 An owner is liable for payment of a rate whether or not that person has received a written account. The furnishing of accounts for rates in terms of this section is subject to section 102 of the Municipal Systems Act.

Recovery of rates in arrears from tenants, occupiers and agents

5.3.1 If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined, council may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. An amount may only be recovered after council has served a written notice on the tenant or occupier.

5.3.2 The amount that council may recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the

owner of the property. Any amount council recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owned by the tenant or occupier to the owner.

5.3.3 The tenant or occupier of a property must, on request by council, furnish council with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by council.

5.3.4 Council may, despite the Estate Agents Affairs Act, 1976 (Act No. 112 of 1976), recover the amount due for rates on a property in whole or in part from the agent of the owner, but only after council has served a written notice to this effect, on the agent.

5.3.5 The amount council can recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

5.3.6 The agent must, on request by council, furnish council with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by council.

Amendment of rates

(a) The policy will be phased in over a period of three (3) years and the municipality shall not distinguish between the differences in levying rates on the market value of land and improvements respectively in this period.

(b) Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of

the current valuation roll. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

GENERAL VALUATION OF RATEABLE PROPERTY

6.1 Frequency of valuations

THEMBELIHLE MUNICIPALITY shall prepare a new valuation roll every 4 (four) years and supplementary valuation rolls at least every 12 (twelve) months.

Designation of municipal valuer

Council must, before the date of valuation, designate a person as municipal valuer. An open, competitive and transparent process in accordance with Chapter 11 of the Municipal Finance Management Act will be followed in appointing said valuer.

Valuation

Property must be valued in accordance with generally recognised valuation practices, methods and standards, and the provisions of the Act.

Sebata System

The Sebata computer program is in use at THEMBELIHLE MUNICIPALITY to assist in the valuation process. This computer program uses property data as it occurs on council's financial database. After data was collected during physical inspection of the properties and captured into the Sebata program, properties are electronically valued. Information applicable to management is now available. The valuation roll is then printed and available for public inspection. Notices are generated by the system for delivery to the property owners. After completion of the valuation process, the information is electronically transferred to council's financial database.

Interim valuation debits

When property is transferred to a new owner and a supplementary valuation is conducted at the same time, council shall hold the previous as well as the new owner, jointly and severally liable for the amount due in respect of the interim account.

Clearance certificate

- (a) A rates clearance certificate will be issued in terms of Section 118 of the Local Government: Municipal Systems Act, 2000, Act No. 32 of 2000, and will be valid till 30 June, following the date of application received.
- (b) If an amount liable for rates levied in respect of a property which formed part of a Municipal Housing Scheme, is unpaid by the owner and the property needs to be transferred, a rates clearance certificate will only be issued upon payment of the current account and after completion of an agreement for any municipal services in arrears, subject to Council's Credit Control and Debt Collecting Policy.

Transfers affected may be one of the following:

- (i) Transfer of a property from the THEMBELIHLE MUNICIPALITY to the new owner;
- (ii) Transfer of a property from one spouse to the other;
- (iii) Transfer of a property from the owner (parent) to a child.

BY-LAWS

- 7.1 The principle contained in this policy will be reflected in the various by-laws as promulgated and adjusted by Council from time to time.

ANNEXURE 2: TARIFF POLICY

TARIFF POLICY (Adopted by Council on 30 May)

1. INTRODUCTION AND LEGISLATIVE REQUIREMENTS

- 1.1 In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003, the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended.
- 1.2 In terms of section 74 of the Municipal Systems Act the municipal council hereby adopts a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.
- 1.3 This policy has been compiled in accordance with:-
- 1.3.1 The Constitution of the Republic of South Africa, Act no 108 of 1996 as amended;
 - 1.3.2 Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended;
 - 1.3.3 Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003;
 - 1.3.4 Local Government: Municipal Property Rates Act (MPRA), Act no 6 of 2004;
 - 1.3.5 Thembelihle Municipality Property Rates Policy as reviewed annually.

2. DEFINITIONS AND ABBREVIATIONS

"Account" means an account rendered specifying charges for municipal services provided by the municipality, or any authorised and contracted service provider, and which account may include assessment rates levies.

"Accounting officer" means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act.

"Annual budget" shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget.

"Arrangement" means a written agreement entered into between the municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

"Basic municipal services" shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

"Business and commercial property" means -

- (a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- (b) property on which the administration of the business of private or public entities take place;

“By-law” shall mean legislation passed by the council of the municipality, and which shall be binding on the municipality and on the persons and institutions to which it applies.

“Category” –

- (a) in relation to a property, means a category of properties determined in terms of section 8(2) of the Act;
- (b) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Act;

“Chief financial officer” means a person designated in terms of section 80 (2) (a) of the Municipal Finance Management Act.

“Consumer price index” shall mean the CPIX as determined and gazetted from time to time by the Statistician General.

“Councillor” shall mean a member of the Council of the municipality.

“Domestic customer or user” of municipal services shall mean the person or household which municipal services are rendered in respect of “residential property” as defined below.

“Electricity charges” means service charges in respect of the provision of electricity.

“Farm property or small holdings used for agricultural purpose” – means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial or business purposes.

“Farm property not used for any purpose” means agricultural property which is not used for such purpose, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property.

“Financial year” shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

“Indigent customer” means the head of an indigent household:-

- (a) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the municipality; and
- (b) who makes application for indigent support in terms of Council's Indigent Support Policy on behalf of all members of his or her household;

"Indigent Support Programme" means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Support Policy.

"Indigent Support Policy" means the Indigent Support Policy adopted by the Council of the municipality.

"Integrated development plan" shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended.

"Industrial property" – means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

"Local community" or **"community"**, in relation to the municipality, shall mean that body of persons comprising the residents of the municipality, the ratepayers of the municipality, any civic organisations and non-governmental, private sector or labour organisations or bodies involved in local affairs within the municipality, and visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality.

"Month" means one of twelve months of a calendar year.

"Municipality" or **"municipal area"** shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the municipality.

"the municipality" means Thembelihle Local Municipality.

"Municipal council" or **"council"** shall mean the municipal council of Thembelihle Local Municipality as referred to in Section 157(1) of the Constitution.

"Municipal manager" shall mean the person appointed in terms of Section 82 of the Municipal Structures Act, 1998.

"Multiple purposes" in relation to a property, shall mean the use of a property for more than one purpose.

"Municipal service" has the meaning assigned to it in terms of Section 1 of the Municipal Systems Act.

"Municipal tariff" shall mean a tariff for services which the municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the municipality in respect of other services supplied including services incidental to the provision of the major services.

"Occupier" means any person who occupies, controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it.

"Owner" in relation to immovable property means -

(a) the person in whom is vested the legal title thereto provided that:-

- (i) the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;

- (ii) the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;
- (b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
- (c) if the owner is absent from the Republic or if his address is unknown to the municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

"Pensioner" shall be a domestic customer who have reached the age of 65 with proof of age by means of a certified copy of his/her identity document and approved as a pensioner by the Accounting Officer.

"Premises" includes any piece of land, the external surface boundaries of which are delineated on:

- (a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or
- (b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the municipality.

"Rate" shall mean a municipal rate on property as envisaged in Section 229 (1 (a) of the Constitution.

"Rateable property" shall mean property on which the municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.

"Ratepayer" shall mean a person who is liable to the municipality for the payment of (a) rates on property in the municipality; (b) any other tax, duty or levy imposed by the municipality; and/or (c) fees for services provided either by the municipality or in terms of a service delivery agreement.

"Rebate" in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property.

"Refuse charges" means service charges in respect of the collection and disposal of refuse.

"Residential property" shall mean a property included in the valuation roll in terms of Section 48(2)(b) of the Municipal Property Rates Act, 2004 as residential.

"Residential property" furthermore means improved property that: -

- (a) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property.

Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;

- (b) is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes;
- (c) is owned by a share-block company and is used predominantly for residential purposes;
- (d) is a residence used for residential purposes situated on a property used for educational purposes;
- (e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act;
- (f) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category;

"Sewerage charges" means service charges in respect of the provision of sewerage services.

"Small holding" means

- (a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or
- (b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;

"State owned property" excludes any property included in the valuation roll under the category 'residential property' or 'vacant land', but includes any property that is under state control but is still registered in the name of the municipality;

"Tariff" means the scale of rates, taxes, duties, levies or other fees which may be imposed by the municipality in respect of immovable property or for municipal services provided.

"Tariff Policy" means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

"Water charges" means service charges in respect of the provision of water.

3. PURPOSE OF THE TARIFF POLICY

- 3.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption policy.
- 3.2 The purpose of this tariff policy is to prescribe the accounting and administrative policies and procedures relating to the determining and levying tariffs by the Thembelihle Local Municipality.
- 3.3 The Municipality should perform the procedures set out in this policy to ensure the effective planning and management of tariffs. In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which

its own tariffs may have on local economic development.

4. SCOPE OF APPLICATION

4.1 This policy applies to all tariffs charged within the defined boundaries of Thembelihle Local Municipality.

5. BASIC PRINCIPLES TO BE CONSIDERED IN DETERMINATION OF A TARIFF STRUCTURE

- 5.1 Service tariffs imposed by the local municipality shall be viewed as user charges and not as taxes, and therefore the ability of the relevant customer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigent relief measures approved by the municipality from time to time).
- 5.2 The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 5.3 Tariffs for the four major services rendered by the municipality, namely Electricity, Water, Sewerage and Refuse Removal, shall as far as possible recover the expenses associated with the rendering of each service concerned, and where feasible, generate a modest surplus as determined in each annual budget. Such surplus shall be applied in relief of property rates or for the future capital expansion of the service concerned, or both.
- 5.4 The tariff which a particular customer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 5.5 The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and customers in the municipal region.
- 5.6 In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and customers in regard to the tariffs which it levies. Such differentiation shall however at all times be reasonable and shall be fully disclosed in each annual budget.
- 5.7 The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of customers or users shall be evident to all customers or users of the service in question.
- 5.8 The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all customers and users affected by the tariff policy concerned.
- 5.9 The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 5.10 In the case of conventional metering systems for electricity and water, the consumption of such services shall be properly metered by the municipality and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on customers shall be proportionate to the quantity of the service which they consume. In addition, the municipality shall levy a monthly fixed charge for electricity and water services.
- 5.11 In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make

on service delivery.

- 5.12 In case of vacant stands, where the services are available but not connected, the municipality shall levy a monthly availability charge which is levied because of fixed costs such as the capital and maintenance costs and insurance of infrastructure available for immediate connection. This principle also applies to vacant stands in areas serviced through septic tanks.

6. FACTORS TO BE CONSIDERED IN THE DETERMINATION OF A TARIFF STRUCTURE

6.1 Financial Factors

- 6.1.1 The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service to avoid cross subsidising of services.

- 6.1.2 In order to determine the tariffs which must be charged for the supply of the four major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

6.1.2.1 Cost of bulk purchases in the case of water and electricity.

6.1.2.2 Distribution costs.

6.1.2.3 Distribution losses in the case of electricity and water.

6.1.2.4 Depreciation expenses.

6.1.2.5 Maintenance of infrastructure and other fixed assets.

6.1.2.6 Cost of approved indigent relief measures and cross subsidising of low consumption.

6.1.2.7 Administration and service costs, including:-

- (a) service charges levied by other departments such as finance, human resources and legal services;
- (b) reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;
- (c) adequate contributions to the provisions for bad debts and obsolescence of stock; and
- (d) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenue, and shall not be included in the costing of the major services of the municipality).

6.1.2.8 The intended surplus to be generated for the financial year. Surplus to be applied:-

- (a) as an appropriation to capital reserves; and/or
- (b) generally in relief of rates.

6.2 Socio-economic factors

- 6.2.1 Although the determination of tariffs is in many instances politically orientated, it ought to be based on sound, transparent and objective principles at all times. In order to fully understand the influence of the socio-economic factors the various user categories and forms of subsidisation needs to be considered. Tariffs should also support business initiatives aimed at creating jobs or contribute to the

economy of the area.

- 6.2.2 Users can be divided into the following categories:-
 - 6.2.2.1 Users who are incapable to make any contribution towards the consumption of services and who are fully subsidised;
 - 6.2.2.2 Users who can afford the cost of the services in total.
- 6.2.3 It is important to identify these categories and to plan the tariff structures accordingly. Subsidies currently derived from two sources namely:-
 - 6.2.3.1 Contributions from National Government: National Government makes an annual contribution according to a formula, which is primarily based on information obtained from Statistics South Africa by means of census surveys. If this contribution is judiciously utilised it will subsidise all indigent households who qualify in terms of the Council policy.
 - 6.2.3.2 Contributions from own funds: The Council can, if the contribution of National Government is insufficient, provide in its own operational budget for such support. Such action will in all probability result in increased tariffs for the larger users. Any subsidy must be made known publicly.
- 6.2.4 To make provision for subsidisation the tariff structure can be compiled as follow:-
 - 6.2.4.1 Totally free services (within limits and guide lines);
 - 6.2.4.2 Full tariff payable with a subsidy that is transferable from sources as mentioned above.
- 6.3 Minimum service levels
 - 6.3.1 It is important that minimum service levels be determined in order to make an affordable tariff package available to all potential users.
- 6.4 Credit Control
 - 6.4.1 It is not possible to successfully compile a tariff structure without consideration of the stipulations of an effective credit control system. Income is provided for in the budget as if a 100% payment level will be maintained. It is therefore important to continuously ensure that users indeed pay punctually. Non-payment has a direct effect in that provision for bad debt, in accordance with current payment levels, must be provided as expenditure in the budget.
 - 6.4.2 However, it is also a fact that there are users who are unable to pay. Tariffs must therefore provide access to a minimum level of basic services for all users. It should furthermore be supplemented with a practical policy for indigents. This will ensure the sustainable delivery of services. In addition, adequate provision should be made on an annual basis for bad debt/ working capital in accordance with current payment levels.
- 6.5 Package of services
 - 6.5.1 The accounts for rates and services must not be seen in isolation. It must be considered jointly to determine the most affordable amount that the different users can pay as a total account. The basic costs of a service must first of all be recovered and then only can profits be manipulated to determine the most economic package for the user with due allowance for future events in regard to a particular service.
- 6.6 Historical and future user patterns
 - 6.6.1 It is important to keep accurate consumption statistics for the purpose of determining tariffs. Consumption determines tendencies, which ultimately have an influence on tariffs within a structure. Provision should be made in the process for growth and seasonal use, as well as for unforeseen events that may have an impact on tariffs.

6.7 User groups

6.7.1 Users are traditionally divided into user groups as set out below:-

6.7.1.1 Domestic (Residential);

6.7.1.2 Businesses/ Commercial;

6.7.1.3 Industries/Bulk customers;

6.7.1.4 Farm properties (agricultural);

6.7.1.5 Accommodation establishments (guest houses);

6.7.1.6 Municipal consumption (departmental charges); and

6.7.1.7 Institutions that may be directly subsidised for example retirement homes, schools and hostels, sport organisations, etcetera.

6.7.1.8 Special arrangements for specific developments as may be determined by Council from time to time.

6.7.2 A continuous effort should be made to group together those users who have more or less the same access to a specific service.

7. FREE BASIC SERVICES

7.1 Free basic municipal services refer to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.

7.2 In terms of the South African Constitution all customers should have access to basic services. Currently, the free basic services provided to the domestic customers within the Thembelihle Local Municipality are as follows: -

7.2.1 The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

7.2.2 The general threshold for indigent support is restricted to qualifying households with a combined income amount per month less or equal than an amount determined by Council.

8. REDUCED CHARGES FOR PENSIONERS

Once a domestic customer has been approved as a pensioner, the full monthly account will be discounted by 10% on the condition that payment is made in full prior to or on the due date.

This 10% discount will be in addition to the early payment discount of 5% applicable to all users.

9. EARLY PAYMENT DISCOUNT

If payment is received and recorded in the Municipality's records as being paid in full on or before the 5th working day in the month following the statement date, a discount of 5% will be given on the current month's account.

10. TARIFF STRUCTURES FOR VARIOUS SERVICES

10.1 It is essential that a compromise be reached between the following needs with the determination of a tariff structure: -

- 10.1.1 The need to reflect costs as accurately as possible in order to achieve cost effectiveness;
- 10.1.2 The need to ensure equality and fairness between user groups;
- 10.1.3 The need for a practically implementable tariff;
- 10.1.4 The need to use appropriate metering and provisioning technology;
- 10.1.5 The need for an understandable tariff; and
- 10.1.6 The user's ability to pay.

10.2 Taking into consideration the abovementioned points the tariff structure of the following services are discussed:-

- 10.2.1 Electricity.
- 10.2.2 Water.
- 10.2.3 Refuse Removal.
- 10.2.4 Sewerage.
- 10.2.5 Property Rates.

10.3 Electricity

10.3.1 To calculate the tariff for electricity, the actual cost incurred in the supply of electricity to the community, has to be taken into consideration. The principle of basic levies as well as a per unit tariff for electricity is determined by the cost structure. This cost structure consists of the following components:-

10.3.1.1 Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any electricity has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of electricity, costs of capital and insurance that is payable in respect of the infrastructure. These costs must be recovered whether any electricity is used or not. The costs are therefore recovered by means of a fixed levy per period (normally as a monthly basic charge) in order to ensure that these costs are covered.

10.3.1.2 Variable costs: It relates to the physical provision of electricity according to consumption/ demand and must be financed by means of a unit tariff which is payable per kWh/KVA electricity consumed.

10.3.1.3 Profit taking: The tariffs for these services are determined in such a way that a NETT trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

10.3.2 The following tariff structures were basically used for the determination of tariffs:- 10.3.2.1 Inclining

block tariff (IBT) tariff structure where customers' consumption is divided into blocks and each subsequent block has a higher energy rate (c/kWh). The tariff structure has been set by NERSA in order to protect/ cross-subsidise low income domestic customers and to promote energy efficiency.

10.3.2.2 Two part tariff (consist of a basic monthly charge plus a variable charge related to metered kWh consumption):-

- Energy rate (c/kWh)
- Basic monthly charge (R/month).

10.3.2.3 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements and/or special circumstances.

10.3.3 An availability fee will be charged on properties not connected to the electricity network should it be available to that property. This fee aims to recoup capital and maintenance costs in respect of such properties. If the owner connects the service with the intention to improve the property the debit will be adjusted pro-rata from the date of the connection.

10.4 Water

10.4.1 Water is a scarce commodity with little alternatives available (contrary to electricity). Tariff structures should therefore be aimed at the reduction of consumption. In order to cut consumption, an inclining block rate tariff structure with a basic fee is applied. In principle, the amount that users pay for water services should generally be in proportion to their use of water services. Tariffs must be set at levels that facilitate the sustainability of the service.

10.4.2 To calculate the tariff for water, the actual cost incurred in the supply of water to the community, has to be taken into consideration. The principle of basic levies as well as a kilolitre tariff for water is determined by the cost structure. Similar to electricity, this cost structure consists of the following components:-

10.4.2.1 Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any water has been sold, for example the salary of staff who have been appointed permanently with specific tasks relating to the provision of water, costs of capital and insurance that is payable in respect of the infrastructure. These costs must be recovered whether any water is used or not. The costs are therefore recovered by means of a fixed levy per period (normally on a monthly basis) in order to ensure that these costs are covered.

10.4.2.2 Variable costs: It relates to the physical provision of water according to demand and must be financed by means of a unit tariff which is payable per kilolitre water consumed.

10.4.2.3 Profit taking: The tariffs for these services are determined in such a way that a NETT trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

10.4.3 The following tariff structures were basically used for the determination of tariffs:-

10.4.3.1 Two-leg tariff consisting of a basic charge and a consumption charge for users with conventional meters.

10.4.3.2 An availability fee will be charged to users and/or properties not connected to the water network, should it be available. This fee aims to recoup capital and maintenance costs of networks as well as certain fixed administrative costs in respect of such properties. If the owner connects and improve the property the debit will be adjusted pro-rata from the date of the connection.

10.4.3.3 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

10.4.3.4 Inclining block tariff (IBT) tariff structure where customer's consumption is divided into blocks and each subsequent block has a higher consumption rate (c/kl). The tariff structure has been set by Council in order to protect/ cross-subsidise low income domestic customers and to promote water consumption efficiency.

10.5 Refuse Removal

10.5.1 Refuse removal is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.

10.5.2 A customer who chooses to do his/her own refuse removal will still be liable for paying the applicable refuse tariff.

10.5.3 The tariff levied by Thembelihle Local Municipality is based on the category of property as determined in the valuation roll.

10.5.4 The following tariff structures were basically used for the determination of tariffs:-

10.5.4.1 Residential (domestic customers) – maximum of one removal per week (black bag system).

10.5.4.2 Accommodation Establishments – maximum of one removal per week (black bag system).

10.5.4.3 Business/ Commercial/ Industrial – maximum of one removal per week.

10.5.4.4 Government/Banking Institutions - maximum of one removal per week.

10.5.4.5 Schools/Hotels - maximum of one removal per week.

10.5.4.6 Homes for the Aged – maximum of one removal per week.

10.5.4.7 Additional removals – More than the maximum removals as per 8.5.4.1 - 8.5.4.6.

10.5.4.8 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

10.5.4.9 Garden refuse removals – maximum of one removal per week.

10.6 Sewerage

10.6.1 Sewer service is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.

10.6.2 The following tariff structures were basically used for the determination of tariffs:-

10.6.2.1 The tariff levied for waterborne sewerage systems is based on the type of user as determined by the Municipality.

10.6.2.2 The tariff levied for the bucket system will consist of a basic charge.

10.6.2.3 Customers who are not connected to the waterborne sewerage network but who can reasonably be connected shall pay an availability tariff.

10.6.2.4 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

10.7 Property Rates

10.7.1 The rate levied by the municipality will be a cent amount in the Rand based on the market value of the property.

10.7.2 In terms of the Municipal Property Rates Act, 2004 the municipality may levy different rates for different categories of rateable property. Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category and by way of reductions and rebates as provided for in the municipality's property rates policy.

10.7.3 In terms of section 17 (1) (e) of the Municipal Finance Management Act the municipality's property rates policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

11. ELECTRICITY TARIFF POLICY

Electricity is supplied under a distribution license, granted by NERSA, for a specific area of jurisdiction, which regulates inter alia the following aspects:-

- a. Classification of customer categories.
- b. Permissible tariff structure options are determined at a national level and distributors are obliged to apply these structures to obtain uniformity.
- c. All tariff structures and tariffs must be approved by NERSA prior to application thereof by a distributor.

11.1 Residential Customers

This tariff covers the supply of electricity for domestic use in private dwellings, flats and chalets with separate meters and includes churches, schools, welfare buildings, hospitals, halls or similar premises with circuit breaker sizes not in excess of 63A single phase or 63A three phase.

Should customers require supplies in excess hereof, the Commercial Customer or Bulk Supply tariff will be applicable.

11.1.1 *Customers with Conventional Meters*

11.1.1.1 Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Two part tariff:

- i. Fixed monthly charge (R/month).
- ii. Energy rate (c/kWh). The energy rate is charged on an inclining block tariff per unit based on the number of kWh consumed which is determined as follows:-

Block 1: 0 to 50 kWh
Block 2: 51 to 350 kWh
Block 3: 351 to 600 kWh
Block 4: >600 kWh

11.1.2 Pre-paid Customers

11.1.2.1 Pre-paid users, if applicable, are charged at an inclining block tariff per unit based on the number of kWh purchased, which is determined as follows:-

Block 1: 0 to 50 kWh
Block 2: 51 to 350 kWh
Block 3: 351 to 600 kWh
Block 4: >600 kWh

11.1.2.2 Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of purchases.

11.1.2.3 Registered Indigents receive a number of kWh units fully subsidised every month, as determined by Council on an annual basis. Where possible, Council may limit the supply to indigent consumers to 20A single phase.

11.2 Commercial/ Business Customers/ Accommodation Establishments

This tariff covers the supply of electricity to shops, office buildings, hotels, accommodation establishments, clubs, industrial undertakings, Builder's supplies or similar premises with circuit breaker sizes not in excess of 63A single phase or 100A three phase.

Should customers require supplies in excess hereof, the Non-standard tariff will be applicable.

11.2.1 Customers with Conventional Meters

11.2.1.1 Customers with conventional meters are billed as follow:-

- (a) An availability charge is payable on all properties, where a connection to the electricity network is possible, but not in use.
- (b) Two part tariff:
 - i. Fixed monthly charge (R/month).

- ii. Energy rate (c/kWh). The energy rate is charged at a single rate tariff per unit based on the number of kWh consumed.

11.2.2 *Pre-paid Customers*

11.2.2.1 Pre-paid users, if applicable, are charged at a single rate tariff per unit based on the number of kWh purchased.

11.2.2.2 Should the customer have any municipal arrears, the auxiliary payment system may be activated for the gradual payment of the arrears as a percentage of purchases or the blocking of purchases will be introduced.

11.3 Non-standard Customers

11.3.1 The Non-standard tariff is for Customers with a notified maximum demand of 71kVA or more or who require a supply greater than a 100Amp three phase circuit breaker size.

11.3.2 These customers are billed as follow:-

(a) An availability non-standard charge is payable on all properties, where a connection to the electricity network is possible, but not in use.

(b) Two part tariff:

- i. Fixed Non-standard monthly charge (R/month).
- ii. Non-standard energy rate (c/kWh). The energy rate is charged on an inclining block tariff per unit based on the number of kWh consumed which is determined as follows:-

Block 1: 0 to 50 kWh
Block 2: 51 to 350 kWh
Block 3: 351 to 600 kWh
Block 4: >600 kWh

11.4 Special Arrangements

11.4.1 Other tariffs may be applicable which has been determined by the Manager: Technical Services or Council by special agreement with specific clients. This will only be considered when special circumstances prevail.

11.5 Departmental

11.5.1 The respective Commercial and Bulk Supply tariffs as per Item No's 9.2 and 9.3 above will be applicable to all municipal buildings, pump stations, waste water works, water treatment works, etc.

11.6 Electricity sundry tariffs

11.6.1 All other electricity related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

12. WATER TARIFF POLICY

12.1 Domestic /Commercial /Business /Accommodation Establishments

12.1.1 Customers are billed as follow:-

- 12.1.1.1 All users receive 6kl of water free every month, if approved by Council on an annual basis.
- 12.1.1.2 An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.
- 12.1.1.3 A basic charge is payable on all properties that are connected to the water network, regardless of whether any water is used.
- 12.1.1.4 Registered Indigents receive their subsidy on the basic levy for water every month, as determined by Council on an annual basis.
- 12.1.1.5 Registered Indigents receive an amount of water fully subsidised every month, as determined by Council on an annual basis.
- 12.1.1.6 Domestic customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage in the following blocks:-
 - (a) 1 to 6 kl
 - (b) 7 to 15 kl
 - (c) 16 to 25 kl
 - (d) > 25 kl

12.2 Businesses and Industries

12.2.1 Customers are billed as follow:-

- 12.2.1.1 An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.
- 12.2.1.2 A basic charge is payable on all properties that are connected to the water network, regardless of whether any water is used.
- 12.2.1.3 Customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage in the following blocks:-
 - (a) 1 to 60kl
 - (b) 61 kl and above

12.3 All other Customers

12.3.1 All other customers are billed as follow:-

- 12.3.1.1 An availability charge is payable on all properties, where a connection to the water reticulation network is possible, but not in use.
- 12.3.1.2 A basic charge is payable on all properties that are connected to the water network, regardless of whether any water is used.
- 12.3.1.3 Customers are billed for consumption at a fixed tariff per kilolitre based on the number of kilolitres consumed.

12.4 Special Arrangements

12.4.1 Where two or more dwellings/ flats/ offices are feeding from one main connection to a property, the customers are billed as follow:-

- 12.4.1.1 A basic charge is payable on all properties that are connected to the water network, regardless of whether any water is used.

12.4.1.2 Customers are billed for consumption based on the amount of water used by way of a step tariff per kilolitre usage as per 10.1.1.6.

12.5 Water Restrictions

12.5.1 The availability of bulk water resources will be monitored throughout the year by Council.

12.5.2 When so required, Council will take a resolution to implement water restrictions.

12.5.3 Any penalties payable on water consumption as a result of water restrictions will be implemented in the month following the Council resolution; regardless of the meter reading dates (water consumed prior to the resolution date may therefore also be subject to penalties).

12.6 Water Sundry Tariffs

12.6.1 All other water related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

13. REFUSE TARIFF POLICY

13.1 Refuse Removal Tariffs

13.1.1 The tariff levied by Thembelihle Local Municipality is based on the category of property as determined in the valuation roll.

13.1.2 The Council has determined the following categories for refuse removal:-

13.1.2.1 Residential (domestic customers) – maximum of one removal per week (black bag system).

13.1.2.2 Accommodation Establishments – maximum of one removal per week (black bag system).

13.1.2.3 Business/ Commercial/ Industrial – maximum of one removal per week.

13.1.2.4 Government/Banking Institutions - maximum of one removal per week.

13.1.2.5 Schools/Hotels - maximum of one removal per week.

13.1.2.6 Homes for the Aged – maximum of one removal per week.

13.1.2.7 Additional removals – More than the maximum removals as per 8.5.4.1 - 8.5.4.6.

13.1.2.8 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

13.1.2.9 Garden refuse removals – maximum of one removal per week.

13.1.2.10 Special tariff arrangements determined and approved by Council from time to time for specific developments. In terms of the current arrangements, all developments with ten or more units that have created a central collection point for refuse will qualify for a reduced tariff as determined by Council on an annual basis.

13.1.3 Registered Indigents receive their refuse removal service subsidised every month, as determined by Council on an annual basis.

13.2 Refuse Removal Sundry Tariffs

13.2.1 All other refuse removal related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

14. SEWERAGE TARIFF POLICY

14.1 Sewerage Systems (both waterborne and bucket systems)

14.1.1 The following tariff structures were basically used for the determination of tariffs:-

14.1.1.1 The tariff levied for waterborne sewerage systems is based on the type of user as determined by the Municipality.

14.1.1.2 The tariff levied for the bucket system will consist of a basic charge.

14.1.1.3 Customers who are not connected to the waterborne sewerage network but who can reasonably be connected shall pay an availability tariff.

14.1.1.4 Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.

14.1.2 Registered Indigents receive their basic levy for sewerage service subsidised every month, as determined by Council on an annual basis.

14.2 Special Arrangements

14.2.1 Where two or more dwellings/ flats/ offices are feeding from one main connection to a property, the customers are billed as follow:-

14.2.1.1 A basic charge is payable on all properties that are connected to the sewerage network based on the size of the smallest water connection (20mm).

14.3 Sewerage sundry tariffs

14.3.1 All other sewerage related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

15. PROPERTY TAX POLICY

15.1 Property Tax Tariffs

15.1.1 Property rates are levied as determined by Council from time to time and is covered in the Property Rates Policy and Bylaw of the Thembelihle Municipality.

15.1.2 Any property that is under state control but is still registered in the name of the municipality shall be liable for property tax as provided for in the Property Tax Policy and Credit Control Policy and By-Law of the municipality;

15.2 Property Tax Sundry Tariffs

13.2.1 All other property tax related services offered by the Council are charged at a tariff as determined by the Council annually during the budget process.

16. SUNDRY TARIFFS

- 16.1 A variety of sundry tariffs are applied to recoup costs of sundry services to the public. All such tariffs are based on cost of supply, but individual tariffs may be set at:-
- 16.1.1 Subsidised levels;
 - 16.1.2 Levels reflecting actual cost; or
 - 16.1.3 Levels producing profits.
- 16.2 The level at which the Council sets a sundry service tariff, takes into account factors such as:-
- 16.2.1 Affordability;
 - 16.2.2 Socio-economic circumstances;
 - 16.2.3 Utilisation of amenities and resources;
 - 16.2.4 National and regional agreements and provisions; and
 - 16.2.5 Any other factors influencing such decisions.
- 16.3 Sundry tariffs and structures will be revised at least once a year, during the annual budgeting process.
- 16.4 The Mayor or a Councillor may motivate in writing to the Accounting Officer to reduce a Sundry Tariff under warranted and in exceptional instances to either reduce the Sundry Tariff or to levy no tariff at all. The Accounting Officer will then consider and take a decision on the matter. It must be borne in mind that where direct costs such as overtime are involved, an amount not lower than the additional direct costs should be considered.

17. IMPLEMENTATION AND REVIEW OF THIS POLICY

- 17.1 This policy shall be implemented once approved by Council. All future tariff charges must be considered in accordance with this policy.
- 17.2 In terms of section 17(1)(e) of the Municipal Finance Management Act this policy must be reviewed

on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

ANNEXURE 3: CUSTOMER CARE, CREDIT CONTROL AND REVENUE MANAGEMENT POLICY

CUSTOMER CARE, CREDIT CONTROL AND REVENUE MANAGEMENT POLICY (Adopted by Council on 30 May 2018)

1. Definitions

For the purposes of this policy, unless the context otherwise indicates –

“**account holder**” means any person who is due to receive a municipal account, which includes a user of a pre-paid electricity or water;

“**annual budget**” means the budget approved by the municipal council for any particular financial year, and includes any adjustments to such budget;

“**applicant**” means a person who applies for the supply of municipal services;

“**arrears**” means any amount that the consumer and or owner was billed for and which was not paid in full on the account payment due date and is therefore regarded as outstanding the day following the account payment due date;

“**billing**” means invoicing on a municipal account to an account holder of an amount or amounts payable for rates, metered services, other municipal charges, levies, fees, fines, taxes, or any other amount or amounts payable arising from any other liability or obligation;

“**consumer**” means the occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if there is no occupier, then any person who has entered into a service agreement with the municipality for the supply of municipal services to such premises, or, if there be no such person, then the owner of the premises, and “**domestic consumer**” or “**domestic user**” of municipal services means the person or household to which municipal services are rendered in respect of residential property;

“**consumer price index**” means the consumer price index (CPIX) as determined and gazetted by the South Bureau of Statistics;

“**Council**” means the Council of the Thembelihle Municipality (or any service provider to the municipality);

“**credit control**” means all the functions relating to the collection of revenue;

“**customer management**” means the focusing on the account holder’s needs in a responsive and proactive way to encourage payment and thereby limiting the need for enforcement;

“**customer service centre**” means and serves as –

- (a) an office where an applicant may apply for services and enter into a service agreement with the municipality;
- (b) an office where an account holder may settle an account or may make pre-payment for services;

- (c) a credit screening point where the credit assessment of an applicant can be processed; or
- (d) an office where an account holder may query or verify accounts and metered consumption, and may communicate grievances, inquiries, recommendations and other relevant issues to the municipality and from where the response from the municipality can be conveyed to the account holder;

“**due date**” means the date specified as such on a municipal account despatched from the offices of the responsible officer for any charges payable and which is the last day allowed for the payment of such charges;

“**interest**” means an amount calculated at a rate determined by the municipality on a municipal account in arrears;

“**land reform beneficiary**”, in relation to a property, means a person who –

- (a) acquired the property through the provision of the Land and Assistance Act, 1993 (Act 126 of 1993);
- (b) acquired the property through the provision of the Restitution of Land Rights Act, 1994 (Act 22 of 1994);
- (c) holds the property subject to the Communal Property Associations Act, 1996 (Act 29 of 1996); or
- (d) holds or acquires the property in terms of such other land tenure reform legislation as may be enacted;

“**local community**” or “**community**”, in relation to the municipality, means that body of persons comprising the residents of the municipality, the ratepayers of the municipality, any civic, non- governmental, private sector or labour organisations or bodies involved in local affairs within the municipality, and visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; “**market value**” in relation to a property means the value of the property as determined in accordance with section 46 of the Property Rates Act, 2004 (Act 6 of 2004);

“**minor tariffs**” means all tariffs, charges, fees, rentals or fines levied or imposed by the municipality in respect of services, other than major services, supplied, and includes services incidental to the provision of the major services, but does not include tariffs for major services; “**month**” means one of 12 months of a calendar year;

“**municipal account**” means an account rendered on which is billed an amount or amounts payable to the municipality for rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation;

“**municipal entity**” means –

- (a) a company, co-operative, trust, fund or any other corporate entity established in terms of any applicable national or provincial legislation, and which operates under the ownership or control of one or more municipalities; or
- (b) a service utility;

"municipality" means the Municipality of Thembelihle, and includes any political structure, political office bearer, Councillor, duly authorised agent thereof or any employee thereof acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, municipality or, agent or employee; **"municipal manager"** means the person appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);

"municipal property" includes a property owned by a municipal entity;

"multiple purposes", in relation to a property, means the use of a property for more than one purpose;

"municipal services" means those metered services and other municipal services for which payment is required by the municipality;

"municipal tariff" means a tariff for services which the municipality sets for the provision of a service to the local community, such as a tariff set for major services or a minor tariff, and includes a surcharge on such service;

"occupier" means any person who occupies any premises or part thereof without regard to the title under which the person occupies, and includes –

- (a) any person in actual occupation of those premises;
- (b) any person legally entitled to occupy those premises;
- (c) in the case of those premises being subdivided and let to lodgers or various tenants, the person receiving the rent payable by such lodgers or tenants whether on the person's own account or as agent for any person entitled thereto or interested therein;
- (d) any person having the charge or management of those premises, and includes the agent of any such person when the person is absent from the Republic of South Africa or his or her whereabouts are unknown; and
- (e) the owner of those premises;

"officer" means an employee of the municipality or any other person who is specifically authorised thereto by the municipality to perform any act, function or duty in terms of, or exercise any power under this policy;

"organ of state" means an organ of state as defined in section 239 of the Constitution; **"owner"**, in relation to –

- (a) a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;
- (b) a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered;
- (c) a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; and
- (d) public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ

of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”,

however, the municipality may, for the purposes of the Property Rates Act, 2004 (Act 6 of 2004), regard as the owner of a property –

- (i)) in the case of a property in a trust, but excluding state trust land, a trustee,;
 - (ii) in the case of a property in a deceased estate, an executor or administrator;
 - (iii) he case of a property in an insolvent estate or in liquidation, a trustee or liquidator;
 - (iv) in the case of a property in the estate of a person under judicial management, a judicial manager;
 - (v)) in the case of a property in the estate of a person under curatorship, a curator;
 - (vi) in the case of a property that is subject to a usufruct or other personal servitude, a person in whose name a usufruct or other personal servitude is registered;
 - (vii) in the case of a property that is registered in the name of the municipality and is leased by it, a lessee;
- and
- (viii) in the case of a property sold by the municipality and of which possession was given to the buyer pending registration of ownership in the name of such buyer, a buyer;

“**permitted use**”, in relation to a property, means the limited purposes for which the property may be used in terms of any restrictions imposed by a condition of title, a provision of the municipality’s town planning or land use scheme, or any legislation applicable to any specific property or properties, or any alleviation of any such restrictions;

“**person**” includes a legal person and an organ of state;

“**preferred customer**” means a person who may be granted special concessions by the municipality;

“**premises**” means any piece of land, the external surface boundaries of which are delineated on –

- (a) a general plan or diagram registered in terms of Land Survey, Act of 1927 (Act 9 of 1927), or in terms of the Deeds Registry, Act of 1937 (Act 47 of 1937); or
- (b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 93 of 1986), which is situated within the area of jurisdiction of the municipality;
- (c) and includes any other land and any building or structure above or below the surface of any land;

“**property**” means –

- (a) immovable property registered in the name of a person, including in the case of a sectional title scheme a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of the person, but excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation, such as a “land reform beneficiary”; and
- (d) public service infrastructure;

“publicly controlled” means owned by or otherwise under the control of an organ of state, including a public entity listed in the Public Finance Management Act, 1999 (Act 1 of 1999), a municipality, or a municipal entity;

“public service infrastructure” means publicly controlled infrastructure of the following kinds:

(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

(b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme servicing the public;

(c) power stations, power sub-stations or power lines forming part of an electricity scheme serving the public;

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuel forming part of the scheme for transporting such fuels;

(e) railway lines forming part of a national railway system;

(f) communication towers, masts, exchanges and lines forming part of a communication system serving the public;

(g) runways or aprons at national or provincial airports;

(h) breakwaters, seawalls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

(i) any other publicly controlled infrastructure as may be prescribed by law; and

(j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

“rate” means a municipal rate on property as envisaged in section 229(1)(a) of the Constitution; **“rateable property”** means property on which the municipality may in terms of section 2 of the Property Rates Act, 2004, levy a rate, but excludes property fully excluded from the levying of rates in terms of section 17 of that Act, but includes any rights registered against such property, with the exception of a mortgage bond;

“ratepayer” means a person who is liable to the municipality for the payment of rates on property in the municipality, any other tax, duty or levy imposed by the municipality, or fees for services provided either by the municipality or in terms of a service delivery agreement, or a combination of the above;

“rebate”, in relation to a rate payable on a property, means a discount granted in terms of section 15 of the Property Rates Act, 2004 on the amount of the rate payable on the property;

“residential property” means a property included in the valuation roll as residential in terms of section 48(2)(b) of the Property Rates Act, 2004;

“revenue” means all monies due to the municipality and to which the municipality has the right to exact and to enforce payment of, irrespective of the reason for or the origin of its factuality; **“sectional title scheme”** means a scheme as defined in section 1 of the Sectional Titles Act, 1986 (Act 95 of 1986);

“sectional title unit” means a unit as defined in section 1 of the Sectional Titles Act, 1986 (Act 95 of 1986);

“state trust land” means land owned by the state and held in trust for persons communally inhabiting the land in terms of a traditional system of land tenure, over which land tenure rights have been registered or granted, or which is earmarked for disposal in terms of the Restitution of Land Rights, 1994 (Act 22 of 1994);

“tampering” means any unauthorised interference with the municipality’s supply, seals and metering equipment and “tamper” has a corresponding meaning;

“target” means realistic targets which may be set by the municipality ; and

“tariffs for major services” means tariffs set for the supply and consumption or usage of major services;

“unreliable customer” includes an account holder, who according to his or her payment record fails to settle his or her municipal account by the due date or who is in arrears with payments due to council or who tampers or interferes with metering equipment, seals or the supply of municipal services.

CHAPTER 1 CUSTOMER CARE PRINCIPLES, OBJECTIVES, IMPLEMENTATION, DIFFERENTIATION AND APPLICATION OF POLICY

2. Customer care principles, and objectives

- (1) The municipality aims –
- (a) to move progressively towards the social and economic upliftment of the community in harmony with its natural environment;
 - (b) to provide basic services that are affordable to all its people, and specifically to the poor and disadvantaged, provided that, where applicable, service fees, rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable, arising from any other liability or obligation, are paid for;
 - (c) to engage the active participation of the community in the municipality’s affairs, in particular in planning, service delivery and performance management;
 - (d) to provide efficient, effective and transparent administration that conforms to constitutional principles;
 - (e) to ensure that the municipality is financially and economically viable; and
 - (f) to create a harmonious relationship between the municipality and the community through the acknowledgement of reciprocal rights and duties.

- (2) The municipality by this policy, within the scope and spirit of the Constitution, the Local Government Municipal Systems Act, 2000 (Act 32 of 2000), and the Property Rates Act, 2004 (Act 6 of 2004) and any amendments thereto, gives effect to the principles underlying and expressed in these Acts, and therefore designs, regulates on and implements –
- (a) a customer care and management system which has as purpose –
 - (i) to create a positive and reciprocal relationship between the municipality and an account holder;
 - (ii) to establish mechanisms for an account holder to give feedback to the municipality regarding the quality of the services and the performance of the municipality;
 - (iii) to ensure that reasonable steps are taken to inform an account holder of the costs involved in service provision, the reasons for payment of service fees, and the manner in which monies raised from the services provided, are utilised;
 - (iv) to ensure, where the consumption of services has to be measured, that reasonable steps are taken to measure the consumption by individual account holders of services through accurate and verifiable metering systems;
 - (v) to ensure that an account holder receives regular and accurate accounts that indicate the basis for calculating the amounts due;
 - (vi) to provide accessible mechanisms for an account holder to query or verify a municipal account and metered consumption and appeal procedures which allow the account holder to receive prompt redress for inaccurate accounts;
 - (vii) to provide accessible mechanisms for dealing with complaints from an account holder, together with prompt replies and corrective action by the municipality, and to provide mechanisms to monitor the response time and efficiency of the municipal's actions; and
 - (viii) to provide for accessible pay points and other mechanisms for settling an account or for making pre-payments for services.
 - (b) credit control and debt collection mechanisms and procedures which aim to ensure, subject to the Act and other legislation, that all money that is due and payable, from whatever source or cause, to the municipality, is collected; and
 - (c) structures for tariffs and rates.

APPLICATION OF POLICY

This policy shall only apply to money due and payable to the Council for -

- (a) Rates;

- (b) Fees, surcharges on fees, charges and tariffs in respect of municipal services, such as –
 - (i) The provision of water;
 - (ii) Refuse removal;
 - (iii) Sewerage;
 - (iv) The removal and purification of sewerage;
 - (v) Electricity consumption;
 - (vi) Interest which has accrued or will accrue in respect of money due and payable to the Council;
 - (vii) Collection charges in those cases where the Council is responsible for –
 - (aa) The rendering of municipal accounts in respect of any one or more of the municipal services;
 - (bb) The recovery of amounts due and payable in respect thereof, irrespective whether the municipal services, or any of them, are provided by the Council itself or by a service utility with which it has concluded a service provider agreement to provide a service on the municipality’s behalf; and
- (c) All sundry charges for ad hoc services rendered by the municipality

3.2 This policy shall also apply to municipal services provided through pre-paid meters.

3. RESPONSIBILITY/ACCOUNTABILITY FOR CREDIT CONTROL AND DEBT COLLECTION

3.1 Municipal Manager responsible officer

The Municipal Manager –

- (a) is responsible to the Council for the implementation and enforcement of the provisions of this policy;
- (b) must, for the purposes of paragraph (a) take the necessary steps to implement and enforce the provisions of this policy;
- (c) is accountable to the Council for the agreed performance targets as approved by the Council, and for these purposes must –
 - (i) report to the Council on matters relating to this policy, including but not limited to – (aa) the effectiveness of administrative mechanisms, resources processes and procedures to collect money that is due and payable to the municipality; (bb) billing information, including the number of account holders, accruals, cash-flow, and customer management;
 - (cc) the satisfaction levels of account holders regarding services rendered; and (dd) the effectiveness of the municipality’s indigence relief measures; and
 - (ii) at regular intervals meet with municipal officials with the aim of submitting a joint recommendation on the policy to the Council;

CUSTOMER CARE, CREDIT CONTROL AND REVENUE MANAGEMENT POLICY (Adopted by

- (iii) where necessary, propose steps to the Council with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures;
- (iv) where necessary, propose to the Council actions and adjustments to correct deviations;
- (v) establish effective communication channels between the municipality and account holders with the aim of keeping account holders abreast of all decisions by the municipality that may affect them;
- (vi) establish customer service centres which are located in such communities as determined by the municipality;
- (vii) identify, appoint, and enter into agreements with suitable business concerns, institutions, organizations, establishments or para-statal institutions to serve as agencies for the purposes of this policy;
- (viii) convey to account holders information relating to the costs involved in service provision, the reasons for payment of service fees, and the manner in which monies raised from the services are utilised, and may where necessary, employ the services of local media to convey such information;
- (ix) expedite the processing of complaints or inquiries received from an account holder and must ensure that an account holder receives a response within a time determined by the municipality and must monitor the response time and efficiency in these instances;
- (x) in line with the latest technological and electronic advances, endeavour to make 24- hour electronic inquiry and payment facilities available to account holders;
- (xi) encourage and bear on account holders, where needed, to settle outstanding accounts within the ambit of this policy; and
- (xii) with the consent of an account holder, enter into an agreement with the account holder's employer to deduct from the salary or wages of the account holder –
 - (aa) any outstanding amounts as may be agreed; or
 - (cc) such regular monthly amounts as may be agreed, and may provide special incentives for employers to enter into such agreements, and employees to consent to such agreements.

3.2 The responsibilities of the Council are to -

- (a) Approve a budget consistent with the needs of communities, ratepayers and residents.
- (b) Impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- (c) Facilitate sufficient funds to give access to basic services for the poor.
- (d) Provide for a bad debt dispensation, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the

municipality.

- (e) Set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.
- (f) Approve a reporting framework for credit control and debt collection.
- (g) Consider and approve policies and by-laws to give effect to the Council's policies.
- (h) Monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.
- (b) Revise the budget should Council's targets for credit control and debt collection not be met.
- (c) Take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.
- (k) Approve a panel of attorneys that will act for Council in all legal matters relating to debt collection.
- (l) Delegate the required authorities to monitor and execute the credit control and debt collection policy to the Mayor and Municipal Manager and Service Provider respectively.
- (m) Provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection, or, alternatively to appoint a Service Provider, or debt collection agent.
- (n) Assist the Municipal Manager in the execution of his duties, if and when required.
- (o) Provide funds for the training of staff.

3.3 The responsibilities of the Mayor are to -

- (a) Ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.
- (b) Monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- (c) Review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- (d) Report to Council.

CUSTOMER CARE, CREDIT CONTROL AND REVENUE MANAGEMENT POLICY (Adopted by

3.4 The responsibilities of communities, ratepayers and residents are -

- (a) To fulfil certain responsibilities, as brought about by the privilege and/or right to use and enjoy public facilities and municipal services.
- (b) To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- (c) To observe the mechanisms and processes of the municipality in exercising their rights.
- (d) To allow municipal officials reasonable access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials.
- (e) To comply with the by-laws and other legislation of the municipality.
- (f) To refrain from tampering with municipal services and property.

3.5 The responsibilities of ward councillors are -

- (a) To hold regular ward meetings.
- (b) To adhere to and convey council policies to residents and ratepayers.
- (c) To adhere to the Code of Conduct for Councillors.
- (d) To act in terms of roles and functions as approved by Council.

4. Differentiation between customers and exemption

- (1) In accordance with the principles embodied in the Constitution and the provisions of sections 6 and 8 of the Property Rates Act, 2004, and sections 74(3) and 75 of the Local Government: Municipal Systems Act, 2000, the municipality differentiates between different categories of users and consumers in regard to the tariffs which it levies, categories of ratepayers, account holders, customers, debtors, taxes, services, service standards and other matters, however, such differentiation must at all times be reasonable, and must be fully disclosed in each annual budget.
- (2) The municipality may, in writing, exempt an account holder, category of account holders, or other persons from complying with a provision of this policy, subject to any conditions it may impose, if the application or operation of that provision would be unreasonable, however the municipality or its authorised agent may not grant exemption from any section of this policy that may result in –
 - (a) the wastage or excessive consumption of water or electricity;
 - (b) the evasion or avoidance of water or electricity restrictions;
 - (c) significant negative effects on public health, safety or the environment;
 - (d) the non-payment for services;
 - (e) the installation of pipes and fittings which are not acceptable in terms of the municipality's prescribed standard; or
 - (f) any Act, or any regulation made under it, not being complied with.
- (3) The municipality or its authorised agent may at any time after giving written notice of at least 30 days, withdraw any exemption given under subsection (2).

CHAPTER 2

SUPPLY OF MUNICIPAL SERVICES

Part 1

Application for supply and service agreements, credit screening, deposits, billing and payment, and termination of service agreements, agents attorneys and other collection agents, debtors other than consumer debtors.

5. Application for supply of municipal services, service agreements, credit control and encouragement to pay arrear accounts

- (1) Any application for any supply of services to any premises must be made at the municipal offices at least four working days prior to the service being required and must comply with the conditions determined by the Municipal Manager or his or her nominated officer .
- (2) After the commencement of this policy and subject to the provisions of section 31, only the owner of a property or his or her duly authorised agent on his or her behalf may apply for municipal services to be supplied to a property.
- (3) No services shall be supplied unless and until application has been made by the owner and a service agreement in the format prescribed by the municipality has been entered into and a deposit provided for in section 7 has been paid.
- (4) An application for a supply for a period of less than one year is regarded as an application for a temporary supply.
- (5) The following information must be included in the application form and disclosed by the applicant:
 - (i) Full name of applicant;
 - (ii) Postal address and fixed abode;
 - (iii) Identity number and a photo-copy of both husband and wife, and if a tenant also copies of the identity document of the owner is compulsory;
 - (iv) Marital status;
 - (v) Three recent references;
 - (vi) Vehicle registration number if any;
 - (vii) Name, telephone number and address of next of kin not residing with applicant;
 - (viii) Applicant's home, work and cellular phone numbers;
 - (ix) If a tenant, the owner or representative must sign the application form for approval of the services to be connected;
 - (x) A service deposit paid in advance on request and before the services can be connected; the municipal manager or his/her nominated officer can arrange that the deposit be paid of in two installments
 - (xi) The application forms must be completed in such a manner that it serves as an agreement with the Council of which a copy must be handed to the applicant;

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- (xii) The application forms must be filed for ease of future reference;
 - (xiii) If the applicant cannot read or write he/she should be assisted with the completion of the form and the agreement explained;
 - (xiv) A paragraph must be inserted whereby the owner will be held responsible for the debt if not paid by the tenant;
 - (xv) Previous address.
- (6) No Council member or official of the Municipality may be in arrears to the Municipality for rates and service charges for a period longer than 3 months. The Municipality may, after consultation with the specific Councillor or official, deduct any outstanding amounts from the Council member's allowance or official's salary after this period.
- (7) Upon application for services the following should be obtained from the applicant:-
- (i) photocopies of identity documents of both husband and wife and if the applicant is a tenant, copies of the owner's identity document are compulsory;
 - (ii) names and addresses of next of kin;
 - (iii) motor registration numbers;
 - (iv) the owner or representative of the owner has to sign the application form for approval of the services to be connected;
 - (v) the previous address should be stated for reference.
- (8) Where a service agreement with the municipality has been entered into by the consumer, water and electricity will be disconnected until such time as a service agreement has been signed and the applicable deposit paid;
- (9) All other business and industrial deposits will be reviewed annually during the month of September each year;
- (10) Where electricity and/or water supply have been disconnected erroneously a written apology will be dispatched within seven working days;
- (11) Where consumers fail to pay their water and electricity accounts by the due date, the following actions should be taken:-
- (i) Final notices may be delivered or posted after the due date, and the final notice will contain a notice that the client may arrange to pay the outstanding balance off in terms of the Credit Control Policy;
 - (ii) An Acknowledgement of Debt Agreement must be completed with all arrangements for paying off arrear amounts. Copies must be handed to the client and filed on the Debt Agreement file;
 - (iii) The Acknowledgement of Debt must be signed within 48 hours after the receipt of the final notice;

- (iv) Debit orders must be completed for the monthly payment of the agreed amount or at least the current amount, as far as possible. If the arrangement is dishonored the full balance will immediately become payable, except in merit cases;
- (v) Extension for the payment of arrears, together with the current accounts, should not exceed 36 months with first payment within 30 days of the date of agreement;
- (vi) No interest will be charged on the arrear amount of such an agreement;
- (vii) Only consumers with positive proof of identity or an authorized agent with a Power of Attorney will be allowed to complete an "Acknowledgement of Debt;"
- (viii) When cheques are returned "Refer to Drawer" where an arrangement has been made, the full balance will immediately become payable. Electricity and/or water supply to such consumer will be disconnected until the full amount is paid in cash or per bank guaranteed cheque, except in merit cases;
- (ix) No consumers will be allowed to enter into a second agreement if the first agreement was dishonored, except in special merit cases;
- (x) Merit cases, where special circumstances prevail, must be treated individually and could, amongst others, include the following categories:-
 - (a) Unemployed persons;
 - (b) Deceased estates;
 - (c) Liquidated companies or CC's;
 - (d) Private persons under administration;
 - (e) Outstanding enquiries on accounts for example, unallocated payments, water leaks, journals, incorrect levies, etc.;
 - (f) Pensioners;
 - (g) Any other cases not mentioned which may be regarded as merit cases due to circumstances approved by the Accounting Officer/Chief Financial Officer.
- (xi) Extension for payments of arrears in respect of merit cases should not exceed 60 months (5 years) or any other period in the discretion of the Chief Financial Officer.
- (xii) With the first payment within 30 days of the date of the agreement.
 - (a) Only the Chief Financial Officer or the Manager: Financial Services may make extension and these cases must be supported by documentary proof. Previous payment records will be taken into consideration when a decision with regard to extensions is to be made.
- (xiii) When disconnections of electricity and/or water supply take place due to non payment, the consumer's deposit will be adjusted to the current minimum;
- (xiv) When services are illegally restored, criminal action will be taken if possible and an administrative penalty as per the budget minor tariffs shall be levied;
- (xv) Where water and electricity accounts remain outstanding or unpaid for more than 2 months,

CUSTOMER CARE, CREDIT CONTROL AND REVENUE MANAGEMENT POLICY (Adopted by

the account will be handed over to Debt Collectors for collection and/or legal action to the Attorneys and will be listed at the Information Trust Corporation. These clients will have to make further arrangements at the Attorney and/or Debt Collectors, for the arrears account. The current monthly accounts must be paid directly to the Municipality.

- (xvi) After a debtor has been handed over for collection, the case will not be withdrawn unless there was a mistake or oversight on the part of the municipality.
- (xvii) Where a property is provided with a pre-paid electricity and/or water meter and being in arrears, the municipality has the option to either refuse sales, disconnect services or allocate 20% of the purchases of electricity towards the arrears;
- (xviii) Where consumers fail to pay their accounts in respect of assessment rates, refuse, sewerage and sundry charges and availability charges, the following action should be taken:-
 - (a) To recover the outstanding debts in respect of annual levies, a 14 days notice must be served on the debtor during October each year informing the debtor that it is noted that he/she has not paid the accounts and reminding him/her of the due date the account is payable i.e. end of September;
 - (b) A final demand be served on the debtor early during October of each year informing him/her that he/she has 7 days to pay the account after which he/she will be handed over to the Attorneys for collection and that his/her name will be forwarded to the Information Trust Corporation for listing;
 - (c) The same notification procedures must be followed as applicable to other services for arrangements for paying off arrears;
 - (d) If a consumer is in arrears and an Acknowledgement of Debt Agreement has been signed and the household income does not exceed R2 520.00 per month, and the Debt Agreement is honoured, the levying of interest will be stopped to allow the consumer to eliminate the outstanding debt within 36 months or within a shorter period, as agreed by the consumer.
 - (e) Where assessment rates, refuse, sewerage and sundry charges and availability charges remain outstanding or unpaid for more than 2 months, the account will be handed over to Debt Collectors for collection and/or legal action to the Attorneys and will be listed at the Information Trust Corporation. These clients will have to make further arrangements at the Attorney and/or Debt Collectors, for the arrears account. The current monthly accounts must be paid directly to the Municipality.
 - (f) After a debtor has been handed over for collection, the case will not be withdrawn unless there was a mistake or oversight on the part of the municipality.
 - (g) Where a property is provided with a pre-paid electricity and/or water meter and being in arrears, the municipality has the option to either refuse sales, disconnect

services or allocate 20% of the purchases of electricity towards the arrears.

- (xix) When a customer has made a formal arrangement with the Municipality to pay off arrears over a specific period of time and then not honor this agreement, the Accounting Officer/Chief Financial Officer may take a decision that will force the account holder to have a Pre-paid electricity meter installed at the account holder's cost. This decision must be communicated to the account holder in writing giving him/her the opportunity to either settle the account in full or have the pre-paid meter installed. The Accounting Officer/Chief Financial Officer may agree that the costs involved in installing the pre-paid electricity meter be paid off interest free over a period not exceeding 12 months.

5.1 Agents, Attorneys and other collection agents

Municipal Manager may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, disconnections, restrictions, summonses, judgments, garnishee orders and as a last resort sales in execution of property.

Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.

Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors.

Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.

All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.

Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus.

Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters.

Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council

Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding customer care, credit control and debt collection.

CUSTOMER CARE, CREDIT CONTROL AND REVENUE MANAGEMENT POLICY (Adopted by 5.2 Debtors other than consumer debtors

Amounts due to the Council for any services rendered, other than services rendered to consumer debtors, shall be due and payable when the service is rendered, and –

- (a) Outstanding amounts shall bear interest; and
- (b) Legal action shall be instigated on all amounts outstanding after ninety (90) days.

6. Credit screening

- (1) The municipality may require of an applicant to submit information and documentary proof so as to enable the municipality to bring its records up to date and to assess the creditworthiness of the applicant, and the municipality reserves the right to call for an affidavit.
- (2) For the purposes of determining the creditworthiness of an account holder the municipality may make use of the service of a credit bureau, or any other agency or means as the Municipal Manager or his or her nominated officer may determine.

7. Deposits

- (1) On approval of the application and before the service is made available, the municipality may require the applicant –
 - (a) to deposit for municipal services with the municipality a sum of money equal to the estimated tariff or charge for an average month's services as determined by the municipality, excluding the cost of a service rendered by means of a pre-payment device used by the municipality;
 - (b) to agree to special conditions regarding payment of the municipal account, and monies so deposited with the municipality serve as security and working capital;
 - (c) if a guarantee provided is revoked or matures, the account holder shall supply the municipality with a cash deposit failing which the provision of services shall be terminated and or restricted.
- (2) The Municipal Manager or his or her nominated officer reserves the right to review the sum of money deposited or the amount for which additional security is required.
- (3) Subject to subsection (5), an amount deposited with the municipality in terms of subsections (1) and (2) shall not be regarded as being in payment or part payment of an account due for services rendered.
- (4) The Municipal Manager or his or her nominated officer may, in respect of preferred customers, consider relaxation of the conditions pertaining to deposits as set out in subsections (1) and (2).
- (5) On termination of the supply of services, the amount of such deposit, as determined by the

- municipality, less any payments due to the municipality, must be refunded to an account holder.
- (6) No interest shall be payable by the municipality on the amount of a deposit held by the municipality in terms of this section.
 - (7) A deposit held by the municipality will be forfeited in the event an account holder does not claim the deposit within 12 months from date of termination of services.

8. Billing and payment

- (1) The account holder must pay all amounts due to the municipality as reflected in the municipal account, and the onus is on the account holder to verify the accuracy of such account.
- (2) An account holder must pay for metered services, and must pay the rates, other municipal charges, levies, fees, fines, interest, taxes or any other liability or obligation from the date of origin of such municipal charges until the written termination of the services.
- (3) An account holder –
 - (a) has one account number and must be rendered one account, on which the due date for settlement of the total amount owing is reflected, subject to the provisions of subsection (14); and
 - (b) must be rendered an account monthly in cycles of approximately 30 days.
- (4) Payment must be received on or before the close of business on the date as stipulated on the account. If payment is received and recorded in the Municipality's records as being paid in full on or before the 5th working day in the month following the statement date, a discount of 5% will be given on the current month's account.
- (5) Payment made via any of the service providers appointed by the municipality to receive payments on its behalf, should be made at least four working days before the due date to enable the payment to be processed, and interest accrues should the municipality receive payment after the due date as per the account.
- (6) Where the account holder effects payment of an account via a service provider four working days or more before the due date and such service provider fails to furnish the municipality with the relevant payment details, such service provider may be held liable for all charges incurred by the municipality to recover an arrear amount erroneously reflected on the account of the account holder, as well as for interest charges.
- (7) The municipality may estimate the quantity of metered services supplied in respect of a period or periods within the interval between actual successive readings of the meters, and may render an account to an account holder for the quantity of metered services so estimated.
- (8) If an account holder is dissatisfied with an account rendered for metered services supplied by the municipality, such account holder may, prior to the due date stipulated therein object to the account, setting out reasons for such dissatisfaction.

CUSTOMER CARE, CREDIT CONTROL AND REVENUE MANAGEMENT POLICY (Adopted by

- (9) Should any dispute arise as to the amount owing by an account holder, and subject to the provisions of section 102 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the account holder must notwithstanding such dispute proceed to make regular payments by the due date based on the calculation of the average municipal account for

the preceding three months prior to the arising of the dispute and taking into account interest as well as the annual amendments of tariffs of the municipality.

- (10) An error or omission in any account or failure to render an account does not relieve the account holder of the obligation to pay by the due date.
- (11) If an account holder uses water, refuse removal services, sanitation services or electricity for a category of use other than that for which it is supplied by the municipality and is in consequence not charged for water refuse removal services, sanitation services or electricity so used, or is charged for the water, refuse removal services, sanitation services or electricity at a rate lower than that at which the account holder should be charged, the account holder is liable for the amount due to the municipality in accordance with the prescribed charges in respect of –
 - (a) the quantity of water or electricity the refuse removal services and sanitation services which the account holder has used and for which the account holder has not been charged; or
 - (b) the difference between the cost of the water or electricity used by the account holder at the rate at which the account holder has been charged and the cost of the water or electricity at the rate at which the account holder should have been charged.
- (12) An account holder is not entitled to a reduction of the amount payable for metered services which are lost due to a default in the meter, until such time as the provisions of section 14(8)(c) have been met.
- (13) The municipality may –
 - (a) consolidate any separate accounts of an account holder liable for payment to the Municipality;
 - (b) credit any payment by an account holder against any debt of that account holder; and
 - (c) implement any of the debt collection and credit control measures provided for in this policy in relation to any arrears on any account of such a person.
- (14) The owner of property may enter into an agreement with the municipality in terms of which payment for rates is made annually, in which case payment must be made on or before the date determined by the municipality.
- (15) Monthly accounts shall be rendered to consumers for the amount due and payable, at the address last recorded with the municipality.
- (16) Accounts shall –

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- (a) show –
 - (i) the consumption or estimated consumption or assumed consumption as determined for the measuring or consumption period;
 - (ii) the measuring or consumption period;
 - (iii) the applicable tariff;
 - (iv) the amount due in terms of the actual, estimated or assumed consumption;
 - (v) the amount due and payable for any other service rendered by the Municipality;
 - (vi) the amount in arrears, if any;
 - (vii) the interest payable on arrears, if any;
 - (viii) the final date for payment;
 - (ix) the methods, places or approved agents where payment may be made;
- (17) In the event an account holder relocates to another premise, the account holder must pay all outstanding service charges and rates and taxes, if rates and taxes are in arrears, before a service agreement is entered with the consumer at the other premises

9. Termination of service agreement

- (1) Termination of the service agreement must be in writing to the other party of the intention to do so.
- (2) Where a property is sold, an owner may terminate a service agreement by giving the municipality not less than four working days' notice in writing.
- (3) The municipality may, by notice in writing of not less than 14 working days, advise an account holder of the termination of the agreement for a supply of municipal services if –
 - (a) the account holder has not consumed any water or electricity during the preceding six months, or has vacated the property and has not made satisfactory arrangements for the continuation of the agreement;
 - (b) the account holder has committed a breach of this policy and has failed to rectify such breach;
or
 - (c) the municipality cannot continue to supply the account holder with municipal services, as in terms of an arrangement with another authority supplying municipal services such authority must in future supply municipal services to the account holder.

10. Cost for termination of municipal services

Where any municipal service is terminated as a result of non-compliance with these policies and/or by-laws by the person liable for the payments, the Council shall be entitled to levy and recover such costs as per council's tariff policy, as determined by the Council from time to time

Part 2

Non-payment of municipal accounts

11. Arrangements for payments

- (1) Should an account holder, before any of the steps have been taken in terms of section 12, not be able to pay the municipal account in full, the account holder may approach the municipality with the aim of making short-term arrangements to settle the account.
- (2) Should an account holder, after any of the steps have been taken in terms of section 12, experience difficulties in paying the municipal account, the account holder may approach the municipality with the aim of making arrangements to settle the account, and the account holder must enter into a written agreement with the municipality to repay to the municipality the outstanding and due amount under the conditions and on a basis determined by the Municipal Manager, or his or her nominated officer.
- (3) The written agreement has to be signed on behalf of the municipality by a duly authorised officer.
- (4) Only a consumer with positive proof of identity and address and authorised by the owner of the property in writing, shall be allowed to enter into an agreement for the payment of arrears in instalments.
- (5) The amount due and payable by a consumer constitutes a consolidated debt, and any payment made by a consumer of an amount less than the total amount due, shall be allocated in reduction of the consolidated debt –
 - (a) towards payment of the current account;
 - (b) towards payment of arrears;
 - (c) towards payment of interest; and
 - (d) towards costs incurred in taking relevant action to collect amounts due and payable.
- (6) In the instance where arrangements for payment have been made the municipality may –

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- (a) review the deposit;
 - (b) require of an account holder to pay by means of a stop order or debit order;
 - (c) require of an account holder to convert to a pre-paid metering system;
 - (d) require any other form of security, including personal suretyship by the directors or members of a company, closed corporation, trust or body corporate, or;
 - (e) waive the interest on the arrear amount.
- (7) A consumer may be required to complete a debit order for the payment of arrears.
- (8) No agreement for the payment of arrears shall be longer than 36 months, unless the circumstances referred to in subsection (9) prevail.
- (9) The Municipality may, on an individual basis, allow a longer period than 36 months for the payment of arrears if special circumstances prevail, that in the opinion of the Municipality, warrants such an extension and which the consumer reasonably could not prevent or avoid, and documentary proof of such special circumstances must be furnished by the consumer on request by the Municipality.
- (10) The Municipality may, in exercising its discretion under subsection (5), have regard to a consumer's –
- (b) credit record;
 - (c) consumption;
 - (d) level of service;
 - (e) previous breaches of agreements for the payment of arrears in instalments (if any); and
 - (f) any other relevant factors.
- (11) A copy of the agreement shall, on request, be made available by the Municipality to the consumer.
- (12) If a consumer fails to comply with an agreement for the payment of arrears in instalments, the total of all outstanding amounts, including the arrears, any interest thereon, administration fees, costs incurred in taking relevant action, and penalties, including payment of a higher deposit, will immediately be due and payable, without further notice or correspondence.
- (13) If a consumer fails to comply with an agreement for the payment of arrears in instalments entered into after receipt of a discontinuation notice, access to services may be discontinued without further notice or correspondence in addition to any other actions taken against or that may be taken against such a consumer.

- (14) No consumer shall be allowed to enter into an agreement for the payment of arrears in instalments where that consumer failed to honour a previous agreement for the payment of arrears in instalments, entered into after the receipt of a discontinuation notice.
- (15) If a consumer owes the municipality more than R5 000.00 for a period in excess of 150 days, the Accounting Officer may after negotiations with the consumer write off 50% of the arrear amount that is in excess of 150 days.

12. Interest and penalties on overdue municipal accounts

- (1) The municipality may, by resolution of its determined number of members, charge or recover interest and penalties at a determined interest rate in respect of any arrear amounts due and payable to the municipality.
- (2) Irrespective of the reason for non-payment, interest accrues if an account is unpaid.
- (3) Interest is calculated monthly according to the approved interest rate as determined in the annual budget, and a portion of a month is regarded as a month.
- (4) Interest or penalties are payable if payment is not received at an office of the municipality at close of business on the due date or if deposited by direct bank deposit at least two days prior to at the close of business on the due date.
- (5) In an effort to encourage payment no interest will be payable on the arrear amount when a consumer makes arrangements for payment of an arrear account.
- (6) Penalties of 10% on the current month's account will be charged on all services accounts that are in arrears and due to the municipality.

13. Debt collection mechanisms

- (1) Where appropriate, the Municipality must at all times attempt to advise an account holder of an impending disconnection, or restriction of a supply, and the following mechanisms may be applied should an account holder fail to settle a municipal account by the due date:
 - (a) delivering or mailing of a final demand and explaining to the account holder the status of the account and the consequences of not paying or concluding an arrangement;

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- (b) informing the account holder verbally, in writing, telephonically, or by electronic means of the overdue amount and the impending disconnection or restriction of services;
 - (c) disconnecting or restricting the supply of municipal services to the premises and the serving of a disconnection or restriction notice on the account holder; or
 - (d) debiting the municipal account of the account holder with all relevant fees or penalties approved by the municipality.
- (2) Where the metered supply had been disconnected or restricted, and should the account holder still fail to pay the account, the premises may be revisited at regular intervals to ensure that the metered supply remains disconnected or restricted, and if it is found that the supply which had been disconnected or restricted previously has been restored –
- (a) the municipality has the right to take whatever action is required in terms of the Council's Tariff Policy, and the account holder is responsible for the relevant fees or charges or damages caused;
 - (b) the municipality may refuse to supply services for a period determined by the municipality ;
 - (c) in the instance of the use of a pre-paid meter, the municipality may cease further vending of pre-paid services; and
 - (d) levy an administrative penalty as provided for in the budget.
- (3) Where a duly authorised officer of the municipality has visited the premises for the purpose of disconnecting or restricting the supply and was obstructed or prevented from effecting such disconnection or restriction, an amount equal to the prescribed fee for a reconnection becomes payable for each visit necessary for the purpose of such disconnection or restriction, subject to a maximum of two such visits during which disconnection or restriction could not be effected.
- (4) The municipality may use any one or more of the following mechanisms to secure full payment of any amounts owing to it:
- (a) Restricting or denying the sale of pre-paid services to an account holder, or disconnecting any pre-paid metering system of an account holder, who is in arrears with other services;
 - (b) requiring of the account holder to convert to another metering system;
 - (c) allocating a portion of any pre-paid payment to other debts;
 - (d) releasing debtor information to a credit bureau;

- (e) publishing a list of account holders who remain in default;
 - (f) withholding payment of a grand-in-aid and subject to the provisions of section 33, excluding the account holder from the bid process;
 - (g) withholding payment on contracts for settlement of the municipal account;
 - (h) reviewing and altering the conditions of the service agreement;
 - (i) instituting legal proceedings for the recovery of the debt;
 - (j) classifying the account holder as an unreliable customer;
 - (k) using the services of external debt collection specialists or agencies;
 - (l) insisting on conversion to pre-paid metering at the cost of the account holder; or
 - (m) employing any other methods authorised by the municipality from time to time to recover arrear amounts.
- (5) The cost of collection, where applicable, is to the account holder's account.
- (6) Subject to the provisions of sections 28 and 29 of the Property Rates Act, 2004 (Act 6 of 2004), the right to deny, restrict, disconnect or terminate services due to the non-payment for any rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation prevails notwithstanding the fact that –
- (a) payment was intended for any specific service; or
 - (b) the person who entered into a service agreement for supply of services with the municipality and the owner are different entities or persons, as the case may be.

14. Agents, Attorneys and other collection agents

Municipal Manager may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, disconnections, restrictions, summonses, judgments, garnishee orders and as a last resort sales in execution of property.

Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.

Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors.

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Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.

All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.

Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus.

Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters.

Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council

Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding customer care, credit control and debt collection.

15. Debtors other than consumer debtors

Amounts due to the Council for any services rendered, other than services rendered to consumer debtors, shall be due and payable when the service is rendered, and –

- (c) Outstanding amounts shall bear interest; and
- (d) Legal action shall be instigated on all amounts outstanding after ninety (90) days.

Part 3

Metering equipment and metering of services

16. General provisions

- (1) The municipality may introduce various metering equipment and may encourage an account holder to convert to a system which is preferred by the municipality when there are benefits for the municipality.
- (2) After commencement of this policy, and where possible and applicable, pre-paid meters must preferably be installed for all new connections.

17. Metering equipment and measuring of consumption

- (1) The municipality must, at the consumer's cost in the form of a direct charge or prescribed fee, provide, install and maintain appropriately rated metering equipment at the point of metering for measuring metered services.
- (2) The municipality reserves the right to meter the supply to a block of shops, flats, tenement- houses and similar buildings for the building as a whole, or for an individual unit, or for a group of units.
- (3) Where any building referred to in subsection (2) is metered by the municipality as a whole -
 - (a) the owner may, at own cost, provide and install appropriate sub-metering equipment for each shop, flat and tenement; or
 - (b) the municipality may require the installation, at the account holder's expense, of a meter for each unit of any premises in separate occupation for the purpose of determining the quantity of metered services supplied to each such unit.
- (4) Where the water or electricity used by consumers is charged at different tariff rates, the consumption must be metered separately for each rate.
- (5) Where sub-metering equipment is installed, accommodation separate from the municipality's metering equipment must be provided where appropriate.
- (6) Except in the case of pre-payment meters, the quantity of metered services used by a consumer during any metering period is ascertained by reading the appropriate meter or meters supplied and installed by the municipality at the beginning and end of such metering period, except where the metering equipment is found to be defective.
- (7) For the purpose of calculating the amount due and payable for the quantity of metered services consumed, the same amount of metered services is deemed to be consumed during every period of 24 hours between readings.
- (8) The following apply to the accuracy of metering:
 - (a) A meter is conclusively presumed to be registering accurately if its error, when tested in the manner prescribed in subsection (13), is found to be within the limits of error as provided for in the applicable standard specifications;
 - (b) the municipality has the right to test its metering equipment, and if it is established by test or otherwise that such metering equipment is defective, the Municipality must –
 - (i) in case of a credit meter, adjust the account rendered; or

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- (ii) in the case of prepayment meters:
 - (aa) render an account where the meter has been under-registering; or (bb) issue a free token where the meter has been over-registering; and
 - (c) the consumer is entitled to have the metering equipment tested by the municipality on payment of the prescribed fee, and if the metering equipment is found not to comply with the system accuracy requirements as provided for in the applicable standard specifications, an adjustment in accordance with the provisions of paragraph (b) and subsection (7) must be made and the aforesaid fee must be refunded.
- (9) No alterations, repairs, additions or connections of any description may be made on the supply side of the point of metering unless specifically approved in writing by the Municipal Manager or a duly authorised officer of the municipality.
- (10) Prior to the municipality making any upward adjustment to an account in terms of subsection (8)(b), the municipality must –
 - (a) notify the consumer in writing of the monetary value of the adjustment to be made and the reasons therefore;
 - (b) in such notification provide sufficient particulars to enable the consumer to submit representations thereon; and
 - (c) call upon the consumer in such notice to present it with reasons in writing, if any, within 21 days or such longer period as the municipality may permit, why the account should not be adjusted as notified, and should the consumer fail to provide any representation during the period the municipality is entitled to adjust the account as notified in paragraph (a).
- (11) The Municipality must consider any representation provided by the consumer in terms of subsection (10) and must, if satisfied that a case has been made out therefore, adjust the account appropriately.
- (12) If the Municipal Manager or a duly authorised officer of the municipality decides, after having considered the representation made by the consumer, that such representation does not establish a case warranting an amendment to the monetary value established in terms of subsection (15), the municipality is entitled to adjust the account as notified in terms of subsection (10)(a), and the consumer has the right to appeal the decision of the official in terms of section 62 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

- (13) Meters are tested in the manner provided for in the applicable standard specifications.
- (14) When an adjustment is made to the consumption registered on a meter in terms of subsection (8)(b) or (8)(c), such adjustment is based either on the percentage error of the meter as determined by the test referred to in subsection (13), or upon a calculation by the Municipality from consumption data in its possession, and where applicable, due allowance must be made, where possible, for seasonal or other variations which may affect consumption.
- (15) When an adjustment is made as contemplated in subsection (14), the adjustment may not exceed a period of six months preceding the date on which the metering equipment was found to be inaccurate, however the application of this subsection does not bar a consumer from claiming back overpayment for any longer period where the consumer is able to prove the claim in the normal legal process.
- (16) The municipality may dispense with the use of a meter in case of –
- (a) an automatic sprinkler fire installation; and
 - (b) special circumstances at the Engineer's discretion.
- (17) The municipality may by notice –
- (a) prohibit or restrict the consumption of metered services –
 - (i) for specified or non-specified purposes;
 - (ii) during specified hours of the day or on specified days or otherwise than during specified hours of the day or on specified days; and
 - (iii) in a specified or non-specified manner; and
 - (b) determine and impose –
 - (i) limits on the quantity of metered services which may be consumed over a specified period;
 - (ii) charges additional to those prescribed in respect of the supply of metered services in excess of a limit contemplated in subparagraph (i); and
 - (iii) a general surcharge on the prescribed charges in respect of the supply of metered services; and
 - (c) impose restrictions or prohibitions on the use or manner of use or disposition of an appliance by means of which metered services is used or consumed, or on the connection of such appliance.
- (18) The municipality may limit the application of the provisions of a notice contemplated by subsection (17) to specified areas and classes of account holders, premises and activities,

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and may provide for the Municipality to permit deviations and exemptions from, and the relaxation of any of the provisions on such grounds as he or she may deem fit.

- (19) To ensure compliance with a notice published in terms of subsection (17), the municipality may take, or by written notice require an account holder at the account holder's expense to take such measures, including the installation of measuring devices and devices for restricting the flow of metered services as may be necessary
- (20) In addition to the person by whose act or omission a contravention of or failure to comply with the terms of a notice published in terms of subsection (17) is actually committed, an account holder in respect of the premises to which metered services are supplied is presumed also to have committed the contravention or to have so failed to comply, unless evidence is adduced that the account holder had taken all reasonable steps to prevent such a contravention or failure to comply by any other person, however, the fact that the account holder issued instructions to the other person shall not of itself be accepted as sufficient proof that the account holder took all such reasonable steps.
- (21) The provisions of this section also apply in respect of metered services supplied directly by the municipality to account holders outside its area of jurisdiction, notwithstanding anything to the contrary in the conditions governing such supply, unless otherwise specified in the notice published in terms of subsection (17).
- (22) If such action is necessary as a matter of urgency to prevent waste of metered services, refuse or sewerage, damage to property, danger to life, or pollution of water, the municipality may –
 - (a) without prior notice disconnect the supply of metered services to any premises; and
 - (b) enter upon such premises and do such emergency work, at the account holder's expense, as he or she may deem necessary, and in addition by written notice require the account holder to do within a specified period such further work as the municipality may deem necessary.
- (23) Before any metered or pre-paid metered supplies which have been disconnected or restricted for non-payment is restored, an account holder must pay all fees and charges as determined by the municipality.
- (24) The municipality may, at the written request of an account holder and on the dates requested by the account holder –
 - (a) disconnect the supply of metered services to the account holder's premises; and

- (b) restore the supply, and the account holder must before the metered services is restored pay the prescribed charge for the disconnection and restoration of his or her supply of metered services.
- (25) After disconnection for non-payment of an account or a contravention of any provision of this policy, the prescribed fees must be paid before reconnection is made.
- (26) The following apply to the reading of credit meters:
- (a) Unless otherwise prescribed, credit meters are normally read at intervals of approximately one month and the fixed or minimum charges due in terms of the tariff are assessed accordingly and the municipality is not obliged to effect any adjustments to such charges;
 - (b) if for any reason the credit meter cannot be read, the municipality may render an estimated account, and estimated consumption must be adjusted in a subsequent account in accordance with the consumption actually consumed;
 - (c) when an account holder vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly;
 - (d) if a special reading of the meter is desired by a consumer, this may be obtained upon payment of the prescribed fee; and
 - (e) if any calculating, reading or metering error is discovered in respect of any account rendered to a consumer –
 - (i) the error must be corrected in subsequent accounts;
 - (ii) any such correction applies only in respect of accounts for a period of six months preceding the date on which the error in the accounts was discovered,
 - (iii) the correction is based on the actual tariffs applicable during the period; and
 - (iv) the application of this section does not prevent a consumer from claiming back overpayment for any longer period where the consumer is able to prove the claim in the normal legal process.
- (27) The following apply to prepayment metering:
- (a) No refund of the amount tendered for the purchase of electricity or water credit is given at the point of sale after initiation of the process by which the prepayment meter token is produced;
 - (b) copies of previously issued tokens for the transfer of credit to the prepayment meter may be issued at the request of the consumer;

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- (c) when an account holder vacates any premises where a prepayment meter is installed, no refund for the credit remaining in the meter is made to the owner by the municipality;
- (d) the municipality is not liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of, prepayment meters or tokens;
- (e) where an account holder is indebted to the municipality for any rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation, the municipality may deduct a percentage from the amount tendered to offset the amount owing to the municipality; and
- (f) the municipality may appoint vendors for the sale of credit for prepayment meters and does not guarantee the continued operation of any vendor.

18 Resale of water or electricity

- (1) No account holder who is supplied with metered services in terms of this policy may sell or supply water or electricity, supplied to the account holder's premises under an agreement with the municipality, to any other person or persons for such use upon any premises other than those in respect of which such agreement is made, or permit or suffer such resale or supply to be made, unless provision has been made therefore in a special agreement or unless prior permission from the municipality to do so has been obtained.
- (2) If the municipality grants the permission referred to in subsection (1), it may stipulate the maximum price at which the water or electricity may be sold and impose such other conditions as it may deem fit.
- (3) Permission referred to in subsection (1) may be withdrawn at any time.
- (4) Where water or electricity is resold for use on the same premises, such resale must be in accordance with the tariff and subject to such conditions as the municipality may decide.

Part 4

Indigence relief measures

19. Requirements for indigence relief and credit given

(1) The requirements for indigence relief and credit given are covered by the Council's Indigent Policy.

20. Provision for indigent debtors that is consistent with its rates and tariff policies and any other national policy on indigents

- (a) Provision for indigent debtors according to municipal tariff policy and any national policy.
- (b) Outline process within policy for indigent consumer to understand that the rates and tariff policy of municipality will be applicable on them when free basic services limit is exceeded.

Realistic targets consistent with –

(a) GRAP and collection ratios

Policy should be aligned to GRAP and collection ratios which should be a realistic target according to capacity.

(b) The estimates of income set in the budget is less an acceptable provision for bad debts

Set estimate income based on the average of at least the past three financial years then make provision for bad debt based on the above average.

Bad debt should only be written off only after all prescripts within the credit control policy have been adhered to and implemented fully.

CHAPTER 3

21. TARIFFS

The General principles of, and the Calculation of, the following tariffs are covered in the Council's Tariff Policy:

- Electricity
- Water
- Refuse removal
- Sewerage

- Minor tariffs

CHAPTER 4

22. RATES

All details with regards Council's Rates and Taxes are covered in Council's Rates Policy.

CHAPTER 5

ENFORCEMENT

23. Municipality's powers to restrict or disconnect supply of services

The municipality may, over and above the provisions of any other provisions in this policy restrict or disconnect the supply of water and electricity, or discontinue any other service to any premises if -

- (a) an administration order is granted in terms of section 74 of the Magistrates Court Act, 1944 (Act 37 of 1944), in respect of an account holder;
- (b) an account holder of any service fails to comply with a condition of supply imposed by the municipality;
- (c) an account holder obstructs the efficient supply of electricity, water or any other municipal services to another account holder;
- (d) an account holder supplies such municipal services to any person who is not entitled thereto or permits such service to continue;
- (e) an account holder causes a situation which is dangerous or a contravention of relevant legislation; or
- (f) an account holder is placed under provisional registration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act, 1936 (Act 24 of 1936).

24. Tampering, unauthorised connections and reconnections, and improper use

- (1) The municipality reserves the right to monitor the service network for signs of tampering or irregularities.
- (2) No person may in any manner or for any reason whatsoever tamper or interfere with any meter or metering equipment or service connection or service protective device or supply mains or any other equipment of the municipality.

- (3) Where prima facie evidence exists of an account holder or any person having contravened subsection (2), the municipality has the right to disconnect the supply immediately and without prior notice to the account holder, and the account holder is liable for all fees and charges levied by the Municipality for such disconnection plus penalty as provided for in the annual budget.
- (4) Where an account holder or any person has contravened subsection (2) and such contravention has resulted in the meter recording less than the true consumption, the municipality has the right to recover from the account holder the full cost of his or her estimated consumption and the cost of repair or replacement of damaged metering devices.

25. Clearance certificate

To effect the transfer of any immovable property from one registered owner to another, the Registrar of Deeds requires a clearance certificate. The certificate is obtainable from the municipal manager or a duly authorised officer of the municipality, upon payment of the prescribed fee and subject to the conditions of section 118 of the Municipal Systems Act, 2000 (Act 32 of 2000) being met. The municipality may issue a rates clearance, valid for 90 days after the rates is paid for 90 days in advance. Application for clearance certificates has to be done by the buyers legal representative.

26. Bids and grants-in-aid

- (1) Each bid submitted to the municipality must be accompanied by a certificate from the municipality stating that the proposed supplier is not indebted to the municipality for any arrear amount reflected on the municipal account.
- (2) Should a proposed supplier be so indebted, the municipality may disallow the bid.
- (3) The municipality may only consider a bid once the proposed supplier has made satisfactory arrangements to pay the outstanding amount by means of instalments, or has settled all arrear amounts in full.
- (4) The municipal manager or a duly authorised officer of the municipality must in the condition of contract, provide for the deduction from moneys owed to the supplier in order to settle any outstanding amount.
- (5) Payment of any grants-in-aid approved by the municipality may be withheld pending payment of any outstanding municipal account, or pending an agreement between the

municipality and the receiver of a grant-in-aid in which satisfactory arrangements have been made regarding the settlement of the outstanding municipal account.

27. Power of council to recover costs

- (1) Where a bank dishonours any payment made to the municipality, the municipality may levy and recover all related costs and any administration fees against an account of the defaulting account holder and may disconnect or restrict the supplies to the premises of such account holder.
- (2) All legal costs, including attorney-and-client costs incurred in the recovery of amounts in arrears and payable in terms of the Magistrates Court Act, 1944 (Act 32 of 1944), must be levied against the arrears account of the account holder.
- (3) For any action taken in demanding payment from an account holder or reminding an account holder by means of telephone, fax, electronic mail, letter or otherwise that payments are due, a fee will be levied against the municipal account of the account holder in terms of the municipality's tariff provisions.

28. Prima facie evidence

A certificate reflecting the amount due and payable to the municipality, signed by the municipal manager or a duly authorised officer of the municipality, is upon mere production thereof prima facie evidence of the indebtedness of the person mentioned in it.

29. Abandonment and writing off of bad debts, and full and final settlement of account

- (1) Before terminating the debt collection procedure in any individual instance, the municipal manager must –
 - (a) ensure that all debt collection mechanisms as provided for in section 12 have been utilised where reasonable;
 - (b) maintain an audit trail; and
 - (c) document the reasons for terminating the debt collection procedure, including the cost of enforcement and necessary financial adjustments.
 - (e) any account balance between –R10 and +R10 can be written off once a month on approval by the Chief Financial Officer.

Writing off bad debts

Any debt written off must -

- (d) Only be written off after all reasonable steps, within reason and without culminating in further irrecoverable costs for the council, have been taken to recover the debt, in accordance with this policy, and the Council has convinced itself that:
 - (i) Recovery of the debt would be uneconomical;
 - (ii) Recovery would cause undue hardship to the debtor or his/her dependants; and
 - (iii) It would be an advantage to the Municipality to effect a settlement of its claim or to waive the claim.

- (f) Be disclosed in the annual financial statements, indicating the policy in terms of which the debt was written off.

FULL AND FINAL SETTLEMENT

- (2) The municipal manager or a duly authorised officer of the municipality may consider an offer for full and final settlement, and must, if in the interests of the municipality, in writing consent to the acceptance of a lesser amount as full and final settlement of the amount due and payable.
- (3) Where the exact amount due and payable to the municipality has not been paid in full, any lesser amount tendered to and accepted by any the municipality employee, except the municipal manager or the municipal manager's delegate, shall not be deemed to be in full and final settlement of such an amount.

30. Power of entry and inspection

- (1) A duly authorised representative of the municipality may for any reason related to the implementation or enforcement of this policy at all reasonable times or in emergency at any time, enter premises, request information and carry out such inspection as deemed necessary, and may for purposes of installing or repairing any meter or service connection for reticulation disconnect, stop or restrict the provision of any service.
- (2) If the municipality considers it necessary for work to be performed to enable an officer to perform a function referred to in subsection (1) properly and effectively, it may –

- (a) by written notice require an account holder to do, at own expense, specified work within a specified period; or
 - (b) if the situation is a matter of urgency, without prior notice do such work or cause it to be done at the expense of the account holder.
- (3) If the work referred to in subsection (2) is carried out for the sole purpose of establishing whether a contravention of this policy has been committed and no such contravention has taken place, the municipality must bear the expense connected therewith together with that of restoring the premises to their former condition.

31. Authentication and service of orders, notices and other documents

- (1) An order, notice or other document requiring authentication by the municipality must be signed by the municipal manager or by a duly authorised officer of the municipality, such authority being conferred by resolution of the municipality or by a by-law or regulation, and when issued by the municipality in terms of this policy is deemed to be duly issued if it is signed by an officer authorised by the municipality.
- (2) Any notice or other document that is served on a person by a duly authorised officer of the municipality in terms of this policy, is regarded as having been served –
- (a) when it has been delivered to that person personally;
 - (b) when it has been left at that person's place of residence or business in the Republic with a person apparently over the age of 16 years;
 - (c) when it has been posted by registered or certified mail to that person's last known residential or business address in the Republic and an acknowledgement of the posting thereof from the postal service is obtained;
 - (d) if that person's address in the Republic is unknown, when it has been served on that person's agent or representative in the Republic in the manner provided by paragraphs (a), (b) or (c);
 - (e) if that person's address and agent or representative in the Republic is unknown, when it has been placed in a conspicuous place on the property or premises, if any, to which it relates;
 - (f) in the event of a body corporate, when it has been delivered at the registered office of the business premises of such body corporate to a person apparently over the age of 16 years; or

- (g) when it has been delivered, at the request of a person, to that person's electronic mail address.
- (3) When any notice or other document has to be served on the owner, an account holder or holder of any property or right in any property, it is sufficient if that person is described in the notice or other document as the owner, account holder or holder of the property or right in question, and it is not necessary to name that person.
- (4) Service of a copy is deemed to be service of the original.
- (5) Any legal process is effectively and sufficiently served on the municipality when it is delivered to the municipal manager or a person in attendance at the municipal manager's office.

32. Matters prescribed by regulation 104 of MSA

- (a) The identification of municipal services provided by the municipality or other services providers to users of services where the use of the services by the user can reasonably be determined, measured or estimated per quantity used or per frequency of such use;
- (b) The determination, measurement or estimate of the use by each user of each service so identified;
- (c) User agreements, and deposits and bank guarantees for the provision of municipal services;
- (d) The rendering of accounts to ratepayers and users and the particulars to be continued in the accounts;
- (e) The action that may be taken by municipalities and services providers to secure payments of accounts that are in arrears, including -
 - The seizure of property;
 - The attachment of rent payable on property; and
 - The extension of liability to a director, a trustee or a member if the debtor is a company, a trust or a close corporation;
- (f) The development and implementation of an indigent policy;
- (g) Any other matter that may facilitate –
 - Effective and efficient systems of credit control and debt collection by municipalities

33. DELEGATIONS OF RESPONSIBILITIES BY MUNICIPAL

MANAGER

The municipal manager may delegate any of his/her powers to any employee or official of the municipality and to any board member of the municipal entity subject to applicable legislation.

CHAPTER 6

MISCELLANEOUS PROVISIONS

34. Right of appeal

- (1) A person whose rights are affected by a decision of a municipal officer may appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of the notification of the decision.
- (2) The Municipal Manager must promptly submit the appeal to the appropriate appeal authority mentioned in subsection (4).
- (3) The appeal authority must consider the appeal and confirm, vary or revoke the decision, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.
- (4) When the appeal is against a decision taken by –
 - (a) a staff member other than the municipal manager, the municipal manager is the appeal authority;
 - (b) the municipal manager, the Mayor is the appeal authority; or
 - (c) a political structure or political officer bearer or a the councillor, a committee of councillors who were not involved in the decision and appointed by the municipality for this purpose is the appeal authority.
- (5) An appeal authority must commence with an appeal within six weeks and decide the appeal within a reasonable time.

35. Offences and penalties

A person is guilty of an offence and liable upon conviction to a period not exceeding six months of community service or a fine or a combination of the aforementioned if he or she –

- (a) fails to give access required by an officer in terms of section 37;
- (b) obstructs or hinders an officer in the exercise of his or her powers or the performance of functions or duties under this policy;
- (c) uses or interferes with the municipality equipment for consumption of services supplied;
- (d) fails or refuses to give the municipality or an officer such information as the municipality or the officer may reasonably require for the purpose of exercising powers or functions under this

policy, or gives the municipality or the officer false or misleading information knowing it to be false or misleading;

- (e) fails to comply with the terms of a notice served upon him or her in terms of this policy; or
- (f) tampers or breaks any seal on a meter or on any equipment belonging to the municipality, or for any reason determined by the municipal manager causes a meter not to register the services used properly, and the person shall furthermore be charged for usage of electricity or water, as the case may be.

36. Transitional provision

- (1) A person who has been the owner of property within the Municipality before the commencement of this policy must within a period determined by the municipality, after the commencement of this policy, enter into a new service agreement with the municipality in terms of which such owner undertakes to be solely responsible for any municipal charges relating to each of such owner's properties failing which the supply of services to the property may be discontinued or restricted.
- (2) A lessee of a premises who consumes services provided by the Municipality before the commencement of this policy must within a period determined by the municipality, after the commencement of this policy, enter into a new service agreement with the municipality in terms of which such lessee undertakes to be solely responsible for any municipal charges relating to each of such properties leased, failing which the supply of services to the property may be discontinued or restricted.

37. Short title and commencement

This Policy may be cited as the Thembelihle Municipality Customer Care, Credit Control and Revenue Management Policy, and commences on the date of approval and or

ANNEXURE 4 INDIGENT POLICY
INDIGENT POLICY
(Adopted by council on 30 May 2018)

DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

“Indigent” This is a household which, due to a number of factors as set out in par. 4, is not financially capable of paying for the delivery of Basic Services – including poor households.

“Household” This includes all persons who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity and/or other services from the Municipality

“authorised representative” the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf

“basic service” The amount or level of any municipal service that is necessary to ensure human dignity and a reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this Policy are restricted to electricity, refuse, sewerage and water services. It is also to be understood that the national norms will be used as guidelines for the determination of the amount/level of the services;

“Chief Financial Officer” An officer of the Municipality appointed as the Head of the Finance Department and includes any person:- a) acting in such position; and

b) to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty;

“Child Headed Household” This is a household where no adults are living and where the household is headed by a school-going child;

“Council” or “municipal council” A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Thembelihle;

“customer” Any occupier of any property to which the has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property; **“defaulter”** A person who owes money to the municipality in respect of a municipal account after the due date for payment has expired;

“interest” A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as determined by the Municipality.

“Municipality” The institution that is responsible for the collection of funds and the provision of services to the customers of Thembelihle;

“municipal account” or “billing” The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to

“the Act” The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time

OBJECTIVES OF POLICY

2.1 The objectives of this Policy are to:-

2.1.1 Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;

2.1.2 Determine the criteria for qualification of indigent and poor households;

2.1.3 Ensure that the criteria is applied correctly and fairly to all applicants;

2.1.4 Allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household ;

2.1.5 Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

PRINCIPLES OF POLICY

3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;

3.2 All applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy;

3.3 Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Northern Cape;

3.4 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

CRITERIA FOR INDIGENT HOUSEHOLDS

1.1 To qualify as an indigent household, a household must comply with the following criteria:-

4.1.1 A household which has a verified total household gross monthly income of less than R3 900.00 per month (when the household income is calculated, any children pensions received must be excluded when calculating the household income). A Child Headed household (i.e. a household where no income-earning adult is staying and where the household is headed by a school-going child) will automatically qualify for the subsidies provided for in this policy.

4.1.2 A Family who does not have a funeral policies for deceased are eligible to qualify a coffin for the value of R600.00 from an undertaker in the town of burial in Thembelihle. No family or individual is exempted from paying for the grave.

4.1.2 State pensioners living together will be classified as indigent and shall qualify for 100% subsidy subject to the completion of the relevant documentation.

4.1.3 Must be a permanent resident of Thembelihle.

4.1.4 Must be a South African citizen.

4.1.5 Indigent households will be required to change from credit metering for electricity consumption to a pre-paid metering system which conversion costs will be funded from the equitable share, subject to the availability of funds.

4.1.6 The municipality will not grant indigent support to any applicant who:

- Owns more than one property whether inside or outside the municipal area;
- Is letting, renting out or leasing his/her property to someone and derives an income from the renting letting or leasing.

4.1.7 Must agree that the supply of water to the particular premises can be restricted by means of a flow control washer, or any other means as the Council may determine from time to time.

SUBSIDY

The subsidies below will be funded from the “equitable share” contribution received from National Treasury. The subsidies will only be granted to qualifying households to the extent that the abovementioned funds are available for allocation. The subsidy amount allocated will be calculated and rounded off to the nearest lower R1, and will be paid into the consumer’s municipal account every month and be indicated as such on the account.

5.1 Indigent households will receive the following per month as qualified above: A subsidy of:

- 100% of the basic levy for electricity/pre-paid for one service point per month;
 - 75% of deposit payable for an electricity connection when a new account is opened or when an account is transferred to a new client;
 - 100% of the basic levy for water per month;
 - 75% of deposit payable for a water connection when a new account is opened or when an account is transferred to a new client;
 - 100% of basic levy for refuse removal per month;
 - 100% of basic levy for sewerage per month;
-
- In respect of water usage, a 100% subsidy up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.
 - In respect of electricity usage, a 100% subsidy up to 50 kWh per household per month will apply; however, if consumption exceeds 50 kWh per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 50 kWh.

5.2 Indigent households who are living on un-serviced erven will receive the following per month as qualified above:

A subsidy to the same value of 50 kWh electricity consisting of paraffin, matches and candles

5.3 In the event that the indigent support per month does not cover the full monthly billed service account, the applicant shall be liable to pay the excess, failing which the subsidy will be discontinued and services will be cut and or restricted.

APPLICATION FOR A SUBSIDY

6.1 The account holder must apply in person at a customer care office of the Municipality on the prescribed application form.

6.2 The following items must accompany the application:-

6.2.1 The latest municipal account of the household;

6.2.2 Proof of the account holder's identity;

6.2.3 Proof of income of the account holder (e.g. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card, or a certificate to confirm registration as a job-seeker);

6.2.4 Proof of medical condition when requiring additional water and electricity.

Should the account holder be unable to apply in person, due to medical reasons, his/her application may be certified by a commissioner of oaths, preacher/pastor of church or a community worker. The applicant must complete the sworn statement that forms part of the application form. Failure to do so will render the application invalid.

6.2.5 The applicant must fill out and sign an application form and provide the information required on the form.

5.2.6 All recipients of indigent support shall be required to re-apply for subsidy once a year. Such applications shall reach the Chief Financial Officer at least six months before the beginning of a financial year;

6.2.7 All applications for indigent support shall be screened by the respective Ward Councillor or Proportional Representative Councillor or the Mayor for any irregularities and shall sign all applications having passed the criteria.

6.2.8 A Councillor may not approve any applications, but make a recommendation to the Accounting Officer/CFO for approval for indigent support.

6.2.9 A family who seeks assistance with a coffin for a deceased who does not have a funeral policy, are required to do the following:

a) Submit a completed application signed by the Ward Councillor

b) An affidavit stated that the family has or individual has no funeral policy

c) Copies of death Certificate and ID copies of both the applicant and the deceased

PUBLICATION OF NAMES OF QUALIFYING APPLICANTS

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this policy. Any person may inspect or scrutinize the list at a Customer Care Office and inform/notify the Municipality of any person who, according to their true circumstances, should not be in receipt of a subsidy as envisaged in this policy.

FALSE INFORMATION

- 8.1 An applicant for indigent support will be required to submit a sworn affidavit certifying that the information supplied are true and correct.
- 8.2 A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition, he/she will be held liable for the immediate re-payment of any subsidies already granted and legal action, civil or criminal may be instituted against the guilty party(-ies).

LOCAL AUDIT (VERIFICATION)

- 9.1 The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time, with the aim of carrying out a local verification of the accuracy of the information provided by the applicant(s). Such audit will be conducted on a continuous basis.
- 9.2 Failure by a beneficiary of indigent support to allow officials of the municipality access to the premises and information will result in the disqualification of the beneficiary from indigent support.

DURATION OF SUBSIDY

- 10.1 Indigent support will be granted on a monthly basis, **except** where the beneficiary's circumstances have changed to the extent that he/she no longer qualifies or when the budgeted amount has been depleted.
- 10.2 If the municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to suspend the subsidy. If any of the criteria, as set out in this policy, is not complied with any more, there is an onus on the recipient of the subsidy to notify the Municipality within **seven (7) days** after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.

CURRENT AMOUNTS IN ARREARS

11.1 Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, will have to make arrangements with the Municipality for paying off the amounts in arrears.

11.2 Assistance may be considered for arrears for indigent households subject to the availability of funds.

REGISTER

The Municipality will complete a register of households that qualify as “indigent”. The register will be continually updated and reconciled with the relevant subsidy account in the general ledger on a monthly basis.

ANNEXURE 5: SUPPLY CHAIN MANAGEMENT POLICY

SUPPLY CHAIN MANAGEMENT POLICY (Approved by council on 30 May 2018)

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the Thembelihle local municipality.

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Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

“Accounting officer” means the Accounting Officer referred to in section 60 of the Municipal Finance Management Act, No. 56 of 2003, and include a person acting as the accounting officer.

“accredited” means goods / services that are officially recognized, are generally accepted or having a guaranteed quality.

“Accredited Agent” means a provider who is authorized to deliver certain goods / services and can be trading in a specific area, however, an accredited agent is not a sole provider.

“black people”; is as generic term which means Africans, Coloureds and

Indians as defined in the Broad-Based Black Empowerment Act (No. 53 of 2003);

“competitive bid” means a bid in terms of a competitive bidding process;

“Council”; means the Council of Thembelihle Local Municipality;

“emergency procurement” emergency cases are cases where immediate action is necessary in order to avoid dangerous or risky situation (life threatening) or misery such as floods or fires.

“exceptional / urgent cases” exceptional cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. However a lack of proper planning should not be constituted as an urgent case subject to the approval of the Accounting Officer. The nature of the urgency and the details of the justifiable procurement must be recorded.

“Exempted Micro Enterprise” [EME’s] Enterprises with an annual total revenue of R5 million or less [all taxes included] for goods and services. Sector charters have been developed for the Tourism and Construction industry where thresholds of Rand 2.5 million and Rand 1.5 million respectively have been established.

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“formal written price quotation” means quotations referred to in paragraph 12

(1) (c) of this Policy;

“Fruitless expenditure” - expenditure made in vain and could have been avoided if reasonable care taken;

“in the service of the state” means to be – (a) a member of –

- (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

“Irregular expenditure” - expenditure incurred that is not in accordance with a requirement of a SCM policy of the municipality or by-laws giving effect to such a policy/e.g. Unsolicited bids

“long term contract” means a contract with a duration period exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

“municipality” means the Thembelihle Local Municipality.

“municipal entity” has the meaning assigned to it by section 1 of the Municipal Systems Act, 2000.

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“senior manager” means an executive director appointed in terms of section 56 of the Municipal Systems Act, 2000 or an acting executive director appointed by the Accounting Officer.

“sole provider” means provider of specialized or exclusive goods / services who has a sole distribution / patent / manufacturing rights and copyrights.

“Transversal contract” means a contract arranged for more than one department/municipality or for more than one level of government eg. National and Provincial Government.

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1) (b) of this Policy.

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that – (a) gives effect to –
- (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
- (b) is fair, equitable, transparent, competitive and cost effective; (c) complies with –
- (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- Broad Based Black Economic Empowerment Act [B-BBEEA]
 - Corruption Act, 1998 – anti-corruption measures and practices;
 - Competition Law and Regulations
 - Promotion of Administrative Justice Act, 2000
 - National Archives of South Africa Act, 1996
 - National Small Business Act
 - Construction Industry Development Board Act, 2000 [Act no 38 of 2000].
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This Policy applies when the municipality_–
- (a) procures goods or services;
 - (b) disposes goods no longer needed;

(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal

Systems Act applies;

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

(4) Presently the Municipality of Thembelihle experiences a shortage of skills and lack of capacity. It will thus not be possible to implement a fully fledged SCM unit. However, the municipality will assign specific tasks regarding SCM to place existing staff in the municipality. Those officials will all be issued with a clear job description, code of conduct and financial declarations. All aspects regarding SCM will be assigned to the present staff. As soon as the financial and staff capacity of the municipality increases, the present situation will be revised and every endeavor will be made to establish a fully fledged SCM unit in the near future.

Amendment of the supply chain management policy

3. (1) The accounting officer must –

(a) at least annually review the implementation of this Policy; and

(b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.

(2) If the accounting officer submits proposed amendments to the Council that differs from the model policy issued by the National Treasury, the accounting officer must –

(a) ensure that such proposed amendments comply with the Regulations; and

(b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

4. (1) The Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
- (b) to maximise administrative and operational efficiency in the implementation of this Policy;
- (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
- (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of Municipality or to a committee which is not exclusively composed of officials of the Municipality;

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub delegations

5. (1) The accounting officer may in terms of section 79 or 106 of the Municipal Finance Management Act, and sections 4 and 5 of the SCM Regulations as well as the Delegation Register; sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph (4) of this Policy.

(2) The power to make a final award –

- (a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;
- (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
 - (i) the chief financial officer;

- (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (c) not exceeding R2 million (VAT included) may be sub-delegated but only to –
- (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

- (a) the amount of the award;
- (b) the name of the person to whom the award was made; and
- (c) the reason why the award was made to that person.

(4) A written report referred to in subparagraph (3) must be submitted – (a) to the accounting officer, in the case of an award by –

- (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
- (i) a manager referred to in subparagraph (2) (c) (iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

(5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

6. (1) The Council reserves its right to maintain oversight over the implementation of this Policy.

- (2) For the purposes of such oversight the accounting officer must –

- (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

- (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council,

- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Mayor.

- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

7. (1) A supply chain management unit is hereby established to implement this Policy.

- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

- i) As stated before a fully fledged SCM unit and all functions regarding SCM will be assigned to present employed staff. This staff will handle these tasks additionally to their present tasks. Clear job descriptions will be issued regarding SCM functions, code of conduct, financial declarations, delegations, etc will also be issued. The municipality will establish a fully fledged SCM unit as soon as the capacity of the municipality increases to such an extent to justify such steps.

Training of supply chain management officials

1. The Accounting Officer and all other officials of the municipality involved in the implementation of the SCM Policy must meet the prescribed competency levels in terms of the National Treasury Regulations.

2. The municipality must provide opportunities and resources for training of officials preferred to meet the relevant prescribed supply chain management competency levels.
3. That National and Provincial Treasury or any other accredited body may assist the municipality in the training of officials in meeting the relevant prescribed supply chain management competency levels.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

- 9.** This Policy provides systems for –
- (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) asset disposal management;
 - (v) risk management; and
 - (vi) performance management.
 - (vii) asset management

Part 1: Demand management

System of demand management

- 10.** (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
- (a) 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;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - (c) provide for the compilation of the required specifications to ensure that its needs are met.
 - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

- (e) The municipality must compile a Procurement Plan containing all planned procurement for the financial year in respect of the procurement of goods, services and infrastructure projects which exceed R 200 000 [all applicable taxes included] per case as described in the Supply Chain Management Guide for Accounting Officers. The procurement plan must be finalized on the 1 July every year. The relevant information should preferably be furnished in the format contained in the Procurement Plan Template enclosed as Annexure A.
- (f) Also refer to National Treasury MFMA Circular 62.

Part 2: Acquisition management

System of acquisition management

11. (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –

- (a) that goods and services are procured by the municipality in accordance with authorised processes only;
- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) that the threshold values for the different procurement processes are complied with;
- (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are as per National and Provincial prescripts [SCM Practice note 2, Explanatory notes: Revised quotation / bid forms]
- (e) that the preference point system used in accordance with the Revised Preferential Procurement Policy Regulations of 7 December 2011 [utilizing B-BBEE status level verification certificates to claim preference points.
- (f) that any Treasury guidelines on acquisition management are properly taken into account.
- (g) Verification of bids in excess of R10 million **Prior to advertisement:**

Verification by the CFO

The senior manager responsible for a bid must submit to the CFO:

- proof that budgetary provision exists for the procurement of the goods/services and / or infrastructure projects;
- any ancillary budgetary implications related to the bid;
- any multi -year budgetary implications;

Prior to the award of a bid

Contracts above the value of R 10 million [all applicable taxes included] may only be awarded to the preferred bidder after the CFO has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and /or services and that it is consistent with the Integrated Development Plan.

- (h) Publication of awards in respect of advertised competitive bids [above the threshold value of R 200 000]

The following information on the successful bids must be placed on the municipal website:

- Contract numbers and description of goods, services or infrastructure projects;
- Names of the successful bidders and the B-BBEE level of contribution claimed;
- Brand names and dates for completion of contracts.

- (l) Functionality

Adhere to the revised guidelines when functionality is included as a criterion in the evaluation of bids [National Treasury note issued in September 2010].

- Clear indication must be given in bid documents if bids will be evaluated on functionality.
- Evaluation criteria must be objective.
- The weight of each criterion, applicable values and the minimum qualifying score [for each bid on its own merit] must be indicated in the bid documents.
- Bidders failing to achieve the qualifying score for functionality must be disqualified.
- Bidders achieving the minimum qualifying score must be evaluated further in terms of points for price and B-BBEE status level contribution

Pre –evaluation

- After closure of the bid pre-evaluation is done to ensure all bidders comply with the prescribed minimum norms and standards, NO TECHNICAL EVALUATION IS DONE AT THIS POINT.
- Bidders are then invited to prepare for a functionality presentation in line with the criteria set out in the bid document on a specific date and provided with a time slot.

Appointment of a functionality committee

- The functionality committee is an ad-hoc committee appointed per bid. - It should consist out of a cross functional team - To be included as well: ○ A SCM Practitioner; ○ The end-user; ○ Technical experts; ○ Members of the Bid Evaluation- and Adjudication committees; ○ CFO or a person with knowledge of the available budget from the

CFO's office; ○ Any other official deemed to be relevant; ○
Provincial SCM official.

- Each member will complete a score sheet per bidder.
- The totals to be calculated by SCM, an average calculated and only the bidders who scored the minimum qualifying score will be evaluated further.
- Prior to the functionality committee meeting the end-user and the technical experts can sit with all the appointed committee members and peruse each bidder's proposal and draw-up a list of questions for clarification. Each member can add his / her own questions and during the presentations clarify or verify the information presented with relevant questions.

NOTE: There cannot be two [2] technical evaluation processes, only one done by a duly appointed functionality committee.

- Functionality evaluation forms part of the formal evaluation processes and is open for legal scrutiny and challenges –therefore it is a formal once off process with proper procedures and score sheets to be completed per committee member for each bidder, duly signed off by the relevant committee member.
- Score sheets form part of a bid and year-end audit by the Auditor – General.
- Not following proper processes may lead to expenditure been classified as irregular by the Auditor-General's office.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including - (a) the kind of goods or services; and

(b) the name of the supplier.

Range of procurement processes

- 12.** (1) Goods and services may only be procured by way of –
- (a) petty cash purchases, up to a transaction value of R2 000 per case (VAT included);
 - (b) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
 - (c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and (d) a competitive bidding process for–
 - (i) procurements above a transaction value of R200 000 (VAT included); and
 - (ii) the procurement of long term contracts.

- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or (b) direct that –
- (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy.

When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid

–

- (a) has furnished that provider's –
- (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any; and
 - (iv) original valid tax clearance certificate from the South African Revenue Services.
 - (v) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three [3] months;
- Bids/ quotations should only be awarded to suppliers who are not in arrears with their municipal rates and taxes. If the suppliers are not resident in this municipality, but offer their services from any other municipality, the same applies. It should be established if they are not in arrears in their own municipality.
- (vi) requirements for construction and engineering related bids should be awarded according to CIDB regulations;
 - (vii) The CIDB Act requires that all projects need to be registered with the CIDB;

- (viii) Before an award is done to a contractor, the contractor's CIDB grading must be confirmed with the CIDB website; (ix) The CIDB grading designation is as follows:

Grading designation	Less than or equal to	
1	R	200 000
2	R	650 000

3	R	2 000 000
4	R	4 000 000
5	R	6 500 000
6	R	13 000 000
7	R	40 000 000
8	R	130 000 000
9		No Limit

- (b) has indicated –
- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. (1) The accounting officer must –
- (a) 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; and

- (b) at least once a year through newspapers commonly 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;
- (c) specify the listing criteria for accredited prospective providers; and
 - (i)) physical trading address
 - (ii) ownership
 - (iii) goods/services provide a valid updated tax clearance certificate from SARS.
 - (iv) reference of services provided
 - (v) municipal accounts up to date
- (d) In cases where there are not enough local suppliers, the municipality will also consult the District Municipality and utilize their database to identify more potential suppliers.
- (e) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

(4) Utilization of web based National central supplier database.(CSD)

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

- (a) the approval of petty cash purchases must be pre-approved by the Accounting Officer, who may delegate this authority in writing to the CFO or a departmental head;
- (b) documentary prove must be submitted within 2 working days for all purchases made; and
- (b) a monthly reconciliation report from the CFO/each manager must be provided to the Accounting Officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

Written or verbal quotations

16. The procedures for the procurement of goods or services through written or verbal quotations are as follows:

- (a) quotations must be obtained from at least **two different providers** whose names appear on the list of accredited prospective providers of the municipality;
- (b) where no suitable accredited service providers are available from the list, quotations may be obtained from other possible providers not on the list, provided that such service providers meet the listing criteria set out in paragraph 14(1) (b) and (c) of this policy.
- (c) quotations **may** be approved on a rotation basis on the condition that the lowest quotation is still chosen.
- (d) to the extent feasible, providers must be requested to submit such quotations in writing;
- (e) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer. In such cases the municipality needs to investigate the possibility to utilize the database of the District municipality; and
- (f) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (g) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

<p>Note: In cases where it is not possible to obtain 2 quotations, the municipality will consult the database from the district municipality or from surrounding municipalities to enhance transparency.</p>

- (h) The municipality will investigate and utilize various other options to advertise bids/quotations viz. community boards, the library, public buildings, police station, etc. This is to ensure that the municipality tried to obtain at least three quotations.
- (i) In cases where there are only a few suppliers for certain goods / services (such as vehicle repairs) the municipality will use these suppliers on a rotation basis, in order to give everybody a chance. This practice will only be utilized in exceptional cases. As soon as more suppliers become available, such goods / services will be provided via the database.
- (j) **The municipality deviate from the required 3 quotations, due to the geographical location.**

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

(a) quotations must be obtained in writing

from at least three different providers whose names appear on the list of accredited prospective providers of the municipality.

If it is not possible to obtain three quotations, the municipality should investigate to utilize the database of the district municipality.

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1) (b) and (c) of this Policy. These suppliers should then be listed before final payments of the supplier are effected.

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer. All efforts should be made to increase the supplier base (regular advertising to register suppliers to utilize the database of the district municipality).

(d) the Head SCM must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

(a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

(b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality.

The revised PPPFA prescripts are applicable, e.g. Point system and Status level verification certificates [score cards] must be applied in the adjudication process. Please refer to paragraph 19 [3] for more detail.

(c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

- (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
- (e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who's offer is according to specifications, has the ability to deliver and is compliant with all the other requirements and scored the highest points.
- (g) Minimum requirements for proper record keeping must be complied with.

Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

(3) The 80 / 20 principle is applicable; 80 points for price and 20 points for B-BBEE status level verification certificates. The 20 points will be standard as follows;

B-BBEE Status Level of Contributor	Number of points [80 / 20]	Number of points [90/10]
1	20	10
2	18	9

3	16	8
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1

Non-compliant contributor	0	0
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The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.

A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contributor or is a non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE status.

PLEASE NOTE: [a] The 80/20 point system is applicable from R30 000 [all taxes included] up to R1million [all taxes included]

[b] The 90/10 point system is applicable to bids invited

exceeding R 1million [all taxes included]

This should not be interpreted that quotations can be invited for up to R 1million. The threshold for the invitation of quotations did not change and it is still at R200 000.

(4). The specification committee will make proposals if functionality points need to be used and the evaluation committee will approve a variation in the point system for a specific bid.

(5). For construction procurements, the CIDB Act and Regulations are to be used for quotations/bids.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29; (g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.

[h] Sub-contracting

A bidder must not be awarded the points claimed for B-BBEE status level contribution if it is indicated in the bid documents that such a bidder intends sub- contracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for , unless the intended sub-contractor is an EME that has the capacity to execute the sub-contract.

A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have an equal or higher B-BBEE status level, unless the intended sub-contractor is an EME. That has the capacity and ability to execute the sub-contract.

[i] Evaluation of bids that scored equal points

In the event that two or more bids have scored equal total , the successful bid must be the one that scored the highest points for B-BBEE.

If two or more bids have equal points, including equal preference points for B- BBEE, the successful bid must be the one scoring the highest points for functionality, if functionality is part of the evaluation process.

In the event that two or more bids are equal in all respects, the award must be decided by drawing lots.

[j] Cancellation and re-invitation of bids

In the application of the 80/20 point system, if **all** bids received exceed R1 million, the bid must be cancelled. If one ore more of the acceptable bid[s] received are within the R 1 million threshold, all bids received must be evaluated on the 80/20 preference point system.

In the application of the 90/10 preference point system, if all bids received are equal or below R1million, the bid must be cancelled. If one ore more of the acceptable bid[s] received, are above the R1million threshold, all bids received must be evaluated on the 90/10 preference point system.

If a bid was cancelled as indicated above, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

[k] Awarding of contracts

A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point system. Points scored must be rounded off to the nearest 2 decimal places.

In exceptional circumstances a contract may, on reasonable and justifiable grounds be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

[l] Sale and letting of assets

The Preferential Procurement Regulations, 2011, are not applicable to the sale and letting of assets.

In instances where assets are sold or leased, by means of a bidding process, the bid must be awarded to the bidder with the highest price

(m) Proper record keeping

(i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –

(a) take into account –

- (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
- (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (f) The Accounting Officer reserves the right to stipulate such a dispute to be settled utilizing a court of law within the Thembelihle Local Municipality boundaries or as close as possible to the municipal boundaries.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) **Advertisement of Bids and the Publication of notices in respect of Awards, Cancelled Bids, Verification and Extension of existing contracts on the e-Tender Publication Portal.**
 - (c) the information contained in a public advertisement, must include – (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed and the envelope must contain the bid number and closing date.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
 - (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time should be recorded, but not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and only for construction bids, also each bidder’s total bidding price must be read out as well.

- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and (d) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

24. (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

- (a) does not allow any preferred bidder a second or unfair opportunity;
- (b) is not to the detriment of any other bidder; and
- (c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

25. (1) A two-stage bidding process is allowed for –

- (a) large complex projects;
- (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
- (c) long term projects with a duration period exceeding three years.

(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) a bid specification committee;
- (b) a bid evaluation committee; and
- (c) a bid adjudication committee;

(2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

(3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency processes. Such an observer must ensure that there is no conflict of interest and should not participate in any government procurement processes.

(4) The committee system must be consistent with – (a) paragraph 27, 28 and 29 of this Policy;
and

(b) any other applicable legislation.

(5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committees

27. (1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.

(2) Specifications –

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy or may be delegated to the Specification Committee.

- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

- 28.** (1) A bid evaluation committee must –
 - (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of –
 - (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality.

Bid adjudication committees

- 29.** (1) A bid adjudication committee must –
 - (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee is appointed for two years and must consist of at least four senior managers of the municipality which must include –

- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
- (b) at least one senior supply chain management practitioner who is an official of the municipality and any other 3 senior managers.
- (c) a technical expert in the relevant field who is an official and who requests the goods / services must be co-opted any way. Outside technical experts can also be co-opted , they must leave the meeting after advice has been given. Only standing committee members can be involved in final deliberation and recommendations or final approval.

(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –

(i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;

(ii) notify the accounting officer. (b) The accounting officer may –

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and

(ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(7) The accounting officer must comply with section 114 of the Act within 10 working days.

(8) For the purposes of continuity and not to delay meetings the Accounting Officer may also appoint any official to temporarily replace members that are absent from meetings due to illness, leave, etc. The Accounting Officer may also decide whether or not such an official will have the same powers as committee members.

Procurement of banking services

30. (1) A contract for banking services – (a) must be procured through competitive bids;

- (b) must be consistent with section 7 or 85 of the Act; and
- (c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

31. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –

- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
- (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

32. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) there is no reason to believe that such contract was not validly procured;
- (c) there are demonstrable discounts or benefits to do so; and
- (d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if –

- (a) a municipal entity procures goods or services through a contract secured by its parent municipality;
or
- (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, refer to the Preferential Procurement Policy Framework Act and Regulations, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

Appointment of consultants

35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if (a) the value of the contract exceeds R200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) The accounting officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.
- (4) If an accredited agent must be used to perform maintenance services for equipment or vehicles as part of its guarantee or warranty or to obtain genuine parts, a list of such procurement must be supplied monthly to the Accounting Officer for information purposes. Type of service, cost and reason for using one supplier only, must be stated.

Management of expansion or variation of orders against the original contract

- 37.** 1. Contracts may be expanded or varied by not more than 20% for construction related goods, services and /or infrastructure projects and
15% for all other goods and/or services of the original value of the contract. Furthermore, anything beyond the above mentioned thresholds must be reported to council. Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of Section 116 (3) of the MFMA which will be regarded as an amendment of the contract.
2. The contents of this paragraph are not applicable to transversal contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

Local Content

- 38.** The Preferential Procurement Regulations, 2011 pertaining to the
Preferential

Procurement Policy Framework Act, Act No 5 OF 2000 which came into effect on 7 December 2011 make provision for the dti to designate sectors in line with national development and industrial policies for local production. To this end the dti has designated and determined the stipulated minimum thresholds for the following sectors:

-	Bus Sector	70 - 80 %
-	Pylons	100 %
-	Rolling Stock	55 – 80 %
-	Textiles	100%
-	Processed Vegetables	80 %
-	Set Top Boxes	30 %
-	Furniture Products	from 65 to 100%
-	Electrical and telecom cable products	90%

Note: Other designated sectors may be added by dti in future.

When inviting bids/quotations where local content is applicable, municipalities must indicate this in the bid advertisement. The MBD 6.2, SABS Specification SATS 1286:2011, and dti Guidance on the calculations of local content

[available on dti's official website <http://www.thedti.gov.za>] should also be included in the bid documents/quotations.

The supplier has to proof that the product he offers does indeed comply with the stipulated thresholds. In order to do this there are three annexures which the supplier has to fill in and submit together with the bid document/quotation. These forms are also available on the dti Guidance on the calculations of Local content. It is advisable that municipalities attach the Guidance document to the bid documents/quotations in order to assist the suppliers to fill in the bid documents.

A two stage evaluation process may be followed

-First stage: calculate if the bidder adheres to the local content percentage requirement

-Second stage: Only the bidders who comply with the local content percentage requirement will be evaluated further.

Unsolicited bids

39. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The accounting officer may decide in terms of section 113(2) of the

Act to consider an unsolicited bid, only if –

- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
- (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
- (c) the person who made the bid is the sole provider of the product or service; and
- (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

- (a) reasons as to why the bid should not be open to other competitors;
- (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
- (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –

- (a) any comments submitted by the public; and
- (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

40. (1) The accounting officer must–
- (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the National Treasury’s database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector; (d) reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the **municipality** or to any other municipality or municipal entity, are in arrears for more than 3 months or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - (g) reject the bid of any bidder if that bidder or any of its directors –

- (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
- (ii) has been convicted for fraud or corruption during the past five years;
- (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
- (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

40. (3) The accounting officer (who may delegate the task to the CFO) must, as part of complying with section 62 (1)(d) of the MFMA set up and maintain a register of Unauthorised, Irregular, Fruitless and Wasteful Expenditures. The aim with the register is also to serve as a tool for recording all unauthorised, irregular, fruitless and wasteful expenditures and for tracking progress in dealing with the consequences following from such expenditures until all the issues that gave rise to the expenditure are properly resolved in accordance with the legal framework. Please also consult National Treasury MFMA Circular 68 dated 10 May 2013 in this regard.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

41. The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.
- (h) the maintenance and administration of term contracts is co-managed with acquisition management for general goods / services.

Disposal management

42. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:

- (i) Council to approve items for and process to be followed for the disposal of any asset
- (2) Assets may be disposed of by –
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset.
- (3) The accounting officer must ensure that –
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise in accordance with section 14 of the MFMA;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
 - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
 - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

43. (1) SCM will develop its own risk management strategy that will be aligned with the organizations generic policy and updated annually.

(2) Risk management must include –

- (a) the identification of risks on a case-by-case basis;
- (b) the allocation of risks to the party best suited to manage such risks;
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

44. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

45. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

- 46.** Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
- (a) who is in the service of the state;
 - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - (c) a person who is an advisor or consultant contracted with the municipality.

Awards to close family members of persons in the service of the state

47. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Ethical standards

48. (1) A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

- (a) mutual trust and respect; and
- (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) An official or other role player involved in the implementation of this

Policy –

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;

- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must be scrupulous in his or her use of property belonging to the municipality;
- (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.

(3) Declarations in terms of subparagraphs (2)(d) and (e) -

- (a) must be recorded in a register which the accounting officer must keep for this purpose;
- (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.

(4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

(5) A breach of the code of ethics must be dealt with as follows -

- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
- (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

49. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

(2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering

whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury’s database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

50. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is

–

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

51. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

52. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

- (a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or

- (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
- (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

- (3) The person appointed must –
- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

53. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

- (a) a cap on the compensation payable to the service provider; and (d) that such compensation must be performance based.

ANNEXURE 6: BANK & INVESTMENT POLICY

CASH MANAGEMENT AND INVESTMENT POLICY (Adopted by council on 30 May 2018)

Adoption of cash management and investment policies

1. The cash management and investment policy to be established by a municipality in terms of section 13 (2) of the Act, must be –
 - a. adopted by the council of the municipality; and
 - b. consistent with these regulations.
2. The board of directors of a municipal entity must adopt an cash management and investment policy for the entity consistent with these regulations.
3. All investments made by a municipal entity, or by an investment manager on behalf of a municipality or entity, must be in accordance with the cash management and investment policy of the municipality or entity and these regulations.

The following policy has been adopted by the Council of Thembelihle Municipality on 31 March 2016.

PART 1. LEGAL COMPLIANCE

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003.

A paraphrase of the provisions of this Act is attached as Annexure I to this policy.

PART 2. OBJECTIVE OF INVESTMENT POLICY

The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus policy the council pledges itself to such support and commitment.

3.1 Payments to Creditors

The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favorable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made. (Delegated by Accounting Officer to CFO.)

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service

is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the chief financial officer before any payment is made. (Delegated by Accounting Officer to CFO.)

Notwithstanding the foregoing policy directives, the chief financial officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the chief financial officer determines that there are financial incentives for the municipality to do so. (Delegated by Accounting Officer to CFO.)

The chief financial officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. (Delegated by Accounting Officer to CFO.)

Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing. (Delegated by Accounting Officer to CFO.)

3.2 Management of Inventory

Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

3.3 Cash Management Programme

The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated.

The chief financial officer shall report to the Municipal Manager and Mayor, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

PART 4. INVESTMENT ETHICS

The chief financial officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the Municipal Manager, as the case may be, and in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.

In making such investments the chief financial officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the Municipal Manager, as

the case may be, shall not accede to any influence by or interference from councilors, investment agents or institutions or any other outside parties.

Neither the chief financial officer nor the Municipal Manager, Mayor or councilors or any officials, as the case may be, may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

PART 5. INVESTMENT PRINCIPLES

5.1 Limiting Exposure

Where large sums of money are available for investment the chief financial officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality. The chief financial officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

5.2 Risk and Return

Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see 5.4 below).

5.3 Payment of Commission

Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

5.4 Call Deposits and Fixed Deposits

Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least two financial institutions.

Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 7 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the chief financial officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

5.5 Restriction on Tenure of Investments

No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Manager, as the case may be.

5.6 Permitted investments

A municipality or municipal entity may invest funds only in any of the following investment types as may be appropriate to the anticipated future need for the funds:

- a. securities issued by the national government;

- b. listed corporate bonds with an investment grade rating from a national or internationally recognized credit rating agency;
- c. deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- d. deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984);
- e. deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);
- f. banker's acceptance certificates or negotiable certificates of deposit of bank registered in terms of the Banks Act, 1990;
- g. guaranteed endowment policies with the intention of establishing a sinking fund;
- h. repurchase agreements with banks registered in terms of the Banks Act, 1990;
- i. municipal bonds issued by a municipality; and
- j. any other investment type as the Minister identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

5.7 Investment denominated in foreign currencies prohibited

A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency

PART 6. CONTROL OVER INVESTMENTS

The chief financial officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

The chief financial officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

The chief financial officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

PART 7. OTHER EXTERNAL INVESTMENTS

From time to time it may be in the best interests of the municipality to make longer-term investments in secure stock issued by the national government, Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the chief financial officer, must be guided by the best rates of interest pertaining to the specific type of investment, which the municipality requires, and to the best and most secure instrument available at the time.

No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Manager, and without guidance having been sought from the municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

PART 8. BANKING ARRANGEMENTS

The Municipal Manager is responsible for the management of the municipality's bank accounts, but may delegate this function to the chief financial officer. The Municipal Manager and chief financial officer are authorized at all times to sign cheques and any other documentation associated with the management of such

accounts. The municipal manager, in consultation with the chief financial officer, is authorized to appoint four or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the mayor and council, as the case may be, on a yearly basis, as part of the report dealing with the municipality's investments.

In compliance with the requirements of good governance, the municipal manager shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following: the administration of the external finance fund and of the asset financing reserve (if these accounts are legally permissible). One or more separate accounts shall also be maintained for the following: capital receipts in the form of grants, donations or contributions from whatever source; trust funds; and the municipality's self-insurance reserve (if legally permissible). In determining the number of additional accounts to be maintained, the municipal manager, in consultation with the chief financial officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

The municipal manager shall invite tenders for the placing of the municipality's bank accounts within six months after the election of each new council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the municipal manager, in consultation with the chief financial officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the council, as the case may be, agrees to the invitation of such tenders.

PART 9. RAISING OF DEBT

The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.

Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.

PART 10. INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES

In managing the municipality's investments, the chief financial officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an amount is invested at least annually equal to the principal sum divided by the period of the loan. Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date. The making of such investment shall be approved by the council at the time that the loan itself is approved. If the loan raised is not a fixed term loan, but an annuity loan, the chief financial officer shall ensure that sufficient resources are available in the account maintained for the external finance fund to repay the principal amounts due in respect of such loan on the respective due dates.

PART 11. INTEREST ON INVESTMENTS

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

In the case of the external finance fund, the chief financial officer may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued.

If the accrual of interest to the external finance fund, unutilized capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the chief financial officer to the appropriation account and expropriated to the asset financing reserve.

PART 12. ANNEXURE I: PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the executive mayor, executive committee or chief financial officer. The foregoing policy is based on the assumption that such authority has been delegated to the chief financial officer. The chief financial officer shall at all times manage the investments in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No 56 of 2003.

SECTION 7: OPENING OF BANK ACCOUNTS

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

SECTION 8: PRIMARY BANK ACCOUNT

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;
- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account

SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

The accounting officer of the municipality must administer the entire municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorize the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorized in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorized in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13; defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorization to a senior financial official to withdraw money or to authorize the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorize any official other than the chief financial officer to withdraw money or to authorize the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

SECTION 13: CASH MANAGEMENT AND INVESTMENTS

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

The following documents must accompany each tabled Annual annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- Particulars of the municipality's investments.

SECTION 22: PUBLICATION OF ANNUAL BUDGETS

The accounting officer must make public, immediately after a Annual annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connection with such budget (and documents).

SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the accounting officer of a national or provincial department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

SECTION 45: SHORT-TERM DEBT

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overAnnual facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit facility limited to emergency use, the accounting officer must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

SECTION 46: LONG-TERM DEBT

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the revenue of the municipality. The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis. The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the expenditure of the municipality. The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit. The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure. The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

PART 13: ANNEXURE II: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

STORES ADMINISTRATION

The chief financial officer shall be responsible for the proper administration of all stores. If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned. No sub-store may be established without the prior written consent of the chief financial officer.

2. CONTRACTS: MANAGEMENT OF

Within such general buying and related procedures as the chief financial officer shall from time to time determine, and further within the confines of any relevant legislation and of such rules and procedures as may be determined by the council, as the case may be:

- all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorized by the chief financial officer or the head of department concerned; and

- all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorized by such head of department in accordance with the provisions of Section 3 below. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the chief financial officer for payment.

3. PAYMENTS

- 3.1 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 3.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 3.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorized in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 3.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 3.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councilors, and for the determination of the payment system to be used.

REVENUE AND CASH COLLECTION

- 4.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 4.2 The chief financial officer shall ensure that all revenues are properly accounted for.
- 4.3 The collection of all arrear revenues and the control of arrear accounts shall be co-coordinated by the chief financial officer in terms of any policies determined by the council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the chief financial officer shall report the matter adequately and timeously to the accounting officer and council.
- 4.4 The chief financial officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

5. BANKING OF RECEIPTS

- 5.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.
- 5.2 Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the chief financial officer.

ANNEXURE 7 PRINCIPLES AND POLICY ON BUDGET VIREMENTS
PRINCIPLES AND POLICY ON BUDGET VIREMENTS
(Adopted by council on 30 May 2018)

PRINCIPLES AND POLICY ON BUDGET VIREMENTS

1. DEFINITIONS

1. **“Accounting officer”** The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA
2. **“Approved budget”** means an annual budget approved by a municipal council.
3. **“Budget-related policy”** means a policy of a municipality affecting or affected by the annual budget of the municipality
4. **“Chief financial officer”** means a person designated in terms of the MFMA who performs such budgeting, and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
5. **“Capital Budget”** This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods
6. **“Council”** means the council of a municipality referred to in section 18 of the Municipal Structures Act.
7. **“Financial year”** means a 12-month year ending on 30 June.
8. **“Line Item”** an appropriation that is itemized on a separate line in a budget adopted with the idea of greater control over expenditures [**See annexure “B” for current item structure**]
9. **“Operating Budget”** The Town's financial plan, which outlines proposed expenditures for the coming financial year and estimates the revenue used to finance them.
10. **“Ring Fenced”** an exclusive combination of line items grouped for specific purposes for instance salaries and wages.
11. **“Service delivery and budget implementation plan”** means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget.
12. **“Virement”** is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. To enable budget managers to amend budgets in the light of experience or to reflect anticipated changes.
13. **“Vote”** means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. [**See annexure “A” for current Vote structure**]

2. ABBREVIATIONS

CFO – Chief Financial Officer
IDP – Integrated Development Plan
MFMA – Municipal Finance Management Act No. 56 of 2003
SDBIP - Service delivery and budget

implementation plan **CM** – Council Minute/s

3. OBJECTIVE OF THE POLICY

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

4. VIREMENT CLARIFICATION

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Manager and CFO, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA)

5. FINANCIAL RESPONSIBILITIES

Strict budgetary control must be maintained throughout the financial year in order that potential overspends and/or income under-recovery within individual vote departments are identified at the earliest possible opportunity. (Section 100 MFMA)

The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls. (Section 27(4) MFMA)

It is the responsibility of each manager or head of a department or activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 and 102.

6. VIREMENT RESTRICTIONS

- (a) No funds may be viremented between votes (GFS Classifications) without approval of both vote holders and the Chief Financial Officer.
- (b) Virements may not exceed a maximum of 7.50 % of the total approved operating expenditure budget
- c. A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
- d. Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustments budget to the Council with altered outputs and

measurements for approval. (MFMA Circular 13 page 3 paragraph 3)

- e. No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior approval of the Council (e.g. expenditure such as entering into agreements into lease or rental agreements such as vehicles, photo copiers or fax machines).
- f. No virement may be made where it would result in over expenditure. (section 32 MFMA)
- g. No virement shall add to the establishment of the Municipality without the approval of Municipal Manager.
- h. If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- i. Virements may not be made in respect of ring-fenced allocations.
- j. Budget may not be transferred from Interdepartmental costs, Capital financing, Depreciation, Contributions, Grant Expenditure and Income Foregone.
- k. Budget may only be transferred from Salaries if approved by the CFO.
- l. Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- m. No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO.

No virement proposal shall affect amounts to be paid to another Department without the agreement of the Manager of that Department, as recorded on the signed virement form. (Section 15 MFMA)

- o. Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
- p. An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- q. Virements may not be made between Expenditure and Income.

7. VIREMENT PROCEDURE (SEE APPENDIX C ATTACHED)

- a. All virement proposals must be completed on the appropriate documentation and forwarded to the Chief Financial Officer for checking, approval and implementation.
- b. All virements must be signed by the Vote holder (per department) and the Manager within which the vote is allocated. (Section 79 MFMA)
- c. A virement form must be completed for all Budget Transfers.
- d. All Virements require the approval of the Chief Financial Officer. (Section 79 MFMA)
- e. Must include changes to the SDBIP.
- f. All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA)
- g. The Municipal Manager will report to the Mayor on a quarterly basis on those virements that have taken place during that quarter.

APPENDIX A

VOTE	GFS CLASSIFICATION	DEPARTMENTS, SUBDEPARTMENTS, SECTIONS	FUNCTIONS	VOTE HOLDERS	SUPPORT VOTE HOLDER
Executive and Council	Executive and Council	Council General	Mayor	Mayor	Municipal Manager
		Municipal Manager	Municipal Manager	Municipal Manager	Municipal Manager
Finance	Finance and Admin	Finance	CFO	CFO	CFO
	Interns	Finance	CFO	CFO	CFO
Corporate Services	Corporate Services	Administration	MANAGER;; Corporate Services	MANAGER;; Corporate Services	MANAGER;; Corporate Services
		Fixed property & Building	MANAGER;; Corporate Services	MANAGER;; Corporate Services	Manager: Corporate Services
	Community and Social Services	Library	MANAGER;; Corporate Services	MANAGER;; Corporate Services	MANAGER;; Corporate Services
		Community Facilities	MANAGER;; Corporate Services	MANAGER;; Corporate Services	MANAGER;; Corporate Services
	Public Safety	Disaster Management	MANAGER;; Corporate Services	MANAGER;; Corporate Services	MANAGER;; Corporate Services
	Planning and Development	IDP	MANAGER;; Corporate Services	MANAGER;; Corporate Services	MANAGER;; Corporate Services
		LED	MANAGER;; Corporate Services	MANAGER;; Corporate Services	MANAGER;; Corporate Services
	Road Transport	Traffic	MANAGER;; Corporate Services	MANAGER;; Corporate Services	MANAGER;; Corporate Services
Technical Services	Support Services	PMU	MANAGER;; Technical Services	MANAGER;; Technical Services	MANAGER;; Technical Services
	Electricity	Electricity	MANAGER;; Technical Services	MANAGER;; Technical Services	MANAGER;; Technical Services
	Water	Water	MANAGER;; Technical Services	MANAGER;; Technical Services	MANAGER;; Technical Services
	Water Waste Management	Water Waste Management	MANAGER;; Technical Services	MANAGER;; Technical Services	MANAGER;; Technical Services
	Waste Management	Waste Management	MANAGER;; Technical Services	MANAGER;; Technical Services	MANAGER;; Technical Services

Item	APPENDIX B				
VIREMENT POLICY (Adopted by Council on 29 xxx)			Comme	Vireme	Virement
			From	To	
	EMPLOYEE RELATED COSTS				
	BARGAINING COUNCIL	Expendit	Yes	No	
TOOL/ACCESSORY MAINTENANCE		Expendit	Yes	Yes	No Yes
WATER PURIFICATION	ENTERTAINMENT ALLOWANCE	Expendit	Yes	Yes	No Yes
	HOUSING SUBSIDY	Expendit	Yes	No	
FINANCE COSTS	SP5 RECONCILIATION	Expendit	Yes	No	
DBSA LOAN	LEASING	Expendit	Yes	No	No No
DBSA LOAN	VEHICLE FLEET	Expendit	Yes	No	No No
DBSA LOAN	LONG SERVICE AWARD: ACTUARIAL	Expendit	Yes	No	No No
FINANCE COSTS	LONG SERVICE AWARD: BENEFIT	Expendit	Yes	No	No No
INTEREST	LONG SERVICE AWARD: INTEREST	Expendit	Yes	Yes	No Yes
INTEREST	LONG SERVICE AWARD: INTEREST	Expendit	Yes	Yes	No Yes
REDEMP	LONG TERM SERVICE AWARD: COSE	Expendit	Yes	No	No No
	MEDICAL AID FUND	Expendit	Yes	No	
	MEDICAL AID LIABILITY	Expendit	Yes	No	
BULK WATER PURCHASE	ABILITY:	Expendit	Yes	Yes	No Yes
ESKOM	MEDICAL PURCHASE ABILITY: BENEFIT	Expendit	Yes	Yes	No Yes
FREE BANK	MEDICAL PURCHASE ABILITY: INTERES	Expendit	Yes	Yes	No Yes
	OVERTIME	Expendit	Yes	No	
	CONTRACTOR SERVICES	Expendit	Yes	No	
CONTR	POSTER SERVICES	Expendit	Yes	Yes	No Yes
	PROVISION OF STAFF LEAVE	Expendit	Yes	No	
	GRANTS & SUBSIDIES PAID -	Expendit	Yes	No	
ALL GRANTS	ON LEAVES	Expendit	Yes	No	No No
	TELEPHONE ALLOWANCE	Expendit	Yes	No	
GENERAL EXPENSES	SELLING ALLOWANCE	Expendit	Yes	No	
ADVERTIS	EMENT COSTS	Expendit	Yes	Yes	No Yes
ASSURANCE	WATERWORKS ALLOWANCE	Expendit	Yes	Yes	No Yes
AUDITORS	COSTS	Expendit	Yes		Yes
BANK COSTS	REMUNERATION OF COUNCILLORS	Expendit	Yes		Yes
CASH SHORT	AGES	Expendit	Yes	Yes	No Yes
CHEMICALS	COUNCILLOR ALLOWANCE	Expendit	Yes	Yes	No Yes
	MEDICAL AID FUND	Expendit	Yes	Yes	No Yes
CONSULTANT	FEE'S	Expendit	Yes	Yes	No Yes
CONTR	BIBLIOTHECA	Expendit	Yes	Yes	No Yes
COUNCIL	TRAVELLING ALLOWANCE	Expendit	Yes	Yes	No Yes
DONATIONS		Expendit	Yes		Yes
	DROUGHT RELIEF WATER	Expendit	Yes		Yes
DUMPING	SITE	Expendit	No	Yes	No Yes
	ENTERTAINMENT COSTS	Expendit	Yes		Yes
EQUIPMENT	DEPRECIATION	Expendit	Yes		Yes
ESKOM	MUNICIPAL PURCHASE	Expendit	No	Yes	No Yes
FUEL AND OIL	DEPRECIATION	Expendit	Yes		Yes
FUNERAL	UNKNOWN POVERTY	Expendit	Yes		Yes
GRAVE YARD	COSTS	Expendit	Yes	Yes	Yes Yes
HEALTH	WORKERS	Expendit	Yes	Yes	Yes Yes
	HERALD, SKILLS DEVELOPMENT	Expendit	Yes	Yes	Yes Yes
HIV/AIDS	GENERAL MAINTENANCE	Expendit	Yes	Yes	Yes Yes
INDIGENT	SUPPORT	Expendit	Yes	Yes	Yes Yes
	MAINTENANCE BUILDINGS	Expendit	Yes	Yes	Yes Yes
INSURANCE	PAYBACK	Expendit	Yes	Yes	Yes Yes
INTERM	VALUATION COSTS	Expendit	Yes	Yes	Yes Yes
LABOURERS	MAINTENANCE CONSUMER	Expendit	Yes	Yes	Yes Yes
LEGAL COSTS	MAINTENANCE GENERAL	Expendit	Yes	Yes	Yes Yes
LIBRARY	PROJECTS	Expendit	Yes	Yes	Yes Yes
	LOST BOOKS/MAGAZINES	Expendit	Yes	Yes	Yes Yes
MAYORAL	ACTIVITIES	Expendit	Yes	Yes	Yes Yes
MEMBER	FEE'S	Expendit	Yes	Yes	Yes Yes
MOTOR	REGISTRATION	Expendit	Yes		Yes
MOTOR	VEHICLE REGISTRATION	Expendit	Yes		Yes

MUNICIPAL SERVICES	Expenditure	Yes	Yes
NATIS (VEHICLE REGISTRATION)	Expenditure	Yes	Yes
NETWORK	Expenditure	Yes	Yes
NEW BOOKS	Expenditure	Yes	Yes
O & M (DWA EXP)	Expenditure	Yes	Yes
OFFICE EXPENDITURE	Expenditure	Yes	Yes

VIREMENT POLICY (Adopted by Council on 31 March 2016)

APPENDIX C

VIREMENT APPLICATION FORM

REQUESTED BY:

REQUEST DIRECTED TO: The Chief Financial Officer

DATE:

FINANCIAL YEAR: 2 0 / 2 0

PLEASE EFFECT VIREMENT AS FOLLOWS:

FROM VOTE NUMBER:

FROM VOTE DESCRIPTION:

TO VOTE NUMBER:

TO VOTE DESCRIPTION:

AMOUNT: R.....

AMOUNT IN WORDS:

REASON OF VIREMENT:

.....
.....
.....
.....
.....

MANAGER REQUESTING VIREMENT MUST COMPLETE THE FOLLOWING QUESTIONS

1. Are the above votes within your directorate? Y N

If no, obtain the approval of the relevant Executive Director

NAME AND SIGNATURE:

DATE:

2. Has the total virement on the above votes exceeded the limit as disclosed in paragraph 6b of the Virement Policy Y N
3. Will the above virement cater to the approved outcomes/ output of the IDP or adjust service delivery targets, as set in the SDBIP, downwards? Y N
4. Is the virement required to increase recurrent expenditure, such as leases? Y N
5. Will the virement affect the following line items and categories of expenditure:
 - Employment Costs Category Y N
 - Departmental Charges Y N
 - Charge out Allocations Y N
 - Grant Expenditure Y N
 - Income Category Y N

I hereby declare that I fully understand the contents of the Virement Policy and request that the above virement be approved.

MANAGER: (signature)

NAME IN FULL:
(print name)

DATE:

APPROVED BY CHIEF FINANCIAL OFFICER:

NAME IN FULL:
(print name)

DATE:

CAPTURED BY: (signature)

DATE:

CHECKED BY: (signature)

DATE:

ANNEXURE 8: GENERAL LEDGER CHART OF ACCOUNTS MAINTENANCE POLICY
GENERAL LEDGER CHART OF ACCOUNTS
MAINTENANCE POLICY
(Adopted by council on 30 May 2018)

1. Introduction

A current and accurate Chart of Accounts is an integral part of the accounting systems of the municipality.

This Chart of Accounts is generally consistent with the definitions and procedures presented in the GRAP (General Recognize Accounting Practices) Requirement as well as the General Financial Statistics (GFS Classification) and various budget reform processes as aligned by National Treasury

2. Table of Contents

ITEM	DESCRIPTION
1	Introduction
2	Table of Contents
3	Policy Statement
4	Purpose of Policy
5	Who needs to know this Policy
6	Policy Procedures
7	Forms
8	Chart of Accounts
	General Ledger Chart of Accounts Maintenance Form
	Organisational layout of the Operational Income and Expenditure
	Main Revenue by Source and Expenditure by Type with detail descriptions
	GRAP Structure of the Main Ledger

3. Policy Statement

Any requested modifications (additions, deletions or changes) to the general ledger chart of accounts must be submitted to the Chief Financial Officer via the General Ledger Chart of Accounts Maintenance Form and accompanied by a statement justifying the business reason for the change.

4. Purpose of the Policy

The general ledger is the primary information repository for the Municipality's business activities and financial condition. Accordingly, the general ledger's financial encoding structure and values (its "chart of accounts") must be maintained accurately to maintain the integrity of the Municipality's financial reporting.

5. Who needs to know this Policy

The finance staff and departmental heads of the Municipality

6. Policy Procedures

In order to maintain accurately the general ledger chart of accounts, only Financial System Support (FSS) located in the office of the Manager: Treasury Services or the Database administrator personnel, if applicable, are authorized to perform production system chart of accounts maintenance or modifications (additions, deletions and changes). (See the Administrator and Security Policy for more detail on security controls over the system.

All requested modifications to the chart of accounts must be submitted to FSS via a signed General Ledger Chart of Accounts Maintenance Form. For detailed instructions on completed the form see Steps for Requesting Changes to the Municipality's Chart of Accounts. All requests also must be accompanied by a statement justifying the business reason for the modification. When additions to the chart of accounts are requested, departments are expected to consider and request deletion of segment values that formerly supported the business operation for which new values are being created.

No chart of account modifications will be considered by the Chief Financial Officer without approval by the Municipality's Budget Office or the Manager: Treasury Services, as appropriate. The appropriate Budget Office must approve modifications to the chart of accounts segments for the Vote, Cost

Centers and Main Ledger. The Chief Financial Officer must approve modifications to the chart of account segments for *Account, Class and Function*. In addition, all Budget Office approved chart of

accounts changes must be reviewed and approved by the Chief Financial Officer prior to processing by FSS.

Approved request forms must be submitted to the Budget Office to the attention of the Manager: Treasury Services. All change requests should be submitted at least two weeks prior to initial usage of the account.

All approved chart of accounts modification requests will be processed within one week from the time they are received by FSS. FSS will notify the appropriate Budget Manager, and other interested departments when modifications have been completed.

FSS and Chief Financial Officer periodically will review chart of accounts segment values for dormant values and notify the Budget Manager of the need to request removal of dormant values from those available for usage.

7. Forms

See Annexure A: General Ledger Chart of Accounts Maintenance Form

8. Chart of Accounts

8.1 Income and Expenditure

See Annexure B: Organisational layout of the Operational Income and Expenditure of the system

8.2 Main Ledger

See Annexure C: Ledger Layout of the Main ledger according to the GRAP structure of the Municipality

8.3 NT Reports

See Annexure D: Linking of votes to the NT structure for easy linking of cost centers in future.

ANNEXURE A

General Ledger Chart of Accounts Maintenance Form – explanatory form

The following page describes how to create a new description!

LE108: LEDGER DESCRIPTIONS

Type: *A drop down menu where the user must choose the desired type of vote to be created / change e.g. [Income and Expenditure Sub-Votes]; [Balance Sheet Sub-Votes]; [Allocation Sub-Votes]; [Main Votes].*

Master Code for this Sub, Allocation, Main Vote Description

Type: [xxxx] *This will be filled in depending on what has been chosen under the Type e.g. A; B; C; M*
Vote Code: [0000] *This will be created according to the Municipality's chart of accounts structure*

Descriptions

English [_]

Afrikaans [_]

Controls

Debit/Credit *Dropdown menu to choose the correct category
e.g. "Debit (+) Asset and Expenditure or Credit (-)
Liability and Income".*

Income /Liability sub-vote? tick in the box

Vat Indicator *Dropdown menu to choose the correct category
e.g. "Not vatable; Vat Optional; Vat compulsory.*

IMFO Expenditure/Asset Groups *Dropdown menu to choose the
correct category according to
the chart of accounts*

NT I&E Expend Group *Dropdown menu to choose the
correct category according to
the chart of accounts*

NB! DO INDEX-REBUILD ON VOTE WHEN CHANGED)

% Cash-flow Indicate required % Global

Expenditure % Indicate required %

Mark VALID access

Please tick the following boxes where the ledger must be accessible from the sub systems.

Consbill

Ledger

Payroll Stores

Asset Register

Finance Register Costing

Job / Allocation Choose from the dropdown menu e.g. Jobs;
Allocations; Nono

Re-Allocate Expenditure? Tick if applicable

Suppress Print? Tick for yes

Auto Block Over-expenditure? Tick for yes

Capital Expenditure? [] *Tick for yes.*

ANNEXU

RE A

General Ledger Chart of Accounts

Maintenance Form

Type

(Main Votes; Income and
Expenditure Sub-Votes; Balance
Sheet Votes; Allocation Sub-
Votes

Master Code for this Sub, Allocation, Main Vote Description Type

[] A = Income and Expenditure Sub-Votes; B = Balance

Sheet Sub votes; C = Allocation sub votes; M = Main votes

Vote Code [_ _ _ _] to be created according to chart of
accounts

Descriptions

English [_ _ _ _ _]
_]
Afrikaans [_ _ _ _ _]
_]

Controls

Debit/Credit [Debit(+)Asset or Expenditure] or [Credit(-)
Liability or Income]

Income / Liability sub-vote? [_]

Vat Indicator [Vat compulsory] or [Vat Optional] or [Non-
Vatable]

GRAP Expend/Asset Group [_ _ _ _] according to chart of

NT Expend/Asset Group [_ accounts

_ _ _] according to chart of
accounts

% Cash-flow [_ _ _]

Global Expenditure % [_ _ _]

Mark VALID access

Consbill Ledger Payroll Stores
Asset Register Finance Register Costing Job
/ Allocation? [Job] or [Allocation] or [None]
Re-allocate Expenditure Suppress
print? Auto Block Overexpend?
 Capital Expenditure?

ANNEXURE B

Organisational layout of the Operational Income and Expenditure

New cost centers must be created according to the cart of accounts to ensure continuity and compliance with the NT requirements and MFMA circulars.

With reference to MFMA Circular 10

The VOTE:

Section 1 of the MFMA defines a “**VOTE**” as:

- a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

The term “vote” is used to divide the budget into segments and the council then approves the budget according to these votes via resolution. The definition requires votes to be at the departmental or functional level. The reason for this is that municipalities are organized around departments, which in most instances tend to be linked to specific functions. Senior managers head such departments / functions, which makes it easier for the “vote” of a department to be used to facilitate greater accountability for service delivery and budget implementation over the performance of senior managers, in accordance with their annual performance agreements. For effective accountability, senior managers form part of top management and report directly to the municipal manager (Section 77 of the MFMA).

Definition of “Vote” in terms of departments or functions

The first point to note is that the department needs to be defined in terms of one or more broad functions (e.g. electricity, water and sanitation, etc.). To facilitate comparisons, functions in government must be related to an international classification system like the Government Finance Statistics (GFS) system. GFS functions provide a reasonably high level grouping of related service delivery activities for local government, and it is important that whatever organisational structure a municipality has, it can relate them to GFS sub-functions to the extent this is possible.

High Level “Votes”

The Budget is the mechanism to execute the strategic plan, and must not be confused with a management plan. It must provide high-level strategic objectives for both councilors and the community, and shift the focus towards outputs and outcomes. Previous municipal budget formats have been at the level of every detailed line item allocations, focusing only on inputs, and hence were neither strategic nor transparent.

The new format of the budget focuses on outputs, and is meant to be a reasonable high level strategic document while the service delivery and budget implementation plan (SDBIP) is a more detailed management plan. By requiring the “vote” to be at a high level (department and functional area), the MFMA enables councilors to focus on policy and strategy while providing the mechanisms to hold management accountable for service delivery and budget implementation.

The level of the “vote” for the purposes of the MFMA should therefore be arranged around GFS functions and sub-functions, and aligned to senior managers. Note that this in most instances does not require organisational changes, although will be aligned to group easier.

Each GFS function is a “vote” and must have associated with it appropriate breakdowns or sub-functions for operating expenditure, capital expenditure and revenue.

One of the key reforms required by the MFMA is to link **measurable performance objectives** to each “vote”, to ensure that municipalities are accountable to the community for service delivery as well as expenditure and revenue (See Circular No 13 on the SDBIP). Such measurable performance objectives must also be broken down into specific objectives for sub-functions, to be published in the budget or SDBIP, and incorporated into the performance agreements of all managers in that municipality.

The following page indicates how each GFS function (e.g. electricity) is broken up into sub-functions (e.g. electricity distribution, electricity generation and street lightning) where applicable. The GFS sub-functions are the fundamental basic elements that ideally should not be split up between different departments. Note that it is possible to create even smaller basic elements like GFS sub-sub functions, so that electricity distribution itself can be broken down further.

1. VOTE STRUCTURE

The following HIGH Level summaries must be compiled for budget and reporting purposes:

- A. Executive and Council
- B. Finance and Administration
- C. Corporate Services
- D. Community Services
- E. Technical Services

A breakdown by Vote of every high level summary

MAIN VOTE NUMBER

VOTE

(a) Executive and Council

	Council Administration	
(i)	Council General	0001
(ii)	Mayor Office	0003
(iii)	Speaker Support Office	0005
(iv)	Executive Committee	0007
(v)	Chief Whip	0009
(vi)	Ward Councillors	0011
	Municipal Manager	
(vii)	Municipal Manager Admin	0101

(b) Budget and Treasury Office

	Financial Management	
(i)	Budget & Treasury	0201
(ii)	Interns	0203
(iii)	Donations & Relief Allowance	0205
	Expenditure Management	
(iv)	Expenditure & Supply Chain Management	0211
(v)	Payroll Section	0213
(vi)	Asset Management	0215
	Revenue Management	
(vii)	Revenue & Debt Services	0221
(viii)	Assessment Rates	0230

(c) Corporate Services

Corporate Services

(i)	Corporate Services	0301
(ii)	Fixed Property Services	0303

Property Services

(iii)	Support Services	0311
(iv)	LED / IDP	0313
(v)	Youth	0315

(d) Community Services

Community Services

(vi)	Community Services	0401
(vii)	Library	0403
(i)	Cemeteries	0405

Sport and Recreation

(ii)	Sport & Recreation	0411
------	--------------------	------

Public Safety

- | | | |
|------|---------------------|------|
| iii) | Licencing & Traffic | 0431 |
| (iv) | Disaster Management | 0433 |

(e) Technical & Engineering Services

Technical Services

- | | | |
|-------|--------------------------|------|
| (i) | Technical Services Admin | 0501 |
| (ii) | Special Funds | 0503 |
| (iii) | Project Management Unit | 0505 |

Roads

- | | | |
|------|-------|------|
| (iv) | Roads | 0520 |
|------|-------|------|

Electricity Services

- | | | |
|-----|----------------------|------|
| (v) | Electricity Services | 0530 |
|-----|----------------------|------|

Water Services

- | | | |
|------|----------------|------|
| (vi) | Water Services | 0540 |
|------|----------------|------|

Waste Water Management

- | | | |
|-------|-------------------|------|
| (vii) | Sewerage Services | 0550 |
|-------|-------------------|------|

Waste Management

- | | | |
|--------|-----------------|------|
| (viii) | Refuse Services | 0560 |
|--------|-----------------|------|

ANNEXURE C

2. Main Revenue by Source and Expenditure by Type with detail descriptions

REVENUE BY SOURCE

SUB-VOTE

A. Property Rates	0200
B. Revenue Foregone	0251
C. Property Rates – penalties & collection charges	0300
D. Service charges – Electricity revenue	0401
E. Service charges – Water revenue	0421
F. Service charges – Sanitation revenue	0441
G. Service charges – Refuse revenue	0461
H. Service Charges – Other	0481
I. Rental of facilities and equipment	0700
J. Interest earned – external investments	0800
K. Interest earned – outstanding debtors	1000
L. Dividends received	1100
M. Royalties Received	1151
N. Fines	1300
O. Licenses and permits	1400
P. Agency services	1500
Q. Government Grants & Subsidies: Operational	1600
R. Public Contribution & Donations	1640
S. Government Grants & Subsidies: Capital	1650
T. Other revenue	1700
U. Other Gains on Disposal of Asset	1900
V. Gains on disposal of PPE	1920
W. Profit on sale of Investment Property	1940

EXPENDITURE BY TYPE

A. Employee related costs: Remuneration	3000
B. Employee related costs: Social contribution	3100
C. Remuneration of councilors	3400
D. Impairment Losses	3500
E. Collection Cost	3600
F. Depreciation & asset impairment	3700
G. Repairs and Maintenance	3800
H. Interest Paid	3900
I. Bulk purchases	4100
J. Contracted services	4200
K. Grants and Subsidies Paid: Operational	4300
L. Free Basic Services	4321
M. Grants and Subsidies Paid: Conditional	4351
N. General expenditure	4400

O. Other losses on Continued Operations	4800
P. Loss on disposal of Assets	4820
Q. Inter Departmental Transfers	5000
R. Contributions to Funds and Reserves (Surplus) / Deficit	6000
S. Interest Allocated to Funds & Reserves	6500
T. Assets Obtained from Grants & Subsidies	6510
U. Expenditure Incurred from Funds & Reserves	6520
V. Disposed Assets from Grants & Subsidies	6530
W. Offsetting of Depreciation	6540
TOTAL APPROPRIATIONS NETT	
SURPLUS/DEFICIT ASSET	
DISPOSAL ACCOUNT	
X. Disposal of Assets	6550
Y. Disposal of Agricultural Assets	6570

3. GRAP structure of the main ledgerCHART OF ACCOUNTS – MAIN LEDGER

The chart of accounts for the main ledger is created in such a way to enable the user to create votes in the correct area, as well as the correct linking to the Statement of Financial Position and Cash-Flow.

If the user follows this guideline, the municipality will be in a position to print balanced monthly financial statements (excluding final journals) to ensure full NT compliance reporting.

The votes are created in the sequence of main vote, balance sub vote, and allocation vote.

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
NET ASSETS					
6000	STATUTORY RESERVES	6000	Revaluation Reserve	6001	Balance at the Beginning of
				6002	Additions
				6004	Transfers
				6006	Write-offs
				6008	Sales and Disposals
				6010	Transfers to Asset Held For Sale
				6011	Decreases
	6012	GRAP Adjustments			
6101	ACCUMULATED SURPLUS/DEFICIT	6101	Capital Replacement Reserve	6101	Balance at the beginning of year
				6102	Contributions received
				6104	Cash utilized/expenditure
				6106	Income earned
				6108	Income received
		6103	Capitalisation Reserve	6101	Balance at the beginning of year
				6103	Receipts/Additions
				6105	Used to finance assets
				6107	Transf. to income IRO disposals
				6109	Transf. to income IRO deprec.
	6111	Repayment/Refund of Grant			

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
				6115	GRAP adjustments
		6105	Donations & Public Contributions	6101 6103 6105 6107 6109 6111 6115	Balance at the beginning of year Receipts/Additions Used to finance assets Transf. to income IRO disposals Transf. to income IRO deprec. Repayment/Refund of Grant GRAP adjustments
		6107	Government Grant Reserve	6101 6103 6105 6107 6109 6111 6115	Balance at the beginning of year Receipts/Additions Used to finance assets Transf. to income IRO disposals Transf. to income IRO deprec. Repayment/Refund of Grant GRAP adjustments
		6109	Self-Insurance Reserve	6101 6102 6104 6106 6108	Balance at the beginning of year Contributions received Cash utilized/expenditure Income earned Income received
		6111	Unappropriated Surplus/Accumulated Deficit	6101 6121 6123 6125 6127 6129 6131 6133 6135 6137 6139	Balance at the beginning of year Nett Surplus for the year Transfers to / from CRR Transfers to / from Insurance Res Transfers to / from HDF Transfers to Offset Depreciation Grants utilised to obtained PPE Donations / Contributed PPE Prior Year Adjustments Changes in Accounting Policies GRAP Adjustments
		6121	Unappropriated Housing Reserve	6101 6102 6104 6106 6108	Balance at the beginning of year Contributions received Cash utilized/expenditure Income earned Income received
LIABILITIES					
NON-CURRENT LIABILITIES					
7001	Long-Term Liabilities	7001	Local Registered Stock: (List 01)	7001 7003 7005 7007 7009 7011	Balance at the Beginning of Received during year Redeemed during year Capitalize during year Transfers during year Written-off during year
		7021	Annuity Loans (List 01)	7001 7003 7005 7007 7009 7011	Balance at the Beginning of Received during year Redeemed during year Capitalize during year Transfers during year Written-off during year
		7040	Lease Liabilities (List 01)	7001 7003 7005 7007 7009 7011	Balance at the Beginning of Received during year Redeemed during year Capitalize during year Transfers during year Written-off during year

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		7060	Government Loans (List 01)	7001 7003 7005 7007 7009 7011	Balance at the Beginning of Received during year Redeemed during year Capitalize during year Transfers during year Written-off during year
		7070	Other Loans (List 01)	7001 7003 7005 7007 7009 7011	Balance at the Beginning of Received during year Redeemed during year Capitalize during year Transfers during year Written-off during year
			Short-Term Por TRF to Current Liabilities		
		7091	ST.Por-CL: Local Registered Stock	7001 7002	Balance at the Beginning Transactions for the Year
		7092	ST.Por-CL: Annuity Loans	7001 7002	Balance at the Beginning Transactions for the Year
		7093	ST.Por-CL: Lease Liability	7001 7002	Balance at the Beginning Transactions for the Year
		7094	ST.Por-CL: Government Loans	7001 7002	Balance at the Beginning Transactions for the Year
		7095	ST.Por-CL: Other Loans	7001 7002	Balance at the Beginning Transactions for the Year
7101	POST RETIREMENT MEDICAL AID BENEFITS LIABILITY	7101	Provision for Post Retirement Benefits	7101 7103 7105 7107 7109	Balance at the Beginning of Contributions Received Expenditure Incurred Increase due to Discounting Transfers T/F Current Provision
7111	NON-CURRENT PROVISIONS	7111	Provision for Cleaning of Illegal Dumping	7101 7103 7105 7107 7109	Balance at the Beginning of Contributions Received Expenditure Incurred Increase due to Discounting Transfers T/F Current Provision
		7112	Provision for Cleaning of Alien Vegetation	7101 7103 7105 7107 7109	Balance at the Beginning of Contributions Received Expenditure Incurred Increase due to Discounting Transfers T/F Current Provision
		7113	Provision for Long-Term Services	7101 7103 7105 7107 7109	Balance at the Beginning of Contributions Received Expenditure Incurred Increase due to Discounting Transfers T/F Current Provision
		7114	Provision for Rehabilitation of Land-Fill Sites	7101 7103 7105 7107 7109	Balance at the Beginning of Contributions Received Expenditure Incurred Increase due to Discounting Transfers T/F Current Provision
LIABILITIES					
CURRENT LIABILITIES					
7201	CONSUMER DEPOSITS	7201	Electricity & Water	7201 7203 7205	Balance at the Beginning Receipts Funds Refunded
7203	PROVISIONS	7203	Performance Bonus	7201 7202 7204	Balance at the Beginning of Contributions received Expenditure Incurred

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		7204	Staff Leave	7201 7202 7204	Balance at the Beginning of Contributions received Expenditure Incurred
		CURRENT PORTION OF NON-CURRENT PROVISIONS			
		7205	Current Portion of Illegal Dumping	7201 7202 7204 7206	Balance at the Beginning of Contributions Received Expenditure Incurred Transfer Ex Non-Current Reserves
		7206	Current Portion of Alien Vegetation	7201 7202 7204 7206	Balance at the Beginning of Contributions Received Expenditure Incurred Transfer Ex Non-Current Reserves
		7207	Current Portion of Long-term Service	7201 7202 7204 7206	Balance at the Beginning of Contributions Received Expenditure Incurred Transfer Ex Non-Current Reserves
		7208	Current Portion of Land-Fill Sites	7201 7202 7204 7206	Balance at the Beginning of Contributions Received Expenditure Incurred Transfer Ex Non-Current Reserves
		7209	Current Portion of Post-Retirement Benefits	7201 7202 7204 7206	Balance at the Beginning of Contributions Received Expenditure Incurred Transfer Ex Non-Current Reserves
7210	CREDITORS Exchange Services	7211	Trade Creditors: Outstanding	7201 7203 7205	Balance at the Beginning Purchases Repayment
		7221	Payments Received in Advance	7211 7213	Debtors Service
7210	RETENTION ACCOUNT	7231	Retention account (List 001)	7201 7202 7204 7207	Balance at the Beginning Receipts Funds Utilised Funds Refunded
7300	SUNDRY DEPOSITS	7301	Sundries	7301 7303 7305 7307	Balance at the Beginning Receipts Funds Utilised Funds Refunded
		7303	Tender	7301 7303 7305 7307	Balance at the Beginning Receipts Funds Utilised Funds Refunded
		7305	Rental	7301 7303 7305 7307	Balance at the Beginning Receipts Funds Utilised Funds Refunded
		7311	Library	7301 7303 7305 7307	Balance at the Beginning Receipts Funds Utilised Funds Refunded
		7313	Flowers & Plants	7301 7303 7305 7307	Balance at the Beginning Receipts Funds Utilised Funds Refunded
		7315	Builders	7301 7303 7305	Balance at the Beginning Receipts Funds Utilised

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
				7307	Funds Refunded
		7317	Other	7301 7303 7305 7307	Balance at the Beginning Receipts Funds Utilised Funds Refunded
7330	OTHER CREDITORS	7331	M/Vehicle Reg – See Suspense Accounts		
		7333	Unclaimed Moneys	7301 7303 7305 7307	Balance at the Beginning Receipts Funds Utilised Funds Refunded
		7339	SUSPENSE ACCOUNTS	7309	Transfer from Suspense Accounts
7401	Unspent Conditional Grants	7401	Finance Management Grant	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7405	National Treasury	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7411	Municipal Infrastructure Grant (MIG)	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7421	Municipal Systems Improvement Grant (MSIG)	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7425	Dept of Arts & Culture	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7431	Dept of Mineral & Energy	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7433	Dept of Provincial & Local Government	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7435	DPLG: Public Transport	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7437	DPLG: Other	7401 7403 7405 7407	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
				7409	T/Fer to Rev-Cond. Met: Capex
		7441	Dept of Public Works	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7445	Dept of Sport & Recreation	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7451	Dept of Transport	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7454	SETA: LED Learnership	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7455	Prov. Dept of Agriculture	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7461	Prov. Dept of Environmental Affairs	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7471	Prov. Dept of Local Government & Housing	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7481	Prov. Dept of Transport & Public Works	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7485	Local District Municipality	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7491	Other Government	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
		7492	Other: DBSA	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		7495	Public Contributions	7401 7403 7405 7407 7409	Balance at the Beginning Received during Year Interest for Year T/Fer to Rev-Cond. Met: Opex T/Fer to Rev-Cond. Met: Capex
7501	VAT CONTROL ACCOUNT	7501	VAT: Debtors Control Account	7501 7503	Balance at the Beginning Transactions for Year
		7503	VAT: Output Vote (Debtors)	7501 7503	Balance at the Beginning Transactions for Year
		7505	VAT: Input (Creditors)	7501 7503	Balance at the Beginning Transactions for Year
		7507	VAT: Output VAT Paid (Debtors)	7501 7503	Balance at the Beginning Transactions for Year
		7509	VAT: Input Paid (Creditors)	7501 7503	Balance at the Beginning Transactions for Year
		7511	VAT: Creditors Control Account	7501 7503	Balance at the Beginning Transactions for Year
		7513	VAT: Paid to SARS	7501 7503	Balance at the Beginning Transactions for Year
		7515	VAT: Stores Purchases	7501 7503	Balance at the Beginning Transactions for Year
		7517	VAT: Bad Debts	7501 7503	Balance at the Beginning Transactions for Year
7531	SHORT TERM LOANS	7531	Call Bond	7531 7533 7535 7537 7538 7539	Balance at the Beginning Received during Year Redeemed during Year Capitalized during Year Transferred during Year Written-off during Year
		7535	Other	7531 7533 7535 7537 7538 7539	Balance at the Beginning Received during Year Redeemed during Year Capitalized during Year Transferred during Year Written-off during Year
7541	OPERATING LEASE LIABILITY	7541	Operating Lease Liability	7541 7543 7545	Balance at Beginning of the Year Lease Expenditure Recorded (Straight-Line) Lease Expenditure Effected (Actual)
7581	Short-Term Portion of Long-Term Liabilities	7581	S T Portion T/Fer from Deferred Revenue	7581 7583	Balance at Beginning Transactions for the Year
		7583	S T Portion T/Fer From L T Liabilities	7581 7583	Balance at Beginning Transactions for the Year

ASSETS					
NON-CURRENT ASSETS					
PROPERTY PLANT AND EQUIPMENT					
8001	PROPERTY, PLANT AND EQUIPMENT	8001	Land and Buildings	8001 8003	Balance at the Beginning Additions
Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
				8005 8006 8007 8009 8011 8013	Transfers Borrowing Costs Capitalized Write-Offs Sales and Disposals Transfers to Other Components Transfer to Assets Held-for-Sale
		8002 8003 8004 8005 8006 8007	Infrastructure Assets Community Assets Heritage Assets Housing Assets Leased Assets Other Assets	Same as above	Same as above
8003	PPE: COST OF WORK IN PROGRESS	8001	Land and Buildings	8001 8003 8005	Balance at the Beginning Additions Transfers
		8002 8003 8004 8005 8006 8007	Infrastructure Assets Community Assets Heritage Assets Housing Assets Leased Assets Other Assets	Same as above	Same as above
8005	PPE: REVALUATION	8001	Land and Buildings	8001 8003 8005 8007 8009 8011 8013 8015	Balance at the Beginning Additions Transfers Write-Offs Sales and Disposals Transfers to Other Components Transfer to Assets Held-for-Sale Decreases
		8003 8004 8005 8006 8007	Community Assets Heritage Assets Housing Assets Leased Assets Other Assets	above	
8006	PPE: ACCUMULATED DEPRECIATION	8001	Land and Buildings	8001 8003 8005 8007 8009 8011 8013	Balance at the Beginning Additions Transfers Write-Offs Sales and Disposals Transfers to Other Components Transfer to Assets Held-for-Sale
		8002 8003 8004 8005 8006 8007	Infrastructure Assets Community Assets Heritage Assets Housing Assets Leased Assets Other Assets	Same as above	Same as above

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
8007	PPE: DEPRECIATION ON VALUATION	8001	Land and Buildings	8001	Balance at the Beginning
				8003	Additions
				8005	Transfers
				8007	Write-Offs
				8009	Sales and Disposals
				8011	Transfers to Other Components
			8013	Transfer to Assets Held-for-Sale	
	8002	Infrastructure Assets	Same as above	Same as above	
	8003	Community Assets			
	8004	Heritage Assets			
	8005	Housing Assets			
	8006	Leased Assets			
	8007	Other Assets			
8008	PPE: ACCUMULATED IMPAIRMENT	8001	Land and Buildings	8001	Balance at the Beginning
				8003	Additions
				8005	Transfers
				8007	Write-Offs
				8009	Sales and Disposals
				8011	Transfers to Other Components
			8013	Transfer to Assets Held-for-Sale	
	8016	Reversals			
	8002	Infrastructure Assets	Same as above	Same as above	
	8003	Community Assets			
	8004	Heritage Assets			
	8005	Housing Assets			
	8006	Leased Assets			
	8007	Other Assets			
8011	INVESTMENT PROPERTY	8011	Historical Cost	8001	Balance at the Beginning
				8003	Additions
				8005	Transfers
				8007	Write-Offs
				8009	Sales and Disposals
			8011	Transfers to Other Components	
	8013	Transfer to Assets Held-for-Sale			
	8015	Reversals			
	8012	Accumulated Revaluation	Same as above	Same as above	
	8013	Accumulated Depreciation – Cost	above		
	8014	Accumulated Depreciation – Valuation			
	8015	Accumulated Impairment			
8013	INTANGIBLE ASSETS	8011	Historical Cost	8001	Balance at the Beginning
				8003	Additions
				8005	Transfers
				8007	Write-Offs
				8009	Sales and Disposals
				8011	Transfers to Other Components
				8013	Transfer to Assets Held-for-Sale
	8015	Reversals			

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		8012 8013	Accumulated Revaluation Accumulated Depreciation – Cost	Same as above	Same as above
		8014	Accumulated Depreciation – Valuation		
		8015	Accumulated Impairment		
8018	AGRICULTURAL ASSETS	8018	At Fair Value	8001 8003 8005 8007 8009 8011 8013 8015	Balance at the Beginning Additions Transfers Write-Offs Sales and Disposals Transfers to Other Components Transfer to Assets Held-for-Sale Adjustments made to Fair Value
8020	LONG-TERM INVESTMENTS	8021-8060	List Investments by type	8021 8023 8025 8027 8029	Balance at the beginning Invested during Year Interest Capitalised during year Sold/Withdrawal during Year Transferred during Year
		8061-8080	Unlisted Investment by type	Same as above	Same as above
		8081-8099	Financial Instruments		
8101	SHORT TERM PORTION TO CURRENT ASSETS	8101	Listed Investments	8101 8103	Balance at the Beginning Transactions for Year
		8102	Unlisted Investments	8101 8103	Balance at the Beginning Transactions for Year
		8103	Financial Instruments	8101 8103	Balance at the Beginning Transactions for Year
8121	INVESTMENT IN ASSOCIATES	8121	INVESTMENT IN ASSOCIATES	8021 8023 8025 8027 8029	Balance at the Beginning Invested during the Year Interest Capitalized during year Sold/Withdrawn during year Transferred during year
8131	FINANCE LEASE RECEIVABLES	8131	Lease Agreements	8131 8133 8135	Balance at the beginning New Agreements during the year Redeemed during the year
		8133	Prov. Impairment: Lease Receivables	8131 8132 8134 8136 8138	Balance at the beginning Impairment Recognised/Provided Impairment Reversed Bad Debts written off Bad Debts Recovered
		8135	Short-term Portion TRF to current Assets	8131 8137	Balance at the beginning Transactions for the year
		8202	Housing Projects	8201 8203 8205	Balance at the beginning Capitalized during year Redeemed during year
		8221	Sale of Erven Loans	8201 8203 8205	Balance at the beginning Capitalized during year Redeemed during year
		8261	Sundry Loans	8201 8203 8205	Balance at the beginning Capitalized during year Redeemed during year

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		8291	Provision for Impairment: Long-Term Debtors	8201 8202 8204 8206 8208	Balance at the beginning Impairment recognized/provided Impairment reversed Bad debts written off Bad debts recovered
CURRENT ASSETS					
9001	INVENTORY	9001	Consumables Stores	9001 9003 9005	Balance at the beginning Purchases Issues
		9002	Stock Control: 2000	9001 9003 9005	Balance at the beginning Purchases Issues
		9004	Stock Control: 4000	9001 9003 9005	Balance at the beginning Purchases Issues
		9008	Stock Control: 8000	9001 9003 9005	Balance at the beginning Purchases Issues
		9009	Stock Control: 9000	9001 9003 9005	Balance at the beginning Purchases Issues
		9012	Water	9001 9003 9005	Balance at the beginning Purchases Issues
9021	ASSETS CLASSIFIED AS HELD-FOR-SALE	9021	Property Held-for-sale	9021 9023	Balance at the beginning Transactions for the year
		9041	Other Assets held-for-sale	9021 9023	Balance at the beginning Transactions for the year
		9051	Liabilities associated with A.H.4.S	9021 9023	Balance at the beginning Transactions for the year
9100	CONSUMER DEBTORS Trade Receivables from Exchange and Non-Exchange Transactions	9101	Assessment Rates	9101 9103	Balance at Beginning of year Transactions for the year
		9102	Electricity	Same as above	Same as above
		9103	Refuse		
		9104	Sewerage	0061	
		9105	Water	0062	
		9106	Miscellaneous Vatable		
		9107	Miscellaneous Not Vatable	0063	
		9108	VAT		
		9109	New Property Rates		
9121	SUNDRY SERVICES	9121	Sundry Debtors	9101 9103	Balance at the beginning Transactions for the year
		9151	Study Loans	9101 9103	Balance at the beginning Transactions for the year
		9181	Other Services	9101 9103	Balance at the beginning Transactions for the year

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
9191	PROVISION FOR IMPAIRMENT: CONSUMER DEBTORS	9181	Assessment Rates	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9182	Electricity	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9183	Refuse	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9184	Sewerage	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9185	Water	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9186	VAT	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9187	Loans	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9188	Sundries (no VAT)	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9189	Sundries	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9190	Pre-Paid Electricity	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
		9191	Housing Rentals	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		9192	Sundry Services	9101 9102 9104 9106 9108	Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
9201	OTHER DEBTORS	9201 9205 9211 9231 9241 9261 9264 9291 9292 9293 9297	Payments made in advance Capital projects Government Subsidy claims Staff advances Sundry Deposits Sundry Debtors Debtors from Suspense acc Fruitless & Wasteful Exp. Irregular expenditure Unauthorized Expenditure Prov. for Bad Debts Sundries	9201 9203 0801-0899 9201 9202 9204 9206 9208	Balance at the beginning Transactions for the year If you need to create a listing under any other debtor type, use this range in stead of 9201 & 9203 Balance at the beginning Impairment recognized/provided Impairment reversed Bad Debts written off Bad Debts recovered
9301	SHORT TERM INVESTMENT DEPOSITS	9301-9340 9341-9380 9381	List of Call Deposits Notice Deposits S.T Portion of L.T Investments	9301 9303 9305 9307 9309 9301 9303 9305 9307 9309 9301 9302	Balance at the beginning Invest during the year Interest Capitalised during year Sold/Withdrawal during the year Transferred during year Balance at the beginning Invest during the year Interest Capitalised during year Sold/Withdrawal during the year Transferred during year Balance at the beginning Transactions for the year
9401	BANK BALANCES AND CASH	9401 9402 9411-9450 9411	Primary Bank Account Cash Bank Account Cash Floats and Advances Petty Cash	9401 9402 9403 9404 9405 9406 9407 9408 9409 9411 9412 9413 9414 9415 9401 9410	Balance at the beginning Cash Suspense: Normal Cash Suspense: Bank Deposits Cash Suspense: Post Office Cash Suspense: Easy Pay Cash Suspense: RD Cheques Cash Suspense: ACB Payments Cash Suspense: Cheque Finals Cash Suspense: All Transfers Balance at the beginning Income during the year Expenditure during the year Transferred during the year VAT Transfers during the year List floats per pay-point, can also be used for petty-cash Balance at the beginning Transactions for the year

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
			List all floats and petty cash	Same as above	Same as above
		9451	Other Cash Equivalents	9401	Balance at the beginning
			Cash Equiv: Revenue	9410	Transactions for the year
		9452	Stamps	9401	Balance at the beginning
			Cash Equiv: Other	9410	Transactions for the year
9461	S.T PORTION OF L.T. RECEIVABLES	9461	S.T. Portion from L.T Debtors	9461 9463	Balance at the beginning Transactions for the year
		9463	S.T Portion from L.T Finance Leases	9461 9463	Balance at the beginning Transactions for the year

SUSPENSE ACCOUNTS

9501	Salary Controls	9511 to 9560	Listing of all salary control accounts needed	0000	
9503	Debtors Controls	9561 to 9580	Listing of all debtor control accounts needed	0000	
9505	Unclaimed Deposits	9581 to 9590	Listing of all unclaimed deposits needed	0000	
9507	Sundry Controls	9591 to 9600	Listing of all sundry controls needed	0000	
9509	Recoverable Work	9601 to 9630	Listing of all recoverable work needed	0000	
9511	Provision Year End Creditors	9631 to 9640	Listing of all Provision for Year-end Creditors needed	0000	
9513	Current Year Controls	9641 to 9650	Listing of all Current Year controls needed	0000	
9515	Sale of Erven	9651 to 9660	Listing of all Sale of Erven Controls needed	0000	
9521	Insurance Claims	2801 – 3000	Listing of all Insurance Claims needed	0000	
9523	Retention Control Account	3001 – 3999	Listing of all Retention Controls needed	0000	
9531	Summary of Suspense Accounts	9691	Transfer of Sundry Debtors to Other Debtors	0000	
		9693	Transfer of Sundry Creditors to Other Creditors	0000	

Provision is made for Capital projects under C001, if the municipal run out of space due to the nature of the capital budget, some of these funding sources that are not in use by the municipality, can be deleted, to make space available for other projects. You also may use alpha/numerical numbers if needed, just try to keep the ranges.

CAPITAL PROJECTS

C001	Council General (The Capital votes is the same ranges as the normal votes, but only starts with a “C” to indicate it’s Capital.				
C001 – C485	Listing of all Capital Projects by Vote and Section	The sub vote ranges indicates the different funding sources, e.g. Capital from own revenue starts with A701, National Projects starts with N701, Provincial Projects starts with P701 and Other Grants starts with M701.		The last four digits indicate the projects. Project ranges are as follows: Projects funded from revenue: 1001 – 2000 Projects funded from COGTA: C001 - C999 Projects funded from DBSA: B001 - B999 Projects funded from DPLG&H: P001 - P999 Projects funded from EPWP: E001 - E999 Projects funded from FMG: F001 - F999 Projects funded from MIG: M001 – M999 Projects funded from MSIG: S001 – S999 Projects funded from District Grants: D001 – D999 Projects funded from DWAF: W001 – W999	The project ranges is not fixed and can be amended according to the municipalities needs.

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		N701	<u>INFRASTRUCTURE</u> IN: Roads, Pavements & Bridges		
		N702	IN: Stormwater		
		N703	IN: Elec. Generation		
		N704	IN: Elec. Transmission, Retic		
		N705	IN: Elec. Street Lighting		
		N706	IN: Water, Dams & Reservoirs		
		N707	IN: Water Purification		
		N708	IN: Water Reticulation		
		N709	IN: Sanitation Reticulation		
		N710	IN: Sanitation Sewer Purification		
		N711	IN: Other Waste Management		
		N712	IN: Other Transportation		
		N713	IN: Other GAS		
		N714	IN: Other		
			<u>COMMUNITY</u>		
		N730	CO: Parks & Gardens		
		N731	CO: Sportfields & Stadions		
		N732	CO: Swimming Pools		
		N733	CO: Community Halls		
		N734	CO: Libraries		
		N735	CO: Recreation Facilities		
		N736	CO: Fire, Safety & Emergency		
		N737	CO: Security & Policing		
		N738	CO: Buses		
		N739	CO: Clinics		
		N740	CO: Museums & Art Galaries		
		N741	CO: Cemeteries		
		N742	CO: Social Renting Housing		
		N743	CO: Other		
			<u>HERITAGE ASSETS</u>		
		N750	HE: Buildings		
		N751	HE: Other		
			<u>INVESTMENT PROPERTY</u>		
		N755	IN PROP: Housing Develop		
		N756	IN PROP: Other		
			<u>OTHER ASSETS</u>		
		N760	OA: General Vehicles		
		N761	OA: Specialized Vehicles		
		N762	OA: Plant & Equipment		
		N763	OA: Computers – Hardware/Eq		
		N764	OA: Furniture & Office Equip		
		N765	OA: Abattoirs		
		N766	OA: Markets		
		N767	OA: Civil, Land & Building		
		N768	OA: Other Buildings		
		N769	OA: Other Land		
		N770	OA: Surplus Asset(Invest,Inve		
		N771	OA:Other		
			<u>AGRICULTURAL ASSETS</u>		
		N775	AG: List Sub Class		
			<u>BIOLOGICAL ASSETS</u>		
		N776	BA: List Sub Class		
			<u>INTANGIBLE ASSETS</u>		
		N777	IT: Computers – Software, Pro		
		N778	IT: Other		
			<u>SPECIALISED VEHICLES</u>		

Main Vote	Description	Sub Vote	Description	Allocation Vote	Description
		N790 N791 N792 N793	SV: Refuse SV: Fire SV: Conservancy SV: Ambulances		
9900	EXTERNAL FINANCING FUND EFF-CONTROL ACCOUNTS	9901	Interest Control Account	9901 9903 9905 9907	Balance at the Beginning Interest Received during year Interest Paid during year Interest Charged to Services
		9903	Advances to Services	9901 9903 9905 9907	Balance at the Beginning Interest Received during year Interest Paid during year Interest Charged to Services
		9905	Adv. from EFF: Rates	9911 9913 9915 9917 9919	Balance at the Beginning of Received during the Year Redeemed During the Year Capitalized During the Year Transferred During the Year
		9906	Adv. from EFF: Electricity	9911 9913 9915 9917 9919	Balance at the Beginning of Received during the Year Redeemed During the Year Capitalized During the Year Transferred During the Year
		9907	Adv. from EFF: Water	9911 9913 9915 9917 9919	Balance at the Beginning of Received during the Year Redeemed During the Year Capitalized During the Year Transferred During the Year
		9908	Adv. from EFF: Sewerage	9911 9913 9915 9917 9919	Balance at the Beginning of Received during the Year Redeemed During the Year Capitalized During the Year Transferred During the Year
		9909	Adv. from EFF: Housing	9911 9913 9915 9917 9919	Balance at the Beginning of Received during the Year Redeemed During the Year Capitalized During the Year Transferred During the Year
		9910	Adv. from EFF: Cleansing	9911 9913 9915 9917 9919	Balance at the Beginning of Received during the Year Redeemed During the Year Capitalized During the Year Transferred During the Year

ANNEXURE 9: ASSET MANAGEMENT POLICY

ASSET MANAGEMENT POLICY (Adopted by council on 30 May 2018)

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1. INTRODUCTION

1.1 AIM OF THIS DOCUMENT

This document is provided to assist management and employees of THEMBELIHLE Municipality to implement and maintain consistent, effective and efficient fixed asset management principles.

The objective of this document is aimed at:

- Safeguarding the fixed assets of the THEMBELIHLE Municipality to ensure effective use of existing resources
- Emphasizing a culture of accountability over fixed assets owned by the THEMBELIHLE Municipality.
- Ensuring that effective controls are communicated to management and staff through clear and comprehensive written documentation.
- Providing a formal set of procedures to ensure that the THEMBELIHLE Municipality's fixed asset policies are achieved and are in compliance with the Municipal Finance Management Act (MFMA) and National Treasury, IMFO and Accounting Standards Board directions, instructions, principals and guidelines.

This manual supercedes/replaces all previously issued fixed asset management policies and/or procedures and/or instructions and should be read together with the provisions of Section 63 of the MFMA.

1.2 DEPARTURES FROM FORMAL POLICIES AND PROCEDURES

1.2.1 Any departures from the approved policies and procedures stated in this manual will require the prior written approval of the Chief Financial Officer.

1.2.2 Failure to comply with the prescribed policies and procedures will result in the institution of disciplinary procedures in terms of the Human Resource policies & procedures.

1.3 CHANGES TO FIXED ASSET MANAGEMENT POLICY AND/OR PROCEDURE MANUALS

1.3.1 All changes made to either the Fixed Asset Management Policies or Procedures must be processed timeously and communicated via the proper channels of communication to all asset holders.

1.3.2 The following steps will apply for the control and management of changes to the Fixed Asset Management Policy or Procedure Manuals:

1.3.2.1 The Chief Financial Officer is appointed as custodian of the Fixed Asset Register and Fixed Asset Management Policy and Procedure manuals. The custodian is ultimately responsible for the control of the Fixed Asset Management Policies and Procedures.

- 1.3.2.2 All recommended changes or requests for changes are recorded on the change request form that will detail the suggested changes together with reasons for such change.
- 1.3.2.3 The change request form is authorized by the relevant Departmental Head. The authorized change request form is forwarded to the custodian.
- 1.3.2.4 The custodian circulates the change request between Heads of Departments for comments for a defined period. All comments are forwarded back to the custodian.
- 1.3.2.5 The Chief Financial Officer submits the proposal to the Municipal Manager for Council's approval in the case of changes to the Fixed Asset Management Policies or final approval in the case of changes to the Fixed Asset Management Procedures.
- 1.3.2.6 Changes in policies will be effective within one week after final approval has been received.
- 1.3.2.7 The custodian is ultimately responsible for applying the changes and finalizing the Fixed Asset Management Policy and Procedure manuals. The new document is made available in its entirety within one week after final approval has been received with clear indications of the changes.
- 1.3.2.8 It remains the responsibility of all employees to keep themselves familiarized with the Fixed Asset Management Policies and Procedures.
- 1.3.2.9 Failure to apply the changes in the Fixed Asset Management Policies or Procedures from the date of implementation will result in the institution of disciplinary procedures in terms of the human resource policies & procedures.

1.4 **DELEGATION OF AUTHORITY**

- 1.4.1 Full responsibility for internal control over fixed assets within a department rests with the relevant Head of Department, who must ensure that appropriate and adequate arrangements exist to safeguard all fixed assets and that the Asset Management Policies and Procedures are complied with and that the records are maintained in as complete and accurate form as possible.
- 1.4.2 Head(s) of Department(s) must ensure that all movements of fixed assets or other related changes, i.e. purchases, transfers, disposals, losses, impairments, upgrades, be communicated to the custodian in the manner prescribed in the Fixed Asset Management Procedure manual.
- 1.4.3 Head(s) of Department(s) must ensure that the inventory listing of fixed assets under control of asset holders is a true reflection of the assets under the asset holder's control. Regular independent checks should be conducted by the Head(s) of Department(s) or their delegates. Assistance and advice on internal control procedures can be obtained from the custodian of the fixed asset register or the appointed representative .

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CHAPTER 1: DEFINITIONS

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. (GRAP 1)

A **fixed asset** is defined in GRAP 17 as a tangible item of property, plant or equipment held by the Municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

A fixed asset is thus an asset, either movable or immovable, under the control of the Municipality, and from which the Municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

To be recognized as a fixed asset, an asset must also meet the criteria referred to in Chapters 13, 14 and 15 below.

An asset held under a finance lease, shall be recognized as a fixed asset, as the Municipality has control over such an asset even though it does not own the asset.

The definitions regarding fixed assets as prescribed in the applicable accounting standards are the accepted definitions and are to be applied in the management, control and reporting on fixed assets.

Other definitions:

Carrying Amount	The amount at which an asset is included in the statements or financial position after deducting any accumulated depreciation and any impairment losses thereon.
Cost	The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and/or construction.
Fair Value	The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
GRAP	Standards of Generally Recognized Accounting Practice
MFMA	Refers to the Local Government: Municipal Finance Management Act
CFO	Chief Financial Officer
MM	Municipal Manager
HOD	Head(s) of Department(s)

Municipality

THEMBELIHLE Municipality

PPE

Property, Plant & Equipment

CHAPTER 2: RESPONSIBILITIES

Municipal Manager (MM)

As accounting officer of the Municipality, the MM shall be the principal custodian of all the Municipality's fixed assets, and shall be responsible for ensuring that the Fixed Asset Management Policy and Procedures are scrupulously applied and adhered to.

Chief Financial Officer (CFO)

The CFO shall be the fixed asset registrar of the Municipality, and shall ensure that a complete, accurate and up-to-date electronic Fixed Asset Register (FAR) is maintained.

No amendments, deletions or additions to the FAR shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Verify assets in possession of the Municipality annually during the course of the financial year. Report all

loses to council where applicable.

Head of Department: Human Resources

The HOD Human Resources shall ensure that no monies are paid out on termination of services without receiving the asset resignation form, signed off by the relevant Head(s) of Department(s).

All Head(s) of Department(s) (HOD) / End Users

HOD shall ensure:

- That all officials adhere to the approved Asset management Policies and procedures.
- That an employee with delegated authority has been nominated to implement and maintain physical control over assets in his/her Department. The CFO has to be notified who this responsible person is. Although authority has been delegated, the responsibility to ensure adequate physical control over each asset remains with the HOD.
- That the assets are properly maintained in accordance with their respective asset maintenance policies.
- That assets and/or inventory items are not used for private gain.
- That all assets and attractive items are reflected in the FAR.
- That the CFO is notified of any changes in the status of an asset under the HOD's control. This must be done in the prescribed form(s) and timetable(s).
- That on termination of services by an official, all relevant assets (portable and attractive items) are collected and an asset resignation form is been issued.

CHAPTER 3: FORMAT OF FIXED ASSET REGISTER (FAR)

The FAR shall be maintained in the format determined by the CFO, which format shall comply with the requirements of GRAP and any other accounting requirements which may be prescribed.

The FAR shall reflect (as minimum) the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- the department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of fixed property
- the stand number, in the case of fixed property
- where applicable, the identification number, as determined in compliance with Chapter 10 below
- the original cost, or the revalued amount determined in compliance with Chapter 25 below, or the fair value if no costs are available
- the (last) revaluation date of the fixed assets subject to revaluation
- the revalued value of such fixed assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation
- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- the source of financing
- the current insurance arrangements
- whether the asset is required to perform basic municipal services
- the date on which the asset is disposed of
- the disposal price
- the date on which the asset is retired from use, if not disposed of.

All HODs under whose control any fixed asset falls shall provide the CFO in writing with any information required to compile the FAR, and shall advise the CFO in writing, within 24 hours of any material change which may occur in respect of such information.

A fixed asset shall be capitalized, that is, recorded in the FAR, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, where after it shall be appropriately capitalized as a fixed asset.

A fixed asset shall remain in the FAR for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

CHAPTER 4: CLASSIFICATION OF FIXED ASSETS

In compliance with the requirements of the National Treasury, the CFO shall ensure that all fixed assets are classified under the following headings in the FAR and HOD shall in writing provide the CFO with such information or assistance as is required to compile a proper classification:

PROPERTY, PLANT AND EQUIPMENT

- land (developed and undeveloped)
- buildings (dwellings and non residential dwellings)
- infrastructure assets (assets which are part of a network of similar assets)
- capital / infrastructure work in progress
- other machinery and equipment
- heritage assets (cultural significant resources)
- biological or cultivated assets
- investment property
- intangible assets
- Other assets (ordinary operational resources)

The CFO shall adhere to the classifications indicated in the annexure on fixed asset lives (see Chapter 32 below), and in the case of a fixed asset not appearing in the annexure shall use the classification applicable to the asset most closely comparable to the asset in question.

CHAPTER 5: INVESTMENT PROPERTY

Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as PPE for purposes of preparing the Municipality's statement of financial position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the Municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the FAR in the same manner as other fixed assets, but a separate section of the FAR shall be maintained for this purpose.

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the balance sheet at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuator shall be engaged by the municipality to undertake such valuations.

If the Council resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

CHAPTER 6: FIXED ASSETS TREATED AS INVENTORY

Any land or buildings owned or acquired by the Municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the Municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either PPE or Investment Property in the Municipality's statement of position.

Such inventories shall, however, be recorded in the FAR in the same manner as other fixed assets, but a separate section of the FAR shall be maintained for this purpose.

CHAPTER 7: RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSET REGISTER

If no original costs or fair values are available in the case of one or more or all heritage assets, the CFO may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the FAR without an indication of the costs or fair value concerned.

For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

CHAPTER 8: RECOGNITION OF DONATED ASSETS

Where a fixed asset is donated to the Municipality, or a fixed asset is acquired by means of an exchange of assets between the Municipality and one or more other parties, the asset concerned shall be recorded in the FAR at its fair value, as determined by the CFO.

CHAPTER 9: SAFEKEEPING OF ASSETS

Every HOD shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

In exercising this responsibility, every HOD shall adhere to any written directives issued by the CFO to the department in question, or generally to all departments, in regard to the control of or safekeeping of the Municipality's fixed assets.

CHAPTER 10: IDENTIFICATION OF FIXED ASSETS

The MM shall ensure that the Municipality maintains a fixed asset identification system which shall be operated in conjunction with its electronic FAR.

The identification system shall be determined by the MM, acting in consultation with the CFO and other HOD, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the Municipality's audit report(s), and shall be decided upon within the context of the Municipality's budgetary and human resources.

Every HOD shall ensure that asset identification system approved by the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question

CHAPTER 11: PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS

Every HOD shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the CFO, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.

CHAPTER 12: CAPITALISATION CRITERIA: MATERIAL VALUE

No item with an initial cost or fair value of less than R1 000 (one thousand rand per item/group) shall be recognized as a fixed asset. If the item has a cost or fair value lower than this capitalization benchmark, it shall be treated as an ordinary operating expense.

Every HOD shall, however, ensure that any item with a value in excess of R1000 (one thousand rand), and with an estimated useful life of more than one year, shall be reported to the CFO who shall decide whether the portability and attractiveness of the item by its very nature, render it to theft or misplacing and whether it is sufficiently portable to allow removal and if the need exists for the item to be controlled and therefore be included in the FAR as a non-capital item and identified and controlled in the manner as prescribed in Chapter 11. Every HOD shall ensure that the existence of items referred to in this Chapter and which the CFO decided not to include in the Fixed Asset Register shall be recorded on an asset stock sheet controlled by himself or a person delegated to the task, and verified from time to time, and at least once in every financial year, and any amendments which are made to such asset stock sheet pursuant to such stock verifications shall be retained for audit purposes.

CHAPTER 13: CAPITALISATION CRITERIA: INTANGIBLE ITEMS

No intangible item shall be recognised as a fixed asset, except that the CFO, acting in strict compliance with the criteria set out in GRAP 102 (dealing with research and development expenses) may recommend to the Council that specific development costs be recognised as fixed assets.

CHAPTER 14: CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalized.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalized, irrespective of the quantum of the expenses concerned.

Expenses which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalized as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

CHAPTER 15: MAINTENANCE PLANS

Every HOD shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the MM, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The HOD controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned. These plans must also form part of the IDP & SDBiP.

CHAPTER 16: DEFERRED MAINTENANCE

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset (see part 16 above), the CFO shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the CFO shall re-determine the useful operating life of the fixed asset in question, if necessary in consultation with the HOD controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

CHAPTER 17: GENERAL MAINTENANCE OF FIXED ASSETS

Every HOD shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 16 and part 17 above) are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

CHAPTER 18: DEPRECIATION OF FIXED ASSETS

All fixed assets, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which a fixed asset is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on a annual basis against the appropriate line item in the department or vote in which the asset is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which a fixed asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the fixed asset is brought into use, until the end of the calendar month concerned. Thereafter, deprecation charges shall be calculated annually.

Each HOD, acting in consultation with the CFO, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortization of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

CHAPTER 19: RATE OF DEPRECIATION

The CFO shall assign a useful operating life to each depreciable asset recorded on the Municipality's FAR. In determining such a useful life the CFO shall adhere to the useful lives set out in the annexure to this document (see Chapter 33 below).

In the case of a fixed asset which is not listed in this annexure, the CFO shall determine a useful operating life, if necessary in consultation with the HOD who shall control or use the fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

CHAPTER 20: METHOD OF DEPRECIATION

Except in those cases specifically identified in Chapter 23 below, the CFO shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

CHAPTER 21: AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS

Only the CFO may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs the CFO shall inform the Council of such amendment.

The CFO shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the FAR.

In all the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable fixed asset, and such fixed asset has been capitalised at a value other than a purely nominal value, such fixed asset shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable asset, and the department or vote controlling or using the fixed asset in question shall bear the full depreciation expenses concerned.

CHAPTER 22: ALTERNATIVE METHODS OF DEPRECIATION IN SPECIFIC INSTANCES

The CFO may employ the sum-of-units method of depreciation in the case of fixed assets which are physically wasted in providing economic benefits or delivering services.

The CFO shall only employ this method of depreciation if the HOD controlling or using the fixed asset in question gives a written undertaking to the MM to provide:

- estimates of statistical information required by the CFO to prepare estimates of depreciation expenses for each financial year; and
- Actual statistical information, for each financial year.

The HOD concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the CFO.

Where the CFO decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the CFO shall inform the Council of the decision in question.

CHAPTER 23 CREATION OF NON-DISTRIBUTABLE RESERVES FOR FUTURE DEPRECIATION

The CFO shall ensure that in respect of all fixed assets financed from the Municipality's Asset Financing Reserve, or from Grants or Subsidies or Contributions received from other spheres of government or from the public at large, as well as in respect of fixed assets donated to the Municipality, a non-distributable reserve for future depreciation is created equal in value to the capitalised value of each fixed asset in question.

The CFO shall thereafter ensure that in the case of depreciable fixed assets an amount equal to the monthly depreciation expenses of the fixed asset concerned is transferred annually from such non-distributable reserve to the Municipality's appropriation account. Where there is a difference between the budgeted monthly depreciation expenses and the actual total depreciation expenses for each financial year, the CFO shall appropriately adjust the aggregate transfer from the non-distributable reserve for the year concerned.

CHAPTER 24: CARRYING VALUES OF FIXED ASSETS

All fixed assets shall be carried in the FAR, and appropriately recorded in the annual financial statements, at their original cost less any accumulated depreciation.

The only exception to this rule shall be Heritage Assets in respect of which no value is recorded in the fixed asset register (see Chapter 7 above).

CHAPTER 25: REVALUATION OF FIXED ASSETS

The Municipality uses the original cost less accumulated depreciation and any impairment losses to disclose their fixed assets. The revaluation of fixed assets is therefore not applicable.

CHAPTER 26: VERIFICATION OF FIXED ASSETS

The CFO shall at least once during every financial year undertake a comprehensive verification of all fixed assets controlled or used by the Municipality.

The results of such verification will be reported to every HOD who shall promptly and fully report in writing to the CFO in the format determined by the CFO on all the fixed assets not verified during such fixed asset verification.

Asset verifications shall be undertaken and completed as closely as possible to the end of each financial year and the resultant report shall be submitted to the MM / Council by not later than 31 August of the year in question.

CHAPTER 27: ALIENATION OF FIXED ASSETS

In compliance with the principles and prescriptions of the MFMA, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy.

Every HOD shall report in writing to the CFO on 31 October and 30 April of each financial year on all fixed assets controlled or used by the department concerned which such HOD wishes to alienate by public auction or public tender. The CFO shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the MM recommending the process of alienation to be adopted.

The MM will decide on the alienation of any fixed asset with a carrying value less than R1,000.00 (one thousand rand) and will inform the appropriate HOD of any alienation of any fixed assets that have not been approved clearly stating the reasons for such disapproval..

The Council shall ensure that the alienation of any fixed asset with a carrying value equal to or in excess of R1,000.00 (one thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004 (see Chapter 33 below).

Once the fixed assets are alienated, the CFO shall arrange for the appropriate updating of the FAR.

If the proceeds of the alienation are less than the carrying value recorded in the FAR, such difference shall be recognised as a loss in the income statement of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the income statement of the department or vote concerned. All gains realised on the alienation of fixed assets shall be appropriated annually to the Municipality's Asset Financing Reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated. Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

CHAPTER 28: OTHER WRITE-OFFS OF FIXED ASSETS

A fixed asset, even though fully depreciated shall be written off only on the recommendation of the HOD controlling or using the asset concerned, and with the approval of the Council.

Every HOD shall report to the CFO on 31 October and 30 April of each financial year on any fixed assets which such HOD wishes to have written off, stating in full the reason for such recommendation. The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the MM and/or Council (depending on the carrying value) on the fixed assets to be written off.

The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question.

In every instance where a not fully depreciated fixed asset is written off, the CFO shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned (see also Chapter 21).

CHAPTER 29: REPLACEMENT NORMS

Every HOD shall report to the CFO on 31 December of each financial year on any fixed assets which such HOD wishes to replace, stating in full the reason for such recommendation. The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the Council on the fixed assets to be written off.

The only reasons for replacement off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question. This Chapter provides for the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items as well as for the replacement of fixed

assets which are required for service delivery but which have become uneconomical to maintain or have become outdated in terms of available technology.

CHAPTER 30: INSURANCE OF FIXED ASSETS

The MM shall ensure that all movable fixed assets are insured at least against fire and theft, and that all Municipal Buildings are insured at least against fire and allied perils.

The CFO shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the HOD concerned.

The MM shall recommend to the Council, after consulting with the CFO, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Municipality.

The CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the Municipality's self-insurance reserve.

CHAPTER 31: BIOLOGICAL ASSETS

Accounting for biological assets shall take place in accordance with the requirements of GRAP 101.

The CFO, in consultation with the HOD concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sales costs. Such valuation shall be undertaken by a recognised valuator in the line of the biological assets concerned. Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the department or vote concerned as operating revenue.

If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the HOD concerned in exactly the same manner as though the asset were an ordinary fixed asset.

Records of the details of biological assets shall be kept in a separate section of the FAR or in a separate accounting record altogether and such details shall reflect the information which the CFO, in consultation with the HOD concerned and the internal auditor, deems necessary for accounting and control purposes.

The CFO shall annually insure the Municipality's biological assets, in consultation with the HOD concerned, provided the Council considers such insurance desirable and affordable.

CHAPTER 32: SELF-CONSTRUCTED ASSETS

General

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality.

Policy

All assets that can be classified as assets and that are constructed by the municipality should be recorded in the asset register and depreciated over its estimated useful life for that category of asset. Work in progress shall be flagged (indicated) as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management.

CHAPTER 33: COMPONENT APPROACH

The component approach is a GRAP-supported approach where complex assets are split into separate depreciable parts for recording. The key considerations in determining what should become a separately depreciable part (component) are:

- Significant cost; and
- Considerable difference in useful life

CHAPTER 34: ASSET VALUATION

If the value of a part of the asset is significant (i.e. material) compared to the value of the asset as a whole and/or has a useful life that is considerably different to the useful life of the asset as a whole, it should be recognised as a separately depreciable part (component).

The costs of newly or recently acquired capital assets are easily determined from transactional records like invoices. For some older municipal capital assets, the transactional records may not exist or the identification of the assets themselves may not be possible from documentation available. In these instances the municipality should use the fair value measurement principles to determine a deemed cost for these assets at initial recognition.

Fair value assumes an active and liquid market that produces current quoted prices for a specific asset. The majority of municipal assets are specialised structures for which such a market does not exist. A municipality will therefore need to use other methods to estimate the cost and accumulated depreciation of those assets.

CHAPTER 35: REHABILITATION/ENHANCEMENTS/RENEWALS OF CAPITAL ASSETS

Expenditure to rehabilitate, enhance or renew an existing capital asset (including separately depreciable parts) can be recognised as capital if:

- that expenditure satisfies the recognition criteria;
- that expenditure is enhancing the service provision of that capital asset beyond its original expectation (i.e. not maintenance) and either that expenditure:
 - increases the useful life of that capital asset (beyond its original life);
 - increases that capital asset capacity (beyond its original capacity);
 - increases the performance of the capital asset (beyond the original performance);
- increases the functionality of that capital asset;
- reduces the future ownership costs of that capital asset significantly; or
- increases the size of the asset or changes its shape.

The following points are important to note:

- Approval through the budget process for these improvements may require a business case.
- It must be probable that the expenditure will lead to the level of benefits expected.
- The expenditure to restore the functionality of the capital asset to its original level is a maintenance/refurbishment expense and not a capital expense. Maintenance/refurbishment will not be capitalised to the capital asset.

The rehabilitated or renewed separately depreciable part will be derecognised and the replacement will be recognised. Where the separately identifiable asset is rehabilitated or renewed, the amount incurred will be added to the carrying value of the asset.

Renewals have the same meaning and treatment as rehabilitation/enhancements and are different from refurbishment, which is seen as maintenance.

CHAPTER 36: IMPAIRMENT LOSSES

Impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. The following serve as examples of impairment indicators:

- Significant decline in market value;
- Carrying amount of an asset far exceeds the recoverable amount or market value;
- There is evidence of obsolescence (or physical damage);
- The deterioration of economic performance of the asset concerned; and
- The loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (such as through inadequate maintenance).

The impairment amount is calculated as the difference between the carrying value and the recoverable service value. The recoverable service value is the higher of the asset's value in use or its net selling price. Where the recoverable service amount is less than the carrying amount, the carrying amount should be reduced to the recoverable service amount by way of an impairment loss. The impairment loss should be recognised as an expense when incurred unless the asset is carried at re-valued amount.

If the asset is carried at a re-valued amount the impairment should be recorded as a decrease in the revaluation reserve. Where immovable property, plant and equipment surveys are conducted, the recoverable service value is determined using the depreciated replacement costs method by assessing the remaining useful life.

CHAPTER 37: LEASED ASSETS

A lease is an agreement whereby the lesser conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorised into finance and operating leases:

- A Finance Lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually

be transferred. Where the risks and rewards of ownership of an asset are substantially transferred, the lease is regarded as a finance lease and is recognised as a Capital asset.

- Where there is no substantial transfer of risks and rewards of ownership, the lease is considered an Operating Lease and payments are expensed in the income statement on a systematic basis.

Where an asset is leased it is necessary to record the details in an appropriate register. Additional details, which should also be recorded, include:

- lease start and completion dates;
- first-instalment date;
- asset-fair value;
- implicit interest rate; and
- lease payments.

Leases have a built-in interest cost which should be considered when evaluating whether to lease or buy (cash) an asset. Information in the register should be reviewed annually to confirm that the decision remains the most economical one.

The Advantages Of Leasing Include:

- increased flexibility to change 'asset solutions' (with an operating lease);
- reduced need for large capital outlays; and
- isolation from short -term fluctuations in market supply and values.

Disadvantages Can Include:

- penalty clauses for the early termination of leases;
- higher implicit interest costs in leases compared to cost of funds available to the municipality; and
- dependence on the market to supply assets leading to long-term exposure to market risk.

CHAPTER 38: ASSET LIFE CYCLE

The asset life-cycle is a key concept underpinning asset management. An asset life-cycle covers all phases of an asset's life starting with planning, through its acquisition, operation, maintenance and eventual disposal. Management of these phases should be aligned to the municipality's planning, budgeting, monitoring and reporting processes. In summary the phases are as follows:

- a) The planning phase deals with the planning for service delivery that drives the need for assets. This phase will include input into the IDP, budget and asset management plans. Various acquisition options should be considered during this phase.
- b) The acquisition phase deals with the purchase, construction or manufacture of new assets.
- c) The operation and maintenance phase deals with the operation of the assets, maintenance/refurbishment, enhancement/rehabilitation, depreciation and impairment. This phase includes activities of a capital and current nature.

d) The disposal phase deals with the timing of and disposal of the assets including the disposal costs and specific requirements for the assets, e.g. dismantling costs, medical equipment legal requirements, etc.

An asset's life-cycle is determined by its useful life to the municipality. This useful life is often shorter than its economic life. For example, a municipality may decide (as part of its asset management policy) to dispose of traffic police cars after five years because they have become too costly to maintain through extensive usage. However, such cars may continue to operate in another environment for many years.

CHAPTER 39: FIXED ASSET CATEGORIES & LIVES

(In brackets the estimated useful life in years in each case).

LAND

Developed Land	(N/A)
Undeveloped Land	(N/A)

BUILDINGS

Dwellings

Caravan Parks	(10)
Children's Homes	(30)
Homes for the Aged	(30)
Hostels	(30)
Mobile Homes	(10)
Places of Safety	(30)
Residences (personnel) including garages and parking	(30)
Recreational / (Holiday) accommodation	(30)

Non-Residential Dwellings

Bus Terminals	(30)
Bus Shelters	(15)
Civic Theatres	(30)

Clinic and Community Health Facilities	(30)
Community Centres and Public Entertainment Buildings	(30)
Driver and Testing Centres	(30)
Industrial Buildings	(30)
Laboratories	(30)
Museum and Art Galleries	(30)
Office Buildings (inclusive of air conditioning system)	(30)
Public Parking	(30)
Police Station and associated buildings	(30)
Railway and associated buildings	(30)
Stadiums	(30)
Taxi Ranks	(15)
Sport and Recreational facilities (fields, clubhouses, etc)	(15)
Non-Residential Perimeter Protection	(15)
Ablution / Public Facilities	(30)
Carports	(15)
Workshop / Stores	(30)
Market / Shops	(30)

INFRASTRUCTURE ASSETS

Electricity

Cooling towers	(30)
Mains	(20)
Meters Pre-Paid	(20)
Meters Credit	(25)
Electricity Supply / Reticulation	(30)
Transformers	(50)
Lines Underground	(45)
Lines Overhead	(30)
Cables	(45)
Substation Switchgear	(30)
Substation Equipment Outdoors	(30)
Substation Equipment GIS	(30)
Substation Equipment Indoors	(40)
Electrical Panels	(5)
Electrical Telemetry	(15)
Electricity Perimeter Protection	(15)
Structure for Electrical Purposes	(30)
Public Lighting	(10)

Roads

Bridges Vehicle Concrete	(80)
Bridges Vehicle Steel	(50)
Bridges Pedestrian Concrete	(80)
Bridges Pedestrian Steel	(50)
Bridges Railway Concrete	(80)
Bridges Railway Steel	(50)
Bridges Reinforced Retaining Walls Earth	(15)
Bridges Reinforced Retaining Walls Concrete	(30)
Bridges Expansion and Construction Joints	(20)
Storm Water Culverts Concrete	(60)
Storm Water Drains Earthworks	(100)
Storm Water Drains Concrete Lining	(50)
Storm Water Stop Banks	(50)

Storm Water Pipes	(50)
Roads Kerbs and Channels	(50)
Roads Municipal Tar Layer	(50)
Roads Municipal Tar Surface	(20)
Roads Municipal Concrete Layer	(50)
Roads Municipal Concrete Surface	(30)
Roads Municipal Gravel Surface	(10)
Roads National Tar Layer	(50)
Roads National Tar Surface	(20)
Roads National Concrete Layer	(50)
Roads National Concrete Surface	(30)
Roads National Gravel Surface	(10)
Roads Provincial Tar Layer	(50)
Roads Provincial Tar Surface	(20)
Roads Provincial Concrete Layer	(50)
Roads Provincial Concrete Surface	(30)
Roads Provincial Gravel Surface	(10)
Roads Crash Barriers	(30)
Roads Retaining Walls	(60)
Roads Pedestrian Footpaths	(30)
Roads Street Lighting	(40)
Roads Traffic Islands	(50)
Roads Traffic Lights	(20)
Roads Traffic Signs	(15)
Roads Paved Layer	(50)
Roads Paved Surface	(10)

Water

Dams Structure Concrete	(100)
Dams Structure Earth	(50)
Dams Electrical & Mechanical	(40)
Water Meters	(20)
Stand Pipes	(20)
Water Metalwork (ladders, handrails, weirs)	(30)
Pump Stations Structure	(55)
Pump Stations Electrical	(40)
Pump Stations Mechanical	(40)
Pump Stations Perimeter Protection	(25)
Reservoirs Structure	(50)
Reservoirs Electrical	(40)
Reservoirs Mechanical	(40)
Reservoirs Perimeter Protection	(25)
Water Supply / Reticulation	(50)
Underground Chambers Valves	(25)

Underground Chambers Meters	(20)
Underground Chambers Transition	(15)
Underground Chambers Other	(10)
Water Purification Works Structure	(55)
Water Purification Works Electrical	(40)
Water Purification Works Mechanical	(40)
Water Purification Works Perimeter Protection	(25)
Water Purification Works Meters	(15)
Water Telemetry	(15)

Sewerage

Bulk Pipelines Rising Mains	(50)
Bulk Pipelines Gravity Mains	(50)
Sewer Pump Stations Structure	(55)
Sewer Pump Stations Electrical	(40)
Sewer Pump Stations Mechanical	(40)
Sewer Pump Stations Perimeter Protection	(25)
Sewer Pump Stations Metalwork	(30)
Sewers / Reticulation	(60)
Water Purification Works Structure	(55)
Water Purification Works Electrical	(40)
Water Purification Works Mechanical	(40)
Water Purification Works Perimeter Protection	(25)
Water Purification Works Meters	(15)

Solid Waste Disposal

Collection Vehicles	(10)
Collection Containers / Bins	(15)
Transfer Stations and Processing Facilities Structure	(55)
Transfer Stations and Processing Facilities Electrical	(40)
Transfer Stations and Processing Facilities Mechanical	(40)
Transfer Stations and Processing Facilities Perimeter Protection	(25)
Landfill Site Earthmoving and Compact Equipment	(15)
Landfill Site Preparation	(N/A)
Landfill Site Structure	(55)
Landfill Site Weighbridge	(40)
Landfill Site Perimeter Protection	(25)

Railways

Railway Power Supply Units	(30)
Railway Sidings	(30)
Railway Tracks	(20)
Railway Signalling System	(20)
Railway Shunting Yards	(30)
Railway Perimeter Protection	(25)

Cemeteries

Cemeteries	(30)
Cemeteries Perimeter Protection	(25)

CAPITAL / INFRASTRUCTURE WORK IN PROGRESS OTHER MACHINERY AND EQUIPMENT

Machinery and Equipment

Audiovisual Equipment	(10)
Building Air Conditioning Systems	(5)
Cellular Phones (over R5, 000)	(2)
Cellular Routers	(3)
Domestic Equipment (non kitchen appliances)	(5)
Power Distribution Equipment (Generators / Compressors)	(7)
Emergency / Rescue Equipment	(10)
Farm / Agricultural Equipment	(15)
Fire Fighting Equipment	(5)
Gardening Equipment	(4)
Irrigation Equipment	(15)
Kitchen Appliances	(10)
Laboratory Equipment	(7)
Laundry Equipment and Industrial Sewing Machines	(15)
Learning / Training Support and Library Material	(10)
Machines for Metallurgy	(10)
Machines for Quarrying	(10)
Machines for Textile Production	(15)

Medical and Allied Equipment	(10)
Musical Instruments	(15)
Photographic Equipment	(7)
Pumps, Plumbing, Purification and Sanitation Equipment	(10)
Radio Equipment	(7)
Road Construction and Maintenance Machinery and Equipment	(15)
Saddles and other Tack	(7)
Security Equipment / Systems – Fixed	(5)
Security Equipment / Systems – Moveable	(5)
Sport and Recreational Equipment	(10)
Survey Equipment	(7)
Telecommunications Equipment	(5)
Tents, Flags and Accessories	(10)
Woodworking Machinery and Equipment	(10)
Workshop Equipment and loose tools – Fixed	(10)
Workshop Equipment and loose tools – Movable	(5)

Furniture and Office Equipment

Advertising Boards	(5)
Air Conditioners (individual fixed and portable)	(5)
Cutlery and Crockery	(10)
Domestic and Hostel furniture	(15)
Linen and Soft Furnishing	(10)
Office Equipment (including fax machines)	(7)
Office Furniture	(7)
Paintings, Sculptures and Ornaments	(10)

Computer Equipment

Computer Hardware including operating systems	(5)
Computer Networks	(10)

Transport Assets

Busses	(15)
Cycles	(7)
Emergency Vehicles	(10)
Mobile Clinic	(15)
Motor Vehicles (Sedan, Hatch and LDV)	(7)

Railway Rolling Stock	(15)
Trailers and accessories	(10)
Trucks	(7)
Watercraft	(10)

HERRITAGE ASSETS

Land of Historic or Specific Significance	(N/A)
Culturally Significant Building	(N/A)
National Monuments	(N/A)
National Parks / Reserves	(N/A)
Paintings	(N/A)
Sculptures	(N/A)
Municipal Jewelry	(N/A)
Works of Art	(N/A)
Other antiques or collections	(N/A)

BIOLOGICAL OR CULTIVATED ASSETS

THEMBELIHLE INTANGIBLE ASSETS

CHAPTER 40: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003

The Municipality may not alienate any capital asset required to provide a minimum level of basic municipal services, unless the provisions of the Act is followed.

The Municipality may alienate any other capital asset, but provided

- the Council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and

The Council has considered the fair market value of the asset and the economic and community value to be received in

ANNEXURE 10: OVERTIME MANAGEMENT POLICY

OVERTIME MANAGEMENT POLICY (Adopted by council on 30 May 2018)

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1. DEFINITIONS

- 1.1 “**BCOE**” means the Basic Conditions of Employment Act No 75 of 1997
- 1.2 “**Thembelihle Municipality**” means a Municipal Council referred to in Section 157(1) of the Constitution.
- 1.3 “**Heads of Departments**” shall mean the Managers directly accountable to the Municipal Manager in terms of Local Government Municipal Systems Act 32 of 2000.
- 1.4 “**Supervisors**” means a person who supervises his/her subordinates in terms of the TASK job Evaluation System.
- 1.5 “**Employees**” all persons in the employment of the Municipality whether full/part-time.
- 1.6 “**Earning Threshold**” refers to the earning threshold determined by Minister of Labour in terms of Section 6(3) of the Basis Conditions of employment Act 75 of 1997, as amended.
- 1.7 “**Earning**” means gross pay before deductions.
- 1.8 “**Emergency work**” refers to work that must be done without delay because of circumstances for which the employer could not reasonably have been expected to make provision and which cannot be performed by employees during their ordinary hours of work. Emergency work excludes the performance routine maintenance work outside normal working hours.
- 1.9 “**Overtime**” means the time that an employee works during a day or a week in excess of ordinary hours of work (8 hours) including Saturdays, Sundays and Public Holidays.
- 1.10 “**Essential Services**” means a service the interruption of which can endanger the life, personal safety or health of the whole or any part of the population.
- 1.11 “**Remuneration**” means compensation in money or time off for overtime worked.
- 1.12 “**SALGBC**” means South African Local Government Bargaining Council.

2. GOAL

- 2.1 To respond to communities urgent needs in an effective, efficient and sustainable manner.

3. OBJECTIVES

- 3.1 To ensure that overtime policy respond effectively to crisis and emergency situations with regards to the provision of services.
- 3.2 To ensure that the Departments do not overspend the allocation of overtime budget.
- 3.3 To define a clearly written procedure in performing overtime.
- 3.4 To eliminate the abuse of overtime.

4. SCOPE AND APPLICATION

4.1 The policy should be applied by taking into consideration the stipulations in the BCOEA as well as the Divisional Conditions of Service Collective Agreement.

4.2 This policy to all Municipal employees but the payment of overtime does not apply to the following categories of employees:

- Workers in senior management
- Workers who earn more than the threshold per annum as determined by the Minister of Labour from time to time
- Workers who work less than 24 hours in a month

5. REGULATION OF WORKING OVERTIME HOURS

5.1 An employer may not require or permit an employee:

5.1.1 To work overtime except in accordance with an agreement, either on a day on which an employee would do ordinary work, Saturdays, Sundays or Public holidays.

5.1.2 To work more than three hours overtime a day.

5.1.3 To work more than ten hours overtime a week except the employees who perform/provide essential services e.g. electricity, water, health, environment health, traffic, radio call control, switchboard operator, cashiers, refuse removal and refuse disposal.

5.1.4 A Collective Agreement may increase the maximum permitted overtime to fifteen (15) hours a week. (Section (10)(6)(a) of the BCOEA) for up to two (2) months a year.

5.2 Employees earning more than the threshold per annum are required to receive paid time-off in lieu of overtime worked.

5.2.1 If the agreement is reached at municipal level to pay overtime to employees earning the above threshold, then an application must be made to the SALGBC Division Exemption Committee to pay these employees.

5.2.2 Where no collective agreement exist to regulate the payment for employees earning in excess the threshold the parties could agree at municipal level in terms of the payment and such be regulated in a policy.

5.3 An employer must grant paid time-off within one month of the employee becoming entitled to it.

5.4 An agreement in writing may increase the period to six (6) months.

5.5 An agreement concluded with an employee when the employee commences overtime lapses after six (6) months.

6. PAY FOR OVERTIME (MONDAYS TO SATURDAYS)

An employer must pay an employee at least one and one-half times the employees wage for overtime worked.

7. PAY FOR WORK ON SUNDAYS

An employer must pay an employee who works on a Sunday a double of the employees wage for each hour worked, unless the employee ordinarily works on a Sunday, in which case the employer must pay the employee at one and one-half times the employees wage for each hour worked.

8. PAY FOR PUBLIC HOLIDAYS

An employer must pay an employee who does not work public holidays double the employees wage for each hour worked.

9. PROCEDURE

9.1 Before the employees perform overtime work, supervisors/section Heads must identify the need for a particular task to be performed as well as the volume of the work in order to determine the number of hours, taking into account that employees do not deliberately leave work incomplete for the sake of getting overtime.

9.2 After the identification of the need for a particular task to be performed, Supervisors must fill-in a request for authority to work overtime form, indicating the name/s of employees to perform the task, nature of the job to be performed and a place.

9.3 Supervisors must make recommendation to the Section Heads/managers for approval and authorization.

9.4 No overtime may be worked without the express prior authorization of the Head of Department/Section Manager concerned.

9.5 No claim for overtime pay may be made unless a copy of the permission or instruction authorizing that overtime to be worked accompanies it.

10. EMERGENCY

In cases of emergency, filling a form in advance may be practically impossible, and Supervisors must immediately after the execution of a task/(within 24 hours) ensure that the procedure in terms of overtime policy has been followed.

11. DETERMINATION OF EARNINGS THRESHOLD

The increase of earnings threshold per annum will be determined by the Minister of labour from time to time.

12. FORMULA OF CALCULATING OVERTIME

Annual salary divided by 250 days = daily rate divided by 8 = hourly rate x normal overtime (1.5) or double time (x2)

13. FORMULA OF CALCULATING STANDBY

Annual salary divided by 250 days = daily rate divided by 8 = hourly rate x normal time including Saturdays and double time which is Sundays including Public Holiday's.

14. DISPUTES ABOUT THE APPLICATION AND INTERPRETATION OF THIS POLICY

Any dispute regarding the application and interpretation of this policy will be dealt with in terms of SALGBC Constitution.

15. IMPLEMENTATION OF THE POLICY

This policy will apply and be effective on the date to be determined and approved by the Council.

ANNEXURE 11: RECRUITMENT AND SELECTION POLICY

RECRUITMENT AND SELECTION POLICY (Adopted by council on 30 May 2018)

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1. POLICY STATEMENT

It is believed that Human Resources is our most important asset and guarantee for an effective organization. To this end we strive in our provisioning efforts to attract the most suitable candidates for appointment in accordance with the functional needs of Council. We are committed to create and maintain a diverse workforce in pursuance of Employment Equity and establishing a sound human resources management function.

2. POLICY OBJECTIVES

The objective of the Recruitment, Selection and Induction Policy for Thembelihle Local Municipality is to provide for a comprehensive policy with accommodates the needs for staff provisioning in the most efficient, professional and cost-effective way as to the effect that:

- No unfair discrimination practices exist in the provisioning discipline of Council;
- Such policy contributes and enhances a diverse culture and environment whereby all staff can contribute to the goals of Council and where such staff make-up is representative of the demographics environment of the area it serves.
- Introduction of fair and objective principles and procedures for that staffing of the employer.
- Provision of guidelines for the appointment of candidates to the employer.
- Establishing principles and procedures ensuring that the Employer complies with legislative principles in respect of employment equity and affirmative action.
- Setting out the procedural steps for the advertisement of a vacant post, the selection of applicants for interviews, the conducting of interviews and the appointment of candidates to the permanent staff of the employer.

3. INTENT

To ensure personnel provisioning that accommodates a comprehensive process which is a result of an agreement reached between all stakeholders concerned the Policy should be inclusive of the following processes:

- Recruitment procedure
- Selection procedure
- Advertisement procedure
- Interviewing procedure
- Qualification and experience requirements
- Induction of new employees

4. FOUNDATIONAL PRINCIPLES

- The staffing policy and its implementation will be fundamentally aimed at matching the human resources to the strategic and operational needs of the Employer and ensuring the full utilization and continued development of these employees.
- Each appointment must be rationally and objectively justifiable by references to the strategic and operational needs of the Employer
- The responsibility for the Employer is to determine the strategic and operational needs of the Employer and the relevant reporting and management structures of the organization.
- All aspects will be non-discriminatory and will afford applicants equal opportunity to complete for vacant positions. Except as provided in this policy with reference to affirmative action and employment equity.
- With reference to the Constitution of South Africa, act 108 of 1996 as amended and the provisions of **Chapter II** of the Employment Equity Act, 55 of 1998, under no circumstances should any person be refused employment on any arbitrary or discriminatory basis , including but not limited to race, gender, sex, pregnancy. Marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age , disability, religion, HIV status, conscience, belief and/or opinion.
- Thembelihle Local Municipality is an employment equity employer and as such, preference will be given to suitably qualified candidates who are members of designated groups as defined in section 1 of the Employment Equity Act of 1998 as consisting of black people, women and people with disabilities.

5. EMPLOYMENT EQUITY AND AFFIRMATIVE ACTION

Elimination of unfair discrimination:

- Thembelihle Local Municipality shall take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice.
- It is affirmed that it will not constitute unfair discrimination to take affirmative action measures consistent with the purposes of the Employment Equity Act of 1998 as set out in this policy or to distinguish, exclude or prefer any person on the basis of an essential requirement of any job.
- Harassment of an employee, including sexual harassment of any form, constitutes unfair discrimination and such harassment will attract disciplinary action against any employee found to have committed harassment.

Applications of the Employment Equity Act of 1998:

As a defined “designated employer” in terms of section 1 of the Employment Equity Act

of 1998, and as such the provisions of Chapter 3 of the Employment Equity Act are directly applicable to the Employer.

Affirmative action:

- As a designated employer Thembelihle Local Municipality must, in order to achieve employment equity , implement affirmative action measures for people from designated groups as defined in section 1 of the Employment Equity Act of 1998. “Designated groups” means black people with disabilities and “black people” is defined in the Employment Equity Act as a generic term meaning Africans, Coloureds and Indians.
- Affirmative action measures are measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of the employer.
- Affirmative action measures include , but are not limited to the following :
 - a) Measures to identify and eliminate employment barriers, including unfair discrimination, which adversely affect people from designated groups ;
 - b) Measures designed to further diversity in the workplace based on equal dignity and respect of all people;
 - c) Making reasonable accommodation for people from designated groups in order to ensure that they enjoy equal opportunities and are equitably represented in the workforce of the Employer;
 - d) Measures to ensure the equitable representation of suitably qualified people from designated groups all occupational levels in the workforce of the Employer;
 - e) Measures to retain and develop people from designated groups and to implement appropriate training measure, including measures in terms of the Skills Development Act of 1998.
- No provision in this policy should be construed as requiring the Employer to take any decision concerning an employment policy or practice that would establish an absolute barrier to the prospective or continued employment or advancement of people who are not from designated groups. This includes , but is not limited to, any decision relating to the termination of employment of any employee of the Employer for reasons not relating to the conduct or capacity of the employee or the operational requirements of the employer in terms of the provisions of Chapter VIII of the Labour Relation Act of 1995, as amended.

Other steps:

- As employer, Thembelihle Local Municipality must take reasonable steps to consult and reach agreement on matters listed in section 17 of the Employment Equity Act with its employees or representatives nominated by the employees, subject to the provision of section 16 of the Employment equity Act of 1998.
- Thembelihle Local Municipality must prepare and implement an employment equity plan, which will achieve reasonable progress towards employment equity in the Employer’s workforce and such plan shall contain, at the very least, the information listed in section 20(2) of the Employment Equity Act of 1998.

- Thembelihle Local Municipality shall comply with the provisions of section 21(reporting to the Department of labour), section 23(preparation of successive employment equity plans) and all other provisions of the Employment Equity Act of 1998.

Accountability:

The responsibility for taking affirmative action measures and assuring compliance with the provisions of the Employment Equity act of 1998 is upon the Municipal Manager.

6. RECRUITMENT AND SELECTION

6.1 Recruitment

Pre-recruitment requirements:

To enable Council timeously to recruit the higher caliber of person in the shortest period of time in the most cost-effective manner, the following processes should be adhered to:

Council/Municipal Manager

To enable Council or the Municipal Manger to approve any appointment either directly or by means of delegated powers, the following documents should be in place:

- An approved organogram
- An approved staff budget
- Approved qualification/skills and experience requirements
- A Recruitment and Selection Policy

Department Corporate Services: Human Resources

The following documentations are needed before the Department may start the recruitment process:

- An approved organogram
- An approved job description
- A council resolution or delegation authority to fill a vacancy
- Approved qualification/skills and experience requirements
- A fully completed personnel requisition form
- A recruitment and Selection Policy

Human Resources must ensure that:

- All relevant documentation has been received.
- All necessary documents has been clearly authorized according to the delegated powers
- Job description, job levels, qualification and experience requirements are correctly stated.

- Salary scales are correctly indicated.
- Vacancy has been noted on the computer/administrative system.
- All appointments are made in accordance with the target setting in terms of the employment Equity Act.

General Manager/Chief Financial Officer

- An approved job description
- An approved staff budget
- Existing vacancy
- A Recruitment and Selection Policy
- A fully completed personnel requisition form

6.2 Recruitment Advertisement

- Annualing of Advertisement : The information as referred to above shall form the basis for the advertisement and all advertisements shall clearly state the relevant job level, qualification and experience requirements, as well as application procedures together with closing dates for the receipt of application.
- Advertisements for positions on levels 9 to 19 shall first be placed internally in order to promote upward mobility of employees
- External advertisements for positions on level 9 to 19 shall only be placed in appropriate media if no appointment could be made after the internal recruitment drive.
- All advertisements shall be circulated internally by placement on designated notice boards.
- External advertisements shall be placed in appropriate media, ensuring maximum access to applicants
- The organizational targets , inter alia, shall determine whether recruitment activities are internal or external or both
- The service of external employment/personnel agencies may be utilized for recruitment purposes. The selection of such agencies will comply with the Supply Chain management Policy.

6.3 Selection

General Principle's governing selection

- Selection criteria shall be objective and related to the essential requirement of the job and realistic future needs of the Municipality.
- The central guiding principle for selection shall be competence in relation to the essential requirements of the job provided that selection shall, favour, as determined by the target, suitable qualified as defined in Section 20(30) of the Employment Equity Act.

- Unless formal or statutory qualifications are clearly justified as essential for the job relevant experience/performance, training(internal/external as reflected and measured through competencies, and potential for the prospective vacancy, shall be an important criterion.
- Canvassing by job applicants or any other person on behalf of job applicants, for the post within the Council's service is prohibited and evidence thereof will disqualify the applicant's application for consideration for appointment.
- Deviation from academic requirement may not be accepted where legal requirement should be met and after placement for appointment.
- All applications should be in the possession of Human resources before or on the closing date, and the record of such application forms shall be maintained by Human Resources.
- Application forms should be signed by the applicant personally
- Any misrepresentation or untruth will lead to the disqualification of that application

7. ASSESSMENT METHODOLOGY

The Municipality will only make use of assessment techniques which:

- a) Have been shown to be valid and reliable,
 - b) Can be applied fairly to all employees,
 - c) Are not biased against any employee or group
- All parties will uphold the strictest confidentiality in respect of any information supplied.
 - The assessment process is an integral process and the final decision shall be based on the result of the whole process.
 - The Human resources function is responsible for ensuring the integrity of the assessment process and the use and the application assessment techniques.
 - Medical testing will only be utilized if required or permitted by the legislation or it is justified in the light of medical facts with regards to the essential requirements of the job.

Competence based interviews

- All interviews will be structured interviews with the same questions posed to all the applicants interviewing for a specific vacancy. When determining the successful candidate, the interview panel should endeavor to reach consensus on the successful applicant. If no consensus is reached, the ruling of the Municipal Manager would be final.
- Any member of the interview panel is required to withdraw from the interview panel should they have a personal interests or bias in regard to any of the applicants.

Other assessments-

Competency or psychometric testing

All posts at Top and senior Management will be subjected to a competency or

psychometric test in order to ascertain the competency level of the preferred candidate to the post. The results of the exercise will be consolidated with the results of the interview session in order to recommend a suitable candidate for appointment in the post.

Job related tests

Job related and other similar assessments of an employee are permissible if the test or assessment being used:

- a) Can be applied fairly to all employees.
- b) Is not biased against any employee or group.
- c) Agreement should be reached between all stakeholders if and what testing to be conducted PRIOR to applicants being interviewed, e.g. testing for driver's positions.

Nepotism

A definition of nepotism is “undue favouritism”. One can also define nepotism as the preferred option in candidate selection during the recruitment process, because the candidate is a relative or personal friend of the person making such an appointment.

Principles to be adhered to

- Family, friends and relatives may still apply for positions, but that the representatives on the selection panel should declare their interest and excuse themselves when family, friends and relatives are considered for appointment.
- A further guidance is that Council should try to avoid placing in the same Department.
- That the status quo remains regarding family and members who are presently employed by Council
- That the spirit of the Code of Good conduct be adhered to.
- Family members must be indicated on the application form and failure to do so lead to disciplinary measurements being taken.

Reference checking

- Only reference as provided by the applicant will be contacted. Under the following circumstances the lack of a reference shall be used to disqualify an applicant:
 - Application has had no previous experience; and
 - The current employer is the only source of reference
- No reference checking will be conducted on an applicant before an interview is conducted, but pre-screening to validate information on the Curriculum Vitae may be conducted in essential requirement of the job.

- The reference shall be based on the essential requirements of the job and be conducted in a structured format by Human Resources and Line Management in consultation with Human Resources.
- All rating of candidates against the identified competencies , to be done on the basis of a standardized methodology and the selection panel to be trained in such methodology.

Vetting

- Shortlisted candidates will be subjected to a personnel vetting process as and when required by Thembelihle Local Municipality.
- Notice of personnel vetting will be included in the recruitment advertisement when required.
- All qualifications of the successful candidates will be verified before the final offer of employment is made.

Probation

- Council recognizes that new employees will need a period of time to become familiar with the organization and to progress toward competing in their position.
- The purpose of the probation period orientation guidance, on the job training and coaching to the new position. This period is also the final and critical phase of the selection process that will provide to evaluate the hiring decision. To do this effectively, the supervisor/manager will be required to regularly monitor, measure and review the new employee's level of performance during the probation period.
- During this time the new employee will be evaluating and adjusting to his/her new position and work environment to determine if expectation are being met and assessing his/her overall fir to the organization and its mission, fundamental principles and values.
- Council may appoint a permanent employee on probation for a fixed period not exceeding six months, subject to the following conditions:
 - If council of the opinion that such employee has successfully completed his/her probationary period, Council shall confirm such employee's appointment in writing.
 - If Council , on or before the date of completion of the probation period of such employee, is of the opinion that he/she is not fit for the post occupied by him, Council May
 - In writing and stating the reasons therefore , extend the probationary period of such employee once only for a fixed period not exceeding six months; or
 - Give such employee at least one working month's written notice that his/her services will be terminated on a specific date: Provided that a fair procedure has been followed.

Feedback to candidates

- Human Resources will on request, be provided feedback to unsuccessful candidates for career development purposes.

- All applicants for advertised posts will be informed in writing of the outcome of the selection process in regard to their application.
- The Human resource Practitioner informs the successful candidates and makes a verbal employment offer(remuneration, benefits, commencement date).
- All person appointed to the organization accept the appointment by way of signing the employment contract prior to commencement of duties.
- The Human resource Practitioner informs the unsuccessful short listed candidates within five working days of the appointment being authorized.
- Enquiries from unsuccessful candidates are dealt with by the Human resources Practitioner in conjunction with line Management.
- In the case of selection process for level 1 to 4 candidates, the Municipal Manager or his/her nominee will inform the successful and unsuccessful candidates of the outcome of the process. Once the employment contract has been signed, human Resources will take over the management of the relevant Human Resources processes for appointment.

8. INDUCTION

- All newly appointed employees will participate in the Organisation's Induction Process.
- Existing employees may go through a process of re-induction.

9. TEMPORARY EMPLOYEES

- One should distinguish between temporary staff and casual employment. CASUAL EMPLOYMENT refers to an ad hoc request for additional staff is not indicated on the organogram or positions which are occupied for a specific period. The status quo is to remain for these appointments. This refers to the General Manager employing the most suitable applicants which is readily available in the shortest period of time. No target settings need to be accommodates for these appointments. Examples of appointments of this nature are Students and replacements for employees who are readily not available at work for a longer period.
- TEMPORARY EMPLOYMENT refers to the situation where an individual is appointed in a position reflected on the Organogram of the Council with the intention to fill the vacancy at some stage in the future. The purpose behind the under-mentioned procedure is to eliminate any unfair advantage that a temporary employee may have when the position is filled on a permanent basis.
- The use of temporary personnel should be discouraged if and where possible. Temporary personnel should only be used to alleviate seasonal or temporary additional workload that cannot be accomplished with normal staff structures.
- The following procedure for filling of temporary positions is set:
 - **Step 1:** A personnel requisition form is to be completed by the relevant department and sent to the senior Manager: Human Resource for finalization. As the appointment of temporary staff often advantage

the incumbent when the position is filled on a permanent basis, the applicable occupational categories as per target setting in terms of the approved Employment Equity Plan should be adhered to.

- **Step 2:** An internal advertisement is to be placed inviting applicants through Council employees to apply for temporary appointments. If the appointment is of an urgent nature, the Municipal Manager may authorize the use of an employment agency, who should be requested to utilize employees from the local geographic area.
- **Step 3:** Interviews for the appointment of temporary personnel may be conducted by the Director or a nominee in the presence of Human Resources representative.
- **Step 4:** Human Resources must enter into a contractual agreement with each temporary appointed person or employment agency.

Note: As a guideline, temporary appointments should not exceed 3 months. However departments must motivate the extension of the contract in writing to the General Manager: Corporate Services in the event that workload is still outstanding.

10. PAYMENT OF TRAVELLING AND ACCOMMODATION COSTS

- 10.1 Payment for travelling and accommodation costs will be dealt with in terms of the existing Subsistence and Travelling Policy of Council which may be amended from time to time. Applicant in a given set of facts, should be used to ensure compliance.
- 10.2 Only once the Applicant has complied with such conditions of approval, whether it be in terms of an agreed phasing or the entire development, should the further approvals or clearances as may be required be given by the municipal decision-makers concerned.

11. REVIEW

This policy document, as well as the reports and calculations methods, will need to be reviewed periodically to ensure that they are suitably adapted to meet any new statutory and integrated planning requirements and provide for the recovery of cost increases relating to the provision of engineering services.

ANNEXURE 12: RECRUITMENT AND SELECTION POLICY
CASH MANAGEMENT AND INVESTMENT POLICY
(Adopted by council on 30 May 2018)

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Adoption of cash management and investment policies

4. The cash management and investment policy to be established by a municipality in terms of section 13 (2) of the Act, must be –
 - a. adopted by the council of the municipality; and
 - b. consistent with these regulations.
5. The board of directors of a municipal entity must adopt an cash management and investment policy for the entity consistent with these regulations.
6. All investments made by a municipal entity, or by an investment manager on behalf of a municipality or entity, must be in accordance with the cash management and investment policy of the municipality or entity and these regulations.

The following policy has been adopted by the Council of Thembelihle Municipality on 31 March 2016.

PART 1. LEGAL COMPLIANCE

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003.

A paraphrase of the provisions of this Act is attached as Annexure I to this policy.

PART 2. OBJECTIVE OF INVESTMENT POLICY

The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

PART 3. EFFECTIVE CASH MANAGEMENT

3.4 Cash Collection

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.

The respective responsibilities of the chief financial officer and other heads of departments in this regard is defined in a code of financial practice approved by the municipal manager and the chief financial officer, and this code of practice is attached as Annexure II to this policy.

The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment

3.5 Payments to Creditors

The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favorable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made. (Delegated by Accounting Officer to CFO.)

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the chief financial officer before any payment is made. (Delegated by Accounting Officer to CFO.)

Notwithstanding the foregoing policy directives, the chief financial officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the chief financial officer determines that there are financial incentives for the municipality to do so. (Delegated by Accounting Officer to CFO.)

The chief financial officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. (Delegated by Accounting Officer to CFO.) Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing. (Delegated by Accounting Officer to CFO.)

3.6 Management of Inventory

Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

3.7 Cash Management Programme

The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated

The chief financial officer shall report to the Municipal Manager and Mayor , as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

PART 4. INVESTMENT ETHICS

The chief financial officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the Municipal Manager, as the case may be, and in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.

In making such investments the chief financial officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the Municipal Manager, as the case may be, shall not accede to any influence by or interference from councilors, investment agents or institutions or any other outside parties.

Neither the chief financial officer nor the Municipal Manager, Mayor or councilors or any officials, as the case may be, may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

PART 5. INVESTMENT PRINCIPLES

5.8 Limiting Exposure

Where large sums of money are available for investment the chief financial officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality. The chief financial officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

5.9 Risk and Return

Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see 5.4 below).

5.10 Payment of Commission

Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

5.11 Call Deposits and Fixed Deposits

Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least two financial institutions.

Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 7 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the chief financial officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

5.12 Restriction on Tenure of Investments

No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Manager , as the case may be.

5.13 Permitted investments

A municipality or municipal entity may invest funds only in any of the following investment types as may be appropriate to the anticipated future need for the funds:

- a. securities issued by the national government;
- b. listed corporate bonds with an investment grade rating from a national or internationally recognized credit rating agency;
- c. deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- d. deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984);
- e. deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);
- f. banker's acceptance certificates or negotiable certificates of deposit of bank registered in terms of the Banks Act, 1990;
- g. guaranteed endowment policies with the intention of establishing a sinking fund;
- h. repurchase agreements with banks registered in terms of the Banks Act, 1990;
- i. municipal bonds issued by a municipality; and
- j. any other investment type as the Minister identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

5.14 Investment denominated in foreign currencies prohibited

A municipality or municipal entity may make an investment only if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

PART 6. CONTROL OVER INVESTMENTS

The chief financial officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

The chief financial officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

The chief financial officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

PART 7. OTHER EXTERNAL INVESTMENTS

From time to time it may be in the best interests of the municipality to make longer-term investments in secure stock issued by the national government, Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the chief financial officer, must be guided by the best rates of interest pertaining to the specific type of investment, which the municipality requires, and to the best and most secure instrument available at the time.

No investment with a tenure exceeding twelve months shall be made without the prior approval of the Municipal Manager, and without guidance having been sought from the municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

PART 8. BANKING ARRANGEMENTS

The Municipal Manager is responsible for the management of the municipality's bank accounts, but may delegate this function to the chief financial officer. The Municipal Manager and chief financial officer are authorized at all times to sign cheques and any other documentation associated with the management of such accounts. The municipal manager, in consultation with the chief financial officer, is authorized to appoint four or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the mayor and council, as the case may be, on a yearly basis, as part of the report dealing with the municipality's investments.

In compliance with the requirements of good governance, the municipal manager shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following: the administration of the external finance fund and of the asset financing reserve (if these accounts are legally permissible). One or more separate accounts shall also be maintained for the following: capital receipts in the form of grants, donations or contributions from whatever source; trust funds; and the municipality's self-insurance reserve (if legally permissible). In determining the number of additional accounts to be maintained, the municipal manager, in consultation with the chief financial officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the same

banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

The municipal manager shall invite tenders for the placing of the municipality's bank accounts within six months after the election of each new council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the municipal manager, in consultation with the chief financial officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the council, as the case may be, agrees to the invitation of such tenders.

PART 9. RAISING OF DEBT

The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.

Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.

PART 10. INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES

In managing the municipality's investments, the chief financial officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an amount is invested at least annually equal to the principal sum divided by the period of the loan. Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date. The making of such investment shall be approved by the council at the time that the loan itself is approved. If the loan raised is not a fixed term loan, but an annuity loan, the chief financial officer shall ensure that sufficient resources are available in the account maintained for the external finance fund to repay the principal amounts due in respect of such loan on the respective due dates.

PART 11. INTEREST ON INVESTMENTS

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

In the case of the external finance fund, the chief financial officer may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued.

If the accrual of interest to the external finance fund, unutilized capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required

in respect of such funds or accounts, such surplus amount shall be credited by the chief financial officer to the appropriation account and expropriated to the asset financing reserve.

PART 12. ANNEXURE I: PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the executive mayor, executive committee or chief financial officer. The foregoing policy is based on the assumption that such authority has been delegated to the chief financial officer. The chief financial officer shall at all times manage the investments in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No 56 of 2003.

SECTION 7: OPENING OF BANK ACCOUNTS

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

SECTION 8: PRIMARY BANK ACCOUNT

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;
- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

The accounting officer of the municipality must administer the entire municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorize the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorized in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorized in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13; defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorization to a senior financial official to withdraw money or to authorize the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorize any official other than the chief financial officer to withdraw money or to authorize the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

SECTION 13: CASH MANAGEMENT AND INVESTMENTS

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

The following documents must accompany each tabled Annual annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- Particulars of the municipality's investments.

SECTION 22: PUBLICATION OF ANNUAL BUDGETS

The accounting officer must make public, immediately after a Annual annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connection with such budget (and documents).

SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the accounting officer of a national or provincial department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

SECTION 45: SHORT-TERM DEBT

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overAnnual facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit facility limited to emergency use, the accounting officer must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

SECTION 46: LONG-TERM DEBT

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for

the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the revenue of the municipality. The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the expenditure of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

PART 13: ANNEXURE II: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

1. STORES ADMINISTRATION

The chief financial officer shall be responsible for the proper administration of all stores. If sub-stores are established under the control of any head of department, such head of department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the chief financial officer, acting in consultation with the head of department concerned. No sub-store may be established without the prior written consent of the chief financial officer.

3. CONTRACTS: MANAGEMENT OF

Within such general buying and related procedures as the chief financial officer shall from time to time determine, and further within the confines of any relevant legislation and of such rules and procedures as may be determined by the council, as the case may be:

- all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorized by the chief financial officer or the head of department concerned; and
- all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be authorized by such head of department in accordance with the provisions of Section 3 below. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the chief financial officer for payment.

4. PAYMENTS

- 4.1 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 4.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 4.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorized in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 4.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 4.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councilors, and for the determination of the payment system to be used.

5. REVENUE AND CASH COLLECTION

- 5.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.

- 5.2 The chief financial officer shall ensure that all revenues are properly accounted for.
- 5.3 The collection of all arrear revenues and the control of arrear accounts shall be co-coordinated by the chief financial officer in terms of any policies determined by the council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the chief financial officer shall report the matter adequately and timeously to the accounting officer and council.
- 5.4 The chief financial officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

6. BANKING OF RECEIPTS

- 6.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.

Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the chi

ANNEXURE 13: BORROWING POLICY

BORROWING POLICY (Adopted by council on 30 May 2018)

1. DEFINITIONS

In this Policy, unless the context indicates otherwise-

“Acts” means the Local Government: Municipal Finance Management Act, 2003(Act No.56 of 2003);

“authorised official” means an employee responsible for carrying out any duty or function, or exercise any power in terms of his policy and includes employees delegated to carry out or exercise such duties, functions or powers;

“Town” means the town of Hopetown & Strydenburg in a municipality Established Notices No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structure Act, 1998, or any structure or employee of the town acting in terms of delegated authority;

“council” means the Municipal Council of the Town;

“COID” means the Compensation for Occupational Injuries and Diseases;

“CFO” means Chief Financial Officer of the Town

“disclosure statement” means a statement issued or to be issued by the Municipality which intends to incur debt by issuing municipal debt instruments;

“financing agreement” means any loan agreement , lease , instalment, purchase arrangement under which the Town undertakes to repay a long-term debt over a period of time;

“juristic person” means a body of persons, a corporation, a partnership, or other legal entity that is recognized by law as a subject of rights and duties;

“lender” means a juristic person who provides debt finance to the town;

“loan covenant” means a condition in an agreement relating to a loan or bond issue that requires the borrower to fulfill certain conditions or which forbids the borrower from undertaking certain actions, or which possibly restricts certain activities to circumstances when other conditions are met. Violation of a covenant may result in a default on the loan being declared, penalties being applied, or loan being recalled;

“long term debt” means debt repayable by the Town over a period exceeding one(1) year;

“Municipality” means the Town of Hopetown;

“municipal debt” means :

- a) a monetary liability or obligation on a Town
 - a financing agreement, note, debenture, bond or overAnnual: and
 - the issuance of municipal debt instrument; an
- b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

“security” means any mechanism intended to secure the interest of a lender or investor and includes any of the mechanisms mentioned;

“short term debt” means debt that is repayable over a period not exceeding one(1) year;

“sinking fund” means a fund established where provision is made to accumulate sufficient funds to repay the capital on a municipal issue at the end of the loan period as a lump sum which is termed a ‘bullet’ payment and;

“QBMR” means Quarterly Borrowing Monitoring Return.

2. PROBLEM STATEMENT

2.1 Considering the large demand for municipal infrastructure, borrowing is an important element to obtain additional funding sources to fund the municipal capital programme over the medium term.

2.2 Given that a large portion of municipal infrastructure has a long-term economic life and the general principle that the current ratepayers should not pay for an asset in the short term that is to be used by future ratepayers during life of the asset , there is a strong economic argument of finance this capital expenditure through long-term borrowing in order to accelerate the pace of delivery and to mirror the repayment funds with the economic life of the asset. The economic life of assets should always be equal to or longer than the tenure of the debt finance.

2.3 It would be appropriate for the Town to adopt a borrowing policy which shall be consistent with the Act and its regulations.

3. DESIRED OUTCOME

3.1 This Policy, in line with sections 19, 46 and 47 of the Act, sets out the procedures to

be followed in sourcing funding from external service providers.

3.2 The following objectives of the policy are to:

- a) enable the Town to exercise their obligation to ensure sufficient cash resources to implement capital programme in the most effective manner;
- b) ensure compliance with the relevant legal and statutory requirements relating to municipal borrowing;
- c) govern the taking up of short-term and long-term debt according to the legislative framework;
- d) manage interest rate and credit exposure;
- e) maintain debt specified limits and ensure adequate provision for the repayment of debt; and
- f) to maintain financial sustainability.

4. STRATEGIC INTENT

The intent of the policy is to:

- a) Ensure a transparent and corruption- free government;
- b) Establish an efficient and productive administration that priorities delivery;
- c) Ensure financial prudence, with clean audits by the Auditor-General

5. POLICY PARAMETERS

5.1 The process for obtaining external loan funding for the Town and its municipal entities falls exclusively within the functional area of the Treasury Directorate of Finance

5.2 All borrowing made by the Town must be in accordance with this policy and with any regulations promulgated by national government.

6. ROLE PLAYERS AND STAKEHOLDERS

6.1 The CFO must, in consultation with the Budget and Treasury Directors, assess the Town's financial requirement and determine the amount of funds that need to be raised from external service providers, particularly to fund the capital programme. The assessment must be made in conjunction with the Medium Term Revenue and Expenditure Framework (MTREF) and the capital budget which is approved by Council.

6.2 The Treasury Directorate is responsible for the implementation of this policy.

7. REGULATORY CONTEXT

The legislative framework governing borrowing is informed by the following legislations:

- a) Local Government Municipal Finance Management Act,(Act 56 of 2003); and
- b) Municipal Regulations on debt Disclosure, regulation R492, published under Government Gazette 29966, 15 June 2007.

8. OPTIONS FOR RAISING OF EXTERNAL DEBT

8.1 There are four possible methods of raising external debt have been identified, namely:

- a) Raising of project specific loans through financial services providers;
- b) Raising of non-project specific loan value for a particular financial year; and
- c) Raising of bonds on the bond market;
- d) Appointment of a financial service provider as sole financier to the Council for a period of not exceeding three (3) financial years.

8.2 A combination of all four methods of raising external debt could be utilized over a period of time.

9. ASSESSMENT OF FUNDING REQUIREMENT

9.1 Funding requirements for capital projects/assets, together with an assessment of the funding sources, must-

- a) be determined annually;
- b) taken into account a multi-year period; and
- c) be done in order to determine the adequacy of available funding sources.

9.2 Council must take into account how funding decisions affect the operating budget for the multi-year period, which will include the long term on tariffs.

10. FINANCIAL RESOURCES

A full analysis of all cash reserves is required prior to borrowing to ensure the most cost effective method of financing.

11. RAISING OF EXTERNAL DEBT FOR FUTURE FINANCING OF CAPITAL EXPENDITURE

Budget Financial Plan

11.1 On an annual basis, the CFO must assess the Town's financial requirements and determine the amount of funds that needs to be raised from external service providers.

11.2 Consideration must be taken of the limitations per capital and operating budgets and the expected impact that any external debt raised may have on the budget.

11.3 The Town's standard budgeting process must be followed when assessing the funding requirements of the Town and the need for long term funding from external sources.

11.4 The impact of the financial plan on the capital and operating budget must be considered and included in the budget.

12. COMPLIANCE WITH FINANCIAL SERVICE PROVIDER REQUIREMENTS

12.1 Financial Ratios

- a) Where it has been decided that funding will be sourced externally, the financial service provider may, when considering an application for external debt from the Town, take certain ratios into consideration.
- b) The CFO must determine the applicable ratios for long term funding and suggested performance levels.
- c) The ratios should be monitored to ensure that the Town is able to meet its requirements to access external debt from financial service providers of its choice.
- d) Where these performance levels, relating to the financial ratios, are not attained, corrective action should be taken to prevent non adherence to the loan covenants.

12.2 Credit rating

- a) The CFO is responsible for securing and maintaining an appropriate credit rating from a recognized, reputable credit rating organization.
- b) Supply Chain Management procedures must be followed in evaluation and appointing an appropriate credit rating agency.

13. RATIOS USED TO DETERMINE THE TOWN'S ABILITY TO BORROW

To ensure a financially sustainable Town, the following ratios are used as guidelines to Determine the Town's ability to borrow-

- a) total debt to revenue(excluding grants)
- b) debt service coverage ration;
- c) debt to net Cash ration;
- d) financing cost ration;
- e) cash flow interest cover ration; and
- f) cash available from operations before external interest paid.

14. COMPULSORY DISCLOSURES WHEN INCURRING MUNICIPAL DEBT

14.1 When entering into discussions with a prospective lender with a view to incur municipal debt, the Town must indicate in writing to the prospective lender whether it intends to incur short-term or long-term debt.

14.2 In cases of short-term debt it must be disclosed whether the debt is to finance-

- a) shortfalls within a financial year during which the debt is incurred in expectation of specific and realistic anticipated revenue to be received within that financial year; or

- b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocation or long-term debt commitments.

14.3 In the case of long-term debt, whether the purpose of the debt is for-

- a) capital expenditure on property, plant or equipment to be used to the purpose of achieving the objectives of local government, subject to section 46(4) of the Act; or
- b) refinancing of existing long-term debt, subject to section 46(5) of the Act.

15. COMPLIANCE WITH MUNICIPAL REGULATIONS ON DEBT DISCLOSURE

Regulation 6 of the Municipal Regulations on Debt Disclosure, 2007, states that whilst the Town is party to a municipal debt instrument it has to have a credit rating in place which must be reviewed annually by an independent credit rating institution until it has been redeemed.

16. BORROWING PROCESS

The Borrowing process will be affected in terms of section 6 of the Act.

17. SUBMISSION OF DOCUMENTS

When entering into discussion with a prospective lender with a view to incur short-term or long-term debt, the following information must be made available to the prospective lender-

- a) audited financial statements for the preceding three(3) financial years with audited outcomes;
- b) approval annual budget;
- c) the Integrated development Plan;
- d) repayment schedule pertaining to existing short-term or long-term debt.

18. NOTIFICATION TO NATIONAL TREASURY

18.1 The MFMA requires a Town or municipal entity to invite the National Treasury(hereafter referred to as “NT”), the relevant provincial treasury and the public to submit written comments or representations to the council/board of directors in respect to the raising of any proposed debt through borrowing or any other instrument (refer section sections 46&108).

18.2 To expedite this process and to enable the NT and relevant provincial treasury to provide informed comments. The town/municipal entity is requested to supply the following information and include the signed certification (see annexure), along with the invitation for comment. Failure to provide this information may delay the process.

18.3 The table below sets out the information to be provided with respect to a long-term debt propose:

	Details	MFMA
1	A copy of the information statement required by section 46(3), containing particulars of the proposed borrowing (debt instrument).	46(3) (a)(i)
2	If not already incorporated in the information statement, please ensure the following information is provided separately (note QBMR=Quarterly Borrowing Monitoring return to National Treasury): a) Amount of debt to be raised through borrowing or other means; b) Purpose for which the borrowing (debt) is to be incurred; c) Interest rate(s) applicable (state whether fixed or variable etc.); d) Planned start and end date (term of instrument); e) Detailed repayment schedule for the duration of the borrowing (debt) (showing dates and all payments of principal and interest, etc.); f) Total estimated cost of the borrowing(debt) over the repayment period; g) Type of instrument(select from QBMR) ; h) Security to be provided (select from QBMR) and provide details; and i) Sources of loan funds (select from QBMR).	46(3)(b)(i) and (ii)
3	A schedule of consultation undertaken, including: a) Date(s) when the information was made public b) Details of meetings, media adverts and other methods used to consult on the proposed long-term borrowing(debt)	46(3)(a)(i),(ii)
4	a) A copy of the approved budget, and relevant documentation supporting the budget, highlighting the asset(s) to be funded by the proposed borrowing(debt) and the revenue to be received b) It must be demonstrated that the proposed borrowing (debt) is consistent with the IDP, the capital budget and the revenue shown accordingly.	46(6) 17(2) 19
5	If the borrowing(debt) is for the purpose of refinancing existing long-term borrowing(debt), the following information should be provided: a) A description of the asset(s) for which the original loan was required; b) The remaining useful life of the asset(s); c) The net present value of the asset(s), including the discount rate used and any assumptions in the calculations; d) The net present value of projected future payments <u>before</u> refinancing , including the discount rate and assumptions used; and e) The net present value of projected future payments <u>after</u> refinancing, including the discount rate and assumptions used.	46(5)
6	The source of funding that will be used to repay the loan as well as the revenue stream(s) must be specified, irrespective of whether it is an existing or new revenue stream.	19(1)(d)
7	A schedule of all long-term borrowing(debt) obligations should be compiled on the format of the QBMR, showing principal investments set up as sinking funds etc.	N/A
8	In the case of a municipal entity, details of any guarantee or other forms of security to be issued by the parent municipality respect of the entity’s proposed borrowing (debt) should be provided.	50
9	A copy of the council/board of directors ’resolution approving the borrowing (debt) instrument should be forwarded once approved.	NA

This information detailed above together with the certification (referred to in Annexure A), should be forwarded to the National Treasury and the relevant Provincial Treasury.

19.INTEREST RATE RISK

Interest rates are to be fixed at an optimal rate unless it can be shown that a variable rate can provide better cost efficiency.

20.MONITORING , EVALUATION AND REVIEW

The policy will be monitored by Treasury officials annually and may be amended.

ANNEXURE A

Certification of long-term borrowing (debt)

Name of Municipality/entity

Proposed borrowing (debt): R.....

We hereby certify that the proposed long-term borrowing (debt), as specified in the attached *Information statement* and supplementary pages complies with sections 17(2), 19, 46 and 108 of the MFMA and will be used for the purposes of capital expenditure on property, plant or equipment:

- a) For the purpose of achieving the objects of local government as set out in section 152 of the Constitution;
- b) Capital expenditure is appropriate in an approved multi-year capital budget;
- c) Repayments for the duration of the loan are affordable and will be appropriated in future budgets; and
- d) If the loan is required to refinance existing long-term borrowing (debt), that the original borrowing (debt) was lawfully incurred and the refinancing does not extend the term of the borrowing (debt) beyond the life of the asset for which the money was originally borrowed.

A copy of the council/board of director’s resolution approving the loan will be forwarded to the National Treasury and the relevant Provincial Treasury within 7 days of approval.

Signatures:

.....

Accounting Officer

Name:

Date:

.....

Mayor/Chairperson of the Board

Name:

Date:

ANNEXURE B

Financial Ratio Formulas

Total debt to Revenue

= Total debt/ [total Revenue – Unspent conditional grants – Capital Government grants and subsidies]

Debt service cost ratio

= [Cash generated from operations – unspent conditional grants- capital government grants and subsidies]/ [Finance cost + Loan repaid + Increase/(Decrease) in sinking funds deposits]

Debt to net cash ratio

= Total debt/[Cash generated from operations-unspent conditional grants – Capital government grants and subsidies]

Financing cost ration

= [Interest on external Borrowings + Capital paid on external debt] / Total revenue

Cash Flow Interest Cover ratio

= [Cash flow from operations + interest paid

Cash available from operations before external interest paid

=[Cash generated from operations plus investment income plus changes in working capital]/external interest paid.

ANNEXURE 14: FUNDING AND RESERVES POLICY

FUNDING AND RESERVES POLICY (Adopted by council on 30 May 2018)

1. Applications and Scope

This policy is mandate by Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is made in terms of section 168 of the Municipal Finance Management Act, 2003 Act no. 56 of 2003 This funding and Reserves Policy is applicable to Thembelihle Municipality.

2. Objectives of Policy

- i) To ensure the operating and capital budget of council are appropriately funded.
- ii) To ensure that provisions and reserves are maintained at the required levels to avoid future unfunded liabilities.

3. Introduction

The funding of the operating and capital budgets is done on an annual basis for a three year period. The budget must be balanced both from and accounting as well as cash perspective. The impact of movement in the Statement of financial Position is taken into account when considering the balancing of the budget.

4. Projected billings, collections and direct revenue

These projections are prepared in accordance to the following annual approved council policies:

- 4.1 The Rates policy which sets out the manner in which the municipality may impose rates on property.
- 4.2 The Tariffs Policy which guides the annual setting (or revision) of tariffs. The Policy is applicable to all tariffs for electricity, water, sanitation and solid waste services provided by the municipality. This policy is also applicable to all sundry tariffs.

5. Funding sources for operating and capital budget

5.1 Operating Budget

The operating budget shall be financed from the following sources

- a) Service Charges
 - i) Electricity Charges
 - ii) Water Sales

- iii) Refuse Removal Fees
- iv) Sewerage Fees

b) Property taxes

Increases in tariffs and rates will be based on actual billed revenue and as far as possible be limited to inflation plus an additional percentage increase to accommodate the growth of the town and more important to remain affordable and realistic. Detailed information can be found in the Tariff Policy.

c) Grants & Subsidies

Grants and subsidies shall be based on all the gazette grants and subsidies plus all other subsidies received by the organization.

d) Rental Fees

Fees for rental property will be budgeted for based on the percentage growth rate as determined by Financial Services for a particular budget year.

e) Fines

Fees for fines will be budgeted for based on the actual income received in the preceding year and the percentage growth rate as determined by Financial Services for a particular budget year

f) Other Income

All other income items will be budgeted for based on the actual income received in the preceding year and the percentage growth rate as determined by Financial Services for a particular budget year.

5.2 Capital Budget

Own Funding Sources

The Council shall establish a Capital Replacement Reserve(CRR) for the purpose of financial capital projects and the acquisition of capital assets.

Other Funding Sources

The capital budget shall also be financed from external sources such as the following:

- a) Grants and subsidies as allocated in the annual Division of Revenue of Act
- b) Grants and subsidies as allocated by Provincial government
- c) External Loans
- d) Private Contributions
- e) Contributions from the Capital Development Fund(developer's contributions) and
- f) Any other financing source recurred by the local authority.

6. Provision for revenue that will not be collected

The municipality makes provision in the operational budget for revenue that will not be collected in the budget year. This provision that will be made must be based on past trends and payments rates. More detail can be found in the Accounting Policy of the municipality.

7. The funds the municipality can expect to receive from investment

The municipality makes provision in the operational revenue budget for revenue that will be realized on investment. The interest received on investment will be budgeted for in the revenue budget. Forecast will be based on projected interest rates and projected investments for the period.

8. Proceeds from transfer or disposal of assets

The proceeds from transfer or disposal of assets will be budgeted in the operational revenue budget.

9. Borrowing requirement

The affordability of loans over the Medium Term Revenue and Expenditure Framework (MTREF) period should be determined before external loans are considered. Capital costs (interest and redemption payments) should be within the acceptable norms and in terms of the Borrowing Policy

10. Capital Replacement Reserve(CRR)

Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets.’

Such reserve shall be established from the following sources of revenue:

- a) Un-appropriated cash-backed surpluses to the extent that such surpluses are not requires for operational purposes;
- b) Interest on the investments of the CRR, appropriated in terms of the investments policy;
- c) Additional amounts appropriated as contributions in each annual or adjustments budget and;
- d) Before any assets can be financed from the CRR the financing must be available within the reserve and available to fund the CRR this reserve fund must then be adjusted the available cash
- e) Transfers to the CRR must be budget for in the cash budget.

ANNEXURE 15: LONG TERM FINANCIAL PLAN POLICY

**LONG TERM FINANCIAL PLAN POLICY
(Adopted by council on 30 May 2018)**

THEMBELIHLE MUNICIPALITY

ANNUAL POLICY ON LONG-TERM FINANCIAL PLANNING 2018/2019

1. POLICY TITLE

POLICY ON LONG TERM FINANCIAL PLANNING

2. MAIN PURPOSE

The Policy on Long-Term Financial Planning is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long-term objectives through the implementation of the medium-term operating and capital budgets. The purpose of the Policy on Long Term financial Planning is therefore to:-

- Ensure that all long-term financial planning is based on a structured and consistent methodology in order to ensure the long-term financial sustainability of Thembelihle Municipality
- Identify the need for revenue enhancement and cost saving strategies in order to improve service delivery at affordable rates; and
- Identify new revenue sources required to fund future budget cycles.

3. SCOPE OF THE POLICY

- In essence a financial plan encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets. It is to assist decision makers in making informed choices about the provision of basic services and capital assets and to promote stakeholder participation in the process.
- The financial plan should set out the Municipality's estimated expenditure over the medium-term, based on its goals and objectives, as well as the resources necessary to achieve this. In addition, the financial plan must set out where funding for a planned expenditure will come from
- The compilation of the financial plan is a score component of an integrated Development Plan (IDP). The envisaged timeframe allocations for a long term financial plan are:-

- Short term (12 months)
- Medium term (2-3 years)
- Long term (4 years onwards).

4. STRATEGIC OBJECTIVE

To ensure that the municipality achieves a status of financial resilience whereby it is no longer grant dependent.

5. KEY PRINCIPLES

The policy on Long-Term Financial Planning is based on the following principles:-

- Future financial sustainability;
- Annual growth in population and consumer based;
- Optimal utilization of grant funding and public donations; and
- Continuous improvement and expansion in service delivery framework

6. GOVERNANCE ISSUES

- The Constitution of the Republic of South Africa, 1996
- The Municipal Finance Management Act, 56 Of 2003

7. POLICY PROCEDURES

7.1 DEVELOPMENT OF A FINANCIAL PLAN

The phases for development of Financial Plan are set out below:

Phase One	Compile a status quo assessment of the municipality's current financial status and key challenges
Phase Two	Conduct financial modelling to determine financial viability

Phase Three

Analyse outcomes and ratios

Phase Four

Prepare a long term financial plan

7.1.1 Phase One : Status Quo Assessment

- Performance a status quo assessment under the following criteria:-
 - a) The Municipality's current financial status;
 - b) Current revenue sources, internal and external;
 - c) Main cost drivers impacting on the sustainability of the Municipality;
 - d) Status of municipal infrastructure
 - e) Ability to finance capital expenditure; and
 - f) Municipal service delivery backlogs
- The financial viability and creditworthiness of the Municipality is measured against a number of nationally recognized key ratios.
- The objective of the status quo report is to assess the current financial position and to identify the key challenges faces by the Municipality. The status quo report will aim to identify issues which impact on the overall financial stability of the Municipality and will include a historical analysis and assessment of financial results (based on annual financial statements)

7.1.2 Phase Two: Planned finance and financial Modeling

- Upon completion of the status quo assessment, resulting in an understanding of the Municipality's financing need over the medium-term.
- This entails determining what expenditure the Municipality plans to undertake over the medium-term and what its financing requirements are likely to be and how these can be funded either internally or externally.

7.1.3 Phase three: Analyse Outcome and Ratios

- Develop a financial forecast model to identify immediate opportunities and risks;
- Perform scenario planning to identify the optimum balance between revenue collection and municipal spending; taking into account the following:
 - a) Potential revenue enhancement strategies which may have an immediate impact on the revue base of the Municipality;
 - b) evaluate cost saving mechanisms to minimize the cost of effective service delivery

- c) current infrastructure investments and maintenance programs which may influence revenue streams or the cost of service delivery;
- Evaluate the medium and long term viability (2 years onwards):-
 - a) Development a financial forecast model to identify future opportunities and risks
 - b) Perform scenario planning to identify the optimum balance between revenue collection and municipal spending ; taking into account the following
 - the impact each scenario has on the financial viability ratios of the Municipality;
 - potential revenue enhancement strategies which may have a long-term impact on the revenue base of the Municipality;
 - evaluate cost saving mechanisms to minimize the cost of effective service delivery; taking into account potential infrastructure development and renewals ;
 - the impact of current infrastructure investments and maintenance programs on future revenue streams or cost of service delivery;
 - the impact of envisaged future infrastructure investments on the revenue stream and cost of service delivery ; and
 - the impact of provincial, national and municipal priorities over the medium and long term

7.1.4 Phase four: Develop a long term Financial Plan

- Once the Municipality has finalise the prioritization of initiatives and projects; a comprehensive long-term financial plan will have to be developed to indicate the envisaged impact it will have on the financial status of the Municipality. An overall financial forecast will then have to be done in order to illustrate the projected result of the implementations throughout the five year period.
- Although a long-term financial plan provides a forecast of potential outcomes, it has to be emphasized that the success of the financial plan remains in continuous revision. As is the case with any forecast model, the financial plan should be seen as a working document and should be subject to honest and realistic assessments of successes and failures on a regular basis.
- The fourth phase involves finalizing a medium-term income and expenditure plan based on the various alternative service delivery options.
- A key component in determining future options, potential problems and opportunities is the forecast of revenue and expenditures . The revenue and expenditure plan essentially involves combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast.
- Finalisation of the Financial Plan includes collating all short, medium and long-term financial data and development of a long-term financial plan that:-
 - Identifies future revenue projections based on current and projected revenue streams, as well as those projects required to achieve these projections;
 - Identifies future expenditure frameworks and cost of service delivery based on current and projected expenditure patterns;

- identifies the level of infrastructure development required to achieve the municipal priorities , within the funding restrictions; and
- identifies external funding requirements required for capital investment

7.2 ANNUAL REVENUE OF FINANCIAL PLAN

7.2.1 The financial plan must be reviewed on an annual basis as part of the annual review of the IDP and updated with at least the following information:-

- any direct change in financial status or internal factors, other than previously predicted, which may influence the financial status and viability of the Municipality;
- any changes in the economic and socio economic environment , other than previously predicted, which may influence the financial status of the Municipality;
- any changes in the revenue base or composition which may have an impact on the financial viability of the Municipality;
- any changes in the provincial, national or municipal priorities are previously identified; and
- any factors which may have an impact on the ability to implement previously.

8. COMPETENCE AND CAPACITY TO IMPLEMENT

- Budget & Treasury Office

9. RELEVANT LEGISLATION APPLICABLE TO THIS POLICY

This policy gives effect to the provision of the following legislation

- The Constitution of the Republic of South Africa, 1996
 - The Local Government Municipal Finance Management Act (MFMA), Act No. 56 of 2003

ANNEXURE 16: INFRASTRUCTURE INVESTMENT AND CAPITAL PROJECTS POLICY
INFRASTRUCTURE INVESTMENT AND CAPITAL PROJECTS POLICY
(Adopted by council on 30 May 2018)

POLICY ON INFRASTRUCTURE INVESTMENT AND CAPITAL PROJECTS 2018/2019.

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1. Preamble

- 1.1 The progressive realization of fundamental constitutional rights *inter alia* requires township development. Township development in turn requires the provision of engineering services.
- 1.2 Local government must ensure the provision of engineering services to communities and promote social and economic development in a sustainable manner. As a general principle local government should within budgetary constraints accept responsibility for the installation and financing of external engineering services.
- 1.3 As a general principle township developers should accept responsibility for the installation and financing of internal engineering services.
- 1.4 Local government has the discretionary power when granting development approvals to impose conditions in relation to the provision of engineering services and the payment of money which is directly related to requirements resulting from those approvals in respect of the provision of the necessary services to the land to be developed.
- 1.5 Local government must act in accordance with the law when exercising those powers.

2. Purpose of Policy

- 2.1 The adoption of policy guidelines by state organs to assist decision-makers in the exercise of their discretionary powers has long been accepted as legally permissible and eminently sensible.
- 2.2 The purpose of this policy document is first to assist and guide municipal decision-makers in:
 - The exercise of their discretionary powers when considering appropriate conditions of approval to be imposed under the Land Used Planning Ordinance.
 - Their negotiations with developers relating to their payment of development contributions and the division of engineering services cost between the Municipality and applicants; and
 - The application of the calculation methods for development Contributions as outlined in the reports defined below.

2.3 The purpose of this policy document is also to:

- Inform interested and affected parties regarding the principles and calculation methods of development contributions and the process to be followed in reaching and recording agreements in respect thereof; and
- Ensure the provision of adequate engineering services and/or payment of development contributions in respect of new developments.
-

3. Definitions

In this policy document, unless inconsistent with the context:

“Applicant” means a person who has applied for approval under the Ordinance and includes the person or entity implementing such an approval;

“Brownfields type Development” means development of land where use can be made to spare capacity in existing bulk services, and where additional bulk services are also required.

“Development Contributions” means financial contributions calculated in accordance with this policy document, which an Applicant is required to make in terms of conditions of approval imposed by the Municipality when granting approvals under the Ordinance and which relate to requirements resulting from those approvals in respect of the provision of the necessary engineering services to the land to be developed.

“Engineering services” means services installed in the process of developing land for the provision of water, sewerage and electricity, handling of solid waste, and the building of streets, roads and storm water drainage systems, including all related services and equipment;

“Greenfields type Development” means development of land where no bulk services are available to serve the proposed development, and completely new bulk services are required.

“Municipal Area” means the area as reflected in the map appearing in Provincial Notice 478/2000 published in Provincial Gazette Extraordinary No 5587 of 19 September 2000;

“Municipality” means the Thembelihle Municipality (NC076) established in terms of the Provincial Notice 489 of 22 September 2000 in terms of the Local Government: Municipal Structures Act, 117 of 1998, and includes all political structures or office bearers and municipal staff members to whom authority has been delegated to take decisions under the Ordinance or to give effect to conditions of approval imposed under the Ordinance;

“Ordinance” means the Land Use Planning Ordinance, 15 of 1985 (Northern Cape)

“Reports” means the so-called “Thembelihle Development Contributions Report”, the “Thembelihle: Levies for Bulk Electrical Services Report” as approved by the Municipality.

“Service agreement” means a written agreement concluded between an Applicant and the Municipality, and in terms of which *inter alia* the respective responsibilities of the two parties for the planning, design, provision, installation, financing and maintenance of the internal and external engineering services and the standard of such services are determined.

4. Legislative Framework

4.1 The principle of legality enshrined in the Constitution, dictates that everyone has the fundamental right to administrative action

4.2 Planning and development must take place within a dense legislative environment.

Suffice it to say that included amongst the pieces of legislation that find application in this field are the Constitution of the Republic of South Africa Act, the Ordinance, the Local Government: Municipal System Act 32 of 2000 (MSA) and the Local Government: Municipal Finance management Act 56 of 2003 (MFMA).

4.3 In terms of the Ordinance the Municipality is empowered to impose conditions requiring the payment of Development Contributions, when granting development approvals under the Ordinance. In terms of section 42(2) of the Ordinance the Municipality is required to regard *inter alia* to public expenditure incurred in the past or which arise from such approvals which facilitates or will facilitate such developments, when requiring Development Contributions.

4.4 Section 42(2) of the Ordinance must be understood against the backdrop of the following principle enunciated in the second Report of the Venter Parliamentary Commission of Inquiry into Housing and Related Matters, 1983:

“It is important that any formula recommended in respect of the cost of the provision of services should ensure equal treatment and that the residents of the old town should not subsidise the new township, unless a deliberate decision to the contrary is taken”

4.5 In terms of the MSA, development within the Municipality and its expenditure on engineering services infrastructure must be guided by an approved Integrated Development Plan. The Municipality is enjoined to give priority to providing basic services and improving the quality of life for all within its financial means. Therefore if an Applicant intends to develop land before the necessary bulk engineering service have been installed or where existing bulk services are inadequate to serve the proposed development, and the Municipality is not in a position to provide such at that time. The Applicant will be required as a condition of approval to fund the bulk services.

In those circumstances appropriate provisions need to be incorporated in a Service agreement relating to control over the costs of such external services and relating to the fund of reasonable costs to which the Applicant may be entitled.

5. Application of policy

5.1 This policy applies from date of its adoption by the Municipality to all applications for approval made in terms of the Ordinance relating to development within the Municipal Area.

5.2 It is trite law that where discretion has been conferred upon a public body by a statutory provision(such as section 42 of the Ordinance), such a body may lay down a general principle for its general guidance, but it may lay down a general principle as a hard and fast rule to be applied invariably in every case. Every case that is presented to the public body for its decision must be considered on its merits. It follows that there may be circumstances in which it will not

be appropriate to require the payment of development Contributions whilst in other instances it may be necessary to increase or decrease the amounts payable as Development Contributions.

6. Policy approaches the development contributions

- 6.1 In terms of the so-called “Brownfields approach”, the point of departure is that the bulk services that will serve the proposed development have been funded by existing ratepayers and the Applicant should make a contribution towards those costs on a pro rata basis, based on the unit rate of usage. The value of Development Contributions must reflect the burden to date on the existing ratepayers for providing those services and not the future burden, as ratepayers in the proposed new development will share this burden and will benefit from contributions from future developments. For this reason, outstanding loans in respect of the particular services are to be subtracted from the replacement value of those services when determining the amount of Development Contributions payable.
- 6.2 In terms of the so-called “Greenfields approach” the Applicant is responsible to finance the provision of all bulk engineering services, as these are specifically required for the proposed development, and the intention is that the new development should not place any financial burden on existing ratepayers. However, this scenario is only fully applicable if the development is self-contained; if the development does not make use of other existing or future developments will not make use of these services.
- 6.3 In most cases it is necessary to partially apply a Brownfields approach and to partially apply a Greenfield Approach to a particular development application, depending on the availability and adequacy of available bulk engineering services. This can be described as a “Combined approach”. In an ideal situation, if it was practically possible, the actual engineering services required should be determined for each development, and charged to the Applicant concerned. However, because this is not practically possible, use is required to be made of calculation method derived and outlined in the report referred to in this policy.
- 6.4 In appropriate circumstances the Municipality may further require that an Applicant provides engineering services to a higher capacity than warranted by the development proposed, to accommodate future developments. In those circumstances and when Applicants are required to fund the provision of bulk engineering services suitable arrangements need to be incorporated in a service Agreement relating to control over the costs of such external services and the refund (where appropriate) of costs in excess of the costs which the Applicant would have incurred if normal capacity standards were applied. Such arrangements may include the application of set-off of development Contributions against such costs.
- 6.5 In all circumstances, where lawful development exists on the site to be redeveloped, development Contributions should be required only to the extent that the redevelopment, for which approvals are required under the Ordinance, place an additional burden on the existing bulk services infrastructure.

7. Imposition of appropriate conditions of approval

7.1 When the Municipality receives an application under the Ordinance, it must determine whether adequate bulk engineering services are available to serve the proposed development, whether the upgrading of such services will be required and/or what new bulk services will have to be installed to serve the proposed development.

7.2 The Municipality must, when it approves an application under the Ordinance, impose appropriate conditions relating to the provision and/or upgrading of bulk engineering services to serve the proposed development and/or the payment of Development Contributions.

7.3 Such conditions may *inter alia* require the Applicant:

- In lieu of payment of Development Contributions (partially or in full), to install bulk engineering services to serve the proposed development standard as required by the Municipality; and
- To enter into a service Agreement with the Municipality.

7.4 Before submitting an application under the Ordinance to the competent municipal decision-maker, the Municipality must inform the Applicant which conditions relating to the provision of bulk engineering services and the payment of money (stating the amounts that will become due and payable) it regards as appropriate, afford the Applicant the opportunity to make representations in respect thereof and, where required, enter into negotiations with the Applicant in an attempt to avoid unnecessary appeals.

7.5 In the event that the Municipality and the Applicant fails to reach agreement on the amounts payable as development Contributions, the bulk services to be provided by the Applicant or in respect of matters relating thereto, and the Municipality imposes its interpretation as a condition of approval, the Applicant shall, in addition to his right of appeal under Section 62 of the Local Government: Municipal System Act, have a right of appeal under section 44(1) of the Ordinance to the competent provincial authority.

7.6 The Municipality should, when imposing conditions of approval under the Ordinance, clearly stipulate when development contributions shall become payable (e.g. before a rates clearance certificate as contemplated in section 31(1) of the Ordinance may be issued, before approval of a site development plan or building plan, or before a certificate for occupancy is issued in terms of the building regulations).

8. Calculation of Development Contributions

8.1 Brownfield Developments

- i) In this scenario, sufficient existing bulk services are available and the construction of new bulk services is not required. The Applicant must, however, make a Development Contribution for his portion of the capacity of the existing services. Because it would be complicated, impractical and time-consuming to calculate this exactly for each development on a case-by-case basis, the Thembelihle Development Contribution report calculation method can be used, as it covers this scenario on an average basis across all

areas covered by that report, unless it would be more appropriate to adopt a different method of calculation in any particular instance.

- ii) The calculation method employed in the Thembelihle Development Contributions Report has *inter alia* taken into consideration the principles of the Venter Commission Report, the empowering provisions of the Ordinance, past and future infrastructure costs in terms of existing master planning, replacement value costs, existing loans and existing and future potential grants and subsidies.

8.2 Greenfields Developments

- i) In this scenario no bulk services are available and all bulk services still need to be constructed. The Applicant must make a Development Contribution for his portion of the capacity of the bulk services to be installed. If the development is self-contained and all bulk services are only for that development, then the actual costs thereof can be calculated, and charged to the Developer.
- ii) Development in the Thembelihle Development contributions report should be used, unless it would be more appropriate to adopt a different method of calculations in any particular instance.

8.3 Combined approach

- i) In this scenario use can be made of spare capacity in some bulk services also need to be constructed. The Applicant must make Development Contributions for his use of existing services and his portion of the new services.
- ii) Because it would be complicated, impractical and time-consuming to calculate this exactly for each development on a case-by-case basis, the Thembelihle Development Contribution Report calculation method can be used in the areas covered by that report, as covers this scenario on an average basis across all those areas.

9. Service Agreements

Service Agreements conclude in compliance with Municipal conditions of approval imposed under the Ordinance must stipulate and record at least the following:

- The amount of Development Contributions payable;
- How escalation will be calculated on Development Contributions payable
- Exactly when Development Contributions will become due and payable;
- What bulk engineering services the Applicant is required to construct and/or upgrade, the standard with which such services comply and the agreement reached relating to set-off and/or refund the costs to be incurred by the Applicant in respect thereof.

10. Ensuring compliance

10.1 The Municipality may use various checkpoints/milestones to ensure that an Applicant complies with the conditions of approval with regard to the payment of Development Contributions or the provision of engineering services. The conditions of approval imposed should stipulate clearly which further approvals or clearances as may be required by the

1. The Planning Process

1.1 Institutional Arrangements / Roles and Responsibilities

The following management system has been put in place.

IDP MANAGER

The Council appointed the Municipal Manager as IDP Manager and would be tasked to manage the IDP and make sure that the IDP is implemented.

The IDP Manager would be responsible to ensure the:

- preparation of the Process Plan;
- day to day management of the planning process;
- chairing of the Steering Committee; and
- managing the consultants; and
- implementation of the IDP afterwards.

1.1.1 IDP REPRESENTATIVE FORUM

This forum guarantees public participation and a consultative approach during the IDP process. The nomination of role players should be such that all levels and interested groups in the society are representative. Proper participation and communication should be guaranteed.

The Mayor should chair this forum or any individual councillor appointed in writing and the secretariat performed by the IDP Steering Committee.

ANNEXURE 18: CELLULAR PHONE POLICY

CELL PHONE POLICY

(Adopted by council on 30 May 2018)

1. Purpose

The purpose of this policy is to regulate the procurement for, and use of cell phones by, councillors and staff of the Municipality.

2. Provision of Cell Phones by Municipality for Permanent use

2.1 The following councillors and staff of the Municipality (such councillors and staff being referred to as “recipients”) will be provided with cell phones (such cell phones being referred to as “provided cell phones”) at the expense of the Municipality. This expense shall include the monthly rental and other fixed costs associated therewith, and shall be limited to the following amounts:

Cell Phones

Mayor	Gazetted amount
Part-time Councillors	Gazetted amount
Municipal Manager	R2 750.00
S57 Managers (senior managers with performance agreements)	R2 150.00
S56 Managers	R 1 100.00
Contractual Managers	R 850.00
Essential Users (MM’s Discretion)	R 500.00 (unless another amount is approved by the Municipal Manager)

Data cards

Mayor	Gazetted amount
Part-time Councillors	Gazetted amount
Municipal Manager	R400 p.m.
S57 Managers (senior managers with performance agreements)	R400 p.m.
S56 Managers	R400 p.m.

Contractual Managers	500 mb
Essential Users (MM's Discretion)	500 mb

2.2 The Municipal Manager shall have the sole discretion as to which make and model of cell phone shall be provided to any recipient.

2.3 Provided cell phones remain the property of the municipality, and must be returned by recipients to the Municipality on demand by the Municipal Manager, or when a councillor ceases to serve as such or when a staff member ceases to be employed by the Municipality.

2.4 If any provided cell phone is lost or stolen, that fact must be reported immediately by the recipient to the Municipal Manager and the South African Police Service.

2.5 Recipients must at all times take due care of provided cell phones.

2.6 If any provided cell phone is damaged or requires servicing, the recipient shall immediately deliver the cell phone to the Municipal Manager who, subject to the provisions of this policy, shall take such steps as may be necessary to have same repaired or serviced.

2.7 If any provided cell phone is lost, stolen or damaged beyond repair, the Municipal Manager shall, subject to the provisions of this policy, take such steps as may be necessary to have same replaced.

2.8 If the provided cell phone is insured and an excess is needed to get the lost or stolen phone replaced, the municipality reserves the right to recover the insurance excess from such councillor or employee.

2.9 If any provided cell phone is damaged, lost or stolen due to the negligence or deliberate act of the recipient, the Municipal Manager may require the recipient to pay the cost of repairing or replacing the cell phone, and the Municipal Manager shall not be obliged to repair or replace same until the recipient pays such cost.

3. Procurement of Cell Phones and Related Services

3.1 A "municipal cell phone" shall mean a cell phone (including the SIM card) obtained by the Municipality for purposes of section 2.

3.2 Contracts for the procurement of municipal cell phones and for the provision of airtime, insurance and related services may be entered into only in accordance with the

Municipality's Supply Chain Management Policy.

3.3 Air time for municipal cell phones may be obtained only on a contract basis, and shall not be obtained on a "pay-as-you-go" basis unless other wise authorised by the Municipal Manager

3.4 A contract for the acquisition and use of a municipal cell phone must provide that an itemised bill will be issued each month for airtime used on that cell phone.

3.5 Each municipal cell phone must be insured by the relevant service provider or an independent insurer of the Municipality.

4. Use of Municipal Cell Phones

4.1 Municipal cell phones may be used only for official municipal business. The use of Municipal cell phones for private matters may only be done in exceptional circumstances.

4.2 No international calls may be made from any municipal cell phone.

4.3 Any person who fails to comply with the provisions of 4.1 and 4.2 shall be liable to reimburse the municipality for the costs of the calls made in contravention thereof, and shall also be liable to disciplinary action.

4.4 Itemised bills for each municipal cell phone will be obtained each month. A copy of each such bill shall be made available by the Municipal Manager to the recipient of the provided cell phone concerned. If requested by the Municipal Manager, the recipient shall inform the Municipal Manager in writing of the identity of the person to whom any or every call reflected in such bill was made, and if requested, shall justify in writing the making of any or every such call as being for official business purposes.

4.5 Recipients of provided cell phones are expected to keep such phones switched on at all reasonable times so as to ensure that they are contactable.

4.6 The maximum amount of the usage or airtime charges which the municipality shall pay for each recipient in each month is set out in 2.1. If any recipient exceeds this amount, he or she shall be liable to reimburse the Municipality for the excess unless approved by the Municipal Manager.

4.7 If any recipient incurs usage or airtime charges in any month which are less than the maximum amount stated in section 2.1, the shortfall will be forfeited by the user.

4.8 If the Municipal cell phone contract has expired or due for upgrade, the employee or councillor can apply to purchase such a handset. If such a request is approved, the municipality will determine a market related price at which the handset can be sold at.

4.9 The clause as referred to in 4.8 excludes recipients whose cell phone charges are deducted from their salaries.

4.10 If the Municipal cell phone contract is not due for upgrade and the employee's/ councillor's term of office has expired or resigned and wants to retain the cell phone & SIM card, the recipient will be liable to pay a fee for the cell phone that will be determined by the Municipal Manager at that time

and also transfer the contract from the Municipality's account to his/her account before the recipient's last date of resignation.

4.11 Failure by any Municipal employee and councillor to comply with section 4.8 and 4.9 shall be deemed as an offence and disciplinary action & other law enforcements will apply.

5. Use of Private Cell Phones

5.1 The Municipal Manager may authorise a councillor or staff member to whom a cell phone has not been provided under section 2 to use his or her personal cell phone for business purposes, subject to such limitations (including as to costs) and conditions as the Municipal Manager may deem fit.

5.2 Only a cell phone for which air time is provided on a contract basis and for which an itemised bill is provided may be used for purposes of this section.

5.3 A person who is authorised to use his or her personal cell phone under section 5.1 shall be entitled to claim reimbursement from the municipality only for the costs (as billed to such person) incurred in making actual calls for business purposes in accordance with the limitations and conditions contemplated in 5.1. The Municipality shall not be liable to pay any portion of such person's fixed cell phone costs or other operating costs. The maximum amount which may be claimed each month hereunder (which shall in any event be subject to any limitation imposed by the Municipal Manager under 5.1) shall not exceed **R500.00**, provided that the Municipal Manager of the Municipality may in any particular case authorise a higher maximum amount.

5.4 Claims for the reimbursement of the costs of such calls shall be made as follows:

5.4.1 Any such claim must be submitted to the Chief Financial Officer within 10 days of the last day of the month in which the cost is incurred;

5.4.2 The claim must be made in the form approved by the Municipal Manager, and must be accompanied by a copy of the cell phone airtime bill issued to the person concerned, on which the calls for which the claim is made are clearly highlighted;

5.4.3 The claim must be signed by the claimant as well as by the Municipal Manager and the head of the relevant department;

5.4.4 If the claim is in order, the claimant should be reimbursed within 7 days of submitting the claim.

5.5 No person shall be entitled to be reimbursed for the costs of calls made on his or her private cell phone unless he or she has been authorised to use such cell phone under this section.

5.6 A recipient to whom a cell phone has been provided in terms of section 2 shall not be authorised to use his or her private cell phone for business purposes and be reimbursed for such use unless the provided cell phone has been lost or stolen or is undergoing repairs or servicing and no replacement phone has been provided to him or her

6. Reporting

The Chief Financial Officer shall report to the Municipal Manager every month on the following:

- 6.1 The total expenditure on cell phones for each recipient in each month;
- 6.2 The total expenditure on cell phones for the entire municipality (including charges relating to use of private cell phones);
- 6.3 Contraventions of this policy in every month, and the identities of persons so contravening it;
- 6.4 Losses and theft of cell phones in every month.

7. Introducing this policy

Due to the fact that there are some existing arrangements with regards cell phones between the Municipality and Councillors/Staff, it is stated that this cell phone policy will be phased in over a period not exceeding 24 months (or 31 August 2015). During this time all existing cell phone/data contracts will continue until it reaches its normal expiry date. Once the expiry date is reached, it will be compulsory to enter into a new agreement in accordance with this policy.

8. Administration of Policy

The Municipal Manager shall be responsible for the administration and enforcement of this policy, provided that he may delegate any of his functions hereunder to any member or members of staff of the Municipality.

ANNEXURE 19: RISK MANAGEMENT POLICY

CONTENTS

INTRODUCTION

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Thembelihle Local Municipality environment.

Risk is inherent in all academic, administrative and business activities. Every member of the Thembelihle community continuously manages risk. Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practice.

As a consequence Thembelihle acknowledges that the adoption of a strategic and formal to risk management will improve decision-making, enhance outcomes and accountability.

The aim of this policy is not to eliminate risk, rather to manage the risks involved in Thembelihle activities to maximize opportunities and minimize adversity. Effective risk management requires:

- A strategic focus;
- Forward thinking and active approaches to management;
- Balance between the cost of managing risk and the anticipated benefits; and
- Contingency planning in the event that mission critical threats are realized.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

SCOPE

This policy is not intended to duplicate existed formal and documents risk management processes. The policy is to apply to Thembelihle departments and section, who do not currently have formal risk management processes in place and who wish to undertake significant activities within the course of their business.

Routine activities are excluded from this policy unless mandated by other policies.

KEY DEFINITIONS

Risk management definitions can be found in the definitions section of the risk management standard. The key definitions for this policy follow:

Risk - The chance of something happening that will have an impact on the achievement of Thembelihle's objectives. Risk is measured in terms of consequences and likelihood.

Risk Assessment - The overall process of risk analysis and evaluation.

Risk Management - The culture processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Municipality environment.

Risk Management Process - The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

RESPONSIBILITY FOR RISK MANAGEMENT

Accounting Officer

The accounting officer is accountable for ensuring that a risk management system is established, implemented and maintained in accord with this policy. Assignment of responsibilities in relation to risk management is the prerogative of the accounting officer.

Audit Committee

The audit committee will be accountable for the oversight of the processes for the identification and assessment of the general risk spectrum, reviewing the outcome of risk management processes, and for advising the Council as necessary.

Directors

Directors are accountable for strategic risk management within areas under their control including the devolution of the risk management process to operational managers. Collectively the Risk Committee is responsible for:

- The formal identification of strategies risks that impact upon the institution's mission;
- Allocation of priorities;
- The development of strategic risk management plan; and
- Risk Committee will review against risk management plans and will communicate this to the Audit Committee and the institution.

Managers, Section Heads and Research Manager

Managers, Section Heads and Research Manager accountable to the Accounting Officer via their line Directors for:

- Implementation of this policy within their respective areas of responsibility;
- Annual reporting on the status of the risk register, insofar as it impacts on their respective responsibilities, as part of the annual planning and review cycle;
- Ongoing maintenance of the risk register insofar as it impacts on their respective responsibilities; and
- Ensure compliance with risk assessment procedures.

Chief Financial Officer

In addition to the function as a Head of the directorate, this directorate will be accountable for the Institution insurance portfolio and will ensure that a risk management plan is completed for each commercial venture. Advice will be sought, as required, from the Internal Audit Manager on risk management issues in relation to these matters’.

Director Corporate Services

In addition to the function as a head of the directorate, this directorate will remain accountable for the occupational health and safety and workers compensation portfolio, procedures and administration. Advice will be sought, as required, from the Internal Audit Manager on risk management issues in relation to these matters.

Internal Audit Manager

The internal audit manager will be accountable through the Audit Committee for the implementation of this policy in key areas of the Institution, maintaining a programme for risk reassessment and a Risk Register for the Institution. Key audit areas will flow from the risk management plan developed by the Risk Committee. The internal audit manager will provide advice to the relevant Directors on risk management matters pertaining to the institution “in line with IA’s audit objectives. Audit plans will be driven by risk assessment processes and procedures.”

All Employees

Every staff member of the Thembelihle is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

There is legislation in place for the management of specific risks such as Occupational Health and Safety and, Equal Opportunity and Research Ethics. The Risk Management Policy does not relieve the department’s responsibility to comply with other legislation. Training and facilitation will, in the first instance, be assisted through an assessment process, by internal audit. IA will remain independent in this process.

GENERIC SOURCES OF RISK AND THEIR AREAS OF IMPACT

Identifying source of risk and areas of impact provides a framework for risk identification and analysis. A generic list of sources and impacts will focus risk identification activities and contribute to more effective risk management.

Generic Source of Risk

Each generic source has numerous components, any of which can give rise to a risk. Generic sources of risk include:

- Commercial and legal relationships including but not limited to contractual risk, product liability, professional liability and public liability.
- Economic circumstances. These can include such sources as currency fluctuations, interest rate changes,
- Human behaviour such as riots, strikes, sabotages.
- Natural events. These can include fire, water damage, earthquakes, vermin, disease and contamination.
- Political circumstances such as legislative changes or changes in government policy that may influence other sources of risk.
- Technology and technical issues. Examples of this include innovation, obsolescence and reliability.
- Management activity and control such as poor safety management, the absence of control and inadequate security.
- Individual Activity including, misappropriation of funds, fraud, vandalism, illegal entry, information misappropriation and human error.

Areas of Impact

A source of risk may impact on one area only or several areas. Areas of impact include:

- Asset and resource base including personnel,
- Revenue ,
- Cost both direct and indirect,
- People,
- The community,
- Performance,
- Timing and schedule of activities,
- The environment,
- Intangibles such as reputation, goodwill and the quality of life, and
- Organizational behaviour.

PROCEDURE FOR RISK MANAGEMENT

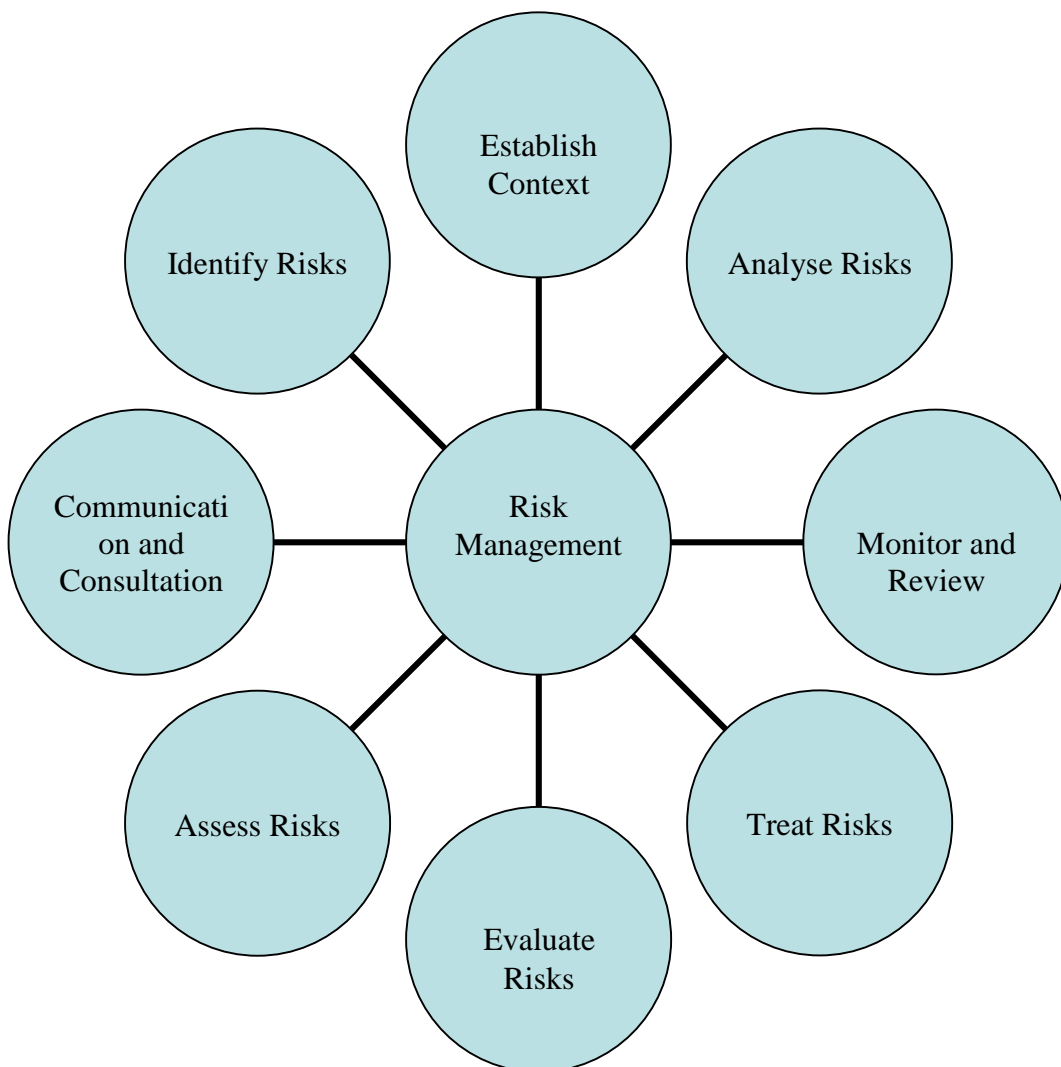
Describing the Procedure

Thembelihle Municipality will maintain procedure to provide with a systematic view of risk faced in the course of our municipality activities. This will require the institution to:

- **Establish a context.** This is the strategic, organizational and risk management context against which of the risk management process in the Thembelihle will take place. Criteria against which risk will be evaluated should be established and the structure of the risk analysis defined.
- **Identify Risks.** This is the identification of what, why and how events arise as the basis for further analysis.
- **Analyze Risks.** This is determination of exciting controls and the analysis of risks in terms of consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequences and like hood are combined to produce an estimated level of risk.

- **Evaluate Risks.** This is a comparison of estimated risk levels against pre- established criteria. This enables risks to be ranked and prioritized.
- **Treat Risks.** For higher priority risks, the department is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be accepted and monitored.
- **Monitor and Review.** This is the oversight and review management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process.
- **Communication and Consultation.** Appropriate communication and consultation with internal external stakeholders should occur at each stage of the risk management process as well as on the process as a whole.

Schematic Diagram of Procedure



COMMUNICATION

The policy and related information must be communicated to all municipal employees and residents using the full range of communication methods available (e.g. the intranet, emails, etc.) to the municipality.

IMPLEMENTATION AND MONITORING

The approval of this policy rest with the Thembelihle Local Municipality Council on the recommendations of the Audit Committee.

POLICY REVIEW

This policy shall be reviewed and amended from time to time once circumstances change and as the effect of its application become apparent

VIOLATION AND ENFORCEMENT

The violation of this policy may lead to disciplinary processes taken against the offender.

RISK IDENTIFICATION TEMPLATE

Assets	AREAS OF IMPACT								
	Revenue	Cost	People	Community	Performance	Timing	Environment	Intangibles	Organisation
Commercial and Legal									
Economic									
Human Behaviour									
Natural Events									
Political									
Technology									
Management Activity and Control									
Individual Activity									

RISK DEFINITION AND CLASSIFICATION

Qualitative data and risk expressions measure likelihood and impact of any identified risks. In some circumstances this may not be possible nor efficient or effective. Therefore a qualitative approach is acceptable.

LIKELIHOOD		
Level	Descriptor	Description
A	Almost Certain	Is expected to occur in most circumstances
B	Likely	Will probably occur in most circumstances
C	Possible	Might occur at some time
D	Unlikely	Could occur at some time
E	Rare	May occur only in exceptional circumstances

IMPACT		
Level	Descriptor	Example Detail Description

1	Insignificant	Low financial loss, no disruption to capability, no impact on community standing.
2	Minor	Medium financial loss, minor disruption to capability, minor impact on community standing.
3	Moderate	High financial loss, some ongoing disruption to capacity, modest impact on community standing.
4	Major	Major financial loss, ongoing disruption to capability, major impact on community standing.
5	Catastrophic	Mission critical financial loss, permanent disruption to capability, and ruinous impact on community standing.

RISK TREATMENT OPTIONS

Actions to Reduce or Control Likelihood

These can include but are not limited to:

- Review and compliance programme;
- Contract conditions;
- Formal reviews of requirements, specifications, design, engineering and operations;
- Inspection and process controls;
- Investment and portfolio management;
- Project management;
- Preventative maintenance;
- Quality assurance, management and standards;
- Research and development; technological development;
- Structured training and other programmes;
- Effective governance processes;
- Strategic, operational and tactical planning processes;
- Supervision;
- Testing;
- Organizational arrangement; and
- Technical controls.

Procedure to Reduce or Control Consequence

These can include but are not limited to:

- Contingency planning ;
- Contractual arrangements;
- Contract conditions;
- Design Features;
- Business continuity and disaster recovery plans;
- Engineering and structural barriers;
- Fraud control planning;
- Minimizing exposure to source of risk;
- Portfolio planning;
- Pricing policy and controls;
- Separation or relocation of activities and resource;
- Succession planning;
- Insurance;
- Public relations; and
- Ex Gratia payments.

RISK MANAGEMENT DOCUMENTATION

To manage risk properly, appropriate documentation is required. The staff members conducting or accountable for the activity shall in the first instance conduct the risk assessment and complete the documentation. The risk assessment and documentation is to be reviewed and accepted by the manager or next in line supervisor of the section conducting or accountable for the activity. Where technical expertise or central authority is required, the risk assessment will also be reviewed and countersigned by that Head.

Departments are required to maintain risk register insofar as risk impact on their respective responsibilities. Information from these register is to be given to the Internal Audit Manager, who will develop and maintain a consolidated wide risk register. As a minimum, the risk register, treatment schedule and action plan will be maintained. Specimen of these documents follow and they be made available in electronic format.

For each risk identified, risks register records:

- Directorate/ sub section;
- Link to objectives;
- Risk event / potential;
- Risk category
- Impact and likelihood;
- Inherent risk
- Risk mitigation / description internal control
- Perceived Control Effectiveness
- Residual Risk
- Risk owner
- Action to improve management of the risk
- Action owner

A risk treatment and action plan documents the managerial controls to be adopted and contains the following information: □ Who has responsibility for the implementation of the plan;

- What resources are to be used;
- Budget allocation;
- Implementation timetables; and

RISK ACTION PLAN

Item
Reference
Risk
Summary – Recommended Response and Plan
Action Plan
1. Proposed Actions 2.
Responsibilities:
Monitoring Officer:
Information Contact:
Related Policies:

ANNEXURE 20: Water Conservation and Water Demand Management Policy

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1. BACKGROUND

Three Acts govern the development of a water demand management policy. These are the Water Services Act (Act 108 of 1997), the Municipal Systems Act (Act 32 of 2000) and the National Water Act, 1998 (Act No. 36 of 1998).

The Water Services Act (Act 108 of 1997) requires a Water Services Authority to develop and implement a policy which complies with the Act. The Act provides the guidelines for the setting of such a Policy. This Water Conservation and Water Demand Management Policy has been developed to comply with the Act.

The Municipal Systems Act governs the basic provision of services and affordability, while the National Water Act concerns the environmental, catchment and riverine aspects.

The policy reflects the particular priorities established for Thembelihle and takes into account the local conditions within which water services are delivered. The policy deals with both bulk and distribution aspects of water supply services.

Policy principles and objectives are set out in terms of the Legal and Regulatory contexts pertaining to the efficient use of water.

The vision of all water conservation and demand management endeavours should be the efficient and effective use of water by all and the minimisation of loss or wastage of water. Conservation is the efficient use and saving of water achieved through measures such as

water saving devices, water-efficient processes, water demand management and water rationing.

Water demand management is a strategy to influence the water demand and usage of water in order to meet objectives like economic efficiency, environmental protection, sustainability of water supply and services and should be an integral part of the planning processes for management, water supply and the provisions of water services

The responsibility of the Municipality is to ensure the availability of water and it must do everything in its power to ensure a constant supply of water for use in the area under its jurisdiction and to create a water conservation and demand management culture between the service provider and users.

Therefore, this Policy determines a set of rules for the effective and efficient measures for water conservation and demand management.

2. DEFINITIONS

Basic water supply - The prescribed minimum standard of water supply services necessary for the reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene.

Consumer - Any end user who receives water services from a water services institution, including an end user in an informal settlement.

Development plan - A water services development plan required in terms of the Water Services Act.

Domestic water use - Water use that is used predominantly for domestic purposes, including garden irrigation.

Industrial use - The use of water for mining, manufacturing, generating electricity, land-based transport, construction or any related purpose.

Other water use - All water use not defined as domestic, industrial and commercial water use.

Person - Includes a water services institution.

Water services authority - Any municipality, including a rural or district council responsible for ensuring access to water services.

Water supply services - The abstraction, conveyance, treatment and distribution of potable water, water intended to be converted to potable water or water for commercial use but not water for industrial use.

3. LEGISLATIVE CONTEXT

Although a number of Acts of Parliament refer to aspects concerning the supply of water to all consumers, it is essentially the Water Services Act, Act 108 of 1997, (the Act) which provides the foundation for serious water conservation interventions.

The key elements of those sections impacting on water conservation are:

- Conditions for provision of water services;
- Industrial use of water;
- Norms and standards for tariffs;
- Duty to provide access to water services;
- Contents of draft water services development plan;
- By-laws;
- Procedure for making regulations;
- General powers of Minister; □ Delegation of powers; and
- Offences.

The above Sections of the Water Services Act provide the mandate for water conservation and water demand management.

The most relevant clauses of the above Act impacting on water conservation are extracted, in chronological order:

Clause 4

Conditions for provision of water services -

- (1) Water services must be provided in terms of conditions set by the Water services provider.
- (2) These conditions must-
 - (b) accord with conditions for the provision of water services contained in bylaws made by the water services authority
 - (c) provide for -
 - (iv) the circumstances under which water services may be limited or discontinued;
 - (v) procedures for limiting or discontinuing water services; and
 - (vi) measures to promote water conservation and demand management

Clause 7

Industrial use of water -

- (4) No approval given by a water services authority under this section relieves anyone from complying with any other law relating to-
 - (a) the use and conservation of water and water resources;

- Clause 10** **Norms and standards for tariffs –**
- (1) The Minister may, with the concurrence of the Minister of Finance, from time to time prescribe norms and standards in respect of tariffs for water services.
 - (2) These norms and standards may-
 - (d) provide for tariffs to be used to promote or achieve water conservation.
- Clause 11** **Duty to provide access to water services -**
- (1) Every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services.
 - (2) This duty is subject to-
 - (e) the duty to conserve water resources;
 - (g) the right of the relevant water authority to limit or discontinue the provision of water services if there is a failure to comply with reasonable conditions set for the provision of such services.
- Clause 12** **Contents of draft water services development plan –**
- Every draft water services development plan must contain details-
- (f) of existing and proposed water conservation, recycling and environmental protection measures.
- Clause 21** **Bylaws -**
- (1) Every water services authority must make bylaws which contain conditions for the provision of water services, and which must provide for at least-
 - (g) the prevention of unlawful connections to water services works and the unlawful or wasteful use of water.
 - (2) The Minister may provide model bylaws to be used as a guide for water services authorities.
- Clause 71** **Procedure for making regulations -**
- (1) The Minister must, before making regulations under this Act-
 - (d) on request, report on the extent to which a specific comment or comments have been taken into account, or, if a comment was not taken into account, provide reasons therefore.

- Clause 72** **General powers of Minister -**
(1) The minister may-
(d) prescribe measures to be taken by water services institutions to conserve water;
- Clause 73** **Delegation of powers -**
(1) Subject to subsection (2), the Minister may in writing delegate any power vested in him or her by or under this Act.
(2) The Minister may not delegate the power-
(a) to make regulations;

(e) to prescribe policy;
- Clause 82** **Offences -**
(1) No person may-
(a) continue the wasteful use of water after having been called upon to stop by the Minister, a Province or any water services authority;
- Clause 83** **State bound by Act –**

This Act binds the State and its organs.

4. LONG-TERM POLICY OBJECTIVES

It is crucial that the municipality uses draft a progressive new Water Demand Management Policy that will reflect the scarcity and precious nature of water in the region.

It is presumed that such a new policy will exceed the goals of the earlier policy.

The above considerations are important to address the long-term goals for the provision of potable water to Cape Town and to ensure the fundamental objectives below:

- Equity - Universal access to quality water supplies, with a guaranteed minimum level of service, through a metered connection.
- Sustainability - To ensure an acceptable level of assured water supply for future generations.
- Affordability - To ensure that water services remain affordable.
- Encourage, educate, promote and where appropriate legislate the optimal use of water.
- Maximise the use of alternative sources such as wastewater effluent, greywater, rain water tanks, well-points and boreholes, etc.

- Minimise the loss of water.
- Ensure wise use of water by the municipality.

5. LIMITATIONS

In view of the context outlined above, this water conservation and demand management policy has a number of limitations:

- Absence of an Integrated Development Plan. This water conservation and demand management policy would form part of the Integrated Water Development Plan in terms of the Water Services Act. This in turn forms part of the municipality's Integrated Development Plans and therefore needs to form a building block and integral part of the broader policy plans for municipality.
- Absence of a services delivery strategy. The absence of an overall framework for service delivery in an integrated manner within the municipality limits present draft policy.
- While these limitations may influence the development of the policy, it is considered imperative that this process be commenced as a matter of urgency, given the looking risk of significant water shortages in this region.

6. POLICY PRINCIPLES

The following broad principles will inform the development of this policy and future implementation plans:

- Water is a strategic, precious and scarce resource.
- The waste of water shall not be tolerated.
- All consumptive water use shall be measured and accounted for.

The municipality may impose measures to limit, discontinue or restrict the use of water for water conservation purposes, drought and other reasons.

7. SITUATIONAL EVALUATION

The Head of Department responsible for services in consultation with the Municipal Manager must establish a mechanism to monitor and continuously report on the status of the water demand.

The Head of Department must ensure that there is an efficient information system to:

- a) Record and provide data for water management;
- b) The quality and quantity of water in the various water resources;
- c) The use of water resources;
- d) Register of water user authorisations;

- e) Water works which might fail or has failed;
- f) Record information about a drought which has occurred or which seems imminent;
- g) Identification and monitoring of and usage by bulk water and high water consumers;
- h) Record and provide data for the development, enhancing or monitoring of this Policy; and
- i) Any matter connected with water, water infrastructure, water resources and demand management that may serve as an early warning system to real or potential hazards effecting service delivery, water conservation and demand management.

8. WATER MANAGEMENT/AUDIT

For effective water demand management, the Municipality may require that:

- a) Bulk water users (those using more than 2 400 kl/annum (Calculated at 200kl/month), including those comprising multiple dwelling units, to undertake a monthly and annual water audit. The final annual audit must be carried out no later than two weeks after the end of each financial year of the Municipality. The audit report must be submitted to the Head of Department responsible for municipal services.
- b) The audit must detail the following
 - i. Amount of water used during a financial year;
 - ii. Amount paid for water for the financial year;
 - iii. Comparison of the above factors with those reported in each of the previous two years (where available);
 - iv. Estimate of consumption by various components in use at the various seasons (in season, peak season, peak week);
 - v. Differentiation between the different types of users (domestic, business, industry, farming) and their consumption;
 - vi. Annual consumption by the fire department and
 - vii. Number of occupants/people living on the premises including the workers (permanent staff).

9. WATER RESTRICTIONS AND CONSERVATION

1. The Municipality may prohibit, restrict or limit the provisions of water supply services or consumption of water.
2. The following water restrictions, or additional or other measures, shall be applied, having regard to the state of dams which are the main water suppliers for Thembelihle Local Municipality.
3. Where own water other than municipal water, from a borehole or reservoir or grey water is used, the appropriate notice must be displayed on the premises, e.g. "OWN WATER/BOREHOLE WATER".
4. Stages of the drought:
 - 4.1 Dams volume less than 60%:

- 4.1.1 Watering of gardens may only be undertaken for two hour per day between 18:00–20:00, two days per week.
- 4.1.2 A fine in terms of Section 75A of the Systems Act, being a 50% penalty on tariffs for monthly consumption in excess of 20 kilolitres per month per household connection, excluding indigent households.
- 4.1.3 At sports fields only the watering of cricket pitches, golf course greens and bowling greens is permitted for two hours per day, twice per week, unless own source of water is used.
- 4.1.4 No hosing of roofs and driveways and no washing of vehicles with a garden hose will be permitted.
- 4.1.5 That the restriction referred to in 4.1.4 above not be applicable to any *bona fide* and full-time commercial enterprises whose business it is to wash cars.
- 4.1.6 An effective awareness and education campaign processes must be conducted. The public awareness campaign must be intensified. A specific service provider with the relevant experience can be identified to fulfill this function. Where capacity does not exist within the Municipality an outside entity can be temporarily appointed.
- 4.1.7 That water restrictions become effective immediately after being advertised in the media, and in public places.
- 4.1.8 Consumers must be closely monitored and those that do not heed the restrictions identified. A specific person, with the relevant experience, must be identified to fulfill this function. Where capacity does not exist within the Municipality an outside entity can be temporarily appointed.
- 4.1.9 Maintenance teams must be made available to address leakages on erven in indigent households.
- 4.1.10 A service must be made available - call centre number - where contraventions can be reported and followed up immediately by the relevant department and/or Law Enforcement.
- 4.1.11 Any person who contravenes these restrictions is guilty of an offence and is, upon conviction, liable to a fine as published in the annual tariffs list.
- 4.2 Dam volume less than 40%:
 - 4.2.1 No watering of gardens using municipal water.
 - 4.2.2 A fine, being a 100% penalty on tariffs for monthly consumption in excess of 20 kilolitres per month per household connection.
 - 4.2.3 No hosing of structures, roofs and driveways and no filling of swimming pools.
 - 4.2.4 Stricter policing and implementation of a complaint line and whistle blowers facility.

- 4.2.4 Consultation with bulk consumers in the industrial and business sectors as identified through the billing system.
- 4.2.6 Installation of flow restrictors to non-compliant consumers to water restrictions.
- 4.3 Dam volume less than 25%:
 - 4.3.1 As mentioned in paragraph 4.2 above.
 - 4.3.2 A fine, being a 200% penalty on consumption greater than 20 kilolitres per month per household connection.
 - 4.3.3 Consumers to monitor their consumption to be 15 month, which amounts to the UN standard of 65l/s/person/day.
 - 4.3.4 Installation of flow restrictors to non-compliant consumers to water restrictions.
 - 4.3.5 Media to be utilized extensively for public awareness.
 - 4.3.6 Other users, industries, businesses and the entertainment industries to reduce consumption by 40% of the average use over the previous 6 months.
 - 4.3.7 The Provincial and the National Disaster Management Centers are to be alerted when the dam levels reach 25% and to prepare for possible intervention if an augmentation scheme is not at implementation readiness.
 - 4.3.8 The district municipality is to be requested to act as the primary responsible authority responsible for the co-ordination and management of the local disaster, refer A:54(1) (b) of the Disaster Management Act , 2002, (Act 57 of 2002).
 - 4.3.9 A formal joint operations committee (JOC), to be established at the district municipality, weekly meetings with all the relevant stakeholders to coordinate emergency intervention actions needed.
 - 4.3.10 The district municipality is to alert the National Defence Force as well as the South African Police Force.
 - 4.3.4 That additional control measures be implemented as soon as the volume of the supplying rivers decreases below 300l/s and that the Municipal Manager be authorized to execute any further measures in consultation with the Executive Mayor.
- 5. The requirements of section 21A of the Municipal Systems Act, Act 32 of 2000, must be followed.

10 WATER DEMAND MANAGEMENT

1. The Municipality may in general or in emergencies by public notice, require any owner or consumer to comply with good water conservation and demand management practices as set out hereunder:
 - a) No person may without prior written authority from the Head of Department responsible for municipal services water a garden, park, golf course or other grassed area using potable water, between the hours of 06:00 and 16:00.
 - b) Where a hosepipe is used to irrigate a garden, park, or sports field from a potable water source a controlling device such as a sprayer shall be attached to the hose end, depending on the dam levels and river flows.
 - c) A hosepipe used for washing vehicles, boats, and caravans must be fitted with an automatic self-closing device, depending on the dam levels and river flows.
 - d) Automatic top up systems using a float valve fed from a potable water source to supply swimming pools and garden ponds are not allowed.
 - e) Commercial car wash industries must recycle a minimum of 50% of the water used in operations.
 - f) Wash-hand basins provided in public facilities must be fitted with demand type taps.
 - g) Showers provided at public facilities must be fitted with demand type valves.
 - h) Potable water may not be used to dampen building sand and other building material to prevent it from being blown away.
 - i) Stand pipe draw-off taps must be at a height of at least 450mm, measured above ground level.
 - j) Water closet cisterns may not exceed 9,5 liters in capacity and such cistern must be of dual flushing mechanisms.
 - k) No automatic cistern or tipping tank may be used for flushing a urinal.
 - l) Within two years after the promulgation of this Policy all automatic flushing cisterns fitted to urinals, must be replaced with either manually operated systems or non-manual apparatus which causes the flushing device to operate after each use of such urinal.
 - m) Terminal water fittings installed outside any buildings other than a residential dwelling must-
 - i. incorporate a self-closing device;
 - ii. have a removable handle for operating purposes;
 - iii. be capable of being locked to prevent unauthorized use; or
 - iv. be of a demand type that limits the quantity of water discharged in each operation;
 - n) Each new dwelling must be fitted with a 500l tank to collect rain water.

- o) Turnaround time for repairing water leaks must be reduced to 2hrs.
- 2. Additional measures or practices, as deemed necessary may be implemented.
- 3. Infrastructure Maintenance - Installation of isolation valves in the network, rezone the areas for maintenance purposes.

11. PLANNING

1. The Head of Department responsible for municipal is responsible for the administration of the Water Services By-law and this Policy and must set up a multipurpose task team of Heads of Departments (or their duly authorised delegates) to develop programmes and establish frameworks:
 - a) An internal Drought Management Task Team must be initiated, under the chairmanship of the Department: Municipal Services, to include the CFO and the Municipal Manager and the meetings must be minuted.
 - b) Council is to convene to take cognizance of the situation and discuss the appropriate actions.
 - c) Thembelihle Disaster Management Unit must inform District Disaster Management of the situation and monthly meetings must be held to co-ordinate and exchange information.
 - d) When dam levels are at 40% and below, the options available to augment the raw water supplies must be carefully considered and the necessary planning must commence immediately to implement these as an emergency measure if required. The financial implications must be assessed and cost estimations compiled.
 - e) Emergency procedures must be followed, where legislation permits it e.g. the procurement of goods and services, appointment of personnel/service providers.
 - f) for the identification, development and management of effective and efficient water conservation measures;
 - g) and set broad principles and appropriate criteria and mechanisms for the implementation and enforcement thereof;
 - h) the required organisational capacity and working relationships between the different role players and the financial implication and budget allocations;
 - i) to educate and raise awareness within the Municipality and the community, establish successful communication and co-operation between consumers, the Municipality and other spheres of government by implementing an effective communication programme as an ongoing activity;
 - j) for proper risk management and effective measures to minimise and identify fraudulent activities relating to the scope of this Policy and the instituting of administrative sanctions and disciplinary measures against transgressors and legal proceedings;
 - k) for recovering of money owed and the cost involved in the execution of the programmes;

- l) for short, medium and long term solutions-
- i. designed to achieve sustainable reductions in water use;
 - ii. changes to the use of water with the purpose of gaining greater water use efficiency;
 - iii. the integration of the approved strategies into other water resources management functions;
 - iv. new and better management approaches, inter alia, for-
 - minimising the waste of and increasing the efficiency of water use by adopting water saving technologies by the Municipality and consumers;
 - removal of alien vegetation that negatively impact on catchment areas and rivers;
 - leak detection programmes;
 - any other measures to achieve the desired outcome.
 - v. for specific or in general water uses, conditions must be attached to the general authorisations and licences issued by
 - specifying management practices and general requirements for the different water uses and conservation measures;
 - by requiring, when applicable, the monitoring and analysis of and reporting and imposing a duty to measure and record aspects of the water uses;
 - specifying measuring and recording devices to be used;
 - requiring the preparation and approval of and adherence to water management plans.

12. USE OF TREATED WASTEWATER FOR INDUSTRIAL USE

The following can be made with respect to the use of treated wastewater for industrial use.

- Undertake a detailed survey of all the industries, and consumers with irrigation potential, where after this option should be re-assessed.
- Carry out a further study to assess the quality required by the industries and the quality produced at the wastewater treatment works.

13. WATER RESTRICTIONS

The following can be made with respect to the water restrictions.

- Consider the application of a separate water tariff, to be applied during times of water restrictions.
- Ensure the continued equitable, fair and consistent application and monitoring of the existing water restrictions regulations.

14. IMPLEMENTATION AND MONITORING

This policy will be implemented by the Director: Corporate Services and effective once approved by Council.

15. COMMUNICATION

This policy will be communicated to all municipal residents using the full range of communication methods available to the municipality.

16. POLICY REVIEW

This policy will be reviewed annually and revised as necessary.

ANNEXURE 21: SUBSISTANCE AND TRAVELLING SUBSISTANCE AND TRAVELLING POLICY

1. OBJECTIVE

It is essential that representatives of the municipality from time to time travel to other cities and towns in order to establish and maintain links and relationships with other municipalities, government bodies, and other parties, institutions and organisations operating in the sphere of local government. It is important for representatives to broaden their knowledge and understanding of and compare local experiences in local government transformation, innovation and change in the rest of the country, and this can effectively be done only through the medium of personal contact with a wide range of local government stakeholders.

This policy sets out the basis for the payment of a subsistence and travel allowance for the purposes of such official travelling.

2. RESPONSIBILITIES OF REPRESENTATIVES WHO TRAVEL ON BUSINESS OF THE MUNICIPALITY

Every representative who travels on the business of the municipality must comply with this policy in letter and in spirit. Representatives who travel on the business of the municipality must appreciate, at all times, that they are ambassadors for the municipality, that their actions, conduct and statements must be in the best interests of the municipality, and that they must comply with any specific mandates they have been given.

Consistent with the municipality's performance monitoring and evaluation objectives, the municipal manager will ensure that a database of all representatives and official travelling is kept.

3. SUBSISTENCE AND TRAVEL ALLOWANCE

A subsistence and travel allowance is an amount of money paid by the municipality to a representative to cover the following expenses:

- meals (including reasonable gratuities);
- incidentals such as refreshments, snacks, drinks and newspapers; and
- all business-related travel.

A subsistence allowance does not cover any personal recreation, such as visits to a cinema, theatre or nightclubs, or sightseeing.

4. ENTITLEMENT TO A SUBSISTENCE AND TRAVEL ALLOWANCE

A representative may claim a daily subsistence allowance as provided in this policy with the understanding that all authorised personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses (see below), may be claimed.

The subsistence allowance may be claimed without the representative having to furnish proof of expenses unless it exceeds the daily allowances and subsistence

Entertainment of external business associates or contacts or clients or potential investors or potential clients falls outside the scope of the subsistence allowance and will be separately reimbursed (subject to prior approval where applicable). If a representative of the municipality has an entertainment allowance, this entertainment of external business associates or contacts or other parties must be claimed against the entertainment allowance.

A representative of the municipality may claim his or her subsistence allowance, as provided in this policy, before embarking on any official trip. The subsistence allowance must, in order to facilitate its timeous payment, be claimed, under normal circumstances at least three working days before the planned trip. PLEASE NOTE: Payment will be subject to the availability of funds at the time.

No subsistence allowance will be paid, and no representative will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must

be approved as such before a representative is entitled to a subsistence allowance.

For the purposes of a subsistence allowance, a representative shall mean:

- mayor/speaker
- other councillors specifically authorised to represent the municipality on a particular occasion
- municipal manager
- heads of departments
- any other official specifically authorised to represent the municipality on a particular occasion
- any official who is a member of a recognised professional institution and is granted permission to attend meetings and conferences of such institution.
- any other person/s delegated or granted permission to attend meetings and conferences on behalf of the municipality.

5. ACCOMMODATION COSTS AND SUBSISTENCE ALLOWANCE

Representatives who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in an hotel, motel, guesthouse or bed and breakfast establishment and the following rules will apply:

- In the instance where the Municipality makes and pays accommodation arrangements, the accommodation will be made at a Hotel or Motel with a maximum of three stars or another facility such as a Lodge, B & B or Guest House, with a maximum of four stars. **This four star rating are applicable for the stay of all Municipal Officials except for the Mayor.** The Municipal Manager may authorise any deviation from this when the destination is situated in a Metropolitan area. An original invoice from the establishment has to be submitted within 7 days after return to office or the official will be held liable for the costs.
- If the Mayor, a Councillor, the Municipal Manager or a Head of Department needs to travel on Council business and decides to make own accommodation arrangements and have to sleep over, an amount of R1000 per day in respect of accommodation will be given as an advance. There will be no requirement to submit any proof of how the money was spent with

regards accommodation costs.

- If any official, other than a Councillor or Senior Manager travels on Municipal Business, an amount of **R700** may be claimed per day in respect of accommodation.
- A subsistence allowance of **R320** per day will apply in respect of domestic travel
- The recoverable cost of accommodation and subsistence for international travel may not exceed provincial limits.
- Where it is not necessary to overnight on any travel on municipal business, but traveling is done to a destination outside the borders of Thembelihle Local Municipality, and the representative is away from office for more than 4 hours, an amount of R200 in respect of a subsistence allowance will be paid.
- If a Municipal official are required to work in the boundaries of Thembelihle Municipality, but outside its office of work, and are required to sleep over, a daily allowance of R200 in respect of subsistence may be claimed.
- In the case of both domestic and international travel, the day of departure and the day of return each qualify for a subsistence allowance.
- For purposes of this policy, domestic travel shall mean travel within South Africa, and international travel shall mean travel to any country other than South Africa.

6. CAR RENTAL AND OTHER TRAVEL COSTS

- Only “A” or “B” category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle (for example, when the number of representatives involved could justify the hire of a micro-bus).
- Only the Mayor can rent a car higher than a category A and B vehicle
- Car rental must be approved as part of the travel package before the trip is embarked on. A representative who rents a vehicle whilst travelling on the business of the municipality without having received prior authorisation will only be reimbursed for the cost of the vehicle rental if proof of expenditure can be produced and the representative can demonstrate that vehicle rental was reasonably but unexpectedly necessitated by the circumstances.
- All flights by representatives of the municipality shall be in economy class, unless another class of travel is specifically authorised by the

mayor/council/manager, as the case may be.

- If a representative has to utilise his or her personal motor vehicle outside the boundaries demarcated for the municipality he or she will be reimbursed at a rate determined by the Automobile Association (AA tariffs) based on the engine capacity. It must be clearly stated that the intention of this reimbursement is to pay only for actual kilometres travelled and is not intended to pay for non-travelling kilometres. The distance to which the reimbursement applies, must be the shortest distance between the municipality's office where the representative is stationed and the location where the official business is to be transacted. The distance to be claimed will be the distance as per Google maps, but if it is necessary to sleep over, the following additional kilometres may be claimed per day to make provision for additional traveling having to be made at the destination or en route:
 - ✓ No sleepover required then a maximum of 25 additional kilometres may be claimed;
 - ✓ One night sleep over then a maximum of 50 additional kilometres may be claimed;
 - ✓ Two night sleep over then a maximum of 75 additional kilometres may be claimed;
 - ✓ Three nights and more sleepover then a maximum of 125 additional kilometres may be claimed;
 - ✓ If the destination city is either Johannesburg, Pretoria, Cape Town, Bloemfontein, Durban, Port Elizabeth or East London an additional maximum of 50 kilometres per day may be claimed.

If these maxima are to be exceeded, a motivation must be submitted to the Municipal Manager for approval before payment will be made.

If the total number of kilometres for which such reimbursement is received exceeds 8 000 in any tax year, reimbursement for the excess kilometres over 8 000 must be taxed for PAYE purposes.

- Where motor vehicle subsidies apply, the representative will be paid according to the Government approved tariffs as circulated monthly.

EXAMPLES (Although these are merely examples and do not cover all possibilities, the same principles will be applied if other hometown, office town and/or destination towns are applicable)

- i. If a representative's office is Hopetown and the person stays in Strydenburg, the distance between Strydenburg and Hopetown will not be payable as these are seen as home-to-office kilometres. If this person has to attend a meeting in Kimberley, only the distance between Hopetown and Kimberley will be claimable. If this same person has to attend a meeting in De Aar and travel from Strydenburg direct to De Aar and back, the kilometres that can be claimed are only the kilometres between Strydenburg and De Aar and not between Hopetown and De Aar as this is not the actual kilometres travelled. Should this same person be required to attend a meeting outside normal working hours (e.g. over a weekend or in the evening) and the person travels from Strydenburg to the destination town, then all kilometres travelled will be deemed as business kilometres.*
- ii. If a representative's office is Strydenburg and the person stays in Hopetown, the distance between Hopetown and Strydenburg will not be payable as these are seen as home-to-office kilometres. If this person has to attend a meeting in De Aar, only the distance between Strydenburg and De Aar will be claimable. If this same person has to attend a meeting in Kimberley and travel from Hopetown direct to Kimberley and back, the kilometres that can be claimed are only the kilometres between Hopetown and Kimberley and not between Strydenburg and Kimberley as this is not the actual kilometres travelled. Should this same person be required to attend a meeting outside normal working hours (e.g. over a weekend or in the evening) and the person travels from Hopetown to the destination town, then all kilometres travelled will be deemed as business kilometres.*
- iii. If a representative's office is Hopetown and the person stays in Kimberley, the distance between Kimberley and Hopetown will not be payable as these are seen as home-to-office kilometres. If this person has to attend a meeting in De Aar, only the distance between Hopetown and De Aar will be claimable. If this same person has to attend a meeting in Bloemfontein and travel from Kimberley direct to Bloemfontein and back, the kilometres that can be claimed are only the kilometres between Kimberley and Bloemfontein and not between Hopetown and Bloemfontein as this is not the actual kilometres travelled. Should this same person be required to attend a meeting outside normal working hours (e.g. over a weekend or in the evening) and the person travels from Kimberley to the destination town, then all kilometres travelled will be deemed as business kilometres.*

7. SUBSISTENCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS

No subsistence costs will be paid to any candidate invited for an interview, but travelling costs at a flat of R3.00 per kilometre may be paid if the candidate has to travel more than 50km to attend the interview. Should a candidate choose to fly or make use of any other mode of transport, an amount equal to the costs to travel by car, will be paid. An additional amount, as per receipt furnished by an individual, limited to a maximum of R550, will be paid per evening, when overnight accommodation is required, will be payable in respect of accommodation costs.

8. AUTHORISATION

For purposes of implementing this policy:

- Only Heads of Departments may authorise any travel to be undertaken by officials, or payments to be made for persons invited for interviews, provided the expenses to be incurred are on the approved budget of the relevant department.
- Only the mayor or council, as the case may be, may authorise any travel to be undertaken by any councillor, or the municipal manager provided the expenses to be incurred are on the approved budget of the municipality.
- The mayor in consultation with the accounting officer shall approve his or her own travel on municipal business, provided the expenses to be incurred are on the approved budget of the municipality.
- The Mayor, Councillors, Municipal Manager and all officials, who participated in the benefits of this policy, must on a monthly basis submit the dates and a paragraph on the need to attend the session or sessions to the Manager: Corporate Services. The Manager: Corporate Services must then submit a consolidated report to the next Council meeting.
- An invitation to attend a workshop, meeting or related event is not an automatic authorisation to attend such workshop or event. The required authorisation must still be obtained from the municipal manager or mayor or council, as the case may be.
- Council delegates or representatives to any conference, workshop, event or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any representative fails to do so, the mayor

or council or the municipal manager, as the case may be, may recover all allowances and disbursements paid to enable such delegate or representative to attend such event, provided that such delegate or representative is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.

9. LEGAL REQUIREMENTS

In terms of Section 66 of the Municipal Finance Management Act No. 56 of 2003 the accounting officer of the municipality must report to the council, in the format and for the periods prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation allowances paid.

ANNEXURE 22: EMPLOYMENT OF TEMPORARY EMPLOYEES

APPOINTMENT OF TEMPORARY STAFF POLICY.

1. PURPOSE

The purpose of the policy is to provide principles and methodology for the recruitment and selection of temporary employees taking into account that the operational needs for temporary employment differs from filling vacancies on a longer term/permanent on the approval organizational structure.

2. POLICY OBJECTIVES

The objectives of this policy are:

- 2.1 To ensure a fair process that ensures consistency in the recruitment and selection of temporary staff.
- 2.2 To recognize the operational requirements for the temporary employment contracts.
- 2.3 To ensure that unemployed low-skilled or semi-skilled members of the community have fair access to temporary employment as part of the municipality's contribution to job creation.
- 2.4 To ensure applicants are protected from both corruption and nepotism during the processes of accessing job opportunities.

3. POLICY STATEMENT

The temporary recruitment and selection policy is aimed at creating capacity to enhance effective and efficient service delivery.

The request for a temporary appointment must be motivated by the employer department in terms of operational needs.

Changes to Basic Conditions of Employment Act, 75 of 1997(as amended) may lead to changes of this policy and the policy must be revised after approval of the proposed bill.

4. SCOPE PF THE POLICY

This policy applies to all unemployed job seekers appointed in the municipality on a temporary basis for contracts of less than twelve (12) months and excludes employees from the extended public Work Programme, specific job creation projects , or any other Provincial of National government driven projects.

5. LEGISLATIVE FRAMEWORK

- 5.1 Amended system Act No 7of 2011
- 5.2 Employment Equity Act 55 of 1998
- 5.3 Basic Conditions of employment Act No. 75 of 1997 (Updated 2008)

6. DEFINITIONS

- 6.1 HR- Human Resources Section

- 6.2 Nepotism- displaying favoritism close friends and family during the recruitment process.
- 6.3 The Municipality- Thembelihle Local Municipality as established in 5 December 2000
- 6.4 Suitably qualified- a person who has a combination of formal qualifications, prior learning, relevant experience or capacity to acquire, within a reasonable time, the ability to do the job.
- 6.5 Local Labour forum (LLF) – as defined in the SALGBC Main collective agreement.
- 6.6 Electronic data Base – electronic system containing personal information, qualifications, skills and experience of potential candidates for appointment on a temporary basis.

7. TEMPORARY RECRUITMENT AND SELECTION PROCESS

- 7.1 The Municipality shall establish a central electronic data base, of jobseekers that are eligible to perform work for the Municipality.
- 7.2 Eligible for inclusion on the data base shall be:
 - 7.2.1 The person must be unemployed at the time of inclusion on the data base and when the opportunity becomes available;
 - 7.2.2 The person must be a South African citizen;
 - 7.2.3 The person must be a resident of the Thembelihle Local Municipal area
 - 7.2.4 The person must be a legal employable age;
 - 7.2.5 The person must be physically fit to work in relation to requirements of position;
 - 7.2.6 Registration on the database is not a guarantee of employment;
 - 7.2.7 People who applies for a position, has the minimum qualification, is unemployed and is not appointed may be included in the database. All candidates that were invited to interviews and not appointed, but are possible candidates for appointment may be put on the database.
 - 7.2.8 The application forms can be obtained from the Human Resource Management section or downloaded from the website.
- 7.3 Selections from the data base for a position will be based on random electronic selection from a specific skill group. When selection is done in terms of item 7.7 below.
- 7.4 The department who request a temporary appointment must provide a written motivation indicating the operational reasons for the temporary appointment. The motivation must indicate the post on the organogram as well as the cost centre from which the appointment will be financed. The motivation must be signed by the relevant Executive manager of the directorate in which the appointment is requested and must be submitted to HR. HR must obtain the input from the Executive Manager: Corporate services before submitting it to the Municipal Manager for approval.

- 7.5 In circumstances where no post exists on the organogram, the Municipal Manager must approve the post(s) in writing and the period of the appointment.
- 7.6 **Temporary appointments for less than three (3) months** will be done by appointing the first person(s) selected from the database provided they meet the minimum requirements for appointment and are unemployed at that date.
- 7.7 **When making temporary appointments for more than three (3)** a shortlist of at least three(3) qualifying candidates will be compiled and the candidates will be interviewed before appointing the preferred candidate(s).
- 7.7.1 The Human Resources section will contact the candidates selected by the department to enquire on their availability and invite them for a departmental interview.
- 7.7.2 A member of HR will oversee and keep record of the proceedings.
- 7.7.3 HR will inform the recommended candidate and offer him/her the temporary position and ensure that the necessary paperwork is completed after approval of appointment by the Municipal manager.
- 7.7.4 No person may start work without the written approval of the Municipal Manager and at least an appointment letter containing the terms and conditions of employment.
- 7.8 HR will rotate the names of the candidates that were already granted an opportunity to the bottom of the list when their term of contract has come to an end. Employees will not be granted a further contract after the termination of his/her contract, unless they have reached the top of the database list again. The Municipal Manager may approve the deviation from this principal on good cause shown.
- 7.8.1 In exceptional circumstances the department may motivate committee , for the renewal or extension of the temporary employment contract of a specific temporary employee.
- 7.8.2 A recommendation will be provided by the Executive Manager to the Municipal Manager for approval
- 7.9 No employee may make any changes to the order of the names on the list, other than the relevant recruitment clerk. Changes made illegally will be viewed as serious misconduct and the appropriate disciplinary action will be taken against such employees.
- 7.10 HR must report on a monthly basis to the LLF and the Corporate Services Portfolio Committee on the temporary appointments.

7.11 The chairperson of the Corporate Services Portfolio committee must be informed of all recruitment processes and may attend the interviews in person or assign a member of the portfolio committee to attend on his/her behalf. The councilor may not be involved in the process and will only play the role of an observer.

7.12 The trade unions must be informed of the recruitment process five(5) days prior to the interviews and a representative of each union may attend the process as an observer.

8. AUTHORIZATION

The Municipal Manager/assignee will authorize these appointments.

9. FREQUENCY OF PAYMENTS

Employees will be remunerated on a monthly basis after submission of attendance registers by line managers to the Finance department unless the appointment is not for a full month.

10. NEPOTISM

10.1 No municipal employee may show favoritism towards any applicant.

10.2 A representative/line manager/panel from the department that indicated a need for a temporary worker will sign a declaration form which declaration will confirm that they do not have any family members on the schedule to curb nepotism.

10.3 Members of the departments/panel must recuse themselves when there is a possibility of a conflict of interest.

11. TEMPORARY EMPLOYMENT CONTRACTS

All contracts for temporary employees will include a clause stating that there will be no expectation of permanent employment.

ANNEXURE 23: INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT POLICY

INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT POLICY

APPROVED ON: 30 MAY 2018

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Scope

This is the *Thembelihle Local Municipality* Policy for Infrastructure Procurement and Delivery Management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management.

The scope includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- the storage of goods and equipment following their delivery to *the Thembelihle Municipality* which are stored and issued to contractors or to employees;
- the disposal or letting of land;
- the conclusion of any form of land availability agreement;
- the leasing or rental of moveable assets; and
- public private partnerships.

This Policy applies to construction-related works for the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure, projected to cost in excess of R30 000.

Terms, Definitions and Abbreviations

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act, no 56 of 2003, has the same meaning as in the Act, and –

“Authorised Person”	the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order
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"Accounting Officer"	in relation to a Municipality means the Municipal Manager as described in Section 60 of the Local Government: Municipal Finance Management Act, no 56 of 2003 as well as Section 82 of the Municipal Structures Act, no 117 of 1998.
"Conflict of Interest"	any situation in which: a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his <u>duties impartially</u> , b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee
"Contract Manager"	person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view
"Family Member"	a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption
"Framework Agreement"	an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged
"Gate"	a control point at the end of a process where a decision is required before proceeding to the next process or activity
"Gateway Review"	an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based
"Gratification"	an inducement to perform an improper act
"Infrastructure Delivery"	the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure
"Infrastructure Procurement"	the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure
"Maintenance"	the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

“Operation”	combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use
“Order”	an instruction to provide goods, services or any combination thereof under a framework agreement
“Organ of State”	an organ of state as defined in section 239 of the Constitution of the Republic of South Africa
“Procurement Document”	documentation used to initiate or conclude (or both) a contract or the issuing of an order
“Principal”	a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)
“Standard”	the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury
“Working Day”	any day of a week on which is not a Sunday, Saturday or public holiday

Abbreviations

For the purposes of this document, the following abbreviations apply:

CIDB:	Construction Industry Development Board
SARS:	South African Revenue Services
SCM	Supply Chain Management
SIPDM	Standard Infrastructure Procurement and Demand Management

General requirements

Delegations

The Thembelihle Municipality Council hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

- a) discharge the supply chain management responsibilities conferred on Accounting Officers in terms of Chapter 8 of the Local Government Municipal Finance Management Act of 2003 and this document;
- maximise administrative and operational efficiency in the implementation of this document;
enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

No departure shall be made from the provisions of this Policy without the approval of the Municipal Manager of the Thembelihle Municipality.

The Municipal Manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy, to the Council of the Thembelihle Municipality;
- whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council;
- within 10 days of the end of each quarter, submit a report on the implementation of the Policy to the Mayor; and
- make the reports public in accordance with Section 21A of the Municipal Systems Act of 2000.

Implementation of the Standard for Infrastructure Procurement and Delivery Management

Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management, unless this Policy prescribes otherwise.

Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the Chief Financial Officer as delegated in terms of Section 82 of the MFMA.

Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this Policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

The Accounting Officer shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system; any matter arising from a contract awarded within the Thembelihle Municipality's infrastructure delivery management system; or
- to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

The designated person shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

A dispute, objection, complaint or query may be referred to the Provincial Treasury if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

Control framework for infrastructure delivery management

Assignment of responsibilities for approving or accepting end of stage deliverables

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

General

Prefeasibility and feasibility reports shall be required as end-of-stage deliverables for stages 3 and 4, respectively, where a major capital project is required for where the total project capital expenditure exceeds R50 million (including VAT), or where the expenditure per year for a minimum of three years exceeds R10 million per annum (including VAT).

Stages 3 and 4 may be omitted for the following:

- a) a building project with or without related site works; or
- b) a process-based, somewhat repetitive or relatively standardised project where the risk of failing to achieve time, cost and quality objectives is relatively low.

Stages 3 to 9 may be omitted where the required work does not involve the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure.

Stages 5 and 6 may be omitted if sufficient information to proceed to stage 7 is contained in the stage 4 deliverable.

The infrastructure plan (stage 1), which is informed by demand management requirements as set out in 6.2, initiation reports (stage 0), decisions made during stages 3 and 4 and work in progress in stages 5 to 9, and the procurement strategy (stage 2) shall be reviewed and updated at least once a year.

The approval of the infrastructure plan and the securing of the necessary budget shall be obtained prior to advancing to stage 3. All subsequent stages shall only be proceeded with if the necessary budget is in place.

A stage shall only be complete when the deliverable has been approved or accepted by the person or persons designated in the institutional arrangements to do so.

Activities associated with stages 5 to 9 may be undertaken in parallel or series, provided that each stage is completed in sequence.

The level of detail contained in a deliverable associated with the end of each stage shall be sufficient to enable informed decisions to be made to proceed to the next stage. In the case of stages 3 to 6, such detail shall, in addition, be sufficient to form the basis of the scope of work for taking the package forward in terms of the selected contracting strategy.

The approvals or acceptances at each gate shall be retained for record purposes for a period of not less than five years of such acceptance or approval in a secured environment, unless otherwise determined in terms of the National Archives and Record Services of South Africa Act.

Gateway reviews

Gateway reviews for major capital projects above the threshold of R 20 million.

1.1.1.1. The Municipal Manager shall appoint a gateway review team for major capital projects.

A gateway review team shall comprise not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with various aspects of the subject matter of the deliverable at the end of the stage under review.

Such a team shall be led by a person who has at least six years postgraduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act.

The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

The Provincial Treasury shall be notified of a proposed gateway review for a major capital project, three weeks prior to the conducting of such a review.

Such notification shall be accompanied by a brief outline of the proposed project or package, the names and qualifications of the reviewers and the timeframes for the review.

The Provincial Treasury may nominate additional persons to serve on the review team.

The gateway review team shall base its findings primarily on:

the information contained in the end-of-stage deliverables;

supplementary documentation, if any, provided by key staff obtained during an interview process; and interviews with key staff members and stakeholders.

The gateway review team shall issue a report at the conclusion of a gateway review, which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

Table 1: Stages, end-of-stage deliverables and responsibilities for approving or accepting end-of-stage deliverables in the control framework for the management of infrastructure delivery

No	Name of Stage	End-of-Stage Deliverable	Person assigned the responsibility for approving or accepting end-of-stage deliverables
0	Project initiation	An initiation report which outlines the high-level business case together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope	The Technical Manager or the Sub-Delegated official accepts the initiation report
1	Infrastructure planning	An infrastructure plan which identifies and prioritises projects and packages against a forecasted budget over a period of at least five years	The Technical Manager or the Sub-Delegated official approves the infrastructure plan
2	Strategic resourcing	A delivery and/or procurement strategy which, for a portfolio of projects, identifies the delivery strategy in respect of each project or package and, where needs are met through own procurement system, a procurement strategy	The Technical Manager or the Sub-Delegated official approves the delivery and / or procurement strategy
3	Pre-feasibility	A prefeasibility report which determines whether or not it is worthwhile to proceed to the feasibility stage	The Technical Manager or Sub-Delegated official. The end-user together with consulting engineers.
	Preparation and briefing	A strategic brief which defines project objectives, needs, acceptance criteria and client priorities and aspirations, and which sets out the basis for the development of the concept report for one or more packages	The Technical Manager or Sub-Delegated official. The end-user together with consulting engineers.
4	Feasibility	A feasibility report which presents sufficient information to determine whether or not the project should be implemented	The Technical Manager or Sub-Delegated official accepts the feasibility report. The end-user together with consulting engineers.
	Concept and viability	A concept report which establishes the detailed brief, scope, scale, form and control budget, and sets out the integrated concept for one or more packages	The Technical Manager or Sub-Delegated official accepts the concept report. The end-user together with consulting engineers.

No	Name of Stage	End-of-Stage Deliverable	Person assigned the responsibility for approving or accepting end-of-stage deliverables	
5	Design development	A design development report which develops in detail the approved concept to finalise the design and definition criteria, sets out the integrated developed design, and contains the cost plan and schedule for one or more packages	The Technical Manager or Sub-Delegated official accepts the design development report. The end-user together with consulting engineers.	
6	Design documentation	6A Production information	Production information which provides the detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where the constructor is able to build directly from the information prepared) or the production of manufacturing and installation information for construction	The Technical Manager or Sub-Delegated official accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance.
		6B Manufacture, fabrication and construction information	Manufacture, fabrication and construction information produced by or on behalf of the constructor, based on the production information provided for a package which enables manufacture, fabrication or construction to take place	The Technical Manager or Sub-Delegated official accepts the manufacture, fabrication and construction information.
7	Works	Completed works which are capable of being occupied or used	The Technical Manager and Sub-Delegated official accepts completion of the works or the delivery of goods and associated services. Works are certified by consulting engineers.	
8	Handover	Works which have been taken over by the user or owner complete with record information	The owner or end user accepts liability for the works. The Technical Manager and Sub-Delegated official accepts completion of the works or the delivery of goods and associated services. Works are certified by consulting engineers.	
9	Package completion	Works with notified defects corrected, final account settled and the close out report issued	The Technical Manager and Sub-Delegated official accepts the defects certificate in accordance with the provisions of the contract. Works are certified by consulting engineers. The Technical Manager and Sub-Delegated official accepts final completion in accordance with the provisions of the contract. Works are certified by consulting	

No	Name of Stage	End-of-Stage Deliverable	Person assigned the responsibility for approving or accepting end-of-stage deliverables
			engineers. The Technical Manager and Sub-Delegated official accepts the close out report issued by consulting engineers.

Control framework for infrastructure procurement

The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold of R200 000 shall be as stated in Table 2.

The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure, of R200 000, shall be as follows:

- a) The Bid Specification Committee or the Manager: SCM shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
- b) The Municipal Manager or delegated Head of Department may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

Infrastructure delivery management requirements

Institutional arrangements

Committee system for procurement

General

A committee system comprising the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements projected to cost in excess of R200 000.

The Accounting Officer may consider applying the requirements of the committee system to a lower threshold.

The Bid Evaluation Committee, shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.

No person who is a political officer bearer, a public office bearer including any Councillor of a municipality, a political advisor or a person appointed in terms of Section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a Bid Specification, Bid Evaluation or Bid Adjudication Committee.

Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

Bid Specification Committee

The Municipal Manager shall appoint in writing:

- (a) the persons to review the procurement documents and to develop a procurement documentation review report; and
- (b) the members of the Bid Specification Committee.

The approval of procurement documents at Procurement Gate 3 or Framework Agreement Gate 2 shall be based on the contents of a procurement documentation review report.

Where the procurement relates to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure, such a report shall be prepared by one or more persons who participated in the review and who are registered as:

- (a) professional architect or professional senior architectural technologist in terms of the Architectural Profession Act or a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
- (b) a professional engineer or professional engineering technologist in terms of the Engineering Profession Act; or
- (c) a professional quantity surveyor in terms of the Quantity Surveying Professions Act.

The Bid Specification Committee shall comprise of no less than one person.

The chairperson shall be an employee of the Thembelihle Municipality with requisite skills.

Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	The Technical Manager
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	The Technical Manager
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	CFO Manager Budget and Treasury
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	CFO /Manager Budget and Treasury
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Evaluation Committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the Bid Evaluation Committee and refer back to Bid Evaluation Committee for reconsideration or make recommendation for award	Bid Adjudication Committee
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Municipal Manger
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	Manager Budget and Treasury / Supply Chain official

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
		6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	Municipal Manager
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Municipal Manager
6	Administer contracts and confirm compliance requirements	6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	Municipal Manager
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for at award of an inflation, or the time for completion contract or the issuing of an order by more than 20% and 30%, respectively.	Approve amount of time and cost overruns above the threshold	Municipal Manager
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Municipal Manager
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	Municipal Manager

Bid Evaluation Committee

The Municipal Manager shall appoint in writing:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations; and
- b) the members of the Bid Evaluation Committee.

The Bid Evaluation Committee shall comprise not less than three people. The chairperson shall be an employee of the Thembelihle Municipality with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery.

The evaluation report shall be prepared by one or more persons who are conversant with the nature and subject matter of the procurement documents or the framework contract, and who are registered as:

- a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act;

- a professional engineer or professional engineering technologist in terms of the Engineering Profession Act;
- a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
- a professional project manager or a professional construction manager in terms of the Project and Construction Management Professions Act; or a professional quantity surveyor in terms of the Quantity Surveying Profession Act.

The Bid Evaluation Committee shall review the evaluation reports and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax and municipal rates and taxes compliance status;
- c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
- d) the Compulsory Declaration has been completed; and
- e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the Bid Specification Committee or a family member or associate of such a member, may be considered by the Bid Evaluation Committee.

The chairperson of the Bid Evaluation Committee shall promptly notify the Municipal Manager of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

Bid Adjudication Committee

The Bid Adjudication Committee must consist of at least four senior officials of the municipality which must include –

- a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
- b) at least one senior supply chain management practitioner who is an official of the municipality; and
- c) a technical expert in the relevant field who is an official, if such an expert exists.

The Accounting Officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

No member of the Bid Evaluation Committee may serve on the Bid Adjudication Committee. A member of a Bid Evaluation Committee may, however, participate in the deliberations of a Bid Adjudication Committee as a technical advisor or a subject matter expert.

The Bid Adjudication Committee shall:

- a) consider the report and recommendations of the Bid Evaluation Committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
 - 5) refer the report back to the Bid Evaluation Committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation;
 - 6) or alternatively make a recommendation to the Municipal Manager to award if the value exceeds R10 million.

The Bid Adjudication Committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action, which should be taken.

The Bid Adjudication Committee shall consider the merits of an unsolicited offer and make a recommendation to the Municipal Manager.

The Bid Adjudication Committee shall report to the Municipal Manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the Bid Evaluation Committee, giving reasons for making such a recommendation.

The Bid Adjudication Committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

The Bid Adjudication Committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper Conduct in relation to such system. The National Treasury and the Provincial Treasury shall be informed where such tenderers are disregarded.

Actions of an authorised person relating to the award of a contract or an order

Award of a contract

The Municipal Manager shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the Bid Adjudication Committee and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
- b) decide not to proceed or to start afresh with the process.

The Municipal Manager shall immediately notify the Bid Adjudication if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and the Provincial Treasury, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

Issuing of an order

The Municipal Manager shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the Bid Evaluation Committee as relevant, and either:

- a) authorise the issuing of an order; or
- b) decide not to proceed or to start afresh with the process.

The person responsible for authorising an order shall, prior to authorising the issuing of an order:

- a) confirm that the required goods or services, or any combination thereof, are within the scope of work associated with the relevant framework contract; and consider the recommendations of the evaluation report where competition amongst framework contracts takes place or a significant proportion of the total of the prices is negotiated, based on the financial parameter contained in the framework contract, and either

Conduct of those engaged in infrastructure delivery

General requirements

All personnel and agents of the Thembelihle Municipality shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;

- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

All personnel and agents engaged in Siyathemba Municipality's infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) fair and impartial in the performance of their functions;
- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist the Thembelihle Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

Conflicts of interest

The employees and agents of the Thembelihle Municipality who are connected in any way to procurement and delivery management activities which are subject to this Policy, shall:

- a) disclose in writing to the employee of the Thembelihle Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of the Thembelihle Municipality proprietary information.

The employees and agents of the Thembelihle Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in the Thembelihle Municipality's interest to do so, submit a tender for work associated with such documents provided that:

- a) the Thembelihle Municipality states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the Bid Specification Committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

Evaluation of submissions received from respondents and tenderers

The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;
- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to the Thembelihle Municipality.

The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of the Thembelihle Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

the Thembelihle Municipality personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect the Thembelihle Municipality's confidential information and interests.

Gratifications, hospitality and gifts

The employees and agents of the Thembelihle Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

The employees and agents of the Thembelihle Municipality as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

The employees and agents of the Thembelihle Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

All employees and agents of the Thembelihle Municipality may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc.;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature.

Gifts listed in a) to d) or gifts in kind which have an intrinsic value greater than R350 may not be accepted.

Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

Employees and agents of the Thembelihle Municipality shall without delay report to the Municipal Manager any incidences of a respondent, tenderer or contractor who directly or indirectly

offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

Reporting of breaches

Employees and agents of the Thembelihle Municipality shall promptly report to the Municipal Manager any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

Measures to prevent abuse of the infrastructure delivery system

The Municipal Manager shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this Policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and the Provincial Treasury of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory Council where a breach of such Council's code of conduct or rules of conduct are considered to have been breached; cancel a contract if:
 - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
 - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

Awards to persons in the service of the state

Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

- a) a member of any municipal Council, any provincial legislature, or the National Assembly or the National Council of Provinces;
- b) a member of the board of directors of any municipal entity;
- c) an official of any municipality or municipal entity;
- d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- e) an executive member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature.

The notes to the annual financial statements of the Thembelihle municipality shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

Collusive tendering

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

Placing of contractors under restrictions

If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards the Thembelihle Municipality; or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of the Thembelihle Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

The Manager SCM shall prepare a report on the matter and make a recommendation to the Municipal Manager for placing the contractor or any of its principals under restrictions from doing business with the Thembelihle Municipality.

The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to [name of municipality or municipal entity for a period of time.

The Manager SCM shall:

record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of the Thembelihle Municipality who are engaged in procurement processes; and

notify the National Treasury and the Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

Complaints

All complaints regarding the Thembelihle Municipality's infrastructure delivery management system shall be addressed to the Municipal Manager. Such complaints shall be in writing.

The Chief Financial Officer shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the Municipal Manager who will decide on what action to take.

Acquisition management

Unsolicited proposal

The Thembelihle Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for the Thembelihle Municipality;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) The Municipal Manager finds the reasons for not going through a normal tender processes to be sound.

The Municipal Manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the Bid Adjudication Committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the [municipality or municipal entity] and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;
- b) the Thembelihle Municipality' has obtained comments and recommendations on the offer from the National Treasury and the Provincial Treasury;
- c) the Bid Adjudication Committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and the Provincial Treasury; and
- d) the provisions of 6.2.1.3 are complied with.

The Municipal Manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Provincial Treasury and Auditor-General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

Tax and rates compliance

SARS tax clearance

No contract may be awarded or an order issued where the value of such transaction exceeds R30 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status. No contract may be awarded or order issued unless a tenderer or contractor who is registered on the Central Supplier Database (CSD) and confirmed their tax compliance status.

In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of the Thembelihle Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to the Manger BTO that it intends challenging its tax compliance status with SARS,

- b) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- c) before authorising a further payment due to a non-compliant contractor who has failed to
- d) remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

Municipal rates and taxes

No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months and no arrangements has been made.

No award may be considered to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are outstanding for more than 30 days, if the value of the award will exceed R 10 million.

Declarations of interest

Tenderers and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the Thembelihle Municipality or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

Invitations to submit expressions of interest or tender offers

All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Thembelihle Municipality's website and on the National Treasury eTender Publication Portal.

Advertisements relating to construction works, which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000, shall also be advertised, on the CIDB website.

Where deemed appropriate by the Chairperson of the Bid Specification Committee or the Manager: SCM, an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person.

Such advertisements shall be advertised for a period of at least 14 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Municipal Manager.

The Manager SCM or delegated official shall place all Advertisements.

Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

Publication of submissions received and the award of contracts

The Manager: SCM or delegated official shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender, where the estimated value of the contract exceeds R200 000 (including VAT) on the municipality's website.

The following information must be published:

the names of all tenderers that made submissions to that advertisement, and
if practical or applicable, the total of the prices and the preferences claimed.

Such information shall remain on the website for at least 30 days.

The Manager SCM or delegated official shall publish within 7 working days of the award of a contract the following on the Thembelihle Municipality's website:

- a) the contract number;
- b) contract title;
- c) brief description of the goods, services or works;
- d) the total of the prices, if practical;
- e) the names of successful tenderers and their B-BBEE status level of contribution;

- f) duration of the contract; and
- g) brand names, if applicable.

The Manager SCM or delegated official shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury e-Tender Publication Portal regarding the successful and unsuccessful tenders.

The Manager SCM or delegated official shall, within 7 working days of the award, submit details pertaining to the award of contracts relating to construction works, which are subject to the Construction Industry Development Regulations, issued in terms of the Construction Industry Development Act of 2000, in addition to the requirements of 6.2.5.3, place a notification on the CIDB website..

Disposal committee

The Municipal Manager shall appoint in writing the members of the disposal committee to decide on how best to undertake disposals.

The disposal panel shall comprise not less than three people.

The chairperson shall be an employee of the Thembelihle Municipality.

The disposal committee shall make recommendations to the Municipal Manager who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

A disposal committee shall decide how best to undertake disposals relating to the demolition or dismantling of infrastructure or parts thereof, and the disposal of unwanted, redundant or surplus materials, plant and equipment.

Disposals shall be proceeded with only after the feasibility and desirability of using one or more of the following alternative disposal strategies have been considered:

- a) transfer to another organ of state, business unit or a charitable organisation at market-related value or free of charge; recycling or re-use of component materials; or disposal by means of dumping at an authorised dump site, burning or demolition.

The reasons for adopting a disposal strategy shall be recorded prior to proceeding with such disposal.

Reporting of infrastructure delivery management information

The Manager: SCM or delegated official shall submit any reports required in terms of the standard to the National Treasury or the Provincial Treasury. .

Infrastructure procurement

Usage of procurement procedures

- a) The Thembelihle Municipality shall apply any relevant procurement procedures provided for in the standard

Procurement documents

The Thembelihle Municipality has pre-approved templates for (Agreements and contract data) of procurement, documents shall be utilised to obviate the need for legal review prior to the awarding of a contract.

All modifications to the standard templates shall be approved by Municipal Manager prior to being issued for tender purposes.

Disputes arising from the performance of a contract shall be finally settled in a South African court of law.

The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

- a) consultancy services; and

- b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

Developmental Procurement

The primary beneficiaries will be included in the Preferential Procurement Policy and will include at least the following:

Local emerging contractors / service providers and suppliers from previously disadvantaged individuals/communities who will be assisted with targeted contract opportunities to propel them to new heights.

Contractors must be registered with the CIDB to qualify for participation.

Payment of contractors

The Thembelihle Municipality shall settle all undisputed accounts within 30 days of invoice or statement as provided for in the contract.

Approval to utilise specific procurement procedures

Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) Municipal Manager shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) The Municipal Manager shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- c) the Bid Specification Committee or Manager: SCM shall authorise the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure.

The person authorised to pursue a negotiated procedure in an emergency is designated Head of Department.

Receipt and safeguarding of submissions

A dedicated and clearly marked tender box shall be made available to receive all submissions made.

The tender box shall be fitted with two locks and the keys kept separately by two SCM Practitioners.

Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

Opening of submissions

Submissions shall be opened by an opening panel comprising two people nominated by the Manager: SCM who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended; return submissions unopened and suitably annotated where:
 - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
 - 2) submissions were submitted by a method other than the stated method,
 - 3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and
 - 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions.

record in the register submissions that were returned unopened;

open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;

record in the register the name of any submissions that is returned with the reasons for doing so;

record the names of the tenderer's representatives that attend the public opening;

sign the entries into the register; and

stamp each returnable document in each tender submission.

Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3h).

Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

Use of another organ of state's framework agreement

The Thembelihle Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so.

The Municipal Manager shall make the necessary application to that organ of state to do so.

Insurances

Contractors shall be required to take out all insurances required in terms of the contract.

The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Municipal Manager.

Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5million electrical, mechanical and engineering: R3 million architectural: R5 million other R3 million

The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by Manager Budget and Treasury

SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the in relation to the nature of the service that they provide.

The Thembelihle Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

Where payment is to be made in multiple currencies, either the contractor or the Thembelihle Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

Written reasons for actions taken

Written reasons for actions taken shall be provided by a Project Manager

The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, as to why a tenderer was not considered for the award of a contract or not awarded a contract shall be framed around the clauses in:

:

- a) SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling for expressions of interest;

Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

Request for access to information

Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the "requestor" should be referred to the Thembelihle Municipality's Information Manual which establishes the procedures to be followed and the criteria that have to be met for the "requester" to request access to records in the possession or under the control of the Thembelihle Municipality's.

Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use.

Access to a bill of quantities and rates should be provided in terms of the Act.

SHORT TITLE

This policy is called the INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT POLICY of the Thembelihle Local Municipality.

ANNEXURE 24: SUBSEQUENT EVENTS

SUBSEQUENT EVENTS POLICY

1. INTRODUCTION / BACKGROUND

The objective of Subsequent events (GRAP 14) is to prescribe when the municipality should adjust its financial statements for events after the reporting period, and the disclosures that a municipality should give about events after the reporting period.

GRAP 14 also requires that the Municipality should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the *going concern* assumption is not appropriate.

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period 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 end of the reporting period (**adjusting events after the reporting period**); and
- those that are indicative of conditions that arose after the reporting period (**non-adjusting events after the reporting period**).

2. DEFINITIONS

'Adjusting events after the reporting period'- are those events that provide evidence of conditions that existed at the reporting date. A municipality should adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting period.

'Non-adjusting events after the reporting period'- are those that are indicative of conditions that arose after the reporting date. A municipality shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period but may need to disclose these events in the notes to the AFS.

'Management' comprises those persons responsible for planning, directing and controlling the activities of the entity, including those charged for governance of the municipality in accordance with the legislation, in instances where they are required to perform such functions.

'Reporting date' means the date of the last day of the reporting period to which the financial statements relate.

OBJECTIVES OF THE POLICY

3.1 Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Thembelihle municipality must ensure that all adjusting and non-adjusting events after the reporting period are identified.

3.2 Ensure Additional procedures should be performed to identify events after the reporting period.

3.3 Thembelihle municipality must ensure that all disclosure requirements for events after the reporting period as listed in GRAP 14 met.

4. RESPONSIBILITY AND ACCOUNTABILITY

4.1 Adjusting events after the reporting period

Thembelihle Municipality shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.

4.2 Non-adjusting events after the reporting period

Thembelihle Municipality shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

4.3 Additional procedures to identify events after the reporting period Additional procedures to identify events after the reporting date could include:

- A. Legal Services should list all material contracts that the municipality has entered into after 30 June and before 31 January. In addition, the municipality's legal council should be contacted to identify and list all current, pending and outstanding legal cases. These cases could indicate provisions that should be raised and contingent liabilities or contingent assets that should be disclosed.
- B. The minutes of management meetings should be reviewed for evidence of discussion of possible after- reporting-period events.
- C. The terms and conditions of contracts entered into by the municipality and third parties during the after reporting date period should be inspected.
- D. The Manager: Asset Management could also compile a list of all Insurance Claims submitted by the municipality to its Insurer between 1 July and 31 January (period after the reporting date). This could give an indication of Assets that were stolen or damaged during the after reporting date period.
- E. Scrutinising daily newspapers from 1 July to 31 January (period after the reporting date) for articles that may involve the municipality could ensure identification of events which need to be recorded or disclosed. A list should be compiled and the list as well as copies of the articles submitted to the CFO for evaluation.

F. The Head of Salaries (Expenditure Manger) should list all performance bonuses or backdated increases that were paid in the period after the reporting date and that pertains to the previous financial year. These events would indicate that the accounting records and AFS of the municipality should be adjusted to include these expenses.

5. COMMENCEMENT

This policy will come to effect on the adoption by Council.

THEMBELIHLE LOCAL MUNICIPALITY

ANNEXURE 25: LOCK CERTIFICATE

Certification that the adopted budget for 2018/19 is correctly captured and locked on the municipality's financial management system

(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 6.3 of MFMA Budget Circular 59 dated 16 March 2012)

I, MICHAEL R JACK in my capacity as accounting officer of the municipality, hereby certify that:

- The adopted annual budget has been captured on the municipality's financial system;
- There is 100 per cent reconciliation between the budget on the system and the budget adopted by council;
- The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and
- The relevant budget return forms have been submitted to the local government database.

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

- a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
- an adjustments budget approved by council.

Print Name Michael R Jack

Municipal manager of Thembelihe Municipality NC076
(name and demarcation code of municipality)

Signature



Date

30/05/2018

(This certificate must be submitted to National Treasury by close of business Monday 11 June 2018 at the following email address: lgdocuments@treasury.gov.za.)

Also send copies to the *Auditor General* and the relevant provincial treasury

