

GASEGONYANA LOCAL



MUNICIPALITY

2014 - 15

ANNUAL BUDGET

**ANNUAL BUDGET
OF
GA-SEGONYANA LOCAL MUNICIPALITY**

**2014/15 TO 2016/17
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

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PART 1 ANNUAL BUDGET

1.1 Mayor's Speech

BUDGET SPEECH BY CLLR. TUELO GIBSON ANTHONY, MAYOR OF GA-SEGONYANA LOCAL MUNICIPALITY- 29 MAY 2014

The Honorable Speaker
Members of the Executive Committees
Honorable Councillors
Municipal Manager
Our Chiefs who are present
Managers and Officials
Ladies and Gentlemen
Ward Committees and Community Development Workers
Members of the Communities

Speaker, I am privileged to table the budget speech and integrated Development Plan for the 2014/2015 financial year before Council, Management and the members of the communities.

This comes within a month of the fifth democratic election in our country and this year also celebrate the 20 years of democracy, indeed we have a good story to tell. The over eleven million South African have shown confidence in the ruling by giving it another five years to govern.

I must confirm that it has been a long way of engagement since the draft budget/IDP that was tabled before the full seating of Council in 27 March 2014. Subsequent to that we had community consultative meeting during the month of April.

This budget was drafted against the difficult economic conditions facing not only the municipality, but the country and globally as well. One of the main challenges of this municipality is our deficiency in generating revenue. We also had to defend a Kimberley High Court case instituted by Afriforum challenging the processes of our budget. However the municipality successfully defended the case, we once again call upon to all stakeholders including Afriforum to work together with the municipality in improving service delivery.

I must re-emphasize that revenue collection is the most integral part of our budget, our failure to recover our costs in providing services to our communities is totally intolerable.

Speaker, allow me to once again make my humble appeal to management and the entire council to assist in effectively reducing our increasing debts.

Our debts to date stand at R61 million, we have taken efforts by approving the 50% discount on household debts. A massive campaign must be done to encourage our people to pay for the services municipality is rendering to them.

Honorable Councillors I am indeed honored to present to you our budget estimates for the financial year 2014/2015 which amounts to R303 145, 558.00 and was drafted in line with our Integrated Development Plan (IDP) in compliance with the Municipal Finance Management Act, Act 56 of 2003.

Our total equitable share from national government is R86 992 00, library grant from the Northern Cape government R1 228 000-00, Municipal Infrastructure Grant is R51 027 000, Department Mineral Energy is R1 000 000, Extended Public Works Programme is R1 000 000, Department of Water Affairs is R7 000 000, Finance Management Grant is R1 600 000, Municipal Systems Improvement Grant is R934 000, Municipal Water Infrastructure Grant is R14 170 000. The total grant allocation amount to the tune of R194 951 000.

We still have a mammoth task in diligently rendering an effective and efficient service delivery, particularly the provision of water, which the national standards stipulate that we should provide water not more than 200 meters from each households. We are still faced with provision of proper level of sanitation, roads infrastructure, potholes and resealing of some roads is still a mayor challenge.

We also applaud our Local Economic Development unit for the work well done by winning the best stalls at the Durban International Tourism Festival.

Dear Councilors, most communities during the road shows raised concerns ranging from our bad roads, water, refuse collection, inadequate RDP houses, electrification, housing and more communities in other villages.

High Mast Lights in our villages are still not functioning properly, this project was supposed to assist in minimizing criminal activities by providing light during dark hours, however they are still not connected to electricity.

We have water projects that are currently running in ward 7, Maruping, Batlharos, Mothibistad, Mokalamosesane and the huge Kuruman Bulk Water project which still need a financial injection of just over R100 million. We also have project for road construction, In-Situ houses.

Dear councilors, we also have municipal infrastructure projects earmarked for the new financial year, ranging from water, roads infrastructure, housing, high mast lights and community hall.

We also welcome the developments by the private sectors, the Kuruman Mall, West Development, Leiflho Casino, Assmang Mining College and the Assmang Housing project in Wrenchville. As part of government we encourage the public

private partnership in ensuring that we prosper as the residents and the municipality.

The municipality is the coalface of service delivery, and the provision of services to our communities still remain to be one of our biggest challenges, though we should admit that our human needs currently exceeds the resources at our disposal.

Honourable members, our equipments and motor vehicles are old and need replacement. However we do not have the means due to our tight budget.

As I have mentioned the municipality is still subjected to the culture of non-payment which hampers service delivery. In order to avert the situation we mandate management to explore and if possible embark on a lease option.

Honorable Speaker and Councilors I present the following recommendations for the 2014/2015 budget and IDP:

1. That council approves 2014/15 MTRF budget in terms of section 24 of the MFMA and section 160 of the constitution of South Africa;
2. That Council approves budget for 2014/15 as set out in Schedule A and the 3rd IDP of the third cycle IDP with amendments to be made on the IDP;
3. Budgeted Financial Performance (revenue and expenditure by standard classification);
4. Budgeted Financial Performance (revenue and expenditure by municipal vote);
5. Budgeted Financial Performance (revenue by source and expenditure by type);
6. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations;
7. That the municipality be permitted to enter into long-term loans for the funding of the capital projects and assets in respect of the 2014/15 financial year limited to an amount of R3, 705, 000;

8. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending projects;
9. That the capital budget and MIG project list be approved;
10. That the tariff schedule for property rates; water, electricity, bulk contribution and other municipal services be approved to be effected from 01 July 2014;
11. That the following policies: Revised Supply Chain; Asset Management; Credit Control and Debt Collection; Tariff; Budget; Bulk Contribution; Virement; Property Rates and Indigent be approved for 2014/15 and be implemented as from 01 July 2014;
12. That Council approves budgeted new posts and organogram.
13. That the 2014/15 budget and 3rd IDP of the third cycle be submitted to both National and Provincial Treasury.
14. That 40% of Prepaid electricity purchases be used as a tool to recover arrear debts
15. That management is mandated to enter into the lease agreement for acquiring equipments and vehicles and auctioning of old fleet.

In conclusion, ladies and gentlemen, I would like that to express my greatest gratitude to the team that brought this budget and IDP together.

I need to remind you honorable councilors that we have a collective responsibility of accelerating service delivery to our community, I urge you to continue to make a difference in the lives of our people and to bring hope where there is despair, put a smile where there is a frown and light where there is darkness.

It is my earnest believe that this budget will go a long way in addressing issues of service delivery, joblessness and poverty.

Honorable Councilors, let us go out there and speak the language of service delivery and more service delivery to our people as this is the only language they want to hear.

I THANK YOU""

1.2 Budget Related Resolutions

COUNCIL

2014-05-29

1. BUDGET 2014/15 AND IDP FOR 2014/15 (6.1.1 2014/15) (Municipal Manager)

PURPOSE

1. To **CONSIDER** and **APPROVE** the Budget for 2014/15 that has been deliberated and compiled in terms of section 24 of the Municipal Financial Management Act 56 of 2003.

2. BACKGROUND

National Treasury's MFMA circular 70 and 72 were used to guide the compilation of the 2014/15 MTREF. Tariff increases were based on the CPI/Inflation of 6% and Electricity tariff increase was based on 5.5% for lifeline and 6.5% for block 2 and 7.39% for block 3 and 4 as per NERSA guidelines.

Attached find the following:

- Executive summary
- Budget for 2014/15
- 3rd IDP of the third cycle IDP 2014/15
- MIG project list
- Capital Budget
- Tariff schedule
- Tariff Policy
- Credit Control and Debt Collection Policy
- Municipal Property Policy
- Indigent Policy
- Bulk Contribution Policy
- Virement Policy
- Budget Policy
- Asset Management Policy
- Supply Chain Management Policy

Budget/IDP road shows were arranged for the 13 wards of Ga-Segonyana Local Municipality to obtain community inputs and ensure a better understanding of community needs;

3. LEGAL AUTHORITY

In terms of section 24(1) of MFMA, Act 56 of 2003, the annual budget must be tabled at least 30 days before the start of the financial 2014/15. The Mayor should table the budget and the 3rd IDP of the third cycle simultaneously.

Section 17(1) of MFMA, an Annual Budget of a Municipality must be a schedule in the prescribed format-

- (a) Setting out realistically anticipated revenue for the budget year from revenue source;
- (b) Appropriating expenditure for the budget year under the different votes of the municipality;
- (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
- (d) Setting out-
 - (I) estimated revenue and expenditure by vote for the current year; and
 - (II) actual revenue and expenditure by vote for the financial year preceding the current year; and
- (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.

Council RESOLVED

- 16. That council approves 2014/15 MTRF budget in terms of section 24 of the MFMA and section 160 of the constitution of South Africa;
- 17. That Council approves budget for 2014/15 as set out in Schedule A and the 3rd IDP of the third cycle IDP with amendments to be made on the IDP;
- 18. Budgeted Financial Performance (revenue and expenditure by standard classification);
- 19. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- 20. Budgeted Financial Performance (revenue by source and expenditure by type);
- 21. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality funding

- and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations;
22. That the municipality be permitted to enter into long-term loans for the funding of the capital projects and assets in respect of the 2014/15 financial year limited to an amount of R3, 705, 000;
 23. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending projects;
 24. That the capital budget and MIG project list be approved;
 25. That the tariff schedule for property rates; water, electricity, bulk contribution and other municipal services be approved to be effected from 01 July 2014;
 26. That the following policies: Revised Supply Chain; Asset Management; Credit Control and Debt Collection; Tariff; Budget; Bulk Contribution; Virement; Property Rates and Indigent be approved for 2014/15 and be implemented as from 01 July 2014;
 27. That Council approves budgeted new posts; and organogram
 28. That the 2014/15 budget and 3rd IDP of the third cycle be submitted to both National and Provincial Treasury.
 29. That 40% of Prepaid electricity purchases be used as a tool to recover arrear debts.
 30. That Public Participation/consultation be done to can accommodate community before implementation of resolution 14.
 31. That Management be mandated to enter into a vehicle lease option for acquiring new vehicles and old once be auctioned.
 32. That two general workers be taken out of the current budget to can accommodate another Exco member in the Executive Committee, and the two general workers be budgeted for in the next financial year.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's budget process is essential and critical to ensure that the Municipality remains financially viable and that municipal services provided are sustainable, economical and equitable to all communities.

The Municipality's collection rate is not satisfactory: Currently the municipality collects only in Kuruman town, Mothibstad and Wrenchville. The Municipality is not able to collect from ward 4-13 because those areas are rural and there is no billing system in place and also the areas are under the Chieftancy. Collection from Mothibstad residents still remains the Municipality's main challenge because Eskom is the provider of electricity at Mothibstad. Bankhara Bodulong residents will be charged property rates from 2014/15 financial year as the new valuation roll will be implemented and most of the residents have title deeds.

The Municipality has developed a revenue enhancement strategy to curb the increasing debt and to optimize the collection of debt owed by consumers.

For indigent households, the threshold to qualify for free basic services is an income of less than R3 530 or two state pensioners with a foster child or with two child support grants in a household do qualify.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy as result of domestic strikes as well as increase in unemployment.
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality due to non payment from consumers;
- The increased cost of bulk electricity due to tariff increases from Eskom, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no longer be affordable;
- Affordability of capital projects –
- The Municipality's ability to afford capital/borrowing to fund the aging infrastructure.

1.4 Operating revenue framework

For Ga-Segonyana Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue enhancement strategy is built around the following key components:

Revenue generated from rates and service charges forms significant percentage of the Municipality' budget.

- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Reviewed the Credit Control and Debt Collection.

Operating grants amounts to R98 754 000 for the 2014/15 financial year.

Tariff-setting is very essential and forms strategic part of the compilation of the Municipality's budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality. Within this framework the Municipality has undertaken the tariff setting process as follows:.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the Municipality's budgeting process. Assessments will be determined according the new valuation roll as per MPRA 2004. Market related valuations with only one tariff per category will be used to determine yearly rates payable. The categories will be as follows: Households; Business; Agriculture and State Own Property.

The tariff for agricultural properties decreased significantly as a result of the new valuation roll that almost tripled as compared to 2013/14, the bad weather and poor economic conditions experienced by the farmers.

The tariff for households and businesses also reduced due to the new valuation roll.

The following stipulations are highlighted in the Property Rates Policy:

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2014/15 financial year the maximum reduction is determined as R25 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R10 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

Indigent owners and child headed families will receive a 100% rebate from payment of property tax subject to application.

The municipality's Property Rates Policy is compiled in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);

1.4.2 Proposed Water and sanitation tariff

In terms of Circular No. 72: Municipalities are once again reminded to review the level and structure of their water and sanitation tariffs carefully, with a view to ensuring:

Water and sanitation tariffs are on aggregate fully cost-reflective - including the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;

Water and sanitation tariffs are structured to protect basic levels of service; and

Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through increasing block tariffs)

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in manner that spreads the impact on consumers over a period of time. However, all municipalities should aim to have appropriately structured, cost-reflective water and sanitation tariffs in place by 2014.

The Municipality has implemented block tariffs for water and introduced a new tariff for people using municipal water for commercial purposes from 2014/15. Indigents households will continue to receive free 6(kl) of water per month. Indigents will also receive 100% free sanitation and refuse removal services.

1.4.3 Electricity tariff

Electricity tariff increases will be applied as follows: 5.5 % for Block 1 ; 6.5% for Block 2 and 7.39% for Block 3 and 4 and 6% for all other electricity tariffs as approved by the National Electricity Regulator of South Africa (NERSA) with effect from 01 July 2014;

1.4.4 Other tariff

There will be an increase of 6% on other charges based on the CPI/Inflation taking into account interest of poor households. There are new tariffs that have been introduced to increase revenue base and to ensure that the municipality is able to sustain itself, see attached tariff schedule for the proposed tariff increase for 2014/15 financial year.

Table 2 is the summary of the main revenue source of the Municipality.

1.5 Operating Expenditure framework

The Municipality's expenditure framework for 2014/15 is informed by the following:

- Infrastructure master plan;
- Funding the budget over the medium term as informed by Section 18 and 19 of the MFMA;
- Operational gains will be directed to funding the capital budget and core services
- For salaries, wages and allowances for officials, a provision of 6.79% increase is made subject to the decision of the Bargaining Council. The same applies to medical aid, pension, insurance and other salary related contributions.

Provision is made for the following new posts:

1. Strategic Manager	2. IT Manager
3. HR Officer	4. Records Officer
5. FBE and Prepaid Officer	6. Compliance Administrator
7. Filling Admin	8. Man rep Testing Station
9. Sports Officer	10. IDP Chairperson
11. LED Chairperson	12. General worker (Parks)
13. General worker (Parks)	14. Supervisor Sanitation
15. Technician Electricity	16. GIS Operator
17. Electrician	18. General worker (Roads)
19. General worker (Roads)	20. General worker (Water)
21. General worker (Water)	22. General worker (Sewerage)
23. General worker (Sewerage)	24. Cleaner (Council)
25. Traffic Officer	26. Traffic Officer
27. Traffic Warden	28. Traffic Warden
29. Traffic Warden	30. Traffic Warden
31. Traffic Warden	32. Traffic Warden
33. Traffic Warden	

- For Section 56 and 57 Managers an increase of 7 % is made linked to a cost-of-living based on the market indicators which is not performance based. Reference: Government Gazette No. 29089 of 1 August 2006 Chapter 2 Section 7, Subsection 4.
- Remuneration packages for Councillors are according to the Government Notice No 37281 dated 29 January 2014 issued by the Minister of Local Government plus 7%.
- The Municipality has adequately provided for debt impairment and depreciation as an under provision is a material misstatement of the surplus/(deficit).

Municipalities are reminded that the following need to be eliminated:

- Excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
- public relations projects and activities that are not centered on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- excessive printing costs (instead of maximizing the use of the municipality's website, including providing facilities for the public to access the website);
- excessive luxurious office accommodation and office furnishings;
- foreign travel by mayors, councillors and officials, particularly 'study tours';
- excessive councilor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances. Municipalities are reminded that in terms of section 7 (1) of the Remuneration of Public Office-bearers Act, 1998 (Act No.20 of 1998) the Minister for Cooperative Governance and Traditional Affairs must determine the limit of salaries and allowances of the different members of municipal councils and any budget provision may not be outside this framework;
- excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';
- all donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and

- xiii. the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.
- xiv. excessive unnecessary spending on personal bodyguards and security to political office bearers: and
- xv. Excessive overtime

- Bulk purchases are directly informed by the purchase of electricity from Eskom. There is an increase of 8.06% for bulk purchases for electricity.
- The Municipality has budgeted R2 000 000 for Legal costs due to pending cases and possible litigation against the Municipality.
- Finance charges consist of primarily for the repayment of interest on long-term borrowing (cost of capital).
- Other expenditure comprises of various line items relating to the daily operations of the municipality
- Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.
- Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the Municipality's infrastructure master plan.

1.6 Capital Expenditure

- Assets funded by operational budget amounts to R8,803,176.00
- MIG projects amounts to R51,027,000.00
The bulk of MIG projects is to address water backlog in Ga-Segonyana community because water is the first priority according to the municipality's IDP.
- Capital projects which will be financed through borrowings amounts to R3 705 000.

TableSA36 provides a detailed breakdown of capital projects for 2014/15 MREF.

1.7 Annual Budget Tables

These tables present the main budget tables as required in terms of section 18 of the Municipal Budget and Reporting Regulations. These tables set out the Municipality 2014/15 budget and MTREF. **See Appendix N for A1 Budget schedules.**

PART 2 SUPPORTING DOCUMENTATION

2.1 Budget Process Overview

The Budget process is governed by legislation, in particular:

- Municipal Systems Act, as amended
- Municipal Finance Management Act
- Annual Division of Revenue Act
- Budget Formats Guidelines
- MFMA Circular 55, 58, 70 and 72
- Municipal Property Rates Act

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget. The Mayor tabled in Council the required IDP and budget time schedule on the 29 August 2013.

The IDP review cycle could not take place as scheduled to other commitment by both management and council. However the IDP review cycles were held during February 2014 and community needs were considered and incorporated into the draft budget road shows meetings that were held during April 2014.

On the 31 January 2014, council considered the 2014/15 Mid-year Review and Adjustment budget was also tabled.

On the 27 March 2014 the Draft 2014/15 Annual Budget MTREF and 2013/14 IDP were tabled in council.

The final 2014/15 Annual budget MTREF and IDP will be tabled on 29 May 2014.

In February the Departments were requested to prepare their budgets in line with the IDP. During March 2014, Management undertook an extensive process of interrogating the Budget proposals by different Departments as well as ensuring that the consolidated budget is aligned to the key priorities as encapsulated in the IDP.

Councillors were work-shopped on the 20th May 2014 on these two Strategic Plans. This has ensured maximum participation of our Honorable Councillors

in compilation of these Plans so that upon completion, Councillors would be well informed what the two Plans entails, this will also make it easy for our Politicians to exercise their political oversight role since they would have been part of the whole process from the initial stages. Both the budget and IDP as so required by the MFMA will be presented to the Mayor who in turn will table them before Council on the 29 May 2014.

Community Participation Process

Also as part of encouraging and ensuring public participation, as so required by relevant legislation, road shows were held during April 2014 by clustering the thirteen wards in to five meetings to inter-alia:

- Get community inputs;
- Ensure a better understanding of community needs;
- Improve accountability and responsiveness to the needs of our local community at large;
- To create a platform where Government is accountable to its Constituency, thereby entrenching the Batho- Pele Principles; and
- Make the IDP and Budget accessible to the residents of Ga-Segonyana;

Community needs that were priorities identified during the Budget/IDP budget road shows included amongst others:

- Water - extension of stand pipes, provision and repair of water tanks
- Electricity – high mast lights – incomplete projects and Maintenance of street lights
- Sanitation – Upgrading of RDP toilets
- Roads and transport - Maintenance of roads and upgrading of gravel roads to tarred roads.
- Sports, recreation and community facilities - Community halls and sports grounds.
- Housing - Incomplete RDP houses and provision of RDP houses
- Other – job creation and grazing camps
- Health - provision of clinic
- Education - provision of high schools and school transport.
- Storm water
- Cemeteries - upgrading of cemeteries
- Maintenance of infrastructure
- LED and poverty alleviation

2.2 Overview of alignment of Budget with IDP

Chapter 4 of the Municipal Financial Management Act indicates that the Mayor should compile a budget programme to ensure community participation in the process. To achieve this, Council approves a budget programme and process plan aligning the budget, IDP and Performance Management System (PMS) for 2014/15.

In compiling the IDP, the Municipality considered the 6 key performance areas for local government as determined by the National Cabinet, which are:

- I. KPA1: Basic Service Delivery and Infrastructure Investment;
- II. KPA2: Local Economic Development;
- III. KPA3: Financial Viability and Financial Management;
- IV. KPA4: Good Governance and Community Participation and
- V. KPA5: Municipal Transformation and Institutional Development.
- VI. KPA6: Integrated Spatial Development

Besides the alignment with national, provincial and district programmes and policies, internal alignment is also reached in aligning the budget, the PMS and the IDP. This is accomplished by following an integrated process in the process plan which was approved by Council in August 2012, in line with the MFMA.

Although alignment is not always reached fully the following represents the result of an alignment exercise whereby the Municipality compared its developmental issues with other strategic documents. The following documents are aligned with the Municipality's IDP:

- The District Growth and Development Summit Report
- The Provincial Growth and Development Strategy – NC
- The CRDP Programme Design Document
- The IDP of John Taolo Gaetsewe DM
- Government's Six Key Priorities
- Spatial Development Framework
- Free Basic Sanitation Strategy
- The IDP Engagement/Assessment comments
- Municipal Turnaround Strategy

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purpose of the IDP but must also conduct its affairs in a manner which is consistent with its IDP. The following highlights the six strategic objectives for the 2014/15 MTREF which have directly informed the compilation of the budget.

TABLE SA5 - IDP STRATEGIC OBJECTIVES

OBJECTIVE	GOAL
To ensure provision of basic Services to Communities in a sustainable manner	To ensure that all rural residential areas, with the exception on in-fills, have at least RDP level of water ; sanitation; Roads and Transport; Electricity; housing;;waste removal and maintaining of the infrastructure depending on financial allocations and available resources
To promote social and economic development	To facilitate access to good quality primary education for all children within 5km radius as well as to good proper secondary education within 20km radius within five years
To promote a safe and healthy environment	By managing disasters and instituting programmes reduce crime and ensure road safety. To embark on programmes focusing on special groups as women, elderly, disabled, children an youth and create awareness amongst all communities on HIV and Aids and other communicable diseases.
To encourage the involvement of communities and community organisation in the matters of local government	Foster participatory democracy and Batho Pele principles. Approved communication strategy which ensures that the municipality communicates correct, clear, simple and common message effectively to all stakeholders in transparent manner on a regular basis.
Promote sound governance, financial sustainability and optimal transformation	To ensure financial viability by enhancing the income base, reducing outstanding debts and ensuring unqualified audit report by 2014. Review the organisational structure to optimise the use of personnel and capacity building. Establishing SCM unit.
Organisational development and transformation	Organisational development and transformation

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2.3 Measurable Performance Objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance, the municipality has developed performance management system for Section 56 & 57 Managers. The Audit Committee reviews the individual managers' performance. Currently the performance management system is not cascaded down to employees.

Performance management system is intended to manage and monitor service delivery against the identified strategic objectives and priorities.

2.3.1. Performance indicators and benchmarks

i. Borrowing management

Capital expenditure in local government can be funded by capital grants, own revenue and long term borrowings. The municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position.

Increasing debt and declining collection rate could have a negative impact on the future borrowing of the municipality, in particular the municipality's ability to meet its borrowing obligations. Stringent measure must be put in place to curve the increasing debt.

ii. Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and at no point in time this ratio should be less than 1. The ratio for the 2013/14 is 1.45:1 which is a good indication that the municipality's assets exceed the liabilities.

Liquidity ratio is a measure of the municipality's ability to utilize cash and cash equivalent to extinguish or retire its current liabilities. The ratio for the 2013/14 is 0.36:1

iii. Revenue management

The collection rate of the municipality is standing at 61% as at 30 April 2014, there is a slight increase in collection rate as compared to 2012/13 financial year. The cash flow is assumed at 87% of the billing including arrears.

iv. Creditors management

The municipality tries to pay its creditors within the legislated 30 days of receipt of invoices.

v. Other Indicators

- **Water Distribution Losses**

Currently the municipality is unable to quantify water distribution losses due to the leaking reservoir. **See 2.2.3**

- **Employee costs**

The employee related costs represents 29.15% of the total budget. The municipality is still faced with the challenge of filling all the vacant posts on the organogram to address the IDP goals and objectives.

- **Repairs & Maintenance**

Repairs and Maintenance equate 11.70% of the total operating budget which is acceptable. The municipality strives to maintain its infrastructure assets to prolong useful life.

Currently the municipality has lots of old fleet which most of the time must be sent in for repairs and as a result this hampers service delivery. The cost to repair these vehicles is an exorbitant amount and it is not cost-effective to keep them and also it is very difficult to acquire their parts. Some of these vehicles are as old as 1965 so they have reached their maximum lifespan. These vehicles are not in good condition, not road worthy and can also cause fatal accidents. With the current situation the municipality is unable to render service at all its 13 wards as a result this cause community unrest. There is also broken furniture and computers that can no longer be used. The municipality has auctioned some of the old vehicles and has made provision to replace them on the capital budget.

2.3.2. Free Basic Services: basic social services package for indigent households

For indigenous households, the threshold to qualify for equitable share is an income of less than R3 530 and two state pensioners in a household do qualify. In terms of the municipality's indigent policy registered households are entitled to 6kl free water and 50kwh of

electricity; 100% of exemption on their property rates; 50% rebate for basic sewerage service and refuse removal.

2.2.3. Providing clean water and managing waste water

The municipality is currently providing water to only three wards out of thirteen, the rest of the wards are provided by Sedibeng Water.

The Kuruman Regional Bulk water project is still on the pre-design stage and the funds for R3, 680, 130 will be utilized to fund the design and project management aspects of this bigger project. The total project amounts is R 135 000 000-00.

DWA approved the business plan for the Regional Bulk Infrastructure Grant (RBIG) for funding to the tune of R40 000 000. The Municipality has opened a development bank account where donors can deposit their money to contribute to the project in order to reach the required amount.

2.4 Budget related policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The budget related policies such as Indigent (**Appendix A**), Tariff Policy and Tariff Schedule (**Appendix B**), Debt control and Credit Collection (**Appendix C**) policies have been reviewed and amended accordingly. The threshold for the indigent is now R3 530.

- **Property Rates policy (Appendix D)**

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

- **Budget and Virement Policy (Appendix E)**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the town's system of delegations.

- **Bulk Contribution Policy(Appendix F)**

This policy provides a framework for the determination of bulk service contributions on an equitable basis thereby allowing tariffs to be set at a more affordable level and shortening the period of recovery of the capital cost of bulk infrastructure, thus reducing long-term debt, improving the municipality's balance sheet and its credit rating and further enabling the municipality to develop a capital reserve for new and replacement bulk infrastructure.

- **Asset Management Policy (Appendix G)**

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for.

- **Supply Chain Policy (Appendix H)**

This policy provides a framework for procuring goods or services, disposing goods no longer needed, selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies or selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act. The SCM policy has been reviewed to take into consideration MFMA Circular 62.

- **Travel and Subsistence Policy (Appendix I)**

The objective of this policy is to:

Ensure that all travel and subsistence costs incurred by the Municipality are done as efficiently and effectively as possible.

Ensure that councilors and officials are reimbursed fairly and consistently for the cost incurred while traveling to perform municipal duties.

- **Funding and Reserve Policy (Appendix J)**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

The municipality, however, recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

- **Borrowing Policy (Appendix K)**

This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term Borrowing, to ensure sufficient management of Borrowing. The objectives of this policy are to ensure optimal performance with the lowest possible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.

- **Cash Management and Investment Policy (Appendix L)**

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability and appropriate lines of responsibility in the process.

2.5 Budget Assumptions

- External factors
Due to domestic strikes the domestic economy has lost momentum and unemployment is on the rise that resulted on the customer's ability to pay their municipal bills. This resulted in declining cash flows of the Municipality as well increase in outstanding debt.
- The new general valuation roll must be implemented according to the MPRA 2004. However, the first R25 000 on Residential property per household will be exempted and the indigent qualifies for exemption subject to application.
- Price movements of bulk purchase – electricity tariff is increased by 8.06% as approved by NERSA.
- Plans and budgets of different spheres of governments have been taken into consideration when the 2014/15 budget was compiled.
- Collection rate: Currently the municipality collects only in Kuruman town and Wrenchville, there is a challenge to collect at Mothibistad because ESKOM is the supplier of electricity in Mothibistad.

2.6 Funding the budget

This gives an indication of the Municipality's overall budget as well as sources of funding.

SUMMARY: INCOME AND EXPENDITURE

The following summary of the operational budget shows the income and expenditure under the different subheadings:

	Budget 2014/15 Rand	% of Total Operating Income/Exp
Income		
Property rates	33,536,654	11.06%
Water service charges	22,000,000	7.26%
Electricity service charges	53,834,352	17.76%
Sanitation service charges	10,165,984	3.35%
Refuse removal service charges	9,389,361	3.10%
Prepaid electricity	30,000,000	9.90%
Contribution to bulk services	8,524,700	2.81%
Rental of halls and facilities	1,896,309	0.63%
Traffic fines	4,300,552	1.42%
Licenses and Permits	3,361,761	1.11%
Interest arrears	1,139,208	0.38%
Sale of stands	20,000,000	6.60%
Grants and subsidies	98,754,000	32.50%
Other income	6,242,677	2.06%
Total income	303,145,558	100.00%
Expenditure		
Employee related costs	85,702,924	29.15%
Remuneration of Councillors	6,601,524	2.25%
Debt impairment	504,840	0.17%
Depreciation	37,639,324	12.80%
Finance charges	2,964,073	1.01%
Audits costs	3,000,000	1.02%
Legal costs	2,000,000	0.68%
Insurance	5,486,533	1.87%
Sedibeng	18,975,000	6.45%
Bulk Purchases - Electricity	60,765,720	20.67%
Security Services	4,480,000	1.52%
Travelling	1,880,000	0.64%
General expenses	29,005,457	9.87%
Repairs and maintenance	34,412,201	11.70%
New connections	582,932	0.20%

Total Operating Expenditure	(294 000 528)	100.00%
Contribution to capital	(8 803 176)	
Surplus/(Deficit)	(341 854)	

GRANTS

The following grants are reflected in the budget as gazetted in the Division of Revenue Act:

Operational Budget

National Government:

- Equitable share R 86 992 000
- DWA R 7 000 000
- MSIG R 934 000
- FMG R 1 600 000
- EPWP R 1 000 000

Northern Cape Province:

- Library Development R 1 228 000

Capital Budget

- MIG R 51 027 000
- MWIG R 14 170 000
- DME R 1 000 000

Total Grants **R194 951 000**

EQUITABLE SHARE

The equitable share of R 86 992 000 is allocated as follows:

<u>DESCRIPTION ITEM</u>	<u>VOTE NUMBER</u>	<u>AMOUNT</u>
Council	020	11 760 000
Water	380	17 229 997
Electricity	410	32 330 745
Sewerage	420	10 165 984
Cleansing	480	9 389 361
Finance	210	232 658
Corporate	110	152 438
Community	490	72 204
Technical	310	80 234

Funding compliance measurement

National Treasury requires the municipality to assess its financial sustainability against different measures that look at various aspects of financial health of the municipality. The following measures are contained in **SA 10**, each of the measures are discussed below.

The municipality's collection rate has increased by 3% from 58% to 61% when compared to March 2014, this raises a huge concern for the municipality. This is due to lack of resources and non-culture of payment which is as a result of high unemployment rate. Eskom is the provider of electricity at Mothibistat and is unable to assist municipality in terms of implementing the municipality's Debt and Credit Control Policy because the consumers does not owe them. Due to budget constraints and capacity the municipality is unable to take over the provision of electricity in Mothibistad. In order to remedy the situation the municipality had developed an enhancement strategy by giving 50% discount among other things. The municipality will be starting with the process of converting all electrical conventional meters to prepaid meters in 2014/15 financial year. In future the Municipality will also convert water meters to prepaid.

i. Cash/Cash equivalent position

The Municipality forecast a positive cash position as per the budgeted cash flow statement for 2014/15 MTREF. The forecasted cash and cash equivalent for the 2014/15 MTREF is R 34,061,000.

ii. Cash plus investment less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

iii. Cash year end/monthly employee/supplier payments

The purpose of this measure is to understand the level of financial risk the municipality would faced with due to declining collection rate. The ratio for the 2014/15 is 0.17% which is not satisfactory and it implies that the municipality not receive on month services it will not be able to pay salaries and creditors.

iv. Surplus/(Deficit) excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making sufficient contribution for the municipal resources consumed each year. For the 2014/15 MTREF the municipality shows a surplus of R341 854.00 after offsetting the depreciation and assets funded from operational budget.

v. Cash receipts a percentage of Ratepayer and Other revenue

The purpose of this measure is to calculate the rate of funds collected from current billing and arrear debtors. The collection of the municipality for the

2014/15 is 58% which is a main concern. The municipality has developed an enhancement strategy to improve revenue collection.

vi. Debt impairment expense as a percentage of total billable revenue

The factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment. The municipality has made a provision of R504, 840 which represent 0.17%. The provision made for debt impairment is not adequate considering the declining collection rate due to non-culture payment.

vii. Capital payments a percentage of capital expenditure

This ratio calculates whether the municipality is spending on its capital budget according to its budgeted cash flow. Currently the municipality spent 52% of its capital budget.

viii. Borrowing receipts a percentage of capital expenditure (excl. transfers)

The purpose of this measurement is to determine the proportion of a municipality's "own funded" capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Currently the ratio is 4.44%.

ix. Grants as a percentage of Govt. legislated/gazetted allocations

The purpose of this measurement is mainly to ensure that all available transfers from National and provincial government have been budgeted for. The ratio is 100% which means that the municipality has budgeted for all transfers.

x. Repairs and Maintenance as a percentage of Property Plant & Equipment

This indicator provides information on the amount of funds allocated to the Repair and Maintenance of municipal assets. Currently the ratio of repairs and maintenance is 11.70% which is acceptable and 3.6% towards Repairs and Maintenance as a percentage of Property Plant & Equipment.

The Municipality has budgeted for ten new vehicles in the capital budget to replace old vehicles that will be auctioned therefore the 3.6% will be adequate to secure the ongoing health of the infrastructure.

2.7 Disclosure on Salaries, Allowances and Benefits

Remuneration package for section 56 & 57 managers

Description	Municipal Manager	Financial services manager	Corporate Admin Manager	Technical services manager	Community Service Manager
Package	1 137 568.00	909 789.00	909 789.00	909 789.00	909 789.00
TOTAL	1 137 568.00	909 789.00	909 789.00	909 789.00	909 789.00

REMUNERATION PACKAGES FOR COUNCILLORS

The determination of the grading for councillors is based on the following as per Government Gazette Notice No. 37281, dated 29 January 2014.

		POINTS
Population - Census 2011	93,651	16.67
Revenue excluding grants	R 129,401,952	25.00
Total		41.67

Based on the above the grading of councillors is Grade 3.

MAYOR (CHAIRPERSON)	2014/15
Total Remuneration	749 741-81
Article 5 Salaries	543 955-36
Article 10(b) Cellphone	20 868-00
Article 6(a) Travelling allowance	181 318-45
Article 11 Data cards	3 600-00
Part of remuneration:	
Article 12(a) Pension 27%	
Article 11(b) Medical Aid	
Total maximum per annum	
Monthly	
Total Benefits	

SPEAKER	2014/15
Total Remuneration	604 687-27
Article 5 Salaries	435 164-45
Article 10(b) Cellphone	20 868-00
Article 6(a) Travelling allowance	145 054-82

Article 11 Data cards	3 600-00
Part of remuneration:	
Article 11 (a) Pension 27%	117 494-40
Article 11(b) Medical Aid	
Total maximum per annum	

EXECUTIVE COMMITTEE	2014/15	X3
Total Remuneration	323 643-21	970 929-63
Article 8 Salaries	224 381.41	673 144-23
Article 10(c) Cellphones	20 868-00	62 604-00
Article 9(a) Travelling allowance	74 793-80	224 381-41
Article 11 Data cards	3 600-00	10 800-00
Part of remuneration:		
Article 11 (a) Pension 27%	60 582-91	181 769-73
Article 11(b) Medical Aid		
Total maximum per annum		

SECTION 79 CHAIRPERSON	2014/15
Total Remuneration	304 073-12
Article 8 Salaries	209 422-81
Article 10(c) Cellphones	20 868-00
Article 9(a) Travelling allowance	69 807.60
Article 11 Data cards	3 600-00
Part of remuneration:	
Article 11 (a) Pension 27%	56 544-16
Article 11(b) Medical Aid	
Total maximum per annum	

OTHER PART-TIME COUNCILLORS	2014/15	X19
Total Remuneration	242 050-36	4 598 956.84
Article 8 Salaries	163 186-77	23 100 548-63
Article 10 (c) Cellphones	20 868-00	396 492-00
Article 9(a) Travelling allowance	54 395-59	1 033 516-21
Article 11 Data cards	3 600-00	68 400-00
Total salary per annum		
Part of remuneration:		
Article 11 (a) Pension 27%	44 060.43	837 148-13

Article 11(b) Medical Aid		
Total maximum per annum		

Note: Benefits are included in the remuneration package – for all Councillors.

2.8 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from Ratepayers and other to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

2.9 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from Budget and Treasury Office.

2.10 Legislation Compliance Status

The promulgation of the Municipal Finance Management Act 56 of 2003) has without doubt, enhanced efficiency and control measures to local government in terms of budgeting monitoring and accounting of public funds. The MFMA has created has created a profound effect on the local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2014/15 has surpassed most of these key requirements.

The MFMA has created clear standards of operating for local government that complies or conforms to the International Standards of reporting. The municipality's reporting to Provincial Treasury has been substantially complied with. The monthly reports and quarterly returns have been submitted on time to both National and Provincial Treasury.

In its endeavors to comply with the MFMA, Council has an approved Supply Chain Management Policy. The policy was developed as per the guidelines provided by the National Treasury, so that it can achieve the prescribed results of regulating the Supply Chain Management environment within the municipality.

**2.11 CAPITAL EXPENDITURE DETAILS
MIG THREE YEAR PLAN**

	2014/2015	2015/2016	2016/2017
ITEM	Amount	Amount	Amount
Maruping/Batlharos: External and Water distribution: Phase Two	R14,043,467.71	R3,542,723.97	
Mothibistad Phase 3	R10,089,094.47		
Upgrading of Bulk Water Supply, Network Extensions, Stand pipes and Refurbishment: Ward 7	R8,775,599.69	R2,887,304.73	
Gantatelang water supply (reservoir)		R4,190,790.73	
Surface of collector street within Mapoteng	R6,753,931.80	R1,118,657.17	
Surface of collector street within Mothibistad	R6,477,263.20	R708,187.80	
Upgrading of Mandela Drive from Maruping to Mothibistad road		R6,650,300.00	R6,500,032.00
Upgrading of the vergenoeg – Maruping link road to bituminous		R6,532,000.00	R9,456,010.00

Upgrading of the vergenoeg-Battharos link road to bituminous standard		R9,363,937.60	R6,560,000.00
Upgrading of Maruping Sports Ground			R5,000,000.00
Upgrading of Gamopedi Sports Ground			R5,000,000.00
Upgrading of Gantatelang sports ground			R5,000,000.00
Construction of Seven Miles community hall			R6,540,634.00
Rural Sanitation Programme		R9,299,098.00	R8,179,324.00
Vergenoeg Community Hall	R181,381.13		
Battharos sanitation	R2,406,262.00		
Maruping sanitation		R6,131,000.00	
PMU	R2 300 000.00	R2 500 000.00	R3 000 000.00
TOTAL VALUE OF PROJECTS	R 51 027 000.00	R 52 924 000.00	55,236,000.00
APPROVED MIG ALLOCATION	R 51 027 000.00	R 52 924 000.00	55,236,000.00

ASSETS FINANCED THROUGH BORROWING

SECTION	DETAILS	FINANCING		CAPITAL COST			
		PERIOD	INT RATE	ESTIMATE	INTEREST	REDEMPTION	TOTAL
Council	2 x vehicles	5	10%	700,000	70,000	140 000	910,000
	TOTAL			700,000	70,000	140 000	910,000
Community	4 x Sedan	5	10%	1,000,000	100,000	200,000	1,300,000
	TOTAL			1,000,000	100,000	200,000	1,300,000
Technical	2 x Bakkies	5	10%	600,000	60,000	120,000	780,000
	TOTAL			600,000	60,000	120,000	780,000
Corporate	Sedan	5	10%	250,000	25,000	50,000	325,000
	TOTAL			250,000	25,000	50,000	325,000
Finance	Bakkie	5	10%	300,000	30,000	60,000	390,000
	TOTAL	5	10%	300,000	30,000	60,000	390,000
TOTAL EXTERNAL LOANS				2,850,000	285,000	570,000	3,705,000

ASSETS FINANCED FROM OPERATIONAL BUDGET

<u>DEPARTMENT</u>	<u>DESCRIPTION</u>	<u>ORIGINAL BUDGET</u>
TECHNICAL		
720	Furniture & Fittings	260,000.00
	Office Equipment	150,000.00
	Plant and Equipment	672,000.00
	MIG Counter funding	5,716,176.00
	Buildings	25,000.00
		7,383,176.00
COMMUNITY		
710	Plant & Equipment	169,000.00
	Office Equipment	25,000.00
	Furniture and Fittings	430,000.00
		694,000.00
CORPORATE		
730	Office Equipment	335,000.00
	Furniture and Fittings	

		80,000.00
	Buildings	25,000.00
		440,000.00
BTO		
	740 Furniture & Fittings	21,500.00
	Office Equipment	99,500.00
	Buildings	25,000.00
		146,000.00
COUNCIL		
	720 Office Furniture	100,000.00
		100,000.00
MUNICIPAL MANAGER		
	720 Office Furniture	40,000.00
		40,000.00
TOTAL		8 803 176.

GA-SEGONYANA LOCAL MUNICIPALITY



INDIGENT HOUSEHOLDS SUBSIDY POLICY

SUBSIDY POLICY: INDIGENT HOUSEHOLDS

1. PREAMBLE

- 1.1 With reference to the Constitution in particular Chapter 7 Section 152, which states:

The objects of Local Government are –

- a) “to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment and
- e) to encourage the involvement of communities and community organisations in the matters of local government.”

It is essential that the Municipality should strive within its financial and administrative capacity, to achieve the objectives quoted.

- 1.2 In its quest to achieve a constitutional mandate the Municipality finds itself having to deliver yet other related (but not necessarily constitutional per se) services and objectives. Amongst those is the issue of indigents and how they have to be catered for within the spirit of co-operative governance.

2. DEFINITION OF AN INDIGENT

Indigents are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be.

Any household, earning less than R3 530 qualifies to be registered as indigent. Two state pensioners with a foster child or with two child support grants in a household do qualify.

A pensioner refers to individuals currently earning R1, 350 or less. i.e Old age grant, disability grant, etc.

3. UNIFORM TARIFF STRUCTURES

The Municipality accepts the principle of uniform tariff structures and that the equitable share is there to provide basic services but also accept the responsibility to ensure that the poor receive basic services by tailoring affordable tariffs.

The Municipality will utilise transparent cross-subsidies within and between services as well as equitable share allocations to enable poor households to gain access to at least basic services through tariffs that cover only operating and maintenance costs.

Indigent households qualify for exemption from assessment rate payment, refuse removal and sewerage basic charges and services but only upon registration as indigents.

4. **REGISTERING INDIGENTS**

The following steps are used to register indigents and indigent households from time to time:

- 4.1 Accessible registration points identified by Council, which are made publicly known.
- 4.2 Completion of an official registration form by the indigents on which the onus lies to submit the form at the identified registration points.
- 4.3 The required documentation, i.e. proof of income/affidavit must be attached where applicable for example letter from employer, salary advice, pension card, UIF card.

5. **ADMINISTRATIVE PROCEDURES**

- 5.1 The Financial Manager will approve the application and arrange the implementation of the indigent subsidy to the account holder.
- 5.2 The approval will be valid for a financial year, provided funds are available and the circumstances of the household are unchanged.
- 5.3 Indigent households will be obliged to re-apply for indigent subsidies not later than 30 June each year.
- 5.4 The subsidy will not apply to households owning more than one property.
- 5.5 Child headed households will be declared indigents upon reporting the death status of the parents at the Municipality. The following documents are required:
 - 5.5.1 Certified copies of death certificates of parents or breadwinner
 - 5.5.2 Certified copies of identity documents of parents or

- breadwinner.
- 5.5.2 An affidavit that states that the oldest child is responsible for other children.
- 5.6 On site inspection may be performed by municipal officials
- 5.7 A person found to be indigent must be registered in a database linked to a debtors system after the application has been checked and authorised by a senior official in the debt collection department.
- 5.8 If the status of an indigent change, the Financial Manager should be immediately informed.
- 5.9 Misusers of the system will be punished and a maximum penalty of R5 000 will be imposed when incorrect information was supplied.
- 5.10 The Financial Manager may impose other conditions and procedures deemed necessary from time to time.
- 5.11 The Council may from time to time appoint agents to assist the Financial Manager on a yearly basis to determine by survey, which of the households could be classified as indigent.

6. **MAXIMUM CONSUMPTION LEVELS FOR INDIGENTS**

- 6.1 To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following maximum consumption levels for indigent households per month.
- | | |
|-------------------------|---|
| Water consumption | 6 kl. |
| Electricity consumption | 50 kWh. |
| Refuse and sewerage | 100% rebate on services and basic charge. |
- 6.2 If an indigent household exceeds the maximum consumption levels more than four times during a financial year, the Financial Manager has the right to withdraw the indigent subsidy for the indigent household.

7. **SUSPENSION OF SERVICES TO INDIGENT HOUSEHOLDS**

- 7.1 Services to classified indigent households must be suspended when indigents fail to pay for services consumed up and above determined levels which are not paid in full as levied on the monthly account.
- 7.2 Classified indigent consumers will be held responsible for services rendered and services will be suspended for any consumption up and above the subsidised levies per month as indicated below not

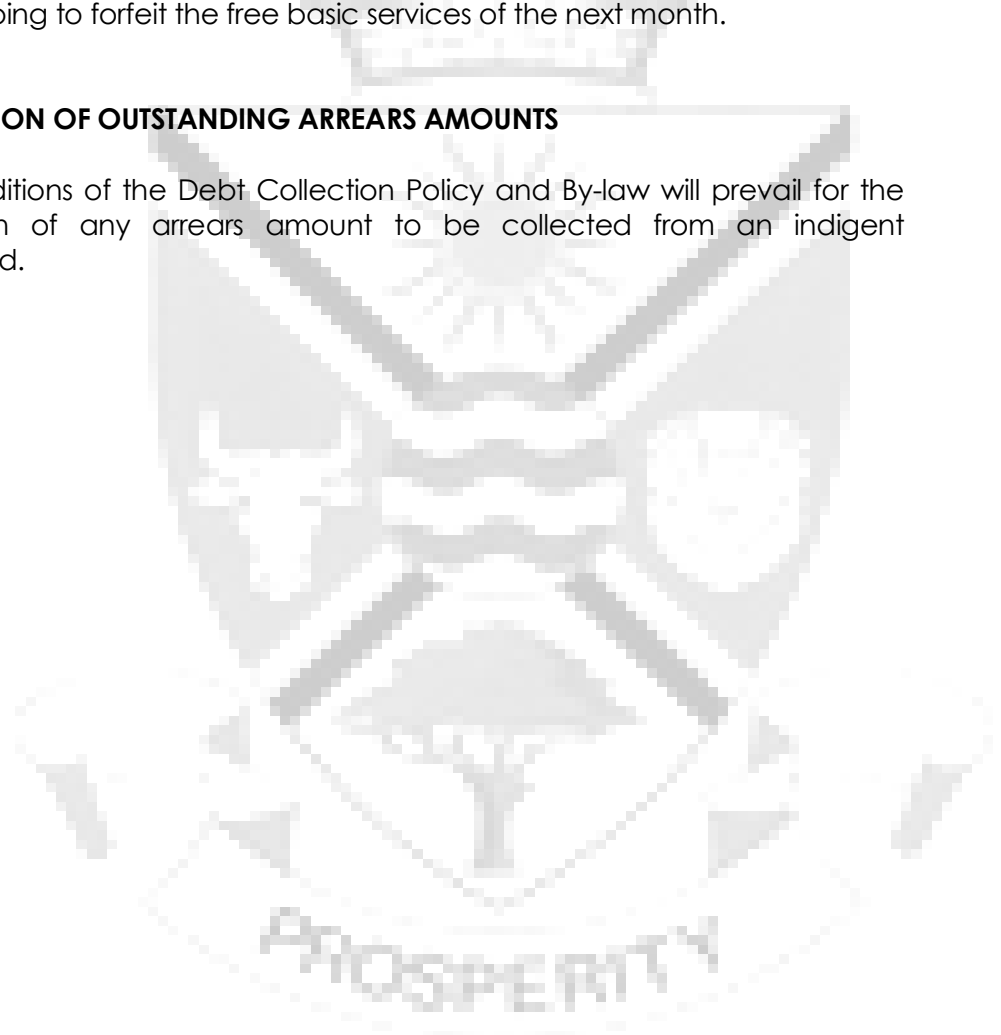
paid for by the indigent household:

Electricity (50kWh)	R130.00	maximum
Water (6 kl)	R46.50	maximum
VAT	<u>R 24.71</u>	maximum
Total	<u>R201.21</u>	

- 7.3 If the subsidy is a lesser amount as indicated in 7.2 in accordance with the calculated equitable share allocation received from National Government per Indigent Household, the indigent consumer will be held responsible for services rendered. If the customer does not pay the previous month's account he/she is going to forfeit the free basic services of the next month.

8. **COLLECTION OF OUTSTANDING ARREARS AMOUNTS**

The conditions of the Debt Collection Policy and By-law will prevail for the collection of any arrears amount to be collected from an indigent household.





**GA-SEGONYANA LOCAL
MUNICIPALITY**

**TARIFF
POLICY**

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1. PREAMBLE

The Ga-Segonyana Municipality's Tariff Policy must be compiled, adopted and implemented in terms of Section 74 of the Municipal Systems Act. This Policy provides levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements. In setting its annual tariffs, the Council shall at all time 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.

The Annexure to the policy is a Tariff Structure compiled in terms of Ga-Segonyana Municipality's Tariff Policy.

2. LEGISLATION

The guiding principles used in developing the Ga-Segonyana Municipality Tariff Policy were sourced from the following legislation:

- The Constitution of the Republic South Africa Act, No. 108 of 1996.
- The Municipal Systems Act, No. 32 of 2000.
- The Municipal Finance Management Act, No. 56 of 2003.
- The Local Government Transition Act, No. 97 of 1996.
- The Local Authorities Ordinance, No. 25 of 1974.
- The Water Services Act, No. 108 of 1997.
- The Electricity Act, No. 41 of 1987.

3. OBJECTIVES

The objectives of the Tariff Policy are to ensure the following:

- The tariffs of the Municipality conform to acceptable policy principles;
- Municipal services are financially sustainable;
- There is certainty in the Council, of how the tariffs will be determined;
- Tariffs of the Municipality comply with the applicable legislation; and
- Tariffs should take into consideration relief to the indigent.

4. TARIFF POLICY PRINCIPLES

A set of Principles to guide the Tariff Policy are as follows:

4.1 Payment in Proportion to the amount consumed.

Consumers should pay in a proportion to the amount of services consumed.

4.2 Full Payment of service costs.

All households, with the exception of the indigent, should pay the full cost of services consumed. (Refer to Indigent Policy)

4.3 Ability to pay.

Municipalities should develop a system of targeted subsidies to ensure that poor households have at least a minimum level of basic services. (Refer to Indigent Policy)

4.4 Fairness.

Tariff policies should be fair in that all people should be treated equitably.

4.5 Transparency.

Tariff policy should be transparent to all consumers and must be visible and understandable.

4.6 Local determination of tariff levels.

Municipality have the flexibility to develop their own tariffs in accordance with these principles.

4.7 Consistent tariff enforcement.

A consistent policy for dealing with non-payment of tariffs must be developed.

4.8 Ensure Local Economic Competitiveness.

Municipal tariff must not unduly burden the local business through higher tariffs, as these costs may affect the sustainability and competitiveness of such businesses.

These Tariff Policy Principles were incorporated into the Local Government Municipal Systems Act, No. 32 of 2000. In terms of Section 74(2) of the Local Government Municipal Systems Act, No. 32 of 2000, the Municipality's Tariff Policy must reflect at least the following principles, namely that:

- i. Users of municipal services should be treated equitably in the application of tariffs;
- ii. The amount individual users pay for services should generally be in proportion to their use of that service;
- iii. Poor households must have access to at least basic services through:
 - a. Tariff that cover only operating and maintenance costs;
 - b. Special or life line tariffs for low levels of use or consumption of services or for basic level of services; or
 - c. Any other direct or indirect method of subsidisation of tariffs for poor households.
- iv. Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges;
- v. Tariffs must be set at levels that facilitate the financial sustainability of the services, taking into account subsidisation from sources other than the services concerned. A service is financially sustainable when it is provided in a manner that would ensure its financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision;
- vi. Provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- vii. Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users; and
- viii. The economical, efficient and effective use of resources, the recycling of wastes and other appropriate environmental objectives must be encouraged.
- ix. The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

5. NEED FOR A TARIFF POLICY

5.1 Revenue Adequacy and Certainty.

The Municipality must have access to adequate sources of revenue to enable it to carry

out its functions. The Municipality must:

- i. Fully exploit the available sources of revenue to meet its development objectives; and
- ii. Be reasonably certain of its revenue to allow for realistic planning.

5.2 Sustainability.

Financial sustainability requires that the Municipality must ensure that its budget balances. This means that the Municipality must ensure that:

- i. Services are provided at affordable levels; and
- ii. It is able to recover the cost of service delivery.

The Municipality must set a realistic budget in order to prevent exceeding the budget or failing to establish a proper financial management controls.

The Municipality believes that all members of the community have the right to have access to at least a minimum level of basic services. Therefore, there is a need to subsidise poor households, who are unable to pay even a proportion of service costs.

5.3 Effectiveness and Efficient usage of Resources.

Resources are scarce and must be used in the best possible way to reap the maximum

Benefit for the community. However, there are no mechanisms available to ensure that Municipality's decisions will ensure effective allocation of resources. It is therefore

Important that the community provide the necessary checks and balances. They can do this by participating in the budget process. In addition, performance audits should

Audits should be carried out by the office of the Auditor-General. Efficiencies in Spending and resource allocation will ultimately increase the access of the poor to basic services.

5.4 Accountability, Transparent and Good Governance.

The Municipality must be accountable to the community for the use of its resources.

Councillors must be able to:

- i. Justify their expenditure decisions; and

- ii. Explain why and how the revenue necessary to sustain expenditure is raised.

Budget and the financial affairs of the Municipality must be open to public scrutiny. The community should be part of the decision-making process about how revenue is raised and spend. Community participation in budgeting should include those groups in the community, such as women, who face particular constraints in participating. It must also include a capacity-building component to ensure that people understand the prioritisation process (Why resources are allocated to one area rather than another).

5.5 Equity and Redistribution.

The Municipality must treat members of the community equitably with regard to the Provision of services.

5.6 Development and Investment.

Meeting basic needs in the context of existing services backlogs, will require increased Investment in municipal infrastructure.

6. IMPLEMENTATION OF TARIFF POLICY

6.1 Free Basic Services

A basic service is a service that is necessary to ensure an acceptable and reasonable Quality of life and, if not provided, would endanger public health or safety of the environment. The Municipality will aim to achieve the goal of providing free basic services to poor households. Therefore, this Tariff Policy has been developed in conjunction with the Ga-Segonyana Municipality's Indigent Policy.

The specific services are:

- Electricity;
- Water;
- Sewerage; and
- Refuse Removal.

The Council is aware that it currently does not provide all these services to all residents within its municipal area. It is also aware that some of the services it currently provides in conjunction with the above-mentioned services may be transferred or assigned to other bodies. In the latter case, the Council commits to make representations and negotiate with those service providers to achieve its goal.

6.2 Affordable Tariffs

The Council is aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at affordable levels.

In order to ensure that tariffs remain affordable, the Council will ensure that:

- Services are delivered at an appropriate level;
- Efficiency improvement are actively pursued across the Municipality's operations;
- A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used;

To increase affordability for indigent persons, the Council will ensure that its equitable share of revenue raised nationally, will be used to subsidise a certain level of basic services for them.

6.3 Tariff Equality for Services and Property Rates

The Council believes that all residents and ratepayers must pay the same tariff for the same level and quality of service. However different categories of properties can have different tariffs.

6.4 Property Rates

Property Rates must be levied and is payable in respect of all ratable properties within the municipal jurisdiction area. The Council will ensure that all properties are valued in terms of the applicable legislation during the next financial year. The Tariffs for Property Rates will be reviewed at least once during every financial year and be used by the Municipality to perform its functions.

6.5 Payment for Services Rendered

The Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption of services, the Council intends to install metering system and also take into account the free service element.

6.6 Local Economic Development and Competitiveness

The Council will take care that the municipal account presented to local businesses are fair. To ensure fairness toward local business, the Council will, when it determines tariffs, take into account the desire:

- To promote local economic competitiveness; and
- To promote local economic development and growth.

The Municipality levy property rates on market related value and this include the land and building.

6.7 Service Delivery Sustainability

The Municipality must ensure that the services that it provides must be sustainable. The tariff for service must be sufficient to cover the cost of the initial capital expenditure and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

6.8 Tariff Determination

Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality and rates on properties. The Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above.

Immediately after the Council has determined or amended a tariff, the municipal manager must display it at all the offices of the Municipality as well as at such other places within the municipal area as may be determined. Any person who desire to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed.

If no objection is lodged within the period stated in the notice, the determination or amendment will come into operation on the date determined by the Council. Where an objection is lodged, the Municipality will consider the objection. The Council may, after it has considered all objections, confirm, amend, or withdraw

the determination or amendment and may determine another on the date on which the determination or amendment will come into operation.

7. SOURCES OF REVENUE

In terms of section 229 of the Constitution of the Republic of South Africa Act No.108 Of 1996, the Municipality may impose:

- i. Rates on Property and surcharges on fees for services provided by or on behalf of the Municipality; and
- ii. If authorised by National Legislation, other taxes, levies and duties appropriate to Local Government, but it may not impose income tax, value-added tax, general sales tax or customs duty.

The power of a Municipality to impose rates on property, surcharges on fees for services

Provided by or on behalf of the Municipality, or other taxes, levies or duties:

- i. May not be exercised in a way that materially and unreasonably prejudices National Economic Policies, economic activities across municipal boundaries, or the National Mobility of goods, services, capital or labour; and
- ii. May be regulated by National Legislation.

In terms of section 4(1)(a) of the Local Government Municipal Systems Act, No. 32 of 2000, the Council may finance the affairs of the Municipality by:

- i. Charging fees for services; and
- ii. Imposing surcharges on fees, rates on property and to the extent authorised by National Legislation, other taxes, levies and duties.

The Municipality will establish appropriate mechanisms, procedures and processes to

Ensure community participation in, amongst other things, the preparation of its budget.

The following provisions will be applicable:

- i. Rates can be paid in not less than 11 consecutive monthly instalments in a financial year if it cannot be paid in one lump sum;
- ii. The revenue of the Municipality consists of the rates, taxes, fees, charges, fines and other sums imposed or recoverable by or payable to the Council under any law;
- iii. Interest is charge equals to Prime Rate + 1%.
- iv. 10% Penalty fee is charged for services in arrears.

Section 16 of the Local Government Municipal Systems Act, No. 32 of 2000 requires the Municipality to establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its Budget.

Section 10G(a)(ii) of the Local Government Transition Act, No. 97 of 1996 authorises the Municipality to levy and recover, by resolution supported by a majority of the members of Council levies, fees, taxes and tariffs in respect of any function or services of the Municipality. It further authorises the Municipality, when it determines Property Rates, levies, fees, taxes and tariffs:

- i. Differentiate between different categories of users or property on such grounds as it may deem reasonable;
- ii. In respect of services charges from time to time by resolution, amend or withdraw such determination, amendment or withdrawals will come into operation;
- iii. Advertise on notice boards calling for objections; and
- iv. Recover any charges so determined or amended, including interest on any outstanding amount.

8. TARIFF STRATEGY

The Council's strategy is to recover the full financial cost of rendering the services required By the community from the community, including the cost of capital:

- i. The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
- ii. The second point will be to ensure a sustainable service delivery based on the set service levels; and
- iii. The third point will be the upgrade of services to higher levels in accordance with the affordability of the community and the ability to render the upgraded services in a sustainable manner.

8.1 Recovery of Cost.

Resource management expenditure is those activities that are required to regulate, manage and maintain the services.

8.2 Capital Costs (Depreciation).

Capital cost expenditure is the Council's obligation to meet the repayment on loans negotiated to finance the provision of the service.

8.3 Maintenance Costs.

These are normal running costs to maintain the services at the established level of service provision.

8.4 Consumption/Usage.

In the case of measurable services, the actual cost of usage of the services is easily determined.

8.5 Cost of Immeasurable Services

These services are normally community and subsidised services and the cost will be recoverable through a rating policy as determined from time to time. Recovery of costs

will therefore be equalised over the total area of jurisdiction of the Council and the principle of collective payment will apply.

9. CLASSIFICATION OF SERVICES

Traditionally, municipal services have been classified into four groups based on how they are financed. The four groups are as follows:

9.1 Trading Services.

Water and electricity provision are trading services. Typically the consumption of a Trading services is measurable and can be apportioned to an individual consumer. These Services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidise the tariff of non-trading services, in other words to relieve property rates.

9.2 Economical Services.

Sewerage and domestic household removal are economic services. The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. Whilst they are also managed like businesses, the tariffs for these services are normally determined in such a way that user charges cover the cost of providing the service.

9.3 Subsidised Services.

Subsidised services include fire fighting, approving building plans and the construction of Buildings, leasing of municipal facilities, selling of burial sites and certain town planning

Functions. Subsidised services are those services the consumption of which can be Determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs of using this service were based on its real cost, nobody would be Able to afford it. In most cases not only would the consumer benefit from using the Service, but also other persons. A user charge is payable for using the service, but the Tariff is much lower than the real cost of providing the service.

9.4 Community Services

Community services are those services the consumption of which cannot be determined nor apportioned to individual consumers. These services are typically financed through finance rates. Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, the establishment, management and maintenance of cemeteries and traffic regulation.

The Municipality also provides services in support of the above-mentioned services. These are called staff functions and include committee services, records and archives, Financial management accounting and stores, occupational health and human resources Management. These services are financed through property rates.

10. CATEGORIES OF USERS

The tariff structure of the Ga-Segonyana Municipality will make provision for the Following categories of users:

- i. Domestic;
- ii. Commercial;
- iii. Industrial;
- iv. Agricultural;
- v. Rural;
- vi. Municipal Services; and
- vii. Special agreement for users not falling in any of the above-mentioned categories.

11. TARIFF CHARGES

11.1 Property Taxation

The major source of local taxation is the property tax (property rates). The owners of property in municipal area have to pay a tax based on a valuation of their properties in order to finance certain municipal services. While this tax is by no means the sole source of municipal revenue, it is an important source of discretionary revenue for the Municipality and enables it to function effectively. For details of property taxation refer to the Property Rates Policy of the Ga-Segonyana Municipality.

11.2 Services Charges

An important source of local own revenue is charges that are directly related to the

provision of municipal services. The majority of these are utility charges, such as electricity and water which have contributed significantly to the growth of Municipalities' Revenue. Cost recovery is an essential part of sustainable service delivery. 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.

11.2.1 Electricity

The various categories of electricity consumers, as set out below, shall be charged at the Applicable tariffs, as approved by the Council in each annual budget. Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter.

Categories of consumption and charges shall be as follows:

- i. All electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- ii. All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive free the first 50kWh of electricity consumed per month.

11.2.2 Water

The categories of water consumers as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be Effective from 1 July each year.

Categories of consumption and charges shall be as follows:

- i. All domestic water consumers registered as indigents with the municipality shall receive free the first 6 kl of water consumed per month. Thereafter normal tariff charge per consumption will apply.
- ii. All other domestic consumers shall be charged for actual water consumption.
- iii. All other consumers, including businesses, industries and institutional consumers shall pay the same single tariff per kl, irrespective of the volume of water consumed.

11.2.3 Refuse Removal

The categories of refuse removal users as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be Effective from 1 July each year.

Fixed monthly charge based on the costs of the services shall be charged for domestic users based on the 1 x removal per week.

Fixed monthly charge based on the costs of the services shall be charged for business users per holder 1 to 5 x removal per week.

Availability charge based on removals per week shall be charged for residential and business.

Availability charge based on the properties which are not connected to the main service Which may in the opinion of the Municipality be provided with necessary service.

11.2.4 Sewerage

The categories of sewerage users as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be effective from 1 July each year.

A basic charge per month shall be charged for all consumers excluding rebate consumers.

Fixed monthly charge based on the costs of the services shall be charged for domestic users per sewer/toilet .

Fixed monthly charge based on the costs of the services per sewer point/toilet shall be charged to all businesses, industries and institutional users.

Fixed monthly charge based on the costs of the services per sewer point/toilet shall be charged to the municipality department users.

Availability charge based on the properties which are not connected to the main service Which may in the opinion of the Municipality be provided with necessary service.

11.2.5 Suction Services

A basic charge per month to be levied with the exception that no charge will be levied In the event that a suction services was rendered in a particular month.

Suction services during normal working hours will be:

- Suction cost per kilolitre; plus
- Transport charges = Cost + 20% per kilometre

11.2.6 Consumer Deposits

Consumer Deposit on services will be charged on all residential and business properties.

Note that the new consumers blacklisted at Credit Bureau will be liable for 2 x applicable Deposit excluding Indigent Households.

11.2.7 Prepaid

Tariffs for pre-paid meters shall be the same as the ordinary consumption tariffs levied On the category of consumer concerned, but no availability charge shall be levied on properties where pre-paid meters have been installed.

No basic charge per meter installed is billed/levied to on properties.

11.3 Sundries

The following services shall be considered as economic services, and the tariffs levied Shall cover 100% of the budgeted annual operating expenses of the service concerned:

- i. Maintenance of graves.
- ii. Building Plan fees.
- iii. New connection fees for electricity, water and sewerage.
- iv. Photostat copies and fees.

The following services shall be considered as regulatory or punitive, and shall be Determined as appropriate in each annual budget:

- i. Advertising sign fees.
- ii. Sale of graves.
- iii. Disconnection and reconnection fees for electricity and water.
- iv. Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- v. Penalty charges on outstanding services account for submission of dishonoured cheques.

12. RESPONSIBILITY AND ACCOUNTABILITY

The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy. The Municipal Manager or delegated official(s) by the Municipal Manager have the responsibility to ensure that the Tariff Policy is in place and that it is effectively implemented.

TARIFF SCHEDULE 2014/15 FINANCIAL YEAR

			2013/2014	2014/15	2015/16	2016/17
	<u>TARIFF(RATES AND TAXES) 2014/2015</u>					
	- <u>Note:</u> The percentage increases are on average 6%, except rates and taxes in respect of farmers, households and businesses that decreased because of the new valuation roll. (rounded off where applicable) excluding electricity:- (1) Block 1 at 5.5% increase; (2)Block 2 at 6.5% (3) all other electricity tariffs at 7.39% and 6% increase as per revised IBT rates.					
	1. MUNICIPAL SERVICES					
	1.1 ASSESSMENT RATES					
	ZERO RATED VAT					
1.1.1	Market Value					
	Households		0.008186	0.005321	0.005640	0.005979
	Business		0.013853	0.009005	0.009545	0.010118
	Agriculture		0.000717	0.000267	0.000283	0.000300
	State Owned Property		0.016372	0.016470	0.017458	0.018506
	Indigent households qualify for exemption <u>but</u> only upon registration as indigents. Residential households qualify for R25,000.00 exemption on the value of the property.					

1.2	ELECTRICITY TARIFFS - MONTHLY CHARGES VAT EXCLUDED(BUT PAYABLE)					
1.2.1	PROPERTIES USED FOR RESIDENTIAL PURPOSES AND SCHOOL HOSTELS					
1.2.1	.1 Lifeline (Cut off 400kWh and Rebate Users)	0 - 50	70c	74c	78c	83c
		51 - 350	82c	87c	92c	98c
		351 - 600	R 1.07	R 1.14	R 1.21	R 1.28
	Or					
1.2.1	.2 Basic Charge		R 86.33	R 92.71	R 98.27	R 104.17
	Usage per kWh	0 - 50		R 1.19	R 1.26	R 1.34
		51 - 350		87c	92c	98c
	Usage per kWh	351 - 600		R 1.19	R 1.26	R 1.34
		400 - 600	R 1.11	R 0.00	R 0.00	R 0.00
		>600	R 1.17	R 1.25	R 1.33	R 1.41
	Prepaid per kWh usage		R 1.07	R 0.00	R 0.00	R 0.00
		0 - 50		74c	78c	83c
		51 - 350		87c	92c	98c
		351 - 600		R 1.19	R 1.26	R 1.34

	Prepaid per kWh usage(>600)	R 1.17	R 1.25	R 1.33	R 1.41
1.2.2	BUSINESSES (1-39kWh)				
	Basic Charge	R 395.40	R 424.62	R 450.10	R 477.10
	Usage per kWh	R 0.98	R 1.05	R 1.12	R 1.18
	Or				
	Prepaid per kWh usage	R 1.37	R 1.49	R 1.58	R 1.67
1.2.3	BULK USERS (40-69KVA)				
	Basic Charge	R 531.90	R 571.20	R 605.48	R 641.81
	Usage per KVA	R 148.86	R 159.86	R 169.45	R 179.62
	Usage per kWh	70c	75c	79c	84c
	OR AFTER PEAK HOURS				
	Basic Charge	R 531.90	R 571.20	R 605.48	R 641.81
	Usage per KVA	R 148.86	R 159.86	R 169.45	R 179.62
	Usage per kWh	70c	75c	80c	84c
	NOTE: A minimum KVA charge is payable based on 40 KVA/Month				
1.2.4	BULK USERS (70 KVA AND MORE)				
	Basic Charge	R 1 660.68	R 1 783.40	R 1 890.41	R 2 003.83
	Usage per KVA	R 155.80	R 167.31	R 177.35	R 187.99
	Usage per kWh	57c	56c	59c	63c
	or after peak hours				

	Basic Charge	R 2 242.44	R 2 408.16	R 2 552.65	R 2 705.81
	Usage per KVA	R 168.26	R 180.69	R 191.54	R 203.03
	Usage per kWh	57c	56c	59c	63c
1.2.5	BULK USERS 2 (70 KVA AND MORE) Transformer supplied by the Municipality				
	Basic Charge	R 2 242.44	R 2 408.16	R 2 552.65	R 2 705.81
	Usage per KVA	R 155.80	R 167.31	R 177.35	R 187.99
	Usage per kWh or after peak hours	76c	80c	85c	90c
	Basic Charge	R 2 242.44	R 2 408.16	R 2 552.65	R 2 705.81
	Usage per KVA	R 155.80	R 167.31	R 177.35	R 187.99
	Usage per kWh	76c	80c	85c	90c
1.2.6	Schools, show grounds, departmental users, non-profit organisations old age homes, churches, sport facilities per kWh usage	R 1.56	R 1.68	R 1.78	R 1.88
1.2.7	Load Control - Refusal to install Plus surcharge on kWh Tariff	R 0.19	R 0.21	R 0.22	R 0.24
1.2.8	Availability charge: This fee is payable in respect of any property that is not connected to the Main Service which may in the opinion of the Municipality be provided with the necessary service.	R 215.17	R 228.08	R 241.77	R 256.27

1.2.9	Shifting of Prepaid meters		R 2 400.61	R 2 544.65	R 2 697.33	R 2 859.16
1.2.1 0	Reverting back from prepaid power to conventional metered power		R 2 400.61	R 2 544.65	R 2 697.33	R 2 859.16
1.2.1 1	Temporary meters (220v 3-phase mainstream breaker - 80amps)		R 658.07	R 697.55	R 739.41	R 783.77
1.3.	WATER SERVICES - EXCLUDING VAT(BUT PAYABLE) - MONTHLY CHARGES					
	VAT EXCLUDED(BUT PAYABLE)					
1.3.1	Indigent Households with an income < R3,240.00	0kl - 6kl	R 0.00	R 0.00	R 0.00	R 0.00
		7kl-12kl	R 7.31	R 7.75	R 8.21	R 8.71
		13kl-35kl	R 7.52	R 7.97	R 8.45	R 8.96
		36kl>	R 7.59	R 8.05	R 8.53	R 9.04
1.3.2	RESIDENTIAL PROPERTIES	0kl - 12kl	R 7.31	R 7.75	R 8.21	R 8.71
		13kl-35kl	R 7.52	R 7.97	R 8.45	R 8.96
		36kl>	R 7.59	R 8.05	R 8.53	R 9.04
1.3.3	NON-PROFIT ORGANISATION	0kl - 12kl	R 7.31	R 7.75	R 8.21	R 8.71

		13kl-35kl	R 7.52	R 7.97	R 8.45	R 8.96
		36kl>	R 7.59	R 8.05	R 8.53	R 9.04
1.3.4	ALL OTHER PROPERTIES NOT DEFINED ABOVE (BUSINESS AND GOVERNMENT BUILDINGS)					
	Basic Charge		R 43.65	R 46.27	R 49.05	R 51.99
	Per kiloliter usage		R 12.61	R 13.37	R 14.17	R 15.02
	Bulk water purchases (Commercial)			R 31.28	R 33.16	R 35.15
1.3.5	SEWER WATER IRRIGATION		R 146.69	R 156.96	R 166.38	R 176.36
	Filling of swimmingpool + VAT		R 338.40	R 358.70	R 380.23	R 403.04
	Swimming pool draining		R 439.08	R 465.42	R 493.35	R 522.95
1.4.	DOMESTIC REFUSE - MONTHLY CHARGES VAT EXCLUDED					
1.4.1	Residential -1 x removal/week					
	R0 - R3,240		R 75.00	R 0.00	R 0.00	R 0.00
	R3,241 - R4,200		R 77.00	R 81.60	R 86.50	R 91.69
	R4,201 +		R 80.00	R 84.80	R 89.89	R 95.28
1.4.2	Ward 2 -13					

	Residential Businesses	R 35.30 R 100.00	R 37.40 R 106.00	R 39.64 R 112.36	R 42.02 R 119.10
1.4.3	GARDEN (RESIDENTIAL) REFUSE				
	1. Removal (with 14 days notice) (If dumped in dumping site by resident) (If dumped outside property a fine of R500.00 may be levied) (On open sites, the owner will be penalized R150.00)	R 214.00	R 226.80	R 240.41	R 254.83
1.4.4	BUSINESSES				
	Per holder 1 to 5 x removals per week	R 160.50	R 170.00	R 180.20	R 191.01
	AVAILABILITY CHARGES(RESIDENTIAL AND BUSINESS)				
	1 x removal per week	R 122.00	R 129.30	R 137.06	R 145.28
	2 x removal per week	R 217.20	R 230.20	R 244.01	R 258.65
	3 x or more removals per week	R 323.10	R 342.50	R 363.05	R 384.83
	This fee is payable in respect of any property that is not connected to the main service which may in the opinion of the Municipality be provided with the necessary service.				

NOTE:

The Community Service Department provides the information for the quantity removals per week and on which the tariff is established.

**1.5. SEWERAGE SERVICES - MONTHLY CHARGES
VAT EXCLUDED(BUT PAYABLE)**

1.5.1	Basic charge: All consumers excluding rebate Consumers	R 60.45	R 64.10	R 67.95	R 72.02
1.5.2	ADDITIONAL CHARGES (i.e.number of toilets)				
1.5.2 .1	RESIDENTIAL (Including Businesses on Residential Properties, Flats)				
	1 Toilet	R 41.43	R 43.90	R 46.53	R 49.33
	2 Toilets	R 82.87	R 87.80	R 93.07	R 98.65
	3 Toilets and more	R 96.60	R 102.40	R 108.54	R 115.06
	20% Rebate Consumers fixed	R 55.41	R 58.70	R 62.22	R 65.96
	40% Rebate Consumers fixed	R 49.87	R 52.90	R 56.07	R 59.44
1.5.2 .2	OTHER PER TOILET				
	Non profitable	R 16.75	R 17.75	R 18.82	R 19.95

	Churches and old age homes		R 16.75	R 17.75	R 18.82	R 19.95
	Schools and school hostels		R 16.75	R 17.75	R 18.82	R 19.95
	Hotels, prison and hospital		R 163.59	R 173.40	R 183.80	R 194.83
	Businesses and industries		R 163.59	R 173.40	R 183.80	R 194.83
	Departmental		R 96.60	R 102.40	R 108.54	R 115.06
1.5.3	AVAILABILITY CHARGES This fee is payable in respect of any property that is not connected to the main service which may in the opinion of the Municipality be provided with the necessary service.		R 152.51	R 161.70	R 171.40	R 181.69
1.6.	SUCTION SERVICES (SEWERAGE) - MONTHLY CHARGES VAT EXCLUDED					
1.6.1	Basic charge per month to be levied with the exception that no charge will be levied in the event that a suction service was rendered in a particular month.		R 64.23	R 68.00	R 72.08	R 76.40
1.6.2	SUCTION SERVICES:					
	Ga-Segonyana area per kiloliter		R 37.78	R 40.05	R 42.45	R 45.00
	Transport per km	(Empty)	R 2.50	R 2.65	R 2.81	R 2.98
		(Loaded)	R 3.00	R 3.20	R 3.39	R 3.60

OUTSIDE GASEGONYANA AREA						
	Per kiloliter		R 37.78	R 40.40	R 42.82	R 45.39
	Transport per km	(Empty)	R 5.00	R 5.35	R 5.67	R 6.01
		(Loaded)	R 7.00	R 7.50	R 7.95	R 8.43
	Dumping at Sewer Plant (per load)			R 700.00	R 742.00	R 786.52
1.7	CONSUMER DEPOSITS					
	VAT NOT LEVIABLE					
1.7.1	Residential Properties: Kuruman		R 2 570.00	R 2 724.20	R 2 887.65	R 3 060.91
	Wrenchville		R 2 570.00	R 2 724.20	R 2 887.65	R 3 060.91
	Mothibistad		R 720.00	R 763.20	R 808.99	R 857.53
	Bankhara-Bodulong		R 340.00	R 360.40	R 382.02	R 404.95
	All Indigent Households		R 340.00	R 360.40	R 382.02	R 404.95
	Households pre-paid metering		R 1 260.00	R 1 335.60	R 1 415.74	R 1 500.68
1.7.2	Business Properties: Kuruman		R 3 150.00	R 3 339.00	R 3 539.34	R 3 751.70
	Wrenchville		R 1 890.00	R 2 003.40	R 2 123.60	R 2 251.02
	Mothibistad		R 1 890.00	R 2 003.40	R 2 123.60	R 2 251.02
	Bankhara-Bodulong		R 1 890.00	R 2 003.40	R 2 123.60	R 2 251.02
	Pre-paid Metering		R 1 510.00	R 1 600.60	R 1 696.64	R 1 798.43
	180+ amp Users		R 3 930.00	R 4 165.80	R 4 415.75	R 4 680.69
	NOTE: New Consumers blacklisted at Credit					

	Bureau:- Applicable deposit x 2.0 excluding registered Indigent Households				
1.8	CONNECTION FEES CONSUMER SERVICES VAT EXCLUDED				
	Electricity	R 157.17	R 166.60	R 176.60	R 187.19
	Water	R 157.17	R 166.60	R 176.60	R 187.19
	A 50% rebate is allowed for all registered indigent households (R3,240.00)				
	NEW CONNECTIONS for water, electricity and sewerage VAT Excluded but payable				
1.9	METER TESTING VAT EXCLUDED BUT PAYABLE				
	Electricity Installation Safety	R 428.57	R 454.30	R 481.56	R 510.45
	Water or Electricity Meters	R 428.57	R 454.30	R 481.56	R 510.45
1.10	INVESTIGATION OF COMPLAINTS VAT EXCLUDED BUT PAYABLE				

	Normal working hours	R 328.57	R 348.30	R 369.20	R 391.35
	After hours	R 428.57	R 454.30	R 481.56	R 510.45
1.11	TAMPERING FEE (METERS)				
	Penalty: Households	R 2 520.00	R 2 671.20	R 2 831.47	R 3 001.36
	: Business	R 6 300.00	R 6 678.00	R 7 078.68	R 7 503.40
	: Industrial	R 9 450.00	R 10 017.00	R 10 618.02	R 11 255.10
	Plus: Average must be determined				
	Plus: Cost of replacing the meter				
1.12	COMPUTER PRINT OUT PER PAGE VAT EXCLUDED				
	Per page	R 2.90	R 3.10	R 3.29	R 3.48
1.13	DEBT COLLECTION ADMINISTRATION				
1.13. 1	VAT EXCLUDED(BUT PAYABLE)				
1.13. 2	Administration cost per record per month	R 35.77	R 37.90	R 40.17	R 42.58
	Default/non-payment of accounts:				

	Telephone notice	R 50.00	R 53.00	R 56.18	R 59.55
	Written final notice	R 78.59	R 83.30	R 88.30	R 93.60
	Re-connection of services - Households	R 377.82	R 400.50	R 424.53	R 450.00
1.14	Re-connection of services -Businesses	R 629.70	R 667.50	R 707.55	R 750.00
	COLLECTION COSTS				
	Final notice posted or delivered	R 78.59	R 83.30	R 88.30	R 93.60
	Summons: Revenue stamp				
	Sheriff fees				
	Advertisements				
1.15	Judgement notice to debtor	R 78.59	R 83.30	R 88.30	R 93.60
2.	COMMUNITY FACILITIES				
	-				
2.1	MUNICIPAL BUILDINGS				
	VAT INCLUDED - RENTAL PER OCCASION				
2.1.1	TOWN HALL:				
	Morning until 12:00	R 2 355.06	R 2 496.40	R 2 646.18	R 2 804.96
	12:00 until 18:00	R 2 355.06	R 2 496.40	R 2 646.18	R 2 804.96
	18:00 until 24:00	R 2 355.06	R 2 496.40	R 2 646.18	R 2 804.96
	Whole day and evening until 24:00	R 2 355.06	R 2 496.40	R 2 646.18	R 2 804.96
	Kitchen amenities	R 789.64	R 837.00	R 887.22	R 940.45

	Deposit		R 3 144.70	R 3 333.40	R 3 533.40	R 3 745.41
	Disco's and Beauty pagent - 2 x Deposit		R 6 289.39	R 6 666.80	R 7 066.81	R 7 490.82
	10% Discount where there is an entrance fee for Charitable occassions.					
2.1.1	.1 OTHER FACILITIES AT CIVIC CENTRE					
	Use of braai facilities		R 789.64	R 837.00	R 887.22	R 940.45
	Use of kitchen facilities		R 789.64	R 837.00	R 887.22	R 940.45
	Deposit on kitchen equipment		R 1 565.00	R 1 658.90	R 1 758.43	R 1 863.94
2.1.1	.2 DEPOSIT PER OCCASION					
	Where no entrance fees are charged by organisation in 7.1, for example training groups schools and churches, meetings sport clubs/schools/churches/charity organisations/agricultural unions/pauper burial services:					
	Rental per occasion		R 692.66	R 734.20	R 778.25	R 824.95
	Deposit per occasion		R 789.64	R 837.00	R 887.22	R 940.45
2.1.1	Rental of halls by government departments and					

.3	unions				
	Rental per occasion	R 692.66	R 734.20	R 778.25	R 824.95
	Deposit per occasion	R 1 108.26	R 1 174.80	R 1 245.29	R 1 320.01
2.1.1	Rental of halls by government departments, unions				
.4	for meetings and schools for the purpose of writing examinations, per occasion.	R 692.66	R 734.20	R 778.25	R 824.95
2.1.2	LIBRARY HALL PER OCCASION				
	Rental	R 318.63	R 337.70	R 357.96	R 379.44
	Deposit	R 235.00	R 249.10	R 264.05	R 279.89
	10% Discount for Charitable groups.				
2.1.3	Rental of TABLES AND CHAIRS (charitable and church organisation):				
	Per table	R 94.20	R 99.85	R 105.85	R 112.20
	Deposit per table	R 126.00	R 133.60	R 141.62	R 150.11
	Per chair	R 4.99	R 5.30	R 5.62	R 5.96
	Deposit per chair	R 8.30	R 8.80	R 9.33	R 9.89
	Transport per km	R 3.19	R 3.40	R 3.60	R 3.82
2.1.4	COMMUNITY HALLS				
	Rental	R 318.63	R 337.70	R 357.96	R 379.44

	Deposit	R 789.64	R 837.00	R 887.22	R 940.45
	Bashes and Beauty pageant - 2 x Deposit				
2.1.5	RENTAL HOSTELS				
	Rental - smaller room	R 323.68	R 500.00	R 530.00	R 561.80
	Rental - small room	R 440.20	R 600.00	R 636.00	R 674.16
	Rental - medium room	R 737.98	R 900.00	R 954.00	R 1 011.24
2.1.6	DEPOSIT HOSTELS				
	Deposit - smaller rooms	R 582.62	R 1 000.00	R 1 060.00	R 1 123.60
	Deposit - small room	R 880.40	R 1 200.00	R 1 272.00	R 1 348.32
	Deposit - medium room	R 1 463.01	R 1 800.00	R 1 908.00	R 2 022.48
2.2	SPORTS GROUND				
	VAT INCLUDED - RENTAL PER OCCASION				
2.2.1	Mothibi, W/Ville, Batlharos, B/Bodulong, Gantatelang and Gamopedi				
	Friendly games: Rental	R 129.47	R 200.00	R 212.00	R 224.72
	Deposit	R 129.47	R 200.00	R 212.00	R 224.72
	Betting games (Tournaments): Rental	R 647.35	R 800.00	R 848.00	R 898.88
	Deposit	R 647.35	R 800.00	R 848.00	R 898.88
	Festivals and Bashes: Rental	R 3 884.10	R 4 500.00	R 4 770.00	R 5 056.20
	Deposit	R 6 473.50	R 7 500.00	R 7 950.00	R 8 427.00
	Developmental games (Schools, Charities, Sports	R 258.94	R 350.00	R 371.00	R 393.26

	and culture programmes): Rental				
	: Deposit	R 258.94	R 350.00	R 371.00	R 393.26
2.3					
2.3.1	GRAVE YARD				
	VAT INCLUDED - LEVIES PER OCCASION				
2.3.2	A 50% rebate is allowed for state pensioners, medical disabled persons and households who <u>only</u> receive a child grant.				
2.3.3	Graves at no charge is delegated to Municipal Manager for approval and report back to Council.				
2.3.4	A rebate of R50,00 is allowed for private persons who dig graves themselves.				
2.3.4					
.1	GRAVES FEES				
2.3.4					
.2	RESIDENTS OF GA-SEGONYANA				
	Applicable in accordance with the following set conditions namely, proof of income of household must be submitted with reservation and				

	payment of grave and death certificate to establish age of the deceased.				
2.3.4	Income R0 - R3,530				
.3	0 - 5 years	R 110.05	R 116.65	R 123.65	R 131.07
	6 - 13 years of age	R 176.08	R 186.60	R 197.80	R 209.66
	14 years and older	R 220.10	R 233.30	R 247.30	R 262.14
	Double graves	R 323.68	R 343.10	R 363.68	R 385.50
	Deeper gaves	R 297.78	R 315.65	R 334.59	R 354.66
2.3.4	Income R3,531 - R4,500:				
.4	0 - 5 years	R 220.10	R 233.30	R 247.30	R 262.14
	6 - 13 years of age	R 297.78	R 315.65	R 334.59	R 354.66
	14 years and older	R 362.52	R 384.25	R 407.31	R 431.74
	Double graves	R 517.88	R 548.95	R 581.89	R 616.80
	Deeper gaves	R 310.73	R 329.40	R 349.16	R 370.11
2.3.4	Income R4,501 - R5,500:				
.5	0 - 5 years	R 297.78	R 315.65	R 334.59	R 354.66
	6 - 13 years of age	R 401.36	R 425.40	R 450.92	R 477.98
	14 years and older	R 517.88	R 548.95	R 581.89	R 616.80
	Double graves	R 971.03	R 1 029.29	R 1 091.04	R 1 156.51
	Deeper gaves	R 776.82	R 823.40	R 872.80	R 925.17
2.3.4	Income R5,4501 - R6,500:				
.6	0 - 5 years	R 323.68	R 343.10	R 363.68	R 385.50
	6 - 13 years of age	R 517.88	R 548.95	R 581.89	R 616.80
	14 years and older	R 582.62	R 617.60	R 654.66	R 693.94

		Double graves	R 1 035.76	R 1 097.90	R 1 163.77	R 1 233.60
		Deeper gaves	R 841.56	R 892.05	R 945.57	R 1 002.31
2.3.4	Income R6,500 and higher:					
.7	0 - 5 years		R 517.88	R 548.95	R 581.89	R 616.80
	6 - 13 years of age		R 582.62	R 617.60	R 654.66	R 693.94
	14 years and older		R 686.19	R 727.40	R 771.04	R 817.31
	Double graves		R 1 294.70	R 1 372.40	R 1 454.74	R 1 542.03
	Deeper gaves		R 906.29	R 960.70	R 1 018.34	R 1 079.44
	Berm system and build out of graves		R 3 081.39	R3 266.30	R 3 462.28	R 3 670.01
2.3.4	NON-RESIDENTS					
.9	0 - 12 years of age		R 802.71	R 850.90	R 901.95	R 956.07
	13 years and older		R 1 061.65	R 1 125.35	R 1 192.87	R 1 264.45
	Double graves		R 1 320.59	R 1 399.80	R 1 483.79	R 1 572.82
2.3.4						
.9	Berm system and build out of graves		R 4 117.15	R 4 364.20	R 4 626.05	R 4 903.62
2.4	CARAVAN PARK					
	VAT INCLUDED					
2.4.1	Pensioners above the age of 60 years qualify for a rebate of 10% on all tariffs.					

2.4.2	OVERNIGHT TARIFFS:					
	4 bed Exclusive Chalet		R 647.35	R 686.20	R 727.37	R 771.01
	3 bed Chalet		R 541.42	R 573.90	R 608.33	R 644.83
	Single room		R 336.62	R 356.80	R 378.21	R 400.90
	Encampment per caravan or tent		R 155.36	R 164.70	R 174.58	R 185.06
	Organised caravan clubs, 5 caravans or more per caravan		R 155.36	R 164.70	R 174.58	R 185.06
	Block reservations, excluding exclusive chalet per Chalet:					
		4 Bed	R 453.15	R 480.35	R 509.17	R 539.72
		3 Bed	R 349.57	R 370.55	R 392.78	R 416.35
2.4.3	DEPOSIT:					
	Per Chalet		R 362.52	R 384.30	R 407.36	R 431.80
	Per Room		R 220.10	R 233.30	R 247.30	R 262.14
2.5	NATURE RESERVE					
	VAT INCLUDED - ENTRANCE FEE					
	Organised school children (per child)		R 3.21	R 5.00	R 5.30	R 5.62
	Children		R 7.77	R 10.00	R 10.60	R 11.24
	Adult		R 14.98	R 20.00	R 21.20	R 22.47
	Vehicle		R 25.89	R 30.00	R 31.80	R 33.71
	Bus		R 77.68	R 100.00	R 106.00	R 112.36

2.6	THE EYE				
	VAT INCLUDED - ENTRANCE FEE				
	Organised school children (per child)	R 3.21	R 5.00	R 5.30	R 5.62
	School Children	R 6.47	R 10.00	R 10.60	R 11.24
	Adults	R 12.95	R 20.00	R 21.20	R 22.47
	Wedding per group of 20	R 258.94	R 300.00	R 318.00	R 337.08
2.7	SWIMMING BATHS				
	VAT INCLUDED - ENTRANCE FEE				
	Children	R 6.47	R 10.00	R 10.60	R 11.24
	Adults	R 12.95	R 20.00	R 21.20	R 22.47
	Supervisors	R 6.47	R 10.00	R 10.60	R 11.24
2.8	ENCROACHMENT				
	VAT INCLUDED				
	Fees	R 96.30	R 102.10	R 108.23	R 114.72
2.9	ILLEGAL GUEST HOUSE				
	VAT INCLUDED				

	With minimum penalty of	R 15 709.63	R 16 652.20	R 17 651.33	R 18 710.41
	With maximum penalty of	R 47 142.75	R 49 971.30	R 52 969.58	R 56 147.75
2.10	TRADE LICENCES VAT INCLUDED				
	Per Licence	R 34.63	R 50.00	R 53.00	R 56.18
2.11	HAWKERS LICENCES VAT INCLUDED				
	Sidewalks	R 12.95	R 50.00	R 53.00	R 56.18
	Those who need services	R 2 938.97	R 3 400.00	R 3 604.00	R 3 820.24
	Administration fees:				
	Trade licences	R 77.68	R 150.00	R 159.00	R 168.54
	Hawkers licences	R 38.84	R 50.00	R 53.00	R 56.18
	Established businesses (New)		R 250.00	R 265.00	R 280.90
2.12	ILLEGAL LOGGING AT TUCKSHOPS & SHOPS VAT INCLUDED				
	Penalty	R 3 144.70	R 3 333.40	R 3 533.40	R 3 745.41

2.13	LIBRARY				
	VAT INCLUDED				
	Identity ticket replacement due to misplacement	R 47.10	R 49.90	R 52.89	R 56.07
	Admin Levy books outstanding after 4 weeks	R 38.79	R 41.10	R 43.57	R 46.18
	User Fees for non Ga-Segonyana Residents	R 152.39	R 161.55	R 171.24	R 181.52
2.14	ADVERTISING SIGNS AND HOARDINGS				
2.14	.1 Advertsing signs				
	Cost per square meter	R 100.00	R 106.00	R 112.36	R 119.10
	Minimum charge	R 1 000.00	R 1 060.00	R 1 123.60	R 1 191.02
	Guest house Board-Single sided	R 400.00	R 424.00	R 449.44	R 476.41
	Guest house Board-double sided	R 560.00	R 593.60	R 629.22	R 666.97
2.14	.2 BANNERS				
	Deposit	R 640.00	R 678.40	R 719.10	R 762.25
	Fees per week	R 385.00	R 408.10	R 432.59	R 458.54
2.14	.3 POSTERS				
(i)	Application per poster - non profit organisation	R 10.00	R 10.60	R 11.24	R 11.91
	No commercial advertising and logos of sponsors				

	will appear on posters				
(ii)	Application for religious, sporting and cultural events, commercial logos of sponsors per week	R 50.00	R 53.00	R 56.18	R 59.55
	Minimum charge per week	R 100.00	R 106.00	R 112.36	R 119.10
(iii)	Application per candidate	R 1 000.00	R 1 060.00	R 1 123.60	R 1 191.02
(iv)	Application per registered political party	R 1 000.00	R 1 060.00	R 1 123.60	R 1 191.02
	Fully refundable on removal				
	Excluding present serving councillors that hold and arrange community meetings. Poster should be removed within 48 hours. Failing to do so deposit will not be reclaimable				
	Application to display advertising signs	R 1 000.00	R 1 060.00	R 1 123.60	R 1 191.02
	Advertising signs displayed on municipal property	R 1 500.00	R 1 590.00	R 1 685.40	R 1 786.52
	Advertising fee per month	R 170.00	R 180.20	R 191.01	R 202.47
2.15	PHOTOCOPIES				
	VAT INCLUDED				
	A4 size	R 1.94	R 1.00	R 1.06	R 1.12

	A3 size	R	2.98	R 1.50	R 1.59	R 1.69
	A4 size colour	R	3.00	R 1.50	R 1.59	R 1.69
	A3 size colour	R	6.00	R 3.00	R 3.18	R 3.37
2.16	FAXES PER PAGE					
	VAT INCLUDED					
	Received	R	9.19	R 4.00	R 4.24	R 4.49
	Send	R	5.70	R 3.00	R 3.18	R 3.37
	Special tariff to Staff and Councillors tariff less 20%					
2.17	TESTING OF VEHICLE BRAKES					
	VAT EXCLUDED					
	Fee		R 235.51	R 249.65	R 264.63	R 280.51
2.18	POUNDING FEES					
	VAT EXCLUDED					
	Impounding:					
	Trolleys per trolley per day: Minimum		R 3.19	R 3.40	R 3.60	R 3.82
	LDV's per LDV per day: Minimum		R 400.00	R 410.00	R 434.60	R 460.68
	Horses, donkey's cattle and pigs per day		R 110.00	R 120.00	R 127.20	R 134.83
	Sheep and goat (each)		R 40.00	R 50.00	R 53.00	R 56.18

	Maintenance:				
	Horses, donkey's cattle and pigs per day	R 40.00	R 50.00	R 53.00	R 56.18
	Sheep and goat (each)	R 20.00	R 30.00	R 31.80	R 33.71
2.19	TRAFFIC				
	<u>Functions, Marches and Sports</u>				
	<u>Monday to Saturday</u>				
	One or two officer per event	R 800.00	R 848.00	R 898.88	R 952.81
	Three or four officers per event	R 1 600.00	R 1 696.00	R 1 797.76	R 1 905.63
	More than four officers per event	R 2 000.00	R 2 120.00	R 2 247.20	R 2 382.03
	<u>Sunday and Public Holidays</u>				
	Per officer per hour	R 750.00	R 795.00	R 842.70	R 893.26
	ESCORT OF ABNORMAL LOADS				
	<u>Monday to Saturday</u>				
	Per officer per hour	R 450.00	R 477.00	R 505.62	R 535.96
	<u>Sunday and Public Holidays</u>				
	Per officer per hour	R 1 500.00	R 1 590.00	R 1 685.40	R 1 786.52
	Indigent Funerals		exempt		
	Government Event		exempt		
3.	LAND USE				
3.1	GROUND AND GRAVEL SALES				
	VAT INCLUDED				

3.1.1	Ground Private - per cubic metre		R 235.51	R 249.65	R 264.63	R 280.51
	Ground Contractor - per cubic metre		R 235.51	R 249.65	R 264.63	R 280.51
3.1.2	Gravel Private - per cubic metre		R 235.51	R 249.65	R 264.63	R 280.51
	Gravel Contractor - per cubic metre		R 235.51	R 249.65	R 264.63	R 280.51
3.2	BUILDING AND OTHER PLANS COPIES VAT INCLUDED					
3.2.1	Black and White					
	Size A0		R 415.60	R 440.55	R 466.98	R 495.00
	Size A1		R 277.07	R 293.70	R 311.32	R 330.00
	A2		R 235.51	R 249.65	R 264.63	R 280.51
3.2.2	Colour					
	Size A0		R 623.40	R 660.80	R 700.45	R 742.48
	Size A1		R 471.01	R 499.30	R 529.26	R 561.01
	A2		R 318.63	R 337.75	R 358.02	R 379.50
3.3	BUILDING PLAN APPROVAL - VAT INCLUDED					

VAT INCLUDED					
3.3.1	Residential and Agricultural stands				
	Cost per square metre	R 15.65	R 16.60	R 17.60	R 18.65
	Minimum charge	R 789.64	R 837.00	R 887.22	R 940.45
	Maximum charge	R 13 354.57	R 14 155.85	R 15 005.20	R 15 905.51
	Penalty: Cost per m ² + 50% to a minimum of R10,000.00				
3.3.2	Business and Industrial stands				
	Cost per square metre	R 31.45	R 33.35	R 35.35	R 37.47
	Minimum charge	R 3 144.70	R 3 333.40	R 3 533.40	R 3 745.41
	Maximum charge	R 31 419.26	R 33 304.40	R 35 302.66	R 37 420.82
	Penalty: Cost per m ² + 50% to a minimum of R20,000.00				
3.4	BUILDING DEPOSITS				
	VAT EXCLUDED(BUT PAYABLE)				
3.4.1	Residential: 0 - 80 square metre	R 942.02	R 998.55	R 1 058.46	R 1 121.97
	80+ square metre	R 1 565.42	R 1 659.35	R 1 758.91	R 1 864.44

3.4.2	Businesses		R 4 710.12	R 4 992.75	R 5 292.32	R 5 609.85
3.4.3	INTERNAL ALTERATIONS					
(i)	Residential: 0 - 80 square metre		R 1 036.20	R 1 098.40	R 1 164.30	R 1 234.16
	80+ square metre		R 1 721.96	R 1 825.30	R 1 934.82	R 2 050.91
(ii)	Business		R 5 181.13	R 5 492.00	R 5 821.52	R 6 170.81
3.5	LAND USE MANAGEMENT FEES					
	VAT EXCLUDED(BUT PAYABLE)					
	Application for Special Consent		R 2 355.06	R 2 496.40	R 2 646.18	R 2 804.96
	Application for Rezoning		R 1 565.42	R 1 659.35	R 1 758.91	R 1 864.44
3.5.1	SUB-DIVISIONS					
	1 - 20 stands		R 318.63	R 337.75	R 358.02	R 379.50
	More that 20 stands		R 318.63	R 337.75	R 358.02	R 379.50
3.5.2	PENALTY					
	Application cost + 50%					
	Minimum		R 15 709.63	R 16 652.20	R 17 651.33	R 18 710.41
	Maximum		R 47 142.75	R 49 971.30	R 52 969.58	R 56 147.75

3.6	APPLICATION FOR HOME ENTERPRISE VAT EXCLUDED(BUT PAYABLE)				
	Application fee	R 166.24	R 176.20	R 186.77	R 197.98
	Departures land use restrictions on stands				
	< 500 square metre	R 166.24	R 176.20	R 186.77	R 197.98
	501 - 750 square metre	R 249.36	R 264.30	R 280.16	R 296.97
	> 750 square metre	R 249.36	R 264.30	R 280.16	R 296.97
3.7	CERTIFICATE PER ISSUE VAT EXCLUDED(BUT PAYABLE)				
	Valuation	R 193.95	R 205.60	R 217.94	R 231.01
	Clearance	R 277.07	R 293.70	R 311.32	R 330.00
	Zoning	R 166.24	R 176.20	R 186.77	R 197.98
3.8	HIRING OF MACHINES(If machine used less than an hour still pay full price)				
-	Grader per hour	R 720.37	R 763.60	R 809.42	R 857.98
	TLB per hour	R 443.31	R 469.90	R 498.10	R 527.98
	Front end loader	R 692.66	R 734.20	R 778.25	R 824.95
	Water truck	R 415.60	R 440.50	R 466.93	R 494.95
3.9	CONTRIBUTION TO BULK SERVICES				

Payments to be made prior to approval of business plans					
	Cost per square metre				
	Residential low cost				
	Non subsidised household				
	Business				
	Industrial				
3.9.1	Water				
	Intermediate LOS	R 2 087.00	R 2 212.20	R 2 344.93	R 2 485.63
	Low	R 4 494.00	R 4 763.65	R 5 049.47	R 5 352.44
	Medim	R 8 774.00	R 9 300.45	R 9 858.48	R 10 449.99
	High	R 16 853.00	R 17 864.20	R 18 936.05	R 20 072.22
3.9.2	Sanitation				
	Low	R 5 778.00	R 6 124.70	R 6 492.18	R 6 881.71
	Medium	R 9 459.00	R 10 026.55	R 10 628.14	R 11 265.83
	High	R 13 739.00	R 14 563.35	R 15 437.15	R 16 363.38
3.9.3	Electricity				
	LOS	R 4 280.00	R 4 536.80	R 4 809.01	R 5 097.55
	Low	R 8 560.00	R 9 073.60	R 9 618.02	R 10 195.10
	Medium	R 17 120.00	R 18 147.20	R 19 236.03	R 20 390.19

High		R 25 680.00	R 27 220.80	R 28 854.05	R 30 585.29
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GA-SEGONYANYA LOCAL MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

POLICY: CREDIT CONTROL AND DEBT COLLECTION

9. RESPONSIBLE AUTHORITY

9.1 The Council is responsible and should review the performance of the Municipality to endeavour to improve the efficiency of the credit control and debt collection services.

9.2 The delegated officials to assist the Council accomplish its responsibilities are the Municipal Manager, Financial Manager and officials appointed in the Debt Collection Section.

9.3 Municipal Manager

It is the responsibility of the Municipal Manager to report bi-monthly to the full Council on the status of debtors and action taken against them. Further more, the Municipal Manager must ensure that obligations under its by-laws and decisions by the Council are enforced by the Municipality Administration.

9.4 Ward Committees

The communication channel between Council and the public and Ward Committees should on a very regular basis be informed where the level of indebtedness exceeds the levels prescribed by the Council and who then also should make recommendations for improvement to Council. The Committee should comprise of the Ward Councillor and at least two members representing the community, which should be identified as Ward/Zonal Leaders.

No Councillor or any individual is allowed to influence either the Municipal Manager or Manager Finance and/or municipal official not to enforce an obligation in terms of this policy and by-laws and if found guilty, may lose his/her Council position.

9.5 Obligation to measure

The Council must ensure that every Municipal service provided to a consumer could either be metered or estimated or allocated at regular intervals and establish a charge or tariff for the service.

9.6 Agreement

Before supplying of a service, a consumer must enter into a contract of agreement, which should provide for the deposit to be paid as security. Not

withstanding the above. All debtors of any kind are obliged to honour their debts. The deposit is established in terms of the reviewed tariff structures for compiling the budget on a year to year basis.

ALL SERVICE PROVIDERS OUR BASIC SERVICES, NAMELY SEDIBENG WATER AND ESKOM MUST APPLY OUR CREDIT CONTROL AND DEBT COLLECTION POLICY.

9.7 Control over deposits of security

Deposits received must be reviewed annually and a register should be maintained. the total sum of deposits received shall constitute a short-term liability in the books of the Municipality. No interest shall accrue in favour of the depositors thereof. Upon termination of the debtor's agreement with the Municipality, the deposit shall/will first be offset against any outstanding balance (if any) to be refunded to the consumer.

9.8 Rendering of accounts

Although Municipalities must render an account for the amount due by a debtor, failure thereof shall not relieve a debtor of the obligation to pay the amount. Accounts must reveal the following:

- a) Details of the consumption for a certain period of each service either by measuring, estimating or allocation.
- b) The amount due in terms of consumption.
- c) The amount due for each remaining service.
- d) Other amounts due.
- e) The amount due for property tax.

9.9 Final date of payment

9.9.1 Consumer Services Accounts

The invoice/account must state the final date of payment, which must not be later than the 15th of the following month after date of the invoice.

9.9.2 Assessment Rates Accounts

The invoice/account must state the final date of payment which must not be later than 30 September each year for property owners paying assessment rates levied as an annual single amount and for property owners paying assessment rates levied in 11 equal monthly instalments not later than the 15th of the following month after date of the invoice to be paid in full on the 15th May of each year.

10. CREDIT CONTROL

10.1 Purpose

The purpose is to ensure that credit control forms an integral part of the financial system of the Municipality, and ensure that the same procedure be followed for each individual case.

Arrears

An amount due after the final due date for payment, shall be an amount in arrears, the account following the month when the arrears occurred, should reflect the amount in arrears.

10.2 Action after failure to pay

10.2.1 If a debtor fails by the demand date –

10.2.1.1 to pay the arrears amount

10.2.1.2 to lodge an appeal (query the amount of the account)

10.2.1.3 to conclude an agreement with the Municipality for payment of the arrears in instalments.

10.2.2 the Municipality may without further notice –

10.2.2.1 immediately disconnect, discontinue or restrict the supply of electricity to the debtor for both services and property rates accounts.

10.2.2.2 institute legal action for the recovery of the arrears amount within a period not exceeding thirty days from the demand date.

10.2.2.3 The debtor will be liable for all costs incurred in respect of the legal action taken against him/her including the commission charged by the debt collector.

10.2.2.4 Collect 40% of prepaid Electricity for payment of arrears.

10.3 Right of access

Municipal officials have the right of access to any property occupied by a debtor for the purposes of reading or inspecting meters or connections or to disconnect, discontinue or restrict supply of any service.

10.4 Right of appeal

An appeal must be submitted in writing to the Municipal Manager prior to the final due date for payment of the contested amount, and must contain details of the specific item(s) on the account which are the subject of appeal, with full reasons.

10.5 Payment during appeal

Once an appeal is lodged, the debtor's obligation to pay that portion of the total amount due represented by the items appealed against is suspended until the appeal has been finalised. The debtor must however immediately pay the balance of the account together with an amount representing the average cost of the item appealed against over the preceding three months, or an amount determined by the Municipal Manager. In the meantime, the debtor will remain due and liable for all other amount falling due during the adjudication of the appeal.

10.6 Adjudication of appeal

10.6.1 If the appeal is in respect of a metered consumption, the metered instrument must be tested, within 14 days of lodgement of appeal to establish the accuracy thereof.

10.6.2 The debtor should be informed in writing of the results of the test of the instrument, and of any adjustment to the amount due by him, together with the costs of the test for which the debtor will be liable if no error could be found with the instrument. If a faulty meter or instrument is revealed, the Municipality will bear the costs thereof.

11. **EXTENSION FOR PAYMENT**

11.1 Policy

11.1.1 Assessment Rates

The Financial Manager may/can arrange that the property owner pay the outstanding amount in eleven equal consecutive monthly instalments payable in full by 30 June each year or yearly in one instalment payable by 30 September of the year wherein the new assessment rates became taxable and payable.

11.1.2 Consumer services and other debtors

The Financial Manager may/can arrange that the debtor pay the outstanding amount in equal monthly instalments over a period not exceeding 24 months.

11.1.3 Interest must be charged on the arrears debt mentioned in 3.1.1 and 3.1.2 at a rate of 1% above prime rate.

11.1.4 Other measures for extended repayment periods can also be dealt with by the Financial Manager as set out in 3.5 below.

11.2 Dedicated reserve

A reserve for the purpose of funding amounts due in terms of extended payment agreements must be formed. Such reserve must annually set aside in the revenue estimates an amount not more than 5% of the operating income of the Municipality. It must also be noted that the aggregate of the arrears debts, of which extended repayment agreements have been concluded, may not exceed the dedicated, reserve provided for.

11.3 Working Capital Reserve

A provision for non-cash revenue not exceeding 25% of the anticipated cash to be received for services should be made and must be separate from the provision for bad debts.

11.4 Continuous default

If a debtor fails to comply with the terms of any agreement providing for an extension of time for payment, then the total of all amount due including interest and costs, shall immediately become payable without further notice to the debtor.

11.5 Extended repayment periods – Consumer accounts

11.5.1 If the overdue amount is outstanding for longer than 12 months, a minimum of 50% down payment must be made and repayment period not to exceed 12 months.

11.5.2 If the overdue balance is outstanding for less than 12 months, a minimum down payment of 25% is required and the balance to be paid over a period not exceeding 6 months.

11.5.3 The debtor should request such arrangement and shall agree to the conditions attached thereto.

11.5.4 If the conditions as agreed to be not adhered to normal credit control procedures will be implemented.

11.5.5 When a debtor applies for further extension/arrangement, services will be discontinued until final payment is received.

11.5.6 All future current accounts must be paid on due date.

12. **COMMENCEMENT AND RESUMPTION OF SERVICES**

12.1 New service connections

Connections and supply of a new service may only be made after all charges in respect of deposits and connection fees have been paid.

No electricity will be connected if there is outstanding debt regarding services on the specific stand that the previous tenant was residing. The landlord/owner shall be held responsible for all outstanding services accounts.

12.2 Resumption of discontinued services

12.2.1 If the debtor has –

12.2.1.1 paid the full amount outstanding

12.2.1.2 made an agreement with the Municipality for the payment of the amount in arrears the services will be resumed.

12.3 Transferring of accounts

12.3.1 Where parents have died and there are no minor children, the person appointed as executor of the estate or beneficiary in terms of the last testament will be responsible for the payment of services and the account will be transferred to his or her name.

12.3.2 In terms of minor children an appointed curator bonis will be responsible for the account until they reach majority.

12.3.3 In terms of child headed families the account will be transferred to the older child and that household will be registered according to the Municipality's indigent policy. Debt incurred by the children after the parents 'death will be written off.

12.4 Unauthorised consumption, theft, damages and penalties

When established that a water or electricity meter has been tampered with by a transgressor (a consumer), the following actions are applicable:

4.4.1 A penalty fee payment of R2 671.20 for households, R6 678 for businesses and R10 017 for industrial site.

4.4.2 The replacement of a conventional meter with a pre-paid meter, the cost of the connection for the account of the transgressor/consumer.

4.4.3 The payment of an additional levy in respect of calculated average consumption since the date of deviation in consumption occurred on the account of the property involved.

4.4.4 No services will be rendered to the new occupant if the outstanding debt of the old occupant is not paid in full.

5. PROCEDURE OF FINAL RESORT

The following will facilitate this concept:

5.1 Consumer Services

- 5.1.1 A Cut-off List must be compiled within 10 day after due date of payment (15th of each month).
- 5.1.2 Services will be disconnected without any further notice.
- 5.1.3 Services may not be resumed before arrangements have been made for payment of an additional deposit, 10% late fee, arrears outstanding and reconnection fee as stipulated in the written notice.
- 5.1.4 A report must be submitted by the person involved with the discontinuation of services in respect of unoccupied premises to try and locate such owners/users before the case is referred to the attorneys.
- 5.1.5 The deposit on services of an unoccupied dwelling must be brought into account before any arrears amount are handed over to the Debt Collection Section for collection with the provision that the debtor/person stay at a known address.
- 5.1.6 The Financial Manager must submit a bi-monthly report to Council in respect of all collections recovered in order to prevent the attorney to accrue further costs in respect of untraceable cases.
- 5.1.7 In the event of cheques being returned by the Council's Bankers, the procedures are:
- 5.1.8 The person concerned will be informed by telephone/in writing of the in default of payment.
 - 5.1.8.1 The services must immediately be discontinued if the person involved does not, within 24 hours, effect cash payment or provide a bank guaranteed cheque for the amount involved.
 - 5.1.8.2 The person involved must be blacklisted for a period of 6 months and no cheques must be accepted from him/her.
- 5.1.9 If a conventional water and/or electricity consumer fails to pay their account on the prescribed due date, the conventional meter(s) will be replaced with a pre-paid meter at the cost of the consumer concerned. The criteria are the following after:
 - 5.1.9.1 The name of the consumer of water and/or electricity appeared twice on a cut-off list.
 - 5.1.9.2 The consumer of water and/or electricity being thrice in default of payment.

5.1.9.3 The consumer of water and/or electricity failed to comply with arrangements made to pay arrears amounts for whatever reason.

5.1.9.4 The consumer of water and/or electricity used self righteousness to re-install water and/or electricity supplies to his premises after the supply has been disconnected by the Municipality for whatever reason.

Where consumer services have been disconnected for whatever reason in terms of the Council's policy, the Municipality is obliged to install a drip valve at the consumer concerned until all outstanding debt is paid in full.

5.3 Write-off of Irrecoverable Debts: Conditions

5.3.1 Where the debtor is untraceable.

5.3.2 Insolvency of debtor.

5.3.3 Where a contribution obligation may exist on sequestration of a Business or individual.

5.3.4 The debtor has no movable or immovable property at his disposal.

5.3.5 The cost of collection exceeds the debt.

6. **DEBT COLLECTION**

6.1 Procedures for the collection of outstanding debt on all debtors

6.1.1 Dispatch of accounts and payment thereof by the debtor within the prescribed time indicated on the account.

6.1.2 In the event of non/default payment of the account summons must be issued by the Debt Collection Section to those concerned.

/policy/nt

GA-SEGONYANA LOCAL MUNICIPALITY



PROPERTY RATES POLICY

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GA-SEGONYANA LOCAL MUNICIPALITY

PROPERTY RATES POLICY

1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a local municipality in accordance with-
- a. Section 2(1), may levy a rate on property in its area; and
 - b. Section 2(3), must exercise its power to levy a rate on property subject to-
 - i. Section 229 and any other applicable provisions of the Constitution;
 - ii. the provisions of the Property Rates Act and the regulations promulgated in terms thereof; and
 - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

2. DEFINITIONS

- 2.1 “**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 2.2 “**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;
- 2.3 “**Agricultural purpose**” in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

- 2.4 **“Annually”** means once every financial year;
- 2.5 **“Category”**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
 - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.6 **“Child-headed household”** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.7 **“Definitions, words and expressions”** as used in the Act are applicable to this policy document where ever it is used;
- 2.8 **“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);
 - (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 (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.9 **“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 (Act No.11 of 2004);
- 2.10 **“Municipality”** means the Local Municipality of Ga-Segonyana;
- 2.11 **“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;
- 2.12 **“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
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (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;

2.13 **“Privately owned towns serviced by the owner”** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

2.14 **“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.

2.15 **“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).

2.16 **“Residential property”** 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 used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

2.17 **“Rural communal settlements”** means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

2.18 **“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).

3. POLICY PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:
- (a) Equity
The municipality will treat all ratepayers with similar properties the same.
 - (b) Affordability
The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.
 - (c) Sustainability
Rating of property will be implemented in a way that:
 - i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
 - ii. Supports local, social and economic development; and
 - iii. Secures the economic sustainability of every category of ratepayer.
 - (d) Cost efficiency
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

4. SCOPE OF THE POLICY

- 4.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

5. APPLICATION OF THE POLICY

- 5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:-

(a) Trading services

- i. Water
- ii. Electricity

(b) Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1 (a) and (b).

- 6.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

7. CATEGORIES OF PROPERTY

- 7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business

properties;

Agricultural properties;

7.1.4 Small Holdings;

7.1.5 State owned properties;

7.1.6 Municipal properties;

7.1.7 Public service infrastructure referred to in the Act;

7.1.8 Educational;

7.1.9 Privately Owned Towns;

7.1.10 Vacant Stands.

7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.

7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

8. CATEGORIES OF OWNERS

8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:-

- (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
- (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- (c) 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. serious adverse social or economic conditions.
- (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
- (e) Owners of properties situated in “privately owned towns” as referred to in clause 13.1 (b);
- (f) Owners of agricultural properties as referred to in clause 13.1 (c); and
- (g) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

9. PROPERTIES USED FOR MULTIPLE PURPOSES

9.1 Rates on properties used for multiple purposes will be levied in accordance with the “dominant use of the property”.

10. DIFFERENTIAL RATING

10.1 Criteria for differential rating on different categories of properties will be according to:-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of local, social and economic development of the municipality.

10.2 Differential rating among the various property categories will be done by way of:-

- (a) setting different cent amount in the rand for each property category; and
- (b) by way of reductions and rebates as provided for in this policy document.

11. EXEMPTIONS AND IMPERMISSIBLE RATES

11.1 The following categories of property are exempted from rates:-

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2014/15 financial year the maximum reduction is determined as R25 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R10 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.14(b) of this policy is exempted from paying rates.

11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a

national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

- (b) On mineral rights within the meaning of paragraph (b) of the definition of “property” in section 1 of the Act.
- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds.
- (d) 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.

11.4 Public Benefit Organisations (PBO’s)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

- (a) *Welfare and humanitarian*
For example PBOs providing disaster relief.
- (b) *Health Care*
For example PBO’s providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- (c) *Education and development*
For example PBO’s providing early childhood development services for pre-school children.
- (d) *Sporting bodies*
Property used by an organization for sporting purposes on a non-professional basis:
- (e) *Cultural institutions*
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (f) *Museums, libraries, art galleries and botanical gardens*
Property registered in the name of private persons, open to the public and not operated for gain.
- (g) *Animal welfare*
Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (h) *Cemeteries and crematoriums*
Property used for cemeteries and crematoriums.
- (i) *Welfare institutions*
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

(j) *Charitable institutions*

Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

- 11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.
- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

12. REDUCTIONS

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
- 12.1.1 Partial or total destruction of a property.
- 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of clause 12.1:-
- 12.2.1 The owner referred to in clause 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 12.1.1 and 12.1.2. For the 2014/2015 financial year the maximum reduction is determined as 80%.
- 12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

12.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

13. REBATES

13.1. Categories of property

(a) Business, commercial and industrial properties

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
 - a. job creation in the municipal area;
 - b. social upliftment of the local community; and
 - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
 - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
 - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
 - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 30 June for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

(b) Privately owned towns serviced by the owner

The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause 2.13 of this policy.

All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2014/15 financial year the rebate is determined as 20%.

(c) Agricultural property rebate

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
 - a. the extent of rates related services rendered by the municipality in respect of such properties.
 - b. the contribution of agriculture to the local economy.
 - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
 - d. the contribution of agriculture to the social and economic welfare of farm workers.

- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2014/15 financial year the minister has promulgated a ratio of 1:0.25.
- iii. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.

13.2 Categories of owners

Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

(a) Indigent owners

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

(b) Child headed families

- i. Families headed by children will receive a 100% rebate for paying property tax, according to monthly household income. To qualify for this rebate the head of the family must:-
 - a. occupy the property as his/her normal residence;
 - b. not be older than 18 years of age;
 - c. still be a scholar or jobless; and
 - d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality. For the 2012/13 financial year this amount is determined as R3 240 per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

(c) Retired and Disabled Persons Rate Rebate

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-
 - a. occupy the property as his/her normal residence;
 - b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
 - c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
 - d. not be the owner of more than one property; and

- e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
 - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
 - b. sufficient proof of income of the owner and his/her spouse;
 - c. an affidavit from the owner;
 - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iii. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2014/15 financial year the total yearly income and corresponding rebate is determined as follows:-
 - a. R0 to R50 000 per year - 40%.
 - b. R50 001 to R80 000 per year - 20%.
- iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

13.3 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

14. PAYMENT OF RATES

14.1 The rates levied on the properties shall be payable:-

- (a) on a monthly basis; or
- (b) annually, before 30 September each year.

14.2 Ratepayers may choose paying rates annually in one instalment on or before 30 September each year or monthly consecutive payments to be settled by 30 June. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

14.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.

14.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.

- 14.5 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 14.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.7 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.
- 14.8 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.

15. ACCOUNTS TO BE FURNISHED

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
 - (ii) the date on or before which the amount is payable,
 - (iii) how the amount was calculated,
 - (iv) the market value of the property, and
 - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 15.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

16. PHASING IN OF RATES

- 16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 16.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-
- First year : 75% of the relevant rate;
 - Second year : 50% of the relevant rate; and

- Third year : 25% of the relevant rate.

16.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-

- First year : 100% of the relevant rate;
- Second year : 75% of the relevant rate;
- Third year : 50% of the relevant rate; and
- Fourth year : 25% of the relevant rate.

17. SPECIAL RATING AREAS

17.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.

17.2 The following matters shall be attended to in consultation with the committee referred to in clause 17.3 whenever special rating is being considered:-

17.2.1 Proposed boundaries of the special rating area;

17.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;

17.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;

17.2.4 Proposed financing of the improvements or projects;

17.2.5 Priority of projects if more than one;

17.2.6 Social economic factors of the relevant community;

17.2.7 Different categories of property;

17.2.8 The amount of the proposed special rating;

17.2.9 Details regarding the implementation of the special rating;

17.2.10 The additional income that will be generated by means of this special rating.

17.3 A committee consisting of 6 members of the community residing within the area affected will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.

- 17.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 17.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7 of this policy.
- 17.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 17.7 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

18. FREQUENCY OF VALUATION

- 18.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 18.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

19. COMMUNITY PARTICIPATION

- 19.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:-
- 19.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
- 19.1.2 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
- 19.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.
- 19.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.

- 19.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
- 19.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

20. REGISTER OF PROPERTIES

- 20.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 20.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 20.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
 - ii. Rebate or reduction in terms of section 15,
 - iii. Phasing-in of rates in terms of section 21, and
 - iv. Exclusions as referred to in section 17.
- 20.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 20.5 The municipality will update Part A of the register during the supplementary valuation process.
- 20.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

- 21.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

22. REGULAR REVIEW PROCESSES

- 22.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and recent legislation.

23. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES

- 23.1 This policy has been approved by the Municipality in terms of Council resolution datedand takes effect on the effective date of the first valuation roll on 1 July 2014.

**GA-SEGONYANYA
LOCAL MUNICIPALITY**



VIREMENTS POLICY

VIREMENTS POLICY – GA-SEGONYANA LOCAL MUNICIPALITY

Ga-Segonyana Local Municipality's Virement Policy (As guided by Circular 51 from National Treasury) Page 1

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1. Foreword

The Municipal Finance Management Act No. 56 of 2003 allows the shifting of funds from one vote number to another, when the need exists to do so. The process of preparing such transfer of funds must not impede service delivery to the communities but rather enhance service delivery.

Virements Policy suggests formal procedures to be followed when Departments are preparing virements, some of which must be processed through an item to the Portfolio Committee or Executive Committee or Council, depending to the amount involved. This policy should therefore be seen by all as an instrument that brings flexibility to enhance service delivery. Any proposed changes to budget structures should therefore further strengthen the municipality's muscles to deliver services to the people of the municipal area of jurisdiction.

Policy is also informed by Circular 51 from National Treasury which suggests that municipalities must develop and approve Virement Policies.

2. Background

The budget of the municipality is divided into five main votes led by the Municipal Manager and relevant Departments. The budget structure allows for a further division into Sections which are managed by responsible managers or Heads of Departments. All these managers operate with delegated functions from the accounting officer as prescribed in the Municipal Finance Management Act.

During their operations, managers are face with various challenges which sometimes require budget adjustment. Adjustment of the budget may be necessary at differing levels e.g. from item to item or from one area of economic classification to another.

This policy seeks to build a regulatory framework and guidance around adjustment of the department's budgets. The policy will thus guide the Department's internal processes leading to adjustment estimates. The policy will regulate the following:

- i. The shifting of funds between programmes and sub-programmes within the vote;
- ii. The utilizations of savings under a main division of a vote for the defrayment of

excess expenditure under another main division of the same vote;

iii. The shifting of funds between budget items of the same programme or area of responsibility.

3. Objectives of the policy

This policy seeks to build a regulatory framework and guidance around adjustment of the municipality's budgets (Operating or Capital Budget). The policy will thus guide the

Ga-Segonyana Local Municipality's Virement Policy (As guided by Circular 51 from National Treasury) Page 3

municipality's internal processes leading to adjustment of the municipality's budget. It is also intended to give effect to provisions of Circular 51 from National Treasury and also comply with the Municipal Finance Management Act No. 56 of 2003.

4. Guiding Principles

- The policy is not meant to encourage Directorates to invest less in planning, procurement and financial matters.
- Directorates must always ensure that their budgets are structured in a manner that achieves the most appropriate alignment with the Integrated Development Plan (IDP) and procurement plans so as to avoid unnecessary adjustment of the budget.
- The policy is an enabling instrument for Directorates to accommodate policy priorities that may emerge during a financial year.
- It is designed to enable Directorates to utilize efficiency savings derived in the implementation of some project to defray excess expenditure elsewhere within the Directorates.
- The policy is not meant to encourage Directorates to continuously change plans but rather encourages efficient utilization of scarce financial resources.

5. Scope of applicability

The policy will apply in all Directorates within the Ga-Segonyana Local Municipality and all Directors and relevant Heads of Departments are responsible to ensure that it is implemented accordingly. It will apply in all programmes, sub-programmes and responsibility areas of the Directorates. All Directorates and staff categories of the Department shall be equally affected by the policy.

6. Legality /legislative Framework

□ Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) □
MFMA Circular 51 of 2010

7. Principles of Virement Procedures

7.1. Virements from the Revenue Side of the Budget

The virementing of funds through increasing the revenue side of the operating budget is totally discouraged. Amending revenue side of the budget can only apply when the municipality has received some additional funding from another source which has been paid into the municipality's bank account and the budget must be amended prior to spending.

7.2. Virements from Capital to Operating Budget or vice-versa

The virementing of funds from Capital to Operating Budget or vice-versa is totally discouraged as the two budgets serve different purposes. The purpose of a

Ga-Segonyana Local Municipality's Virement Policy (As guided by Circular 51 from National Treasury) Page 4

Virement must not be seen as to increase the budget, but rather to shift funds from one vote to another, and the bottom line (or the total budget) being the same. Permitting virementing of funds from Capital Budget to Operating Budget or vice-versa will defeat the main purpose of budget virement.

7.3. Virements to or from Personnel Expenses

Personnel expenses should be regarded as one component of "fixed costs" and allowing virementing to or from personnel expenses' line items should be an indication of planning that is not acceptable and must be discouraged. If

circumstances enforces that virements to or from personnel expenses line items be processed, such motivation must be forwarded to the Municipal Manager for authorisation up to agreed upon limits.

7.4. Other discouraged virementing to or from line items

This Policy also discourages virementing of funds to or from the following line items:

- Bulk purchases of Electricity or Water; Debt impairment;
- Interest Charges; Depreciation; Revenue foregone; Insurance; and
- Value Added Tax (VAT).

7.5. No Increase of Budget through Virementing

As clearly spelt before, the purpose of virementing should not be to increase the budget (be capital or operating) as it should be viewed as the procedure of transferring available or unspent funds from one line item or vote or project to another.

7.6. Virements of "Conditional Grants" for Other Purposes

Conditional Grants from National and or Provincial Government Departments are allocated to the municipality in terms of the annual Division of Revenue Act (Dora) and in they come to the municipality in terms of clearly defined conditions. The municipality is therefore discouraged to process virements affecting "conditional grants", and if there's any need to do so "prior written approval must be obtained from the donor or government department".

7.7. Limits of Funds to be processed through virements

The processing of virements will be processed through completing a Virement Form (please see attached) which can be authorised by the Municipal Manager, Chief Financial Officer and the relevant Director up to a limit of R100 000. Anything greater than the R100 000 must be processed through an item that must be tabled to the

Portfolio Committee (preferable Budget, Treasury and IDP Committee or Mayoral Committee).

At all times budget virements must be limited to 5% per annum of the total budget of the vote affected (e.g. if the total budget for Finance Vote is R20 000 000, the total virement that can be processed for Finance will be limited to $R20\,000\,000 \times 5\% = R1\,000\,000$). Any deviations from this rule must be motivated to the full Council.

7.8. Other Virement procedures

All completed and signed Virement Forms must be forwarded to the Chief Financial Officer for processing or amending budget line items accordingly. This also applies on resolutions approved by Council committees. This will ensure that the Chief Financial Officer is capable of keeping the records of all virements performed during the year, and also be able to track down virements processed by each vote in order to manage the requirement indicated in paragraph 7.7. above.

8. Management of the Policy

The management of the Virement Policy is delegated to the Chief Financial Officer who will ensure that the policy is implemented as intended, and virement forms or resolutions are safely kept.

9. Review of the Policy

This Policy will be reviewed as and when it is required that the policy be reviewed or whenever there is policy amendment coming from National Treasury through regulations, guidelines or circulars.

GA-SEGONYANA LOCAL MUNICIPALITY

BULK SERVICES CONTRIBUTION POLICY: WATER, SANITATION AND ELECTRICITY



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1. DEFINITIONS

- 1.1 **"Average monthly demand"** means the average estimated or measured demand by any user or consumer in respect of any Service during any continuous period of 12 months or such other period as may be determined by the Municipality;
- 1.2 **"Bulk infrastructure"** means the public infrastructure by means of which water, sewerage and electricity are generated, collected, stored, purified, conveyed and disposed of, as the case may be, and which connects to the reticulation system which in turn distributes services to or from end users;
- 1.3 **"Bulk services contribution"** means a monetary contribution levied by the municipality and recovered from developers as a connection fee in respect of a development;
- 1.4 **"Cost of capital"** means the cost of capital expressed as an effective annual interest rate at which the Bulk Infrastructure is financed by any Financier;
- 1.5 **"Demand model"** means a model utilised by the Municipality to project over a specified period of time the demand (peak and monthly average) needed for specific services to be provided to accommodate development.
- 1.6 **"Development"** means any new or extended building, office complex, office park, retail centre or other commercial development, factory or industrial development or park, mine, township, subdivision, division, consolidation, rezoning, consent use or enhanced use rights of whatever nature granted on land by the municipality;
- 1.7 **"Gross lettable area" or "GLA"** means that portion of a development, which can be occupied for its intended use;

1.8 "**Individual residential dwelling**" for purposes of sanitation services, means any individually metered residential dwelling where its sewage is water-borne and which is further classified in terms of the following categories:

1.8.1 Low capacity unit: featuring 1 toilet per unit or erf;

1.8.2 Medium capacity unit: featuring 2 toilets per unit or erf;

1.8.3 High capacity unit: featuring 3 or more toilets per unit or erf.

1.9 "**Peak demand**" means the highest estimated or measured demand by any user during any continuous period of 24 months or such shorter period as may be determined by the municipality;

1.10 "**Unit contribution**" means a bulk service contribution, expressed as a monetary amount payable in respect of a defined component of a development (such as a residential unit or a unit of usable space);

1.11 "**Present value**" or "**PV**" means the value of an amount of money which is to be spent over an extended period expressed at its current value, after taking into account the projected change in the value of money;

2. OBJECTIVE OF THE POLICY

2.1. The municipality recovers the cost to it of bulk infrastructure by providing for a portion thereof in the tariffs for the service in question as well as by means of bulk service contributions.

2.2. This policy provides a framework for the determination of bulk service contributions on an equitable basis thereby allowing tariffs to be set at a more affordable level and shortening the period of recovery of the capital cost of bulk infrastructure, thus reducing long-term debt, improving the municipality's balance sheet and its credit rating and

further enabling the municipality to develop a capital reserve for new and replacement bulk infrastructure.

- 2.3. The municipality is entitled to levy bulk infrastructure contributions as a condition of approval of a development, in terms of section 42, Land Use Planning Ordinance (Cape) 15/1985.
- 2.4. It is accepted that existing property owners already contributed to some extent to the capital cost of bulk infrastructure at the time of their respective developments in the past and additional contributions will be applicable only on extension of existing structures or for increased use rights.
- 2.5. The municipality will levy bulk service contributions when it approves a new development, specific extensions to existing building structures or grants increased use rights for an existing development to account for the projected impact the development or alterations thereto will have on the municipality's bulk infrastructure, accordingly enabling it to fulfil its constitutional mandate to provide sustainable municipal services.

3. JUST ADMINISTRATIVE ACTION

- 3.1. The Constitution entitles everyone to administrative action which is lawful, reasonable and procedurally fair and to be given reasons for any such action which affects them.
- 3.2. The Promotion of Administrative Justice Act 3/2000 is the legislation required by the Constitution to give effect to the right to just administrative action and to promote an efficient administration and good governance and to create a culture of accountability, openness and transparency in public administration or in the exercise of a public power or the performance of a public function.
- 3.3. This policy incorporates the above principles by providing parameters and procedures to guide the municipality and its officers in implementing it, and thereby exercising a public

power through a series of administrative actions. In so doing, this policy seeks to provide certainty on the part of those affected by it with regard to how the municipality will act in the circumstances covered by the policy and uniformity of action on the part of its officers.

- 3.4. The municipality commits itself and its officers to act fairly and justly in an open and transparent manner in implementing this policy.

4. METHODOLOGY

- 4.1. In the case of water and sanitation infrastructure systems, the municipality must plan to provide bulk infrastructure capable of delivering the peak demand thereon (in the case of water) or peak flow therein (in the case of sewerage) over a defined planning period.
- 4.2. The municipality has developed a demand model for these two services, assessing the period 2010 to 2030 and has projected the increased peak demand and flow, respectively, for that period, resulting from developments, enabling it to reflect this increase as a percentage of system capacity.
- 4.3. Bulk services contributions in the form of connection fees are calculated to recover a similar percentage of the current bulk infrastructure budget.
- 4.4. In order to ensure an equitable spread of contributions, the connection fees for residential water users will be determined by reference to connection and meter size, which define low, medium and high capacity users.

The demand model enables the expected total peak demand for each category to be determined and accordingly a proportionate connection fee to be set, thus allowing developers to contribute according to the impact each category of user in their developments will have on bulk infrastructure (and in turn to recover appropriately from end-users).

- 4.5. In similar fashion, in terms of the demand model, the expected peak flow of sewerage can be calculated for each category (this being directly proportional to water use), which are accordingly defined by reference to water connection and meter size.
- 4.6. For both the water and sewerage services, the unit contribution for typical commercial and industrial developments and residential developments which are not individually metered are calculated on the basis of a fee per set unit of gross lettable area and the policy provides for the calculation, where necessary, of a connection fee based on actual peak demand, in the case of potentially extraordinarily high capacity users.
- 4.7. With regard to electricity, again the demand model enables the increase in peak demand resulting from developments to be determined over the planning period and said increase to be reflected as a proportion of current capital spend. Contributions are calculated to recover the amount arrived at.

In order to ensure an equitable spread of contributions, individual contributions are calculated by reference to connection size (given that smaller capacity connections have a significantly lower expected maximum demand than medium and high capacity connection users).

- 4.8. As with water and sewerage, the unit contribution for typical commercial and industrial developments and residential developments which are not individually metered, is based on a fee per set unit of gross lettable area.

In the case of potentially extraordinarily high peak demand users, the policy provides for an individually calculated connection fee to be calculated based on actual peak demand.

5. WATER SERVICE

5.1. The municipality's demand model reveals that peak water consumption will increase from 12.5ML per day in 2010 to 28.1ML per day in 2030. This equates to $\pm 46\%$ of the bulk system capacity.

5.2. Applying the methodology in paragraph 4, an amount equivalent to 46% of the current expenditure for bulk water infrastructure must be recovered from connection fees, being an amount of R183 million (per Feasibility Study dated November 2010).

It is recognised that only $\pm 25\%$ of the increase in demand will be due to construction of new dwellings whilst the balance will be due to upgrade of service levels. This forecast a recovery of $\pm R46$ million from new developments.

5.3. Connection fees on existing dwellings/structures will be applicable to extension of existing structures or for increased use rights.

5.4. The following unit connection fees are accordingly determined with effect from the 2011/2012 financial year, for typical, individually metered residential units, to be paid by a developer per unit in a development:

Capacity	Connection Size	Meter Size	Fee (Rand)
Intermediate LOS (e.g. yard connection)	20mm	15mm	R1 950
Low	20mm	15mm	R4 200
Medium	25mm	20mm	R8 200
High	40mm	32mm	R15 750
High	50mm	40mm	R15 750

- 5.5. For typical commercial, industrial and non-individually metered residential developments, a fee of R7 500, per 100m² of bulk, or 100m² GLA, whichever is most appropriate, is set.
- 5.6. In respect of exiting dwellings, a 30% discount will be applicable if the applicant pays the connection fee upfront.
- 5.7. Notwithstanding the above, if the municipality receives an application for approval of a development which, because of its size or the water intensive nature of the activities to be conducted therein, is likely to achieve a peak demand in excess of the expected levels in the demand model, the municipality is entitled as a condition of approval to require the developer to pay a bulk contribution calculated on the basis of the expected peak demand for that development over the planning period.

In this regard, the Municipal Manager shall consider any reports commissioned by him, consult with the developer and determine a contribution.

The provisions of section 62, Local Government: Municipal Systems Act 32/2000 shall apply with regard to any such determination.

- 5.8. The Council will annually consider a report from the Municipal Manager on actual recoveries from connection fees against expected fees as reflected in the demand model as well as the calculated impact of any approved developments and adjust the connection fees in accordance with the methodology in 3 above to ensure adequate recovery over the study period or any adjustment thereof from time to time.

6. SANITATION SERVICE

- 6.1. The municipality's demand model predicts an increase in peak flow between 2010 and 2030 from 8 MI per day to 22.9 MI per day. This increase represents 66% of the 2030 capacity and will need capital input of R 137 million. (November 2010 feasibility study)

6.2. It is recognised that approximately 40% of the increase in demand will be due to construction of new dwellings and an amount of ±R55 million should be recovered from these developments.

6.3. Expected peak sewage flow per residential type is directly proportional to peak water consumption.

Accordingly, a more equitable division of unit contributions is achieved by categorising residential types by reference to the size of the water supply connections to a unit, rather than the standardised size of sewerage connection.

6.4. The following unit connection fees are determined for implementation from the 2011/2012 financial year, for typical residential units, individually metered for water and business/commercial developments (to be paid by a developer per unit in a development):

Capacity	Typical number of toilets	Water connection size	Connection Fee(R)
Low	1	20 mm	R5 400
Medium	2	25 mm	R8 840
High	3 or more	40 & 50 mm	R12840

6.5. For typical commercial, industrial and non-individually metered residential developments, a fee of R9 920 per 100m² of bulk, or 100m² GLA, whichever is most appropriate, is set.

6.6. The provisions of paragraph 5.6 and 5.8 shall mutatis mutandis apply in respect of the sewerage service.

- 6.7. The provisions of paragraph 5.7 shall mutatis mutandis apply in respect of the capital contribution to bulk sewerage infrastructure by a developer in relation to a development referred to therein.

7. ELECTRICITY SUPPLY

- 7.1. The municipality's demand model for electricity predicts an increase in demand from 2010 to 2030 from 310 Mwh/d to 645 Mwh/d and this increase represents 52% of the 2030 capacity. (November 2010 feasibility study)
- 7.2. The capital need for this amount is R124.3 million and it is recognised that approximately 70% (R87 million) of this is due to construction of new dwellings whilst the balance is contributing to upgrade of service levels.
- 7.3. The contribution will be based on the capacity utilised which is also determined by the connection size which is the most accurate predictor of expected maximum demand. K
- 7.4. The following connection fees are determined for typical residential units, individually metered, for electricity, for the financial year 2011/2012, to be paid by a developer for each unit in a development:

Capacity	Size of connection (Amps)	Connection fee (R)
LOS	10	R4 000
Low	20	R8 000
Medium	40	R16 000
High	60 (single & 3 phase)	R24 000

- 7.5. For typical commercial, industrial and non-individually metered residential developments a fee of R16 000 per 100 m² of bulk or 100 m² of GLA, whichever is the most appropriate, is set.
- 7.6. The provisions of paragraph 5.6 and 5.8 shall mutatis mutandis apply in respect of the electricity service.
- 7.7. The provisions of paragraph 5.7 shall mutatis mutandis apply in respect of a development as referred to therein.

8. OTHER MATTERS

- 8.1. The Municipal Manager shall be entitled to negotiate a discount to a maximum of 30% on Bulk service contributions payable on developments in a category or area determined by the Council from time to time, to facilitate development.
- 8.2. Bulk service contributions calculated and levied in terms of this Policy will be payable upon any of the following events:
 - 8.2.1. Approval of the township by the Municipality in the case of a new development. The Bulk service contributions will be quantified in terms of the services agreement between the Municipality and the relevant Developer(s) and must be paid before the township register can be opened at the deeds office;
 - 8.2.2. Approval of a rezoning application in terms of an existing development: The Bulk service contributions will be quantified in the relevant motivation to the Council and must be paid before any building plans are approved;
 - 8.2.3. Submission of an application for the amendment of building plans in respect of an individual residential dwelling or another building and where the proposed modification(s), changes or extension as the case may be, will lead to an increase in demand for services: Payment in full of the additional Bulk service contributions is required prior to final approval of the plans.

9. CONTRIBUTIONS RING-FENCED

- 9.1. Contributions received by the municipality pursuant to this policy must be separately identified and recorded in the financial records of the municipality (with in its Capital Replacement Reserve) and only utilised for the purposes of supporting capital projects relating to the upgrade, maintenance or extension of a capital infrastructure of the service in question.

10. MUNICIPAL MANAGER IS THE RESPONSIBLE AND ACCOUNTABLE OFFICER

- 10.1. The Municipal Manager is responsible and accountable for the implementation of this policy and shall report annually to the Council on the applicability of the fees set herein and the extent to which the policy is achieving its objectives.
- 10.2. The Municipal Manager is hereby delegated all the necessary power and authority to fulfil the obligation interms of this policy, with authority to supper delegate to the appropriate level.

**GA-SEGONYANYA
LOCAL MUNICIPALITY**



Asset Management Polic

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1. INTRODUCTION

This policy for the management of assets has been designed to assist management and officials of the Ga-Segonyana Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.

For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.

This policy replaces all asset management procedures/instructions and memoranda that have been previously issued.

Failure to comply with this policy will result in the institution of disciplinary procedures in terms of the stipulated human resource policies and procedures of the Municipality.

2. OBJECTIVE

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by:

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

3. STATUTORY FRAMEWORK

The statutory framework for this policy is:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- Local Government: Municipal Structures Act, No 117 of 1998;
- Local Government: Municipal Systems Act, No 32 of 2000;
- Local Government: Municipal Finance Management Act, No. 56 of 2003;
- Regulation No. 31346 of 2008;
- Municipal Supply Chain Management Regulations No. 27636;
- Generally Recognised Accounting Practice.

4. ACCOUNTING STANDARDS

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:

- GRAP 1 – Presentation of Financial Statements;
- GRAP 13 – Leases;
- GRAP 16 – Investment Property;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 100 - Non – current Assets Held for Sale and Discontinued Operations;
- GRAP 101 - Agricultural;
- GRAP 102 – Intangible Assets; and
- IAS 36 - Impairment of Assets

Other relevant accounting standards are:

- GRAP 12 on Inventories
- GRAP 11 on Construction Contracts

5. DEFINITIONS

Every effort has been made to use definitions established through legislation, standards of accounting and other guidance on asset management. Should uncertainty arise regarding a specific definition the definition as per the relevant original legislation or standard of accounting shall be referred to.

“Accounting Officer” means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of Section 60 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

“Agricultural Activity” is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

“Active market” is a market in which all the following conditions exist:

- The assets traded within the market are homogeneous;
- Willing buyer and seller can normally be found at any time; and
- Prices are available to the public.

“Agricultural Produce” is the harvested product of the entity’s biological assets.

“Amortisation” is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

“Assets” are resources controlled by the Municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

“Asset categories” are the six main asset categories defined as follows:

- **Infrastructure assets** – are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewage purification and trunk mains, transport terminals and car parks.
- **Community assets** – are defined as any asset that contributes to the community’s well-being. Examples are parks, libraries and fire stations.
- **Heritage assets** – are defined as culturally significant resources. Examples are works of art, historical buildings and statues.
- **Investment properties** – are defined as properties that are acquired for economic and capital gains. Examples are office parks and under-developed land acquired for the purpose of resale in future years.
- **Intangible assets** – are identifiable assets without physical substance.

- **Other assets** – are defined as assets utilized in normal operations. Examples are plant, equipment, motor vehicles and furniture and fittings.

“Asset’s Life-Cycle” is the cycle of activities that an asset goes through – including planning, design, initial acquisition and/or construction, cycle of operation and maintenance and capital renewal and finally disposal.

“Asset Manager” is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the Municipality’s assets in accordance with the entity’s standards, policies, procedures and relevant guidelines.

“Asset Register” is a record of information on each asset that supports the effective financial and technical management of the assets, and meets statutory requirements.

“Biological Asset” is a living animal or plant.

“Biological Transformation” comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

“Carrying amount” is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

“Chief Financial Officer” means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

“Class of property, plant and equipment” means a grouping of assets of a similar nature or function in a municipality’s operations, which is shown as a single item for the purpose of disclosure in the financial statements.

“Commercial service” means a service other than a municipal service

- (a) rendered by a private sector party or organ of state to or for a municipality or municipal entity on a commercial basis; and
- (b) which is procured by the municipality or municipal entity through its supply chain management policy.

“Community Assets” – are defined as any asset that contributes to the community’s well-being. Examples are parks, libraries and fire stations.

“Cost” – is 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 or construction or where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of Standards of GRAP.

“Depreciation” – is the systematic allocation of the depreciable amount of an asset over its useful life.

“Depreciable Amount” – is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

“Depreciated replacement cost”, in relation to capital assets, means an amount equivalent to the cost to replace the capital assets on the date of transfer adjusted by a deemed depreciated cost at the date of the transfer taking into account the age and condition of the assets.

“Disposal”, in relation to capital assets, includes –

- (a) the demolition, dismantling or destruction of the capital assets; or
- (b) any other process applied to capital assets which results in loss of ownership of the capital assets otherwise than by way of transfer of ownership.

“Disposal management system” means the system contemplated in regulation 40 of the Municipal Supply Chain Management Regulations, published by General Notice No. 868 of 2005.

“Enhancements / Rehabilitation” is an improvement or augmentation of an existing asset beyond its original recognized service potential for example useful life, capacity, quality and functionality.

“Fair Value” – is the amount for which assets could be exchanged between knowledgeable, willing parties in an arm’s length transaction.

“GRAP” is Standards of Generally Recognised Accounting Practice

“Head of department / senior manager” – means a manager referred to in section 56 of the Municipal Systems Act.

“Heritage Assets” – are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

“Historical cost” - means the original purchase price or cost of acquisition of the capital assets at the time the assets were acquired

An **“impairment loss”**– of cash generating assets is the amount by which the carrying amount of assets exceeds its recoverable amount.

An **“impairment loss”**- of non-cash generating assets is the amount by which the carrying amount of assets exceeds its recoverable service amount.

“Infrastructure assets”- are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

“Intangible assets”- are identifiable non-monetary assets without physical substance.

“Investment Properties” – are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes;
or
- (b) sale in the ordinary course of business.

“Municipality” means the Ga-Segonyana Municipality.

“Other Assets” – are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

“Property, Plant and Equipment” (PPE) – are tangible assets that:

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

“Realisable value” means the amount of cash or cash equivalents that could currently be obtained by transferring the capital assets, less the estimated cost of completion and the estimated costs necessary to make the transfer.

“Recoverable Amount” – is the amount that the Municipality expects to recover from the future use of assets, including its residual value on disposal.

“Recoverable service amount” is the higher of a non-cash-generating asset’s fair value less costs to sell and its future value in use.

“Residual Value” – of assets is the estimated amount that an entity would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and condition expected at the end of its useful life.

“Right to use, control or manage” means a right to use, control or manage the capital assets for a period exceeding one calendar month without ceding legal ownership in the assets. In other words, where the granting of such rights do not amount to the transfer or permanent disposal of the assets, for example when a right is acquired through a leasing, letting or hiring out arrangement.

“Senior Manager” is a manager referred to Section 57 of the Municipal Systems Act (MSA) being someone reporting directly to the municipal manager.

“Service provider” –

- (a) in relation to a municipal service, means a private sector party or organ of state appointed by a municipality in terms of Chapter 8 of the Municipal Systems Act to perform a municipal service in accordance with that Act; or
- (b) in relation to a commercial service, means a private sector party or organ of state appointed in terms of the supply chain management policy of a municipality or municipal entity to render a commercial service to or for the municipality or entity as an independent contractor.

“Supply chain management policy” means the supply chain management policy which a municipality or municipal entity is required to have in terms of Chapter 11 of the Act.

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

“Transfer”, in relation to a capital or subsidiary asset, means transfer of ownership in the asset as a result of a sale or other transaction.

“Useful Life” – is either:

- the period of the time over which an asset is expected to be used by the Municipality, or
- the number of production or similar units expected to be obtained from the asset by the Municipality.

6. BACKGROUND

The utilization and management of PPE, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

7. DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

8. RESPONSIBILITY

8.1 Municipal Manager

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

8.2 Chief Financial Officer

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- Ensure implementation of the approved Asset Management Policy;

- Verify assets in possession of the Council three times a year;
- Receive from the Asset Management Section a detailed “outcome report” on the assets verification exercise;
- Keep a complete and balanced record of all assets in possession of the Council;
- Report in writing all asset losses to the Council;
- Ensure that the asset register of the Council is balanced quarterly.
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

8.3 Senior Managers

The Senior Managers must ensure that:-

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality’s strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they will remain accountable for ensuring that these activities are performed.

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each senior manager shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.

No amendments, deletions or additions to the asset register shall be made other than by the Asset Manager or by an official acting as the Asset Manager and must be authorized by the Chief Financial Officer.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Administration Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Administration Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

9. ASSET REGISTER

The Municipal Manager shall ensure that the municipality maintains a fixed asset system which shall be operated in conjunction with its computerized fixed asset register.

The identification system shall be determined by the municipal manager, acting in consultation with the Chief Financial Officer and other Senior Manager, 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.

The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.

The asset register shall reflect 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 responsible senior manager and department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of property
- the stand number, in the case of property
- where applicable, the identification number
- the measurement based used (Cost or Fair Value)
- the original useful life
- the revised useful life
- the residual value
- the original cost, or the revalued amount or the fair value if no costs are available
- the (last) revaluation date of the assets subject to revaluation
- the revalued value of such 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)
- method of calculating recoverable amount (when impairment test are required in terms of GRAP)
- increases or the decreases resulting from revaluations (if applicable)
- the source of financing
- condition of the asset
- the current insurance arrangements
- whether the asset is required to perform basic municipal services
- whether the asset has been used to secure any debt, and – if so – the nature and duration of such
- security arrangements
- 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 heads of department under whose control any asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

An asset shall be capitalised, that is, recorded in the asset register, 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 capitalised as a fixed asset. An asset shall remain in the asset register for as long as it is in physical existence.

The Asset Manager must ensure that reconciliations are performed on a monthly basis between the general ledger values and the asset values and to be submitted to the Chief Financial Officer.

The Chief Financial Officer must check and authorize the reconciliations as correct.

Depreciation methods and rates used must be approved by the Chief Financial Officer and included in the approved accounting policy.

The Asset Manager should allocate depreciation rates and methods to each asset class, and ensure that depreciation calculations are correctly applied and posted in the general ledger.

10. CLASSIFICATION OF ASSETS

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:

10.1 Property, Plant and Equipment (PPE)

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).
- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Computer equipment;
- Office equipment;
- Furniture and fittings;
- Radio Equipment;
- Plant and machinery;
- Motor Vehicles; and
- Emergency Equipment.

10.2 Investment Property

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.

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 valuer shall be engaged by the municipality to undertake such valuations.

If the council of the municipality 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.

10.3 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.

10.4 Agricultural Assets

Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position,

10.5 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 property, plant and equipment or investment property in the Municipality's statement of position.

Such inventories shall, however, be recorded in the asset register in the same manner as other fixed assets, but a separate section of the asset register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Appendix A on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Appendix A shall use the classification applicable to the asset most closely comparable in the Appendix A.

11. CAPITALISATION CRITERIA

11.1 PPE and Intangible Assets

All assets may only be acquired in terms of Council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of Council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensure that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of Council's Supply Chain Management policy should be obtained and where required submitted to Council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Supply Chain Management Unit;
- Once delivered the asset must be labeled / bar-coded by the Supply Chain Management Unit before such asset is put into use;
- The senior manager should endorse receipt of the asset on the invoice and forward it for payment to the Supply Chain Management Unit; and
- The Revenue and Expenditure Unit would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the Council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the asset register.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the Municipality.

11.2 Investment Property

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the Council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

After initial recognition investment property will be measured at fair value. A gain or loss arising from a change in fair value shall be recognized as a profit or loss in the Statement of Financial Performance in the period in which it arises. The fair value of investment property shall reflect market conditions at reporting date.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- (a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

When an investment property is transferred to inventory or owner-occupied property, the property's deemed cost is the fair value of the property at the date of the change in use.

For a transfer from inventories to investment property, that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the Statement of Financial Performance.

11.3 Reinstatement, Maintenance and Other Expenses

Only expenses incurred in the enhancement of an 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 an asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of an 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 capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of an asset, may be capitalised as part of such asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, instalation, assembly and communication costs.

11.4 Intangible Assets

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

11.5 Heritage Assets

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer 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 asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

11.6 Donated Assets

Where an asset is donated to the Municipality, or an 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 asset register at its fair value, as determined by the Chief Financial Officer.

12. DEPRECIATION

12.1 Depreciation of PPE

All PPE, 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 PPE 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 an annual basis against the appropriate line item in the department or vote in which the item of PPE is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE is acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated annually.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE 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 amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

12.2 Rate of Depreciation and Amortisation

The Chief Financial Officer shall assign a useful operating life to each depreciable item of PPE recorded on the Municipality's asset register. In determining such a useful life the Chief Financial Officer shall use to the useful lives set out in the Appendix A to this document as a guideline.

In the case of an item of PPE which is not listed in this Appendix A, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the Head of Department who shall control or use the item in question, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

12.3 Method of Depreciation

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible on a systematic basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

13. AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF PPE

Only the Chief Financial Officer may amend the useful operating life assigned to any PPE, and when any material amendment occurs the Chief Financial Officer shall inform the Council of such amendment.

The Chief Financial Officer shall amend the useful operating life assigned to any item of PPE if it becomes known that such item 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 item's economic benefits or service potential will be consumed.

If the value of an item of PPE or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE 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 item has physically ceased to exist, it shall be written off in the asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

14. IMPAIRMENT OF ASSETS

The accounting treatment relating to impairment losses is outlined in IAS37.

The carrying amount of an item or a group of identical items of PPE and intangible assets should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to the recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification works is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of the recoverable amount.

The following may be indicators that an asset is impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.

- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
 - Are in a state of damage at year end.
 - Are technologically obsolete at year end.
 - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
 - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset as defined above.
- The impairment loss per asset is the difference between the net selling price and the carrying value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.

15. REVALUATION OF ITEMS OF PPE

All land and buildings recorded in the municipality's fixed asset register shall be revalued every four years. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

Land and buildings are stated at revaluated amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses on the buildings.

The Chief Financial Officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the items as recorded in the valuation roll, provided the Chief Financial Officer is satisfied that such value reflects the fair value of the land and buildings concerned.

The Chief Financial Officer shall also, where applicable, create a revaluation reserve for each such item equal to the difference between the value as recorded in the valuation roll and the carrying value of the item before the adjustment in question.

The buildings concerned shall thereafter be depreciated on the basis of its revalued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the buildings in question.

The Chief Financial Officer shall ensure that an amount equal to the difference between the new (enhanced) annual depreciation expense and the depreciation expenses determined in respect of such buildings before the revaluation in question is transferred each year from the revaluation reserve to the Municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.

If the amount recorded by the valuer is less than the carrying value of the item of land or buildings recorded in the asset register, the Chief Financial Officer shall adjust the carrying value of such item by increasing the accumulated depreciation of the item in question by an amount sufficient to adjust the carrying value to the value as recorded by the valuer. such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such item, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the item of land or building in question

Revalued land and buildings shall be carried in the asset register, and recorded in the annual financial statements, at their revalued amount, less accumulated depreciation (in the case of buildings).

16. ACQUISITION OF ASSETS

16.1 Pre-acquisition Planning

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

16.2 Approval to Acquire Assets

Money can only be spent on a project if:

- The money has been appropriated in an approved capital budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.
- The Supply Chain Management Policy is adhered to.

Authorization for the acquisition of assets should be as per this Municipality's delegation of authority and payment for assets shall be in accordance with financial policies and regulations of this Municipality.

16.3 Funding of Capital Projects

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the Municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

17. PURCHASE OR HIRE OF IMMOVABLE PROPERTY

The Municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:
 - In the case of the following paragraph complies with the requirements of that paragraph; and
 - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes

- The Council will not continue with the purchase or hire of any immovable property where:
 - The price is in excess of the market value thereof as assessed by an appraiser; or
 - The rental which, when calculated per annum in the case of:
 - Immovable property hired for agricultural purposes, exceeds six percent; and
 - Immovable property hired for any other purpose, exceed twelve percent of the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the Municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

18. GUIDELINE PROCEDURES FOR ADDITIONS TO ASSETS

The Asset Manager must ensure all additions to assets are in accordance with an approved capital budget. Additions must be updated on a monthly basis in the Municipality's Asset register. All additions must be approved by the Chief Financial Officer.

19. FUNDING OF ASSETS AND RESERVES

Within the municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer will establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the integrated development plan. The acquisition of assets will not be funded over a period longer than the useful life of that asset.

Type of funding may comprise of the following:

19.1 EXTERNAL LOANS

- Long term; and
- Short term.

19.2 Government Grants/ Public Contributions and Donations

- National Government;
- Provincial Government; and
- Other stakeholders.

19.3 REVENUE

Revenue arising from the following transactions and events:

- The sale of goods;
- The rendering of services; and
- Exercising of legal powers and duties.
 - a. The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realized as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.
- The use by others of municipal assets thereby yielding interest, royalties and dividends.

19.4 Capital Replacement Reserve

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of a Council Resolution for approval thereof as part of the budget process. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized. The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

20. ALIENATION OF ASSETS

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any item of PPE shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the Council or the Municipal Manager of the Municipality, as the case may be, recommending the process of alienation to be adopted.

The Council shall delegate to the Municipal Manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (fifty thousand rand). The Council shall ensure that the alienation of any asset with a carrying value equal to or in excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004..

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the asset register. If the proceeds of the alienation are less than the carrying value recorded in the asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

Transfer of 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 Municipal Asset Transfer Regulations.

21. GUIDELINE PROCEDURES FOR THE DISPOSAL OF ASSETS

The Senior Manager must submit a motivation for the disposal of an asset under his/her control to the Chief Financial Officer.

The Chief Financial Officer must authorize, by signature the motivation and submit the motivation to the Accounting Officer for his/her approval.

Before computer equipment is disposed the Chief Financial Officer must consult the IT section.

All combined motivations must be submitted to the Asset Manager to update the asset register of the Municipality and the book of accounts regarding the sale.

The following information should be updated in the asset register:

- Reason for disposal;
- Information relating to the buyer;
- Individual requesting disposal;
- Cost, book value and proposed selling price of the asset;
- Date of sale;
- Method of payment;
- Receipt number; and
- The relevant asset information

22. OTHER WRITE-OFFS OF PPE

An item of PPE, even though fully depreciated, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the Municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

23. MANAGEMENT AND OPERATION OF ASSETS

23.1 Accountability to manage assets

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. This will include:

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

23.2 Contents of a strategic management plan

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

General Requirements

Items purchased, with an expected life span of more than one year, will be reported by the department doing the purchasing to the Asset Control Section to ensure recording in the asset register. In order to record items the Asset Control Section must be notified by the department doing the purchasing **within 14 days** of any of the following possible movements:

- Purchases;
- Donations;
- Additions/Improvements;
- Departmentally manufactured items;
- Auctions;
- Loss or damage;
- Transfers;
- Resignations; and
- Land Sales.

23.3 Reporting of Emerging Issues

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

23.4 Verification of Assets

Stock taking will ensure that all new assets are bar-coded and created on the system. Every employee will be notified within 10 days in advance of the stock taking process and time. Stock taking will ensure that all the new assets are bar-coded and created on system timely and accurately. It will be the responsibility of the Asset Control Section to organise and coordinate the stock taking process. Stock taking will take place three times a year. After the physical stock taking the following reports will be generated for the Chief Financial Officer:

- **“Assets not yet Verified”**: Assets which are created on the asset system, but not found during stock take;
- **“Assets missing from Asset System”**: Assets which are scanned during stock take, but not created on the asset system; and
- **“Assets where locations differ”**: Assets found in a different office than in which it was registered on the asset system.

Duplicate inventory lists will be produced and handed to every employee assigned to an office. The inventory lists will be verified by that specific employee and signed. One inventory list will be handed to the Asset Control Section and the other one will be attached to the back of the employees' office door. If there are any inaccuracies on the list it will immediately be rectified.

23.5 Movement of Assets

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all transfers from its original location of assets (including minor assets items) within 5 working days after transfer of such item.

23.6 Purchase of New Asset

All new assets will receive a bar code number and description before being captured to the Asset System. All documentation regarding the purchase of the asset must be received by the Asset Control Section:

- cheque number,
- copy of order,
- invoice and
- other detail.

A copy of the documentation received will then be filed suitably.

24. MAINTENANCE

24.1 Maintenance Plans

Every Head of Department 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 Municipal Manager, 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 Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, 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 item concerned.

24.2 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, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual 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 Chief Financial Officer shall re-determine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

24.3 General Maintenance of Assets

Every Head of Department shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

25. REPLACEMENT STRATEGY

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

26. TRANSFER OF ASSETS

When assets are transferred to other Government Departments or municipalities, a document with specific authorization should be tied to the asset to ensure the validity of the transfer.

The document should also include:

- Asset description;
- Cost of the asset;
- Date of acquisition;
- Unique asset number;
- Effective date of transfer;
- Quantity; and
- Authorization by both transferor and transferee.

The asset manager must then effect the transactions in the book of accounts of the Municipality on the day the asset is transferred to the transferee.

27. PHYSICAL SECURITY OF ASSETS

Every Senior Manager shall be directly responsible for the physical safekeeping of any asset controlled or used by their department.

In exercising this responsibility, every Senior Manager shall adhere to directives issued by the Chief Financial Officer with regard to the control and safekeeping of the Municipality's assets.

Every Senior Manager shall ensure that the asset identification system approved for the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

All assets should be kept in a secure location, maintained regularly, insured against theft or destruction, utilized economically and efficiently.

When it is suspected that an employee is abusing assets, this fact should be reported to the Chief Financial Officer within 48 hours. Such an employee should be subject to the disciplinary procedures as described in terms of the Standard Conditions of Service.

All items of PPE lost, stolen or damaged must be reported to the Chief Financial Officer within 48 hours after discovery for further investigation and reporting required by the Municipal Finance Management Act No. 56 of 2003.

At the resignation of an employee the applicable Senior Manager or his/her duly delegated representative must complete the relevant asset form and forward it to the Human Resources Department. This form is a statement that the asset items entrusted to the employee to execute his/her daily duties are in good order and handed in where necessary.

28. INSURANCE OF ASSETS

The Accounting Officer must ensure that all movable assets are insured at least against fire and theft, and municipal buildings and infrastructure are insured at least against fire and allied perils.

The Accounting Officer shall recommend, after consultation with the Chief Financial Officer, the basis of insurance cover to be applied: either the carrying value or the replacement value of the assets. Such a recommendation shall take due cognizance of the budgetary resources of the Municipality.

Any theft, loss or damage to an asset should immediately be reported to Council's insurance brokers by the relevant head of department under whose responsibility the asset falls. Each such case must be reported for investigation to the Health and Safety Committee and the outcome be reported to the Municipal Manager to institute disciplinary steps and / or recovery. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer. All insurance claims must be recorded in an insurance register and all outstanding insurance claims reported on a monthly basis to the Chief Financial Officer. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to Council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Mayor may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

If the Municipality operates a self-insurance reserve, the Chief Financial Officer shall annually determine the premiums payable by the departments or votes after having received a list of the assets and insurable values of all relevant assets from the heads of departments concerned.

The municipal manager shall recommend to the Council of the Municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognizance of the budgetary resources of the Municipality.

The Chief Financial Officer shall annually submit a report to the Council of the Municipality on any reinsurance cover which it is deemed necessary to procure for the Municipality's self-insurance reserve.

29. SHORT TITLE

This policy shall be called the Asset Management Policy of the **Ga-Segonyana Municipality**.

APPENDIX A

SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

	<u>ASSET LIFE</u>		<u>ASSET LIFE</u>
INFRASTRUCTURE ASSETS			
ELECTRICITY:			
Power stations	30	GAS:	
Cooling towers	30	Meters	20
Transformer kiosks	30	Main supply	20
Meters	20	Storage tanks	20
		Supply and reticulation networks	20
Load control equipment	20		
Switchgear	20	SEWERAGE:	
Supply and reticulation networks	20	Sewer mains	20
Main supply	20	Outflow sewers	20
		Sewerage purification works	20
ROADS:		Sewerage pumps	15
Motorways	15	Sludge machines	15
Other roads	10		
Traffic islands	10	PEDESTRAIN MALLS:	
Traffic lights	20	Footways	20
Street lights	25	Kerbing	20
Overhead bridges	30	Paving	20
Stormwater drains	20		
Bridges, subways and culverts	30	AIRPORTS:	20
Car parks	20	Taxiways	20
Bus terminals	20	Runways	20
		Aprons	20
		Airport and radio beacons	20
WATER		SECURITY	
Meters	15	Fencing	3
Mains	20	Security systems	5
Rights	20	Access control systems	5
Supply and reticulation networks	20		
Reservoirs and storage tanks	20		
COMMUNITY ASSETS		COMMUNITY ASSETS	
RECREATIONAL FACILITIES		BUILDINGS	
Bowling greens	20	Ambulance stations	100
Tennis courts	20	Aquariums	100
Swimming pools	20	Beach developments	100
Golf courses	20	Care centres	100
Jukskei pitches	20	Cemeteries	100
Outdoor sport facilities	20	Civic theatres and community centres	100
Organ	20	Clinics and hospitals	100
Lakes and dams	20	Game reserves and rest camps	100
Fountains	20	Stadiums and indoor sports	100

Flood lights	20	Museums and galleries	100
		Parks and public conveniences	100
		Recreational centres and zoo	100

SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

OTHER ASSETS

BUILDINGS

Abattoirs	100
Asphalt plant	100
Cable stations	100
Caravan Parks	100
Bioscope	100
Compacting stations	100
Hostels for public / tourists	100
Hostels for employees	100
Housing schemes	100
Kilns	100
Laboratories	100
Markets	100
Nurseries	100
Office buildings	100
Old age homes	100
Quarries	100
Tip sites	100
Training centres	100
Transport facilities	100
Workshops and depots	100

OFFICE EQUIPMENT

Computer hardware	5
Computer software	3-5
Office machines	3-5
Air conditioners	5-7

FURNITURE AND FITTINGS

Chairs	7-10
Tables and desks	7-10
Cabinets and cupboards	7-10
Sundry	7-10

BINS AND CONTAINERS

Household refuse bins	5
Bulk refuse containers	10

OTHER ASSETS

EMERGENCY EQUIPMENT

Other fire fighting equipment	15
Ambulances	5-10
Fire hoses	5
Emergency lights	5

MOTOR VEHICLES

Fire engines	20
Buses	15
Motor vehicles	5-7
Motorcycles	3
Trucks and light delivery vehicles	5-7

AIRCRAFT

	15
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WATERCRAFT

	15
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PLANT AND EQUIPMENT

Graders	10-15
Tractors	10-15
Mechanical horses	10-15
Farm equipment	5
Lawn mowers	2
Compressors	5
Laboratory equipment	5
Radio equipment	5
Firearms	5
Telecommunication equipment	5
General	5
Cable cars	15
Irrigation systems	15
Cremators	15
Lathes	15
Machining equipment	15
Conveyors	15
Feeders	15
Tippers	15
Pulverising mills	15

**GA-SEGONYANYA
LOCAL MUNICIPALITY**



**REVIEWED
SUPPLY CHAIN MANAGEMENT POLICY**

REVIEWED SUPPLY CHAIN MANAGEMENT POLICY

Instructions:

Policy for adoption by municipalities in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, and the Municipal Supply Chain Management Regulations.

Instructions:

Review this policy to ensure it meets the needs and requirements of the municipality amend where required.

2. Insert the name of municipality and other variable information where required throughout the policy.
3. The accounting officer is responsible for implementing the policy and must ensure it is promptly prepared and submitted to council (regulation 3).
4. If the accounting officer submits a draft policy to the council that differs from this policy, the accounting officer must ensure that such draft policy complies with the regulations. The accounting officer must report any deviation from this policy to the National Treasury and the relevant provincial treasury (regulation 3).
5. The accounting officer must at least annually review the policy and where necessary submit proposals for amendment to the council.

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 Date of adoption: *September 2007 council meeting*

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 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, in relation to a municipal entity, means the official referred to in section 93, and includes a person acting as the accounting officer.

“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.

“accredited” means goods / services that are officially recognized, are generally accepted or having a guaranteed quality.

“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;

“competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

“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 and the AO to approve.

“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 **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 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/eg. 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 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);

"Sole Provider"-means a provider of specialized or exclusive goods/services who has a sole distribution / patent /manufacturing rights and copy rights.

"Transversal contract" means a contract arranged for more then one dept/mun 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;

"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.

“accredited” means goods / services that are officially recognized, are generally accepted or having a guaranteed quality.

"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) The municipal entity must, in addition to complying with subparagraph (1), apply this Policy, to the extent determined by the parent municipality, in a way that and that is consistent with the supply chain management policy of the municipality.
- (3) 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; or
 - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that *Act*.
- (4) 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.

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 sub delegate any supply chain management powers or duties to a person who is not an official of the 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 Act 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 R 10 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 comprises of:
 - Chief Financial Officer
 - Head Infrastructure
 - Head Social Development
 - Head Institutional Development

(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 comprises of:
 - Chief Financial Officer
 - Head Infrastructure
 - Head Social Development
 - Head Institutional Development

(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 to the council of the municipality.

 - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council, who must then submit the report to the accounting officer of the municipality for submission 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.

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management systems

- 9 This Policy provides systems for -
- (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) 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 vote 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.

(I) 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, a 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 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 (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 [all taxes included];
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R 10 000[all taxes included]; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 [all taxes included].
- (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;
 - (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 authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) 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
 - (d) 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.

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) council determine the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;

(b) council determine the maximum number of petty cash purchases or

the

maximum amounts per month for each manager;

(c) council determine any types of expenditure from petty cash purchases that are excluded, where this is considered necessary; and

(d) a monthly reconciliation report from each manager must be provided to the chief financial 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 conditions for the procurement of goods or services through written or verbal quotations are as follows:

(a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

(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 must be approved on a rotation basis.

[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;

(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:

- (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 and, vehicle repairs, the municipality will then 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.

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 ;
 - (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;
 - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (d) the accounting officer 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, eg. 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

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 contribution 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.

Note: Quotations can only be invited not exceeding R 200 000.

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 or more of the acceptable bid[s] received are within the R 1 million thresholds, 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 or 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 R 10 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) a 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 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 preferably within the municipal 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) 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 R 10 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 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.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

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 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, if practical, also each bidder's total bidding price;
- (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.
- (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 recognised 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 labelling 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.
- (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 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
- (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, 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.

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.

38. **Local Content**

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%

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, are in arrears for more than **three 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 wilfully 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.

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 to be determined by council.
- (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;
 - (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) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are to be determined by council
- (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 R 15 000 [all taxes included], 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.

Note:

It is recommended that the municipality or municipal entity adopt the 'National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management'. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity. A copy of the National Treasury code of conduct is available on the website www.treasury.gov.za/mfma located under "legislation". This code of conduct must be adopted by council or board of directors to become binding.

(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 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 council 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 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
- (b) that such compensation must be performance based.

GA-SEGONYANYA LOCAL MUNICIPALITY



REVIEWED TRAVEL AND SUBSISTENCE POLICY

1. Introduction

- 1.1 The current travel and subsistence procedures have been applied and followed for the past years and have become outdated as circumstances have changed and costs have increased with inflation.
- 1.2 Officials and councilors are required from time to time to travel away from the office in order to meet other role players, attend workshops and official functions. And often these councilors and officials are required to use their own transport and need to be reimbursed for the cost incurred.
- 1.3 An updated Travel and Subsistence Policy that take the above scenario into account has become necessary.

2. Purpose of the Policy

The purpose of this policy is to:

Ensure that all travel and subsistence costs incurred by the Municipality are done as efficiently and effectively as possible.

Ensure that councilors and officials are reimbursed fairly and consistently for the cost incurred while traveling to perform municipal duties.

3. Application

This policy applies to:-

- 3.1 all councilors of Ga-Segonyana Local Municipality; and
- 3.2 all officials Ga-Segonyana Local Municipality
- 3.3 relevant stakeholders of Ga-segonyana Local Municipality

Who are travelling on official business and as such are formal representatives of GaSegonyana municipality.

4. Legal Framework

In terms of Section 66 of the MFMA No.56 of 2003 the accounting officer of the municipality must, in format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation .

The following legislation will be applied.

- Department of Finance Tariff guidelines
- SALGA's Councillors Hand Book
- Department of Cooperative Governance and Traditional Affairs No R. 12225 – Remuneration of Public Office bearers (Act No. 20. of 1998)

5. Definitions and Abbreviations

- **HOD** – Head of Department
- **MM** – Municipal Manager
- **SARS** – South African Revenue Services
- **SALGA** – South African Local Government Association
- **BTO** – Budget and Treasury Office
- **Partner** – By partner the policy refers to somebody who is married in terms of civil or Traditional Marriage.

6. Subsistence and travel allowance

6.1 Privately Owned Vehicle and Subsistence allowance

- 6.1.1 A subsistence allowance does not cover any personal recreation such as alcoholic beverages, private telephone calls, visits to a cinema, theatre, nightclubs or sightseeing.
- 6.1.2 For privately owned vehicle claimant shall be paid at the current SARS tariffs per kilometer to be implemented from 1 July of each financial year.
- 6.1.3 Officials and full time councilors receiving a car allowance are not allowed to claim kilometers incurred during work within Ga-segonyana jurisdiction.
- 6.1.3 Staff members and councilors residing outside Kuruman Town, will make prior arrangements with the relevant HOD or the Municipal Manager in order to utilize the municipal car on arrival from an official trip.

- 6.1.4 In a case where a private transport was used to transport an official to and from home, the kilos can be claimed, and in a case where a vehicle scheme transport was used, the kilos can be included in the log book. (Prior arrangements will be done with the relevant Head of Department or the Municipal Manager).
- 6.1.5 The total traveling distance shall be calculated from and to the Ga-Segonyana District Municipal offices in Kuruman, clause 6.3 and 6.4 will be considered in consultation with the Head of Department and the Municipal Manager.
- 6.1.6 Councillors will only claim for kilometers travelled, part time councilors will be allowed to claim from where they reside, whereas fulltime councilors will claim from the GA-SEGONYANA LOCAL premises, except during weekends and or public holidays.
- 6.1.7 In the event there is a need for officials and councilors to travel to the same meeting they should at least travel in a pair of two per vehicle.
- 6.1.8 Whenever two people travel in one car, an indemnity form designed for this purpose should be signed by all parties. The form should specify the names of the people, the fact that the employer will take the risks and the details of the meetings they will attend.
- 6.1.9 Should an accident happen while two people were travelling in one car, the case will be handled as an injury on duty, and all claims and procedures on the Compensation and injuries and diseases act no 130 of 1993 will be followed.

6.2 Public Transport

- 6.2.1 For public transport proof of payment must be furnished.

6.3 Accommodation and Subsistence Allowance

- 6.3.1 Overnight accommodation shall only be allowed in cases where the traveling time from Ga-Segonyana Municipal Offices to the venue is more than two hours after the official starting time (07:30) of the Municipality.
- 6.3.2 Overnight accommodation shall also be allowed in cases where traveling from the venue to Ga-Segonyana Municipal Office is after 18:00, and 16:00 in cities where traffic congestion is a challenge.
- 6.3.3 The following two options are available in cases where an overnight accommodation is required:
- 6.3.4 The actual cost of accommodation will be borne by the Municipality, subject to a maximum of **R800.00 per night (and R1200.00 for Mayor, Speaker and MM)**

(including tourism levy) for the accommodation itself in respect of domestic travel. Where such accommodation is available, the applicable rate will be paid in advance by the Municipality. For cities where accommodation is more expensive, an amount of **R1200.00 and (R1 500 for Mayor, Speaker and Municipal Manager)** will be paid.

6.3.5 **Subsistence allowance will be paid in terms of the prescribed SARS tariffs, as determined from time to time.**

6.3.6 If a Municipality representative stays with a relative or friend, no accommodation allowance may be claimed, but the representative may claim a subsistence allowance of **R500** per day.

6.3.7 Where it is not necessary to overnight, no accommodation cost will be paid, and a subsistence allowance will be paid if a councilor or official was away for four hours and more on an official visit. The daily subsistence tariffs will be determined by SARS, from time to time.

6.3.8 Should a need arise for an official/Councillor in the municipality to visit a particular Department, a stakeholder, a municipality outside the Ga-Segonyana local municipality, or to perform duties outside as according to his weekly/monthly plan, a letter of motivation and or a weekly plan will be submitted to a supervisor. If a motivation letter or a weekly plan approved, the same documents will be used as proof for the purpose of claims and accommodation by the BTO.

6.4 Travel allowances for persons invited for interviews

6.4.1 No subsistence cost will be paid to a candidate invited for an interview, the tariffs of **Department of Transport will be used** if the candidate has to travel more than 50 km to attend the interview.

6.5 Incidental Expenses

The following expenses incurred must be paid for by the claimant and reclaimed back from the Municipality:

6.6.1 Toll fees

6.6.2 Parking fees

6.6 Traveling to Foreign Countries

6.6.1 The cost of accommodation for international travel may not exceed **US \$ 400 per day.**

6.6.2 If a councilor or official is travelling to a country where a currency is lessor or equal to the rand, the claim will be paid according to the rand, as per the 6.4.5 in the S&T policy.

6.6.3 If a councilor or official is travelling to a country with a currency that is more than the rand, the claim will be paid in terms of the US dollar.

6.6.4 If a councilor or official is travelling to a country with a currency that is more than the US dollar, the claim will be paid in terms of the currency of that country.

7. Capacity Building and Workshops arranged by Municipality

7.1 All officials and Councilors traveling for capacity building or workshop purposes are entitled to accommodation and daily expenses in paragraph 6.4 and 6.7 respectively.

8. Traveling by flight

When traveling alone, councilors and staff members will be allowed to use the services of a flight, subject to the availability of funds.

8.1 If more than one person is traveling, a private car or a municipal car will be used.

8.2 Only the economy class can be used for both the local and international flights.

8.3 For international flights, payment will be done subject to a council resolution.

8.4 Prior arrangements to obtain a rental car will be made.

9. Councilors Traveling Allowance

The traveling allowance to Councilors shall be as follows:

9.1 A fixed allowance based on a percentage of the salary of the full-time Councilors concerned as determined in terms of the regulations, which percentage may not exceed 25%; or

9.2 An allowance in respect of kilometers traveled during the performance of official functions on behalf of the Municipality not exceeding the applicable tariffs prescribed by the Department of Transport of the use of privately owned vehicle.

9.3 In addition the other allowances referred to in subparagraph (9.1 and 9.2) a further allowance regarding kilometers traveled in respect of the performance of official functions on behalf of the Municipality outside the jurisdiction of the District not exceeding the applicable tariffs prescribed by the Department of Transport for use private vehicles.

9.4 A Councilor must elect one of the options in subparagraph 9.1 or 9.2 at the beginning of each financial year of the Municipality: Provided that a Councilor, other than a full time Mayor of full-time Mayor where applicable, may not receive any allowance provided for in subparagraph 9.1 and 9.2 where the Municipal Council makes a vehicle available to that Councilor.

9.5 In addition to the allowance provided for in this paragraph, a Councilor may utilize a Council owned vehicle when performing a ceremonial function as determined by the Municipal Council.

10 Repayment of claims

The claimant shall be required to pay back the money under the following circumstances:

- 10.1 Should the meeting or trip be cancelled the Budget and Treasury Office must be informed immediately.
- 10.2 If the meeting is cancelled before the trip is undertaken and claims were already done the, claimed money must be paid back in full to the Budget and Treasury Office.
- 10.3 Should an official or a councilor insist on travelling even though s/he was aware of the cancellation, the money will be recovered from her/him by the BTO.
- 10.4 All suspicions of fraudulent claims and wasteful expenses related to this policy must be investigated and appropriate sanctions be carried out.

12. Claims for Traditional leaders.

- 12.1 Traditional leaders who are sitting in the Ga-segonyana Local Municipality Council will only claim for council meetings attended.

13 Claims Procedures

The following procedures are to be followed in all the travel and subsistence claims:

- 13.1 The official travel and subsistence claim form of the municipality to be completed by the claimant.
- 13.2 The necessary supporting documentation must be attached to the claim form.
- 13.3 The claim form must be **co signed** by the Speaker in the case of Councilors, and the Municipal Manager/the relevant HOD. The Municipal Manager/his/her delegate will sign official's claims.
- 13.4 All travel and subsistence form to be finally approved by the Municipal Manager/Acting Municipal Manager./Head of Department or **Assistant Managers.**
- 13.5 **The Municipal Managers claim forms will be signed by the section 57 manager and be co signed by the Mayor.**
- 13.6 The completed and approved claim forms must then be submitted to the Budget and Treasury Office for processing.

- 13.7 The travel and subsistence claim forms shall be processed as follows by the Budget and Treasury Office.
- 13.8 All claims for payment must reach the Budget and Treasury Office before 13:00 of the day preceding the claim payment day or else the payment shall be delayed to the next claim payment day.
- 13.9 All payment (as much as possible) shall be done electronically into individual account.
- 13.10 It is the sole duty of individual claimant to ensure that the completed claim form reaches the Budget and Treasury office timeously.

14 Delegated Powers

The following powers are delegated in terms of this policy:

- 14.1 All the travel and subsistence claims forms to be finally approved by the Municipal Manager, Acting Municipal Manager, HOD or Senior Managers.
- 14.2 All the travel and subsistence claim forms of Councilors to be approved by the Speaker
- 14.3 All the travel and subsistence claim forms of officials to be approved by their respective HOD or Assistant HOD.
- 14.4 **In the absence of an HOD the Assistant manager will have signing powers. A manager from other Department may not sign for another Department.**

15 Status of the Policy

- 15.1 This policy shall be effective **after approval by council.**
- 15.2 All applicable legislation, bargaining council agreement and Salga guidelines override this policy.
- 15.3 It is the responsibility of the Municipal Manager to bring the conflict between this policy and applicable legislation to the attention of the council and propose changes to eliminate such conflict.

16. Review of the Policy

This policy will be reviewed as and when required.

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FUNDING AND RESERVES POLICY

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1. INTRODUCTION AND OBJECTIVE

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

2. SECTION A: FUNDING POLICY

2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – funded i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care, under the prevailing circumstances, as a person of prudence, discretion and

intelligence would exercise to the management of his or her own finances with the primary objective of ensuring that the objectives of this policy are achieved.

2.3 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

2.4 CASH MANAGEMENT

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

2.5 DEBT MANAGEMENT

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

2.6 FUNDING THE OPERATING BUDGET

2.6.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;

- c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Projected revenue from property rates must include all rates to be levied, but rebates and discounts must be budgeted for as either revenue foregone or a grant, as per directive in MFMA Budget Circular 51, depending on the conditions of the exemption, rebate or reduction.

For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.

- g) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- h) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long-term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- i) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.

- j) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

It is therefore a requirement that the contribution to current provisions, as well as 20% of the prior year balance of the non current provision, is budgeted as cash surpluses until the necessary funding level is obtained.

2.7 FUNDING THE CAPITAL BUDGET

2.7.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of own contributions, grants and public contributions as well as external loans.

Own Contributions

The capital budget financed from own contributions must primarily be funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

Grants (Including Public Contributions)

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

External Loans

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

2.8 FUNDING COMPLIANCE MEASUREMENT

2.8.1 INTRODUCTION

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

A positive Cash and Cash Equivalents position throughout the year is crucial. In addition, the forecasted cash position at year-end must at least be the amount as calculated in the Reconciliation of Cash Requirements as determined by this policy and attached to this policy as Appendix "A".

2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- in addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.

2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS ("CASH COVERAGE")

This indicator shows the level of risk should the municipality experience financial stress.

2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS

It is almost certain that the operating budget, which includes depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that the users of the assets funded from grants, public contributions and revaluations must be burdened with tariff increases to provide for such depreciation charges. In order to ensure a “balanced” budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area is realistically calculated.

The formula to be used is as follows:

	DESCRIPTION	PROPERTY RATES	SERVICE CHARGES	TOTAL
A	Revenue of budget year	R XX	R XX	R XX
B	Less: Revenue of prior year	R XX	R XX	R XX
C	=Revenue increase/decrease	R XX	R XX	R XX
D	% Increase/(Decrease)	C/B %	C/B %	C/B %
E	Less: Upper limit of macro Inflation target	%	%	%
F	=Growth in excess of inflation target	%	%	%
G	Less: Expected growth %	%	%	%
H	=Increase attributed to tariff Increase above macro inflation target	%	%	%

In the event that the percentage in (h) above is greater than zero, a proper motivation must accompany the budget at submission, or the budget must be revised.

2.8.7 CASH COLLECTION % RATE

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the rate currently being obtained, even if the municipality recently approved a debt collection policy or implemented additional debt collection measures. Any improvement in collection rates during the budget year may be appropriated in an Adjustment Budget.

2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE

This indicator provides information whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance might have an influence on it. Any difference, however, must be motivated in the budget report.

2.8.9 CAPITAL PAYMENTS AS A PERCENTAGE OF CAPITAL EXPENDITURE

This indicator provides information as to the timing for payments on capital projects and utilising allowed payment terms.

2.8.10 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Borrowing Policy.

2.8.11 GRANTS REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE

The percentage should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

2.8.12 CONSUMER DEBTORS CHANGE (CURRENT AND NON - CURRENT)

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

An unacceptable high increase in either current- or non- current debtors' balances should be investigated and acted upon.

2.8.13 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL

It is of utmost importance that the municipality's Property Plant and Equipment be maintained properly, in order to ensure sustainable service delivery. The budget should

allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

As a general benchmark the maintenance budget should be between 4% and 8% of the value of assets.

2.8.14 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

2.8.15 FINANCIAL PERFORMANCE BUDGET

Although it is not a legal requirement that the financial performance budget should balance, it only makes management sense that it should balance.

A number of line-items influence the net result of the financial performance budget. It includes capital grant revenue, depreciation charges including those where assets were funded from grants and public contributions, unamortised discounts and gains/losses on the disposal of Property Plant and Equipment. These items need to be taken into consideration in order to establish if the operating budget is realistic and credible.

2.8.16 FINANCIAL POSITION BUDGET

This indicator provides an overall view of the projected financial position over the periods of the Medium Term Expenditure framework, including movements in inventory and payables.

2.8.17 CASH FLOW BUDGET

A positive cash flow is a good indicator of a balanced budget, as well as the ability of the municipality to meet its future commitments.

The cash flow budget, however, does not include those items such as contributions to the provisions described elsewhere in this policy, the effect of depreciation charges etc, and care must be taken not to let a projected positive cash inflow lead to additional expenditure requests, without taking the requirements of those items into consideration.

3. SECTION B: RESERVES POLICY

3.1 INTRODUCTION

Fund accounting historically formed a huge part of municipal finance in the IMFO standards.

Since the municipality changed to General Recognised Accounting Practices (GRAP), fund accounting is no more allowed.

The municipality, however, recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

3.2 LEGAL REQUIREMENTS

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

3.3 TYPES OF RESERVES

Reserves can be classified into two main categories being "cash funded reserves" and "non – cash funded reserves".

3.3.1 CASH FUNDED RESERVES

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

(a) Capital Replacement Reserve (CRR)

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance– or other operating expenditure.

The CRR must be cash–backed and the Accounting Officer is hereby delegated to determine the contribution to the CRR during the compilation of the annual financial statements.

(b) **Employee benefits reserve**

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(c) **Non-current provisions reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non – current provisions.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(d) **Valuation reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation and the Accounting Officer is hereby delegated to determine this amount annually during the compilation of the annual financial statements.

(e) **Other statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

3.3.2 NON – CASH FUNDED RESERVES

It might be necessary to create non – cash funded reserves for a variety of reasons, including GRAP requirements. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required.

The Accounting Officer is hereby delegated and may also in the discretion of the Accounting Officer, create reserves for future depreciation offsetting, in the absence of a standard similar to IAS 20.

3.4 ACCOUNTING FOR RESERVES

3.4.1 REVALUATION RESERVE

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

3.4.2 OTHER RESERVES

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

4. **SECTION C: REVIEW OF THE POLICY**

This Funding and Reserves Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

APPENDIX A

RECONCILIATION OF CASH REQUIREMENTS

Cash flow from operating activities	R XX
Add : Depreciation from own funds	R XX
Add : Contribution to current provisions	R XX
Add : 20% of prior year non – current provisions balance	R XX
Add : 5% of prior year non – current employee benefits balance	R XX
Add : Contribution to Valuation reserve	R XX
Add : Unspent conditional grants	R XX
Add : Unspent public contributions	R XX
Add : Unspent borrowings	R XX
Add : VAT due to SARS	R XX
Add : Secured investments	R XX
Add : Cash portion of Statutory Reserves	R XX
Add : Working Capital Requirements	R XX
= Minimum Cash Surplus Requirements for the year	R XX

**GA-SEGONYANYA
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BORROWING POLICY

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1. INTRODUCTION

In terms of Chapter 6 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), (The "Act") the Municipality may incur long- and short-term Borrowing, subject to certain conditions.

The Municipality sometimes need additional bridging funding for over short-term periods and to finance long-term projects (capital projects).

This Borrowing Policy provides for the Municipality to obtain short- and long-term Borrowing and set out all conditions under which the Municipality will be entitled to obtain such Borrowing.

All employees of the Municipality should adhere to this policy.

2. POLICY FRAMEWORK

This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term Borrowing, to ensure sufficient management of Borrowing. The policy includes the following:

- Objectives of the policy
- Due diligence
- Delegations
- Management and Internal Control Procedures
- Borrowing Management
- Types of Borrowing
- Securities for Borrowing
- Approval procedures
- Cost of Borrowing
- Competitive selection of bids
- Types of Borrowing and financing sources
- Commission and discounts
- Forbidden activities
- Reporting and monitoring of requirements
- Review of the policy

3. OBJECTIVES

The objectives of this policy are to ensure optimal performance with the lowest possible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.

4. DUE DILIGENCE

Each official involved in the process of Borrowing must do so with such judgments and care, under prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in managing his or her own affairs and with his or her primary goal to protect the Municipality's cash resources, the Municipality's interests with its funders, and in general the Municipality's good name.

Speculation may not be undertaken in any of the processes.

5. DELEGATIONS

The management of all cash resources of the Municipality is the responsibility of the Municipal Manager. The Municipal manager will be responsible for:

- the proper implementation of this policy;
- developing of a relevant system for delegation which will ensure administrative as well as operational effectiveness; and
- appropriate controls on balancing of the management of cash resources

The Chief Financial Officer, as designated in writing by the Municipal Manager, should advise the Municipal Manager on the exercise of powers and duties with regard to this policy, and assist the Municipal Manager in the administration of the cash resources, bank accounts and Borrowing account.

The Municipal Manager may not delegate any powers or duties in the administration of the Municipality's cash resources to any political structure or councilor and no council member is allowed to interfere or attempt to interfere in the management of the Municipality's cash resources.

Any delegation by the Municipal Manager in terms of this policy:

- Must be in writing.
- Is subject to any restrictions and conditions as the Municipal Manager shall prescribe.
- May be either to a specific individual or to the holder of a specific position in the Municipality and may not be a committee of officials.
- Can not deprive the Municipal Manager of the responsibility concerning the exercise of delegated powers or the performance of the delegated duty.

The Municipal Manager may question any decision taken as a result of a delegation or sub-delegation in terms of this policy to confirm, amend or repeal, but no such amendment or repeal of an act may be done to break down any rights that would arise as a result of the decision.

For the implementation of this policy, any reference to "Municipal Manager" also means "any other person acting under a delegated power or function as exercising delegated by the Municipal Manager in terms of paragraph 5.

6. MANGEMENT AND INTERNAL CONTROL PROCEDURES

The Municipal Manager, assisted by the Chief Financial Officer must take all reasonable steps to ensure:

- That the Municipality have a managerial-, accounting- and information system to maintain all Borrowing-, accounts-, receipting-, withdrawals- and Borrowing transactions.
- That, in the case of Borrowing, amounts due been calculated on a monthly basis
- That the Municipality have a system of internal controls over bank- and Borrowing accounts, receipting-, withdrawal- and Borrowing transactions.

The Internal Audit department should advise the municipal manager and evaluate and report on compliance with the above, at least an annual basis.

7. BORROWING

7.1. Borrowing Management

The Municipal Manager is responsible for the administration of all Borrowing procedures and must take all reasonable steps to ensure that Borrowings are managed in compliance with all audit requirements and any legal requirements included as prescribed in the Law on Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 6 of the Act.

The Municipal Manager may delegate the duties, linked to investments, as per paragraph 5 of this policy.

7.2. Borrowing Ethics

All officials involved in the Borrowing management process must act with fidelity, honesty, integrity and in the best interest of the Municipality and must strive, within the sphere of influence of the officials, to prevent any impairment of the Borrowing of the Municipality and other municipalities' good name and solvency problems.

No officials involved in the Borrowing management process should use his or her position or privileges as, or confidential information obtained officials in the process for personal gain or unfair advantage to another person.

The Municipal Manager must report as soon as practicable to the Mayor as well as the National Treasury any alleged violation of the above and may also make recommendations whether the alleged offending party must be listed on the National Treasury's database of persons prohibited from doing any business with the public sector. Any such report by the Municipal Manager must complete details of the alleged violation and a written response from the alleged offending party, as proof that the alleged offending party did

receive the allegations in writing and had at least 7 (seven) working days to respond to the allegations.

Any sponsor, offered or granted to the Municipality must be immediately reported to the National Treasury.

7.3. Types of Borrowing

7.3.1. Short-term Borrowing

To ensure that the Municipality has sufficient cash to meet the objectives of local government, as contained in Article 152 of the Constitution of the Republic of South Africa (Act 108 of 1996), it is sometimes necessary to obtain short-term financing in order to finance cash shortages in a financial year to cover the bridging operation and / or temporary capital financing.

Short-term Borrowings may only be incurred if the Council is convinced that it will be refunded during the financial year and a report to the Council should indicate how and when it will be repaid, with specific reference to the conditions set in Article 45 of the Act on Local Government: Municipal Finance Management Act (Act No. 56 of 2003).

No Borrowing agreement for short-term Borrowings may be incurred for a period that expires after the end of the financial year in which they are incurred. The Municipal Manager must, as part of the budgeting, determine in time whether the Council will need short term Borrowing for the new financial year ahead and take such steps to ensure that the Council could consider a Borrowing agreement before the date on which the Council will require such financing.

By considering the cash flow of the Municipality it must be provide for emergency situations that additional cash may be needed and should be kept in mind to determine whether the Council should enter into short-term Borrowings.

Nothing prevents the Municipal Manager to, if it appears that during the financial year a cash shortage arises, obtain approval from the Council for the introduction of short-term Borrowings. However if it will not be repaid in the same financial year as a result of under-performance in terms of credit or over expenditure, the Council will not be able to approve such agreement.

The conditions set out in Chapter 6 of the Act on Local Government: Municipal Finance Management, 2003 (Act No. 56 of 2003) must at all times be complied with by the Municipal Manager.

7.3.2. Long-term Borrowing - Capital Asset

The Council has an obligation to acquire assets and to maintain it in order to ensure service delivery, however it is not always possible for the Council to finance these assets from its own cash reserves. It is for this purpose that the Council may incur long-term Borrowing.

No capital projects may be entered into before the financing sources have been considered, approved and are available. For the purposes of this, "available" means a legally enforceable document in the Municipality's possession that guarantees the funding. Short-term bridging finance for capital expenditure may be incurred in anticipation of the disbursement of the long-term Borrowing, provided that the long-term financing is "available" and the conditions for engaging in short-term Borrowings, as per 7.3.1. above, are met.

The cost of long-term assets which may be incurred include capitalized interest for a reasonable time, the cost of securities, finance costs, advertising, legal, advisory, trustee, credit ratings and other costs of finance, professional services, where it directly applicable to the project and other amounts that the Minister of Finance may approve.

The terms of repayment of any Borrowing must be calculated according to the expected useful life of the assets financed with the Borrowing.

No long-term Borrowing may be incurred if it is not compatible with the Municipality's capital budget, excluded for refinancing.

7.3.3. Long-term Borrowing – Refinancing

The Municipality is, in terms of Section 46 (5) of the Act on Local Government: Municipal Finance Management Act, 2003, allowed refinancing of long-term Borrowing with the aim to save on the cost of Borrowing. The Municipal Manager must, for this purpose, at least annually and as part of the budget process evaluate and report to the Council about the cost of existing Borrowing, or if the refinancing is a benefit to the Municipality. As part of the evaluation, the Municipal Manager should consider if a once-off payment at the end of the loan period would not be more favorable to the Municipality if the repayments are invested in an investment fund with reasonable projected return on such investment.

Refinancing may only be for long-term Borrowing which has been incurred lawfully in the past and with the further condition that the

loan period does not exceed the expected lifespan of the assets financed thereby.

7.4. Security for Borrowing

It is common practice that investors or financiers required security for granting loans. The Municipality will provide security for the inclusion of Borrowing, as set out in section 48 of the Act on Local Government: Municipal Finance Management Act, 2003, but the Council will consider each form of security, together with the Borrowing agreement.

7.5. Procedures for Borrowing approval and securities

The procedures for approval of Borrowing and Borrowing security as defined in Chapter 6 of the Act on Local Government: Municipal Finance Management Act, 2003. For completeness of this policy is shown below:

7.5.1. Short-term Borrowing

"45 (2) A Municipality may incur short-term Borrowing only if –
(a) a resolution of the municipal council, signed by the mayor, has approved the Borrowing agreement; and
(b) The accounting officer has signed the agreement or other document which creates or acknowledges the Borrowing."

7.5.2. Long-term Borrowing

"46 (2) A Municipality may incur long-term Borrowing only if –
(a) A resolution of the municipal council, signed by the mayor, has approved the Borrowing agreement; and
(b) The accounting officer has signed the agreement or other document which creates or acknowledges the Borrowing.

(3) A Municipality may incur long-term Borrowing only if the accounting office of the Municipality –

- (a) has, in accordance with section 21A of the Municipal System Act-
- (i) at least 21 days prior to the meeting of the council at which approval for the Borrowing is to be considered, made public an information statement setting out particulars of proposed Borrowing, including the amount fo the proposed security to be provided; and
 - (ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the coucil in respect of the proposed Borrowing; and

the

(b) Has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of-

- (i) The essential repayment terms, including the anticipated Borrowing repayment schedule; and
- (ii) The anticipated total cost in connection with such Borrowing over the repayment period."

7.5.3. Security

"48 (3) A council resolution authorising the provision of security in terms of subsection (2) (a) –

(a) must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and

(b) if so, must indicate the manner in which the availability of the asset or right for the provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the Municipality, deal with the asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the Municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be."

7.6. Cost of Borrowing

The Municipality must guard that the cost of long-term Borrowing do not rise to such a level that it have a remarkable negative effect on taxes or other municipal charges such as maintenance. The maximum percentage of the operating budget for the repayment of Borrowing must be calculated in the Municipality's long-term budget with thorough consideration of the needs identified in the Integrated Development Plan, the cost of new or replacement of existing infrastructure and equipment and other administrative needs.

7.7. Competitive Bidding

The Municipal Manager should adhere to the process as per Supply Chain policy when considering the biddings received. For purposes of marking in terms of costs, the expected interest Borrowing over the full term of the

proposed Borrowing agreement calculated and used as the basis for the 80/20 and 90/10 allocations.

7.8. Types of Borrowing and Financing sources

The types of Borrowing that may be incurred and the Borrowing financing of which may be incurred are as follows:

7.8.1. Types of Short-term Borrowing

- Bank overdraft
- Short Term Loans
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

7.8.2. Types of Long-term Borrowing

- Long-Term Loans
- Installment Credits
- Finance Leasing
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

7.8.3. Financing Sources

- Public
- Banks
- Development Bank of South Africa
- Infrastructure Finance Corporation
- Public Investment Commissioners
- Insurance Companies
- Municipal Pension Funds
- Other Public Pension Funds
- Bond Trusts
- Internal Funds
- Other Sources

7.9. Commission or Cost

No Commission is payable to an officer or board member, or spouse to, business partner or immediate relative of an officer or board member by an institution, investors or financiers, for any reference made by them.

Any commission, fee or other compensation paid to any person by an institution must certify to the Municipality by the institution through a certificate. Any quotation / tender to the Municipality given by an institution must be net of fees, commissions or rewards, but also need to include commission, rewards or costs, that will be paid in respect of the Borrowing.

7.10. Performance

The Municipal Manager must annually measure and report to the Council on the performance of its Borrowing in terms of the stipulated objectives of this policy.

7.11. Forbidden activities

- No Borrowing may be made otherwise than in the name of the Municipality.
- Money cannot be borrowed for the purpose of investments.
- No person, including officers and board members, may interfere or attempt to interfere in the management of fault attributed to the Municipal Manager or persons delegated by the Municipal Manager.
- No Borrowing may be made in any other currency than the Rand, and that is not linked, or is affected by any change in the value of the Rand against any foreign currency.
- No Borrowing shall be made for expenses not related to the functions and powers of the Municipality.

7.12. Reporting

The Municipal Manager must within 10 working days after the end of each quarter furnish the Mayor with a report setting out the detail of each Borrowing portfulje

The above report must be in the format provided by National Treasury for reporting and monitoring of Borrowing..

8. Review of the Policy

This Borrowing Policy is the only policy of the Municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

All proposed changes to this policy should be tabled by the Mayor as part of the annual review of policies and budget documentation.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council. Such submission must be accompanied with a full description of the reasons for the change to the policy.

**GA-SEGONYANA
LOCAL MUNICIPALITY**



**CASH MANAGEMENT AND
INVESTMENT POLICY**

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1. INTRODUCTION

In terms of Section 13(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003)"(The Act)", the municipality must establish an appropriate and effective cash management and investment policy with the implementation date being 1 July 2004. The policy must comply with any prescribed framework, which framework was issued by the Minister of Finance by means of Regulation R 308 of 1 April 2005 as gazetted in the Government Gazette No 27431 of 1 April 2005.

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.

2. SCOPE

In order to ensure sound and sustainable management of the cash resources of the municipality this policy addresses all principles and processes involved in cash management and investments and includes:

- The objectives of the policy;
- Standard of care;
- Delegation of authority;
- Management and internal control procedures;
- Cash flow budgeting;
- Receipting and banking of cash;
- Payments;
- Short and long term debt and debt restructuring;
- Investment ethics, principles and practices;
- Reporting and monitoring requirements;
- Performance standards and measurement;
- Review of the policy.

3. OBJECTIVES

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability and appropriate lines of responsibility in the process.

4. STANDARD OF CARE

Each functionary in the cash management and investment process must do so with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of his or her own affairs and with his or her primary regard being to the probable safety of his or her own capital, in the second instance to his or her liquidity needs and lastly to the probable income derived.

Speculation may not be undertaken in any of the processes.

5. DELEGATION OF AUTHORITY

The management of all the cash resources of the municipality is the responsibility of the Municipal Manager who must, for the proper application of this policy, develop an appropriate system of delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the management of the cash resources.

The Chief Financial Officer, as designated in writing by the Municipal Manager, must advise the Municipal Manager on the exercise of the powers and duties with regards to this policy and must assist the Municipal Manager in the administration of the cash resources, the bank accounts and the investment accounts. The Chief Financial Officer may not sub – delegate the duty to assist the Municipal Manager in the administration of the municipality's bank and investment accounts.

The delegation to withdraw money from the municipality's bank or investment accounts may only be given to the Chief Financial Officer or any other senior financial officer as determined, in writing, by the Municipal Manager and of which a copy, signed by the Municipal Manager, must be kept with the official set of delegations of the municipality.

The Municipal Manager may not delegate any power or duty in the administration of the municipality's cash resources to a political structure or councilor and no councilor is allowed to interfere or attempts to interfere in the management of the municipality's cash resources.

Any delegation by the Municipal Manager in terms of this policy:

- Must be in writing
- Is subject to any limitations and conditions as the Municipal Manager may impose
- May either be to a specific individual or to the holder of a specific post in the municipality and may not be to a committee of officials
- Does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.

The Municipal Manager may confirm, vary or revoke any decisions taken in consequence of a delegation or sub – delegation in terms of this policy, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

For the application of this policy any referral to "Municipal Manager" also means "Any other person acting under a delegated power or performs a function delegated by the Municipal Manager" in terms of paragraph 5.

6. MANAGEMENT AND INTERNAL CONTROL PROCEDURES

The Municipal Manager, assisted by the Chief Financial Officer, must take all reasonable steps to ensure:

- That the municipality has and maintains a management, accounting and information system that accounts for all bank and investment accounts, receipting, withdrawals, cash management and investment transactions
- That, in the case of investments, such investments are valued in accordance with standards of generally recognised accounting practices
- That, in the case of investments, revenue due is calculated on a monthly basis
- That the municipality has and maintains a system of internal control over its bank and investment accounts, receipting, withdrawals, cash management and investment transactions

The Internal Audit unit must advise the Municipal Manager and evaluate and report on compliance with the above, at least on an annual basis.

7. CASH MANAGEMENT

7.1. BANK ACCOUNT ADMINISTRATION

The Municipal Manager is responsible for the administration of the municipality's bank accounts including the opening of the bank accounts, the designation of the primary bank account and all banking and withdrawal procedures. The bank account may only be managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 3 of the Act as well as section 64 of the Act.

The Municipal Manager may delegate the duties of the administration of the bank accounts as per paragraph 5 of this policy.

7.2. RECEIPTING MANAGEMENT

The Municipal Manager is responsible for the administration of all receipting procedures and must take all reasonable steps to ensure receipting is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 64 of the Act.

The Municipal Manager may delegate the duties of receipting as per paragraph 5 of this policy.

7.3. EXPENDITURE MANAGEMENT

The Municipal Manager is responsible for the administration of all expenditure procedures and must take all reasonable steps to ensure expenditure is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 65 of the Act.

The Municipal Manager may delegate the duties of expenditure as per paragraph 5 of this policy.

7.4. WITHDRAWALS

The Municipal Manager is responsible for the administration of all withdrawals procedures and must take all reasonable steps to ensure withdrawals are being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 11 of the Act.

The Municipal Manager may delegate the duties of withdrawals as per paragraph 5 of this policy.

7.5. DEBT

In order to ensure adequate cash – flow the municipality may incur short-term debt for operational or capital expenditure – or long term debt for only capital expenditure, provided that the Council approves all debt agreements, the Mayor must sign the resolutions approving the debt agreements and the Municipal Manager signed the debt agreements.

The municipality is, in terms of Section 46(5) of the Local Government: Municipal Finance Management Act, 2003, allowed refinancing its long – term debt for the purpose of saving on the cost of debt. The Municipal Manager must, for this purpose, at least annually and as part of the budget process evaluate and report to the Council on the cost of existing debt and whether re-financing such debt will be beneficial to the municipality. As part of the evaluation the Municipal Manager must determine the types of repayments and whether bullet payments at the end of the debt period and the reasonably determined nett cost thereof will not be more beneficial to the Council if the repayments are invested in sinking funds and the reasonable projected yield on the investments are being brought into account.

The Municipal Manager is responsible for the administration of all debt procedures and must take all reasonable steps to ensure debt is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 6 of the Act.

The Municipal Manager may delegate the duties of debt management as per paragraph 5 of this policy.

7.6. CASH FLOW BUDGET

In order to ensure that the municipality has sufficient cash available to comply with the municipality's commitments to its lenders, creditors, statutory payments and any other commitments, it is necessary to annually compile and submit to Council, as part of the budget documentation, a cash-flow projection for the budget year by revenue-source, broken down per month.

7.7. WORKING CAPITAL MANAGEMENT

The Municipal Manager must take all reasonable steps to ensure that the municipality obtains maximum performance on its assets and for this purpose the working capital of the municipality must as far as possible be managed to the maximum benefit of the municipality.

An acceptable level for the Working Capital Reserve is 2:1 or better and the Municipal Manager must take all reasonable steps to ensure that the level is being maintained. In calculating the level, outstanding debtors for a period longer than 90 days as well as any unutilised conditional grants and allocations must be deducted from the current assets and liabilities and inventories must be brought into account at the lower of cost and nett realisable value. The exercise to provide for a sufficient level of working capital must be done as part of the budget process in order to budget accordingly.

In order to achieve the objectives of Working Capital Management inventory levels for own use must be kept as low as possible, creditors must be paid within 30 days of date of receipt of invoice or statement, whichever is the latest or applicable but as late as possible but with due regards to possible discounts on offer and all steps, consistent with the Council's Credit Control and Debt Collection Policy, must be taken to recover moneys due to the municipality.

The Municipal Manager must, as part of the monthly reporting to the Mayor within 10 working days of the end of each month, report on:

- The combined nett balance of the bank and investment accounts of the municipality excluding any balances of unutilised conditional grants, trust moneys kept in accordance with trust deeds, Sinking Fund Investments made in accordance with any loan- or other agreements with investors/lenders, other conditional funds for which moneys were received in accordance with Section 12 of the Act, Debt Guarantee Reserve Funds and other cash- backed funds for which spending authority must be obtained from other persons or spheres of government.
- Whether the above nett balance is sufficient to make a payment of at least 2% of the operating budget of the municipality.
- Whether all commitments and accounts had and can be paid on time from the nett balance above and nett realisable accounts receivable.

- Whether there is a nett outflow of cash not in accordance with the cash-flow budget.
- Whether all of the above might cause a financial problem on which the Mayor must act in accordance with the provisions of the Act.

The Mayor must, within 30 days of the end of each quarter, report to the municipal council on the above, and, in the case of identifying a financial problem, promptly inform the council and act in accordance with the provisions of the Act.

The Municipal Manager may delegate the duties of working capital management as per paragraph 5 of this policy.

8. INVESTMENTS

8.1. INVESTMENT MANAGEMENT

The Municipal Manager is responsible for the administration of all investment procedures and must take all reasonable steps to ensure investments are being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 13 of the Act.

The Municipal Manager may delegate the duties of investments as per paragraph 5 of this policy.

In order to ensure that the Municipal Manager or any person delegated in terms of paragraph 5 complies with this policy in terms of investments and to capacitate the municipality further, the Municipal Manager may contract an Investment Manager who is a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act (Act No. 55 of 1989) and Stock Exchanges Control Act (Act No. 1 of 1985). The Investment Manager must advise the Municipal Manager or delegated officials on investments and may manage investments on the municipality's behalf, subject to any conditions and controls the Municipal Manager may determine.

8.2. INVESTMENT ETHICS

All functionaries in the investment management process must act with fidelity, honesty, integrity and in the best interest of the municipality and must seek, within the spheres of influence of the functionaries, to prevent any prejudice to the investments of the municipality.

No functionaries in the investment management process may use their position or privileges of, or confidential information obtained as, functionary in the process for personal gain or to improperly benefit another person.

No person contracted by the municipality for the purpose of investments or no person submitting quotes, bids or any other means of competitive submissions may, either directly or through a representative or intermediary promise, offer or grant any reward, gift, sponsorships, loan, bursary, favour or hospitality to –

- Any official, spouse or close family member of such official or spouse;
- Any councilor, spouse or close family member of such councilor or spouse.

The Municipal Manager must promptly report to the Mayor and National Treasury's any alleged contravention of the above and may make recommendations as to whether the alleged offending party should be listed on the National Treasury database of persons prohibited from doing business with the public sector. Any such report by the Municipal Manager must give full details of the alleged breach and a written response from the alleged offending party, as well as proof that the alleged offending party received the allegations in writing and were given at least 7 (seven) working days to respond, in writing, to the allegations.

Any sponsorship promised, offered or granted to the municipality must promptly be disclosed to the National Treasury.

8.3. INVESTMENT OBJECTIVES

8.3.1. SECURITY

The first and foremost objective for investments is the preservation and safety of the principal amount invested. It is a requirement of this municipality that investments may only be made with institutions with a credit – worthy rating of A 1 and better. Any investments made must be liquidated immediately if an institution's credit – worthy rating falls below the level of A 1.

8.3.2. LIQUIDITY

The cash – flow budget must be used as an instrument in determining liquidity needs. Other factors such as the payment runs

for creditors, dates for salary and statutory payments and dates for debt repayments must also be brought into account to ensure cash requirements, and resultant investment periods, are being calculated to such an extent that maximum yield on surplus cash can be obtained.

8.3.3. YIELD

It is necessary to ensure optimal yield on the municipality's investments, but a higher yield should never increase the risk of preservation and safety of the principal amount invested or not meeting cash – flow requirements. Where an institution has a sudden increase above the average market increase in investment returns, the Municipal Manager must determine whether the institution is in liquidity or financial problems, and in such an instance liquidate the investments with such an institution as soon as possible.

8.4. TYPES OF INVESTMENT ACCOUNTS

The following cash – backed investment accounts should be established:

- General surplus cash
- Asset financing reserve fund
- Accumulated leave fund
- Trust funds where a trust- deed exist
- “Allocation “ funds as described in Section 1 of the Local Government: Municipal Finance Management Act, 2003, but excludes the equitable share
- Sinking funds, if applicable
- Debt guarantee reserve fund, if applicable
- Post retirement benefits funds
- Self – insurance reserve
- Housing development funds

Where a Trust Deed prescribes how the trust money is to be invested, the prescriptions in the Trust Deed will prevail over this policy.

It is a general principle, the higher the investment the better the yield, and for this purpose the Municipal Manager should combine as much cash allocated to the above funds as possible, and invest it together. Yield should then be allocated according to the capital of the individual cash – backed funds, through the Statement of Financial Performance.

8.5. APPROVED INVESTMENTS

Investments should be structured according to the best yield available and the liquidity needs of the municipality. This can include Call Deposits, Fixed Term Deposits and Endowment Policies for the purpose of Sinking Funds only. Sinking funds must be created for the purpose of bullet – payment loans and to provide for future commitments such as building enough cash to be able to cover post – retirement benefits in full.

8.6. QUALIFIED INSTITUTIONS

It is of utmost importance that the investments only be placed with credit – worthy institutions approved by with a credit – rating of A 1 and better.

The following investments are permitted:

- Securities issued by National Government
- Listed corporate bonds with an investment grade rating from a nationally or an internationally recognised credit rating agency
- Deposits with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act 45 of 1984)
- Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984)
- Banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Guaranteed endowment policies with the intention of establishing a sinking fund
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Municipal Bonds issued by the municipality
- Any other as might be approved by the Minister of Finance

8.7. INVESTMENT DIVERSIFICATION

Without limiting the Municipal Manager to any specific amount or percentage of investments, it is hereby established that investments made by the municipality should be diversified as much as possible between different institutions, maturity dates and types, but nothing prevents the Municipal Manager from investing more cash with an institution than by another institution with due regards to the standard of care and objectives set in this policy.

The Municipal Manager may delegate the duties of investment diversification as per paragraph 5 of this policy.

8.8. COMPETITIVE SELECTION OF BIDS OR OFFERS

In establishing where investments must be made, at least 2 (two) written quotations must be obtained by the Municipal Manager from any of the institutions listed in paragraph 8.6 above. The Municipal Manager may not divulge interest rates to other institutions during the quotation process. If Investments Managers use treasury desks for the purpose of obtaining quotations, the quotations, with a written reason why a specific institution was chosen if the yield is lower than that of another institution, must be forwarded to the Municipal Manager, who must evaluate the reasons and issue such instructions as deemed necessary.

The Municipal Manager may delegate the duties of competitive selection of bids or offers as per paragraph 5 of this policy.

8.9. COMMISSIONS OR COSTS

No commission for investments made or referred is payable to an official or councilor, or spouse, business partner or close family member of an official or councilor by an institution or investment manager.

Any commissions, other rewards or costs paid to an investment manager by an institution must be declared to the municipality by the institution and Investment Manager by way of certificates. Any quotation given to the municipality by an institution or Investment Manager must be net of costs, rewards or commissions, but must also indicate the commissions, rewards or costs which will be paid in respect of the investments.

8.10. PERFORMANCE

The Municipal Manager must annually measure and report to the Council on the performance of it's:

- Investments in terms of the stipulated objectives of this policy
- Investment Managers in terms of the stipulated objectives of this policy

The measurement must be done by way of taking into consideration the performance of surrounding municipalities on its investments.

8.11. FORBIDDEN ACTIVITIES

- No investments may be made other than in the name of the municipality
- Money may not be borrowed for the purpose of investments
- No person, including officials and councilors, may interfere or attempts to interfere in the management of investments entrusted to the Municipal Manager or persons delegated by the Municipal Manager including with the Investment Managers.
- No investments may be made other than be denominated in Rand and which is not indexed to, or affected by, any fluctuations in the value of the Rand against any foreign currency.

8.12. REPORTING

The Municipal Manager must, in addition to the reporting in paragraph 7.7 above, within 10 working days of the end of each month submit to the Mayor a report describing in detail the investment portfolio of the municipality as at the end of the month.

The report referred to above must contain at least a statement, prepared in compliance with generally accepted municipal accounting principles, as amended from time to time, that gives the

- Beginning market value of each investment for the month
- Additions and changes to the investment portfolio for the month
- Ending market value of each investment for the month
- Fully accrued interest/yield for the month including interest/yield capitalised or paid out

The Municipal Manager, in making investments, must remind the relevant institutions of the institutions' legal reporting responsibilities in terms of Section 13 (3) and 13 (4) of the Local Government: Municipal Finance Management Act, 2003 and must get a certificate from the institutions that the institutions will comply with the Act. A single certificate per institution for any current and future investments may be obtained and must be kept on the municipality's investment file.

The Municipal Manager may delegate the duties of reporting as per paragraph 5 of this policy.

9. REVIEW OF THE POLICY

This Cash Management and Investment Policy is the sole policy governing cash management and investments in the municipality. Any reviews to this policy must be approved by the Municipal Council.

The Mayor must submit any proposed changes to this policy to the Council as part of the annual review of policies submitted with the budget documentation.

Whenever the Minister of Finance or the National Treasury or the Auditor-General requires changes to the policy by means of legislation or requests it should be reviewed promptly in accordance with such requirements, giving full details of the reasons for the revision.

ANNEXURE A: 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 all the 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 authorise 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 authorised 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 authorised 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 authorisation to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than

the chief financial officer to withdraw money or to authorise 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 draft 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 draft 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 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 overdraft 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.

ANNEXURE B: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

1. Payments

- 1.1 All payments shall be made through the municipality's bank account(s).
- 1.2 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.
- 1.3 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 authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 1.4 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.
- 1.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- 1.6 Cash payments/wages of non-permanent employees shall be paid out by a security firm registered with the appropriate regulatory body/s and to whom services is acquired through the Supply Chain Management of the Municipality. A proper agreement shall be entered into to regulate the services provided.

2. Revenue and Cash Collection

- 2.1 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.
- 2.2 The chief financial officer shall ensure that all revenues are properly accounted for.

- 2.3 The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated 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.
- 2.4 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.

7.2 3. Banking of Receipts

- 3.1 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.
- 3.2 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.
- 3.3 Banking of receipts shall be handled by a security firm registered with the appropriate regulatory body/s and from whom services is acquired through the Supply Chain Management. A proper agreement shall be entered into to regulate the services provided.

4 Cash Management

4.1 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 monies collected at Van Zylsrus must be banked at least once a month.

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.

4.2 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 favourable 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 the

chief financial officer shall approve any such departure 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. The chief financial officer shall approve any such early payment 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.)

**2.11 CAPITAL EXPENDITURE DETAILS
MIG THREE YEAR PLAN**

	2014/2015	2015/2016	2016/2017
ITEM	Amount	Amount	Amount
Maruping/Batlharos: External and Water distribution: Phase Two	R14,043,467.71	R3,542,723.97	
Mothibistad Phase 3	R10,089,094.47		
Upgrading of Bulk Water Supply, Network Extensions, Stand pipes and Refurbishment: Ward 7	R8,775,599.69	R2,887,304.73	
Gantatelang water supply (reservoir)		R4,190,790.73	
Surface of collector street within Mapoteng	R6,753,931.80	R1,118,657.17	
Surface of collector street within Mothibistad	R6,477,263.20	R708,187.80	
Upgrading of Mandela Drive from Maruping to Mothibistad road		R6,650,300.00	R6,500,032.00
Upgrading of the vergenoeg – Maruping link road to bituminous		R6,532,000.00	R9,456,010.00
Upgrading of the vergenoeg- Batlharos link road to bituminous standard		R9,363,937.60	R6,560,000.00
Upgrading of Maruping Sports Ground			R5,000,000.00
Upgrading of Gamopedi Sports Ground			R5,000,000.00
Upgrading of Gantatelang sports ground			R5,000,000.00
Construction of Seven Miles community hall			R6,540,634.00

Rural Sanitation Programme		R9,299,098.00	R8,179,324.00
Vergenoeg Community Hall	R181,381.13		
Batlharos sanitation	R2,406,262.00		
Maruping sanitation		R6,131,000.00	
PMU	R2 300 000.00	R2 500 000.00	R3 000 000.00
TOTAL VALUE OF PROJECTS	R 51 027 000.00	R 52 924 000.00	55,236,000.00
APPROVED MIG ALLOCATION	R 51 027 000.00	R 52 924 000.00	55,236,000.00

ASSETS FINANCED FROM OPERATIONAL BUDGET

<u>DEPARTMENT</u> <u>TECHNICAL</u>	<u>DESCRIPTION</u>	<u>ORIGINAL BUDGET</u>
720	Furniture & Fittings	260,000.00
	Office Equipment	150,000.00
	Plant and Equipment	672,000.00
	MIG Counter funding	5,716,176.00
	Buildings	25,000.00
		7,383,176.00
COMMUNITY		
710	Plant & Equipment	169,000.00
	Office Equipment	25,000.00
	Furniture and Fittings	430,000.00
		694,000.00
CORPORATE		
730	Office Equipment	335,000.00
	Furniture and Fittings	80,000.00

	Buildings	25,000.00
		440,000.00
BTO		
	740 Furniture & Fittings	21,500.00
	Office Equipment	99,500.00
	Buildings	25,000.00
		146,000.00
COUNCIL		
	720 Office Furniture	100,000.00
		100,000.00
MUNICIPAL MANAGER		
	720 Office Furniture	40,000.00
		40,000.00
TOTAL		8 803 176.

ASSETS FINANCED THROUGH BORROWING

SECTION	DETAILS	FINANCING		CAPITAL COST			
		PERIOD	INT RATE	ESTIMATE	INTEREST	REDEMPTION	TOTAL
Council	2 x vehicles	5	10%	700,000	70,000	140 000	910,000
	TOTAL			700,000	70,000	140 000	910,000
Community	4 x Sedan	5	10%	1,000,000	100,000	200,000	1,300,000
	TOTAL			1,000,000	100,000	200,000	1,300,000
Technical	2 x Bakkies	5	10%	600,000	60,000	120,000	780,000
	TOTAL			600,000	60,000	120,000	780,000
Corporate	Sedan	5	10%	250,000	25,000	50,000	325,000
	TOTAL			250,000	25,000	50,000	325,000
Finance	Bakkie	5	10%	300,000	30,000	60,000	390,000
	TOTAL	5	10%	300,000	30,000	60,000	390,000
TOTAL EXTERNAL LOANS				2,850,000	285,000	570,000	3,705,000

2014/15 PUBLIC CONTRIBUTIONS

Project	Funded by	Amount
Kuruman reservoir	Black Rock Mine	R 10 000 000
Kuruman reservoir	Khumani Mine	R 10 000 000

Total	R 20 000 000
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2014/15 LOCAL GOVERNMENT ALLOCATIONS

B NC452 Ga-Segonyana	2014/15 R thousands	2015/16 R thousands	2016/17 R thousands
INFRASTRUCTURE			
Municipal infrastructure grant	51 027	52 924	55 236
Integrated national electrification programme (municipal) grant	1 000	5 000	11 000
Municipal water infrastructure grant	14 170	27 713	29 183
Regional bulk infrastructure grant	30 000	5 638	-
TOTAL INFRASTRUCTURE	96 197	91 275	95 419

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	13 031	14 823	16 889	27 018	27 018	-	-	33 537	35 348	37 256
Service charges	64 224	81 060	94 335	83 871	83 871	-	-	123 640	130 316	137 354
Investment revenue	1 184	1 080	1 714	763	1 463	-	-	-	-	-
Transfers recognised - operational	80 930	108 376	101 030	84 471	100 318	-	-	98 754	121 414	130 118
Other own revenue	12 069	15 185	16 463	58 861	87 085	-	-	47 215	49 765	52 452
Total Revenue (excluding capital transfers and contributions)	171 437	220 523	230 432	254 984	299 754	-	-	303 146	336 843	357 180
Employee costs	36 587	46 675	58 727	72 169	67 507	-	-	85 703	90 331	95 209
Remuneration of councillors	5 267	5 530	6 419	6 719	6 719	-	-	6 602	6 958	7 334
Depreciation & asset impairment	40 524	42 065	53 099	37 783	37 783	-	-	37 639	39 672	41 814
Finance charges	4 103	5 990	4 661	7 137	2 842	-	-	2 964	3 124	3 293
Materials and bulk purchases	30 543	42 697	53 340	58 209	60 280	-	-	60 766	64 047	67 506
Transfers and grants	-	-	-	-	-	-	-	3 336	3 536	3 749
Other expenditure	90 091	101 200	101 731	89 029	130 424	-	-	96 991	102 228	107 749
Total Expenditure	207 115	244 157	277 977	271 047	305 555	-	-	294 001	309 897	326 652
Surplus/(Deficit)	(35 678)	(23 634)	(47 545)	(16 063)	(5 800)	-	-	9 145	26 946	30 528
Transfers recognised - capital	27 442	31 283	51 340	67 124	71 869	-	-	96 197	91 275	95 419
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(8 236)	7 649	3 795	51 061	66 068	-	-	105 342	118 221	125 947
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(8 236)	7 649	3 795	51 061	66 068	-	-	105 342	118 221	125 947
Capital expenditure & funds sources										
Capital expenditure	31 197	47 612	65 426	142 803	108 392	-	-	128 705	91 275	95 419
Transfers recognised - capital	27 442	45 776	62 746	67 124	71 869	-	-	96 197	91 275	95 419
Public contributions & donations	-	-	-	-	15 000	-	-	20 000	-	-
Borrowing	3 756	600	1 644	67 380	850	-	-	3 705	-	-
Internally generated funds	-	1 236	1 036	8 299	20 674	-	-	8 803	-	-
Total sources of capital funds	31 197	47 612	65 426	142 803	108 392	-	-	128 705	91 275	95 419
Financial position										
Total current assets	25 789	61 398	73 023	78 495	62 465	-	-	88 914 1 164	133 589 1 216	179 751 1 270
Total non current assets	954 146	952 548	964 811	1 268 059	1 074 370	-	-	648	366	093
Total current liabilities	15 469	32 967	50 507	59 116	31 144	-	-	29 976	31 595	33 301
Total non current liabilities	39 172	46 697	49 251	105 365	48 788	-	-	3 705 1 219	- 1 318	- 1 416
Community wealth/Equity	925 293	934 282	938 077	1 182 073	1 056 903	-	-	881	361	543
Cash flows										
Net cash from (used) operating	28 947	67 754	67 967	17 325	62 958	-	-	117 006	135 518	141 125
Net cash from (used) investing	(31 279)	(45 925)	(65 839)	(85 519)	(71 494)	-	-	(128 705)	(91 275)	(95 419)
Net cash from (used) financing	(3 808)	(2 638)	(822)	19 540	(2 022)	-	-	(2 400)	(2 530)	(2 666)
Cash/cash equivalents at the year end	(2 327)	16 864	18 170	821	7 612	-	18 170	34 061	75 774	118 813
Cash backing/surplus reconciliation										
Cash and investments available	(2 327)	16 864	18 170	33 210	7 612	-	-	34 061	75 774	118 813
Application of cash and investments	(10 996)	4 897	11 765	(2 041)	(3 323)	-	-	(4 531)	(5 583)	(5 379)
Balance - surplus (shortfall)	8 669	11 966	6 405	35 251	10 935	-	-	38 591	81 357	124 193
Asset management										
Asset register summary (WDV)	33 016	952 297	964 379	1 237 844	1 073 112	-	1 164 182	1 164 182	1 215 876	1 269 576
Depreciation & asset impairment	40 524	42 065	53 099	37 783	37 783	-	37 639	37 639	39 672	41 814
Renewal of Existing Assets	-	-	-	6 800	-	-	-	3 705	-	-
Repairs and Maintenance	-	-	-	26 684	32 773	-	34 312	34 312	36 165	38 118
Free services										
Cost of Free Basic Services provided	12 212	4 684	-	4 965	4 965	-	3 336	3 336	3 536	3 749
Revenue cost of free services provided	3 268	3 443	-	25	25	-	3 361	3 361	3 561	3 774
Households below minimum service level										
Water:	19	22	-	25	25	-	26	26	28	29

Sanitation/sewerage:	9	9	-	10	10	-	11	11	11	12
Energy:	25	26	-	29	29	-	31	31	33	35
Refuse:	27	28	-	31	31	-	33	33	35	37

NC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
Governance and administration		25 219	29 164	32 138	43 592	44 913	–	53 181	56 209	58 910
Executive and council		5 834	8 683	9 402	10 756	10 898	–	12 752	13 597	13 997
Budget and treasury office		18 325	19 928	22 377	32 498	33 678	–	40 071	42 235	44 516
Corporate services		1 059	553	359	338	338	–	358	377	397
Community and public safety		6 181	8 863	11 154	11 157	11 808	–	12 841	14 379	30 436
Community and social services		499	770	1 162	1 091	1 117	–	1 420	2 342	2 748
Sport and recreation		1 459	1 518	1 344	1 837	1 857	–	1 961	2 067	17 179
Public safety		4 195	6 548	8 625	8 202	8 804	–	9 424	9 933	10 469
Housing		–	–	–	–	–	–	–	–	–
Health		28	28	23	26	29	–	36	38	40
Economic and environmental services		39 685	38 825	35 939	36 446	78 121	–	38 612	51 857	58 390
Planning and development		39 567	36 776	29 946	28 818	61 540	–	25 209	26 589	34 930
Road transport		118	2 049	5 993	7 628	16 581	–	13 403	25 268	23 460
Environmental protection		–	–	–	–	–	–	–	–	–
									305	304
Trading services		127 795	174 955	202 541	230 913	236 780	–	294 708	673	863
Electricity		67 185	90 519	96 648	106 677	106 429	–	120 498	133	147
Water		35 249	52 958	68 627	86 736	87 367	–	126 521	824	618
Waste water management		14 162	19 036	16 972	16 474	21 957	–	21 271	104	385
Waste management		11 199	12 441	20 294	21 026	21 026	–	26 420	385	93 048
Other	4	–	–	–	–	–	–	–	30 062	32 968
Total Revenue - Standard	2	198 879	251 806	281 772	322 108	371 623	–	399 343	428 118	452 599
Expenditure - Standard	-									
Governance and administration		36 020	45 093	52 269	56 908	67 173	–	64 594	68 082	71 758
Executive and council		10 868	15 659	14 850	16 597	25 653	–	19 120	20 152	21 240
Budget and treasury office		16 566	21 684	28 984	25 840	26 550	–	28 335	29 865	31 478
Corporate services		8 586	7 750	8 435	14 471	14 971	–	17 139	18 065	19 040
Community and public safety		19 005	21 757	27 956	33 808	36 299	–	41 518	43 760	46 123
Community and social services		4 867	5 009	6 513	12 306	13 777	–	14 676	15 468	16 303
Sport and recreation		6 755	7 123	8 797	8 134	9 191	–	10 558	11 128	11 729
Public safety		6 435	8 607	12 121	12 651	12 845	–	16 029	16 894	17 807
Housing		–	–	–	–	–	–	–	–	–
Health		948	1 019	526	717	485	–	256	270	285
Economic and environmental services		52 896	45 174	36 656	35 664	52 667	–	38 665	40 752	42 953
Planning and development		36 559	23 935	11 294	12 643	29 648	–	14 328	15 102	15 917
Road transport		16 337	21 239	25 363	23 020	23 020	–	24 336	25 651	27 036
Environmental protection		–	–	–	–	–	–	–	–	–
									157	165
Trading services		99 194	132 686	161 096	144 667	149 415	–	149 224	302	818
Electricity		52 071	70 512	88 374	81 868	79 561	–	80 356	84 716	89 312
Water		30 394	32 342	46 975	40 678	48 541	–	47 979	50 570	53 301
Waste water management		7 931	14 790	12 260	5 948	4 545	–	4 724	4 979	5 248
Waste management		8 797	15 041	13 487	16 173	16 768	–	16 164	17 037	17 957
Other	4	–	(553)	–	–	–	–	–	–	–
Total Expenditure - Standard	3	207 115	244 157	277 977	271 047	305 555	–	294 001	309 897	326 652
Surplus/(Deficit) for the year		(8 236)	7 649	3 795	51 061	66 068	–	105 342	118 221	125 947

NC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	R thousand	Re f	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard											
Municipal governance and administration			25 219	29 164	32 138	43 592	44 913	-	53 181	56 209	58 910
Executive and council			5 834	8 683	9 402	10 756	10 898	-	12 752	13 597	13 997
Mayor and Council			5 834	8 683	9 402	9 822	9 822	-	11 770	12 561	12 906
Municipal Manager			-	-	-	934	1 075	-	982	1 035	1 091
Budget and treasury office			18 325	19 928	22 377	32 498	33 678	-	40 071	42 235	44 516
Corporate services			1 059	553	359	338	338	-	358	377	397
Human Resources			165	1	90	289	289	-	303	320	337
Information Technology			-	11	15	9	9	-	10	11	12
Other Admin			894	540	255	40	40	-	44	47	49
Community and public safety			6 181	8 863	11 154	11 157	11 808	-	12 841	14 379	30 436
Community and social services			499	770	1 162	1 091	1 117	-	1 420	2 342	2 748
Libraries and Archives			403	693	1 060	991	1 008	-	1 301	2 216	2 615
Museums & Art Galleries											
etc											
Community halls and Facilities											
Cemeteries & Crematoriums			23	23	37	32	32	-	35	37	39
Child Care											
Aged Care											
Other Community			73	53	65	68	77	-	84	89	93
Other Social											
Sport and recreation			1 459	1 518	1 344	1 837	1 857	-	1 961	2 067	17 179
Public safety			4 195	6 548	8 625	8 202	8 804	-	9 424	9 933	10 469
Police											
Fire			2	2	60	3	3	-	3	3	3
Civil Defence											
Street Lighting											
Other			4 193	6 546	8 565	8 200	8 802	-	9 421	9 930	10 466
Housing											
Health			28	28	23	26	29	-	36	38	40
Clinics			-								
Ambulance											
Other			28	28	23	26	29	-	36	38	40
Economic and environmental services			39 685	38 825	35 939	36 446	78 121	-	38 612	51 857	58 390
Planning and development			39 567	36 776	29 946	28 818	61 540	-	25 209	26 589	34 930
Economic Development/Planning			38 606	4 517	11 587	2 947	5 973	-	3 783	4 187	4 778
Town Planning/Building enforcement			961	32 259	18 359	25 872	55 568	-	21 426	22 402	30 152
Licensing & Regulation											
Road transport			118	2 049	5 993	7 628	16 581	-	13 403	25 268	23 460
Roads			109	832	5 993	6 628	16 561	-	13 373	25 237	23 426
Public Buses											
Parking Garages											
Vehicle Licensing and Testing											
Other			9	1 217	-	1 000	20	-	30	32	33
Environmental protection			-	-	-	-	-	-	-	-	-
Pollution Control											
Biodiversity & Landscape											
Other											
Trading services			127 795	174 955	202 541	230 913	236 780	-	294 708	305 673	304 863

Road transport	-	16 337	21 239	25 363	23 020	23 020	-	24 336	25 651	27 036
Roads	-	15 124	15 464	19 464	19 695	20 347	-	21 145	22 287	23 490
Public Buses	-									
Parking Garages	-									
Vehicle Licensing and Testing	-									
Other	-	1 213	5 775	5 899	3 325	2 673	-	3 192	3 364	3 546
Environmental protection	-	-	-	-	-	-	-	-	-	-
Pollution Control	-									
Biodiversity & Landscape	-									
Other	-									
Trading services	-	99 194	132 686	161 096	144 667	149 415	-	149 224	157 302	165 818
Electricity	-	52 071	70 512	88 374	81 868	79 561	-	80 356	84 716	89 312
Electricity Distribution	-	52 071	70 512	88 374	81 868	79 561	-	80 356	84 716	89 312
Electricity Generation	-									
Water	-	30 394	32 342	46 975	40 678	48 541	-	47 979	50 570	53 301
Water Distribution	-	30 394	32 342	46 975	40 678	48 541	-	47 979	50 570	53 301
Water Storage	-									
Waste water management	-	7 931	14 790	12 260	5 948	4 545	-	4 724	4 979	5 248
Sewerage	-	7 931	14 790	12 260	5 948	4 545	-	4 724	4 979	5 248
Storm Water Management	-									
Public Toilets	-									
Waste management	-	8 797	15 041	13 487	16 173	16 768	-	16 164	17 037	17 957
Solid Waste	-	8 797	15 041	13 487	16 173	16 768	-	16 164	17 037	17 957
Other	-	-	(553)	-	-	-	-	-	-	-
Air Transport	-									
Abattoirs	-									
Tourism	-	-	(553)	-	-	-	-	-	-	-
Forestry	-									
Markets	-									
Total Expenditure - Standard	3	207 115	244 157	277 977	271 047	305 555	-	294 001	309 897	326 652
Surplus/(Deficit) for the year		(8 236)	7 649	3 795	51 061	66 068	-	105 342	118 221	125 947

NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		5 834	8 683	9 402	10 756	10 898	–	12 752	13 597	13 997
Vote 2 - BUDGET & TREASURY		18 325	19 928	22 377	32 498	33 678	–	40 071	42 235	44 516
Vote 3 - CORPORATE SERVICES		1 059	553	359	338	338	–	358	377	397
Vote 4 - PLANNING & DEVELOPMENT		39 567	36 776	29 946	28 818	61 540	–	25 209	26 589	34 930
Vote 5 - HEALTH		28	28	23	26	29	–	36	38	40
Vote 6 - COMMUNITY & SOCIAL SERVICES		499	770	1 162	1 091	1 117	–	1 420	2 342	2 748
Vote 7 - PUBLIC SAFETY		4 195	6 548	8 625	8 202	8 804	–	9 424	9 933	10 469
Vote 8 - WASTE WATER MANAGEMENT		14 162	19 036	16 972	16 474	21 957	–	21 271	37 402	31 230
Vote 9 - ROAD TRANSPORT		118	2 049	5 993	7 628	16 581	–	13 403	25 268	23 460
Vote 10 - WATER		35 249	52 958	68 627	86 736	87 367	–	126 521	104 385	93 048
Vote 11 - Electricity		67 185	90 519	96 648	106 677	106 429	–	120 498	133 824	147 618
Vote 12 - WASTE MANAGEMENT		11 199	12 441	20 294	21 026	21 026	–	26 420	30 062	32 968
Vote 13 - SPORTS & RECREATION		1 459	1 518	1 344	1 837	1 857	–	1 961	2 067	17 179
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	198 879	251 806	281 772	322 108	371 623	–	399 343	428 118	452 599
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		10 868	15 659	14 850	16 597	25 653	–	19 120	20 152	21 240
Vote 2 - BUDGET & TREASURY		16 566	21 684	28 984	25 840	26 550	–	28 335	29 865	31 478
Vote 3 - CORPORATE SERVICES		8 586	7 750	8 435	14 471	14 971	–	17 139	18 065	19 040
Vote 4 - PLANNING & DEVELOPMENT		36 559	23 935	11 294	12 643	29 648	–	14 328	15 102	15 917
Vote 5 - HEALTH		948	1 019	526	717	485	–	256	270	285
Vote 6 - COMMUNITY & SOCIAL SERVICES		4 867	5 009	6 513	12 306	13 777	–	14 676	15 468	16 303
Vote 7 - PUBLIC SAFETY		6 435	8 607	12 121	12 651	12 845	–	16 029	16 894	17 807
Vote 8 - WASTE WATER MANAGEMENT		7 931	14 790	12 260	5 948	4 545	–	4 724	4 979	5 248
Vote 9 - ROAD TRANSPORT		16 337	21 239	25 363	23 020	23 020	–	24 336	25 651	27 036
Vote 10 - WATER		30 394	32 342	46 975	40 678	48 541	–	47 979	50 570	53 301
Vote 11 - Electricity		52 071	70 512	88 374	81 868	79 561	–	80 356	84 716	89 312
Vote 12 - WASTE MANAGEMENT		8 797	15 041	13 487	16 173	16 768	–	16 164	17 037	17 957
Vote 13 - SPORTS & RECREATION		6 755	7 123	8 797	8 134	9 191	–	10 558	11 128	11 729
Vote 14 - [NAME OF VOTE 14]		–	(553)	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	207 115	244 157	277 977	271 047	305 555	–	294 001	309 897	326 652
Surplus/(Deficit) for the year	2	(8 236)	7 649	3 795	51 061	66 068	–	105 342	118 221	125 947

NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		5 834	8 683	9 402	10 756	10 898	-	12 752	13 597	13 997
<i>Council</i>		5 828	8 676	9 395	9 813	9 813		11 760	12 551	12 894
<i>Ward Committee</i>		6	7	7	9	9		10	11	11
<i>Community Dev Workers</i>								-	-	-
<i>Municipal Manager</i>					934	1 075		982	1 035	1 091
Vote 2 - BUDGET & TREASURY		18 325	19 928	22 377	32 498	33 678	-	40 071	42 235	44 516
<i>Finance Services</i>		3 498	4 650	5 066	4 766	5 646		5 446	5 740	6 050
<i>Assessment Rates</i>		13 822	14 089	15 957	27 518	27 718		34 286	36 137	38 088
<i>Collections</i>		50	26	22	29	29		32	34	36
<i>Data Processing</i>		6	5	7	10	10		11	11	12
<i>Meter Readins</i>		107	205	302	141	241		259	273	288
<i>Stores</i>		841	952	1 024	35	35		37	39	41
<i>Housing Individual</i>										
Vote 3 - CORPORATE SERVICES		1 059	553	359	338	338	-	358	377	397
<i>Corporate admin</i>		165	1	90	289	289		303	320	337
<i>Municipal Manager</i>		625	502	124		-		-	-	-
<i>Public Relations</i>		10	11	32	15	15		16	17	18
<i>Information Technology</i>			11	15	9	9		10	11	12
<i>LED</i>		9	7	77	13	13		14	15	16
<i>IDP</i>		8	16	17	12	12		14	14	15
<i>Municipal Houses</i>		19	-	-				-	-	-
<i>Estates</i>		216	5	5				-	-	-
<i>Internal Auditor</i>		7								
Vote 4 - PLANNING & DEVELOPMENT		39 567	36 776	29 946	28 818	61 540	-	25 209	26 589	34 930
<i>Technical Services</i>		30 963	328	9 328	2 737	5 712		3 503	3 892	4 467
<i>Municipal Buildings</i>		7 644	4 189	2 259	209	261		280	295	311
<i>Town Planning</i>		961	32 259	18 359	25 872	55 568		21 426	22 402	30 152
<i>Municipal Houses</i>								-	-	-
Vote 5 - HEALTH		28	28	23	26	29	-	36	38	40
<i>Dept of Health</i>		28	28	23	26	29		36	38	40
<i>Clinic</i>										
Vote 6 - COMMUNITY & SOCIAL SERVICES		499	770	1 162	1 091	1 117	-	1 420	2 342	2 748
<i>Cemetry</i>		23	23	37	32	32		35	37	39
<i>Community Services</i>		69	53	65	68	77		84	89	93
<i>Library</i>		403	693	1 060	991	1 008		1 301	2 216	2 615
<i>Donations</i>		5						-	-	-
Vote 7 - PUBLIC SAFETY		4 195	6 548	8 625	8 202	8 804	-	9 424	9 933	10 469
<i>Disaster Management</i>		8		18	12	12		13	14	14
<i>Firebrigade</i>		2	2	60	3	3		3	3	3
<i>Traffic</i>		4 186	6 546	8 547	8 188	8 790		9 408	9 917	10 452
Vote 8 - WASTE WATER MANAGEMENT		14 162	19 036	16 972	16 474	21 957	-	21 271	37 402	31 230
<i>Sewerage</i>		10 959	19 036	16 972	16 474	21 957		21 271	37 402	31 230

<i>Sanitation</i>		3 203						-	-	
Vote 9 - ROAD TRANSPORT		118	2 049	5 993	7 628	16 581	-	13 403	25 268	23 460
<i>Airstrip</i>		9			1 000	20		30	32	33
<i>Pavement and island</i>						-			-	-
<i>Procalimed Roads</i>						-			-	-
<i>Pw Roads & Storm Water</i>		109	832	5 993	6 628	16 561		13 373	25 237	23 426
<i>Workshop</i>									-	-
<i>Licences</i>		-							-	-
<i>Testing Gound</i>		-	1 217	-					-	-
Vote 10 - WATER		35 249	52 958	68 627	86 736	87 367	-	126 521	104 385	93 048
<i>Water</i>		35 249	52 958	68 627	86 736	87 367		126 521	104 385	93 048
Vote 11 - Electricity		67 185	90 519	96 648	106 677	106 429	-	120 498	133 824	147 618
<i>Electricity Admin</i>		7			11	11		12	13	13
<i>Electricity</i>		67 178	90 519	96 648	106 666	106 419		120 486	133 811	147 605
Vote 12 - WASTE MANAGEMENT		11 199	12 441	20 294	21 026	21 026	-	26 420	30 062	32 968
<i>Cleansing</i>		11 199	12 441	20 294	21 026	21 026		26 420	30 062	32 968
Vote 13 - SPORTS & RECREATION		1 459	1 518	1 344	1 837	1 857	-	1 961	2 067	17 179
<i>Nature Reserve</i>		16			62	62		9	9	10
<i>Parks & Recreation</i>		218	1 514	692	318	318		345	364	15 384
<i>Caravan Park</i>		1 216	4	652	1 218	1 238		1 336	1 408	1 484
<i>Swimming Pools</i>		6			7	7		3	3	3
<i>Second Eye</i>		2				-			-	-
<i>Estates</i>					232	232		268	282	298
Total Revenue by Vote	2	198 879	251 806	281 772	322 108	371 623	-	399 343	428 118	452 599
Expenditure by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		10 868	15 659	14 850	16 597	25 653	-	19 120	20 152	21 240
<i>Council</i>		9 580	12 521	11 840	12 246	21 178		14 616	15 405	16 237
<i>Ward Committee</i>		1 284	1 374	1 064	1 896	1 884		1 911	2 015	2 123
<i>Community Dev Workers</i>		4	-	-					-	-
<i>Municipal Manager</i>			1 764	1 945	2 455	2 591		2 593	2 733	2 880
Vote 2 - BUDGET & TREASURY		16 566	21 684	28 984	25 840	26 550	-	28 335	29 865	31 478
<i>Finance Services</i>		11 759	16 540	22 626	17 270	18 531		21 050	22 187	23 385
<i>Assessment Rates</i>		1 066	1 140	2 237	2 049	2 054		636	670	707
<i>Collections</i>		613	656	790	1 059	1 020		1 129	1 190	1 254
<i>Data Processing</i>		1 348	1 442	1 327	1 947	1 692		1 684	1 775	1 871
<i>Meter Readins</i>		660	706	801	1 716	1 028		1 751	1 846	1 945
<i>Stores</i>		1 121	1 199	1 204	1 797	2 222		2 084	2 197	2 315
<i>Housing Individual</i>					3	3			-	-
Vote 3 - CORPORATE SERVICES		8 586	7 750	8 435	14 471	14 971	-	17 139	18 065	19 040
<i>Corporate admin</i>		2 897	4 070	3 985	8 943	10 763		11 346	11 958	12 604
<i>Municipal Manager</i>		1 915				-			-	-
<i>Public Relations</i>		729			1 359	1 381		1 232	1 298	1 368
<i>Information Technology</i>			46	654	1 044	1 024		1 636	1 725	1 818
<i>LED</i>		517		810	2 089	949		1 841	1 940	2 045
<i>IDP</i>		459	3 634	2 986	1 035	853		1 085	1 144	1 205
<i>Municipal Houses</i>		6								
<i>Estates</i>		2 008								
<i>Internal Auditor</i>		56								
Vote 4 - PLANNING & DEVELOPMENT		36 559	23 935	11 294	12 643	29 648	-	14 328	15 102	15 917
<i>Technical Services</i>		31 288	8 540	5 547	4 264	7 064		4 604	4 852	5 114
<i>Municipal Buildings</i>		2 327			2 848	2 928		2 822	2 974	3 135
<i>Town Planning</i>		2 944	15 395	5 747	5 526	19 641		6 885	7 257	7 649
<i>Municipal Houses</i>					5	15		18	19	20
Vote 5 - HEALTH		948	1 019	526	717	485	-	256	270	285
<i>Dept of Health</i>		942			712	479		256	270	285
<i>Clinic</i>		6	1 019	526	5	6		-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		4 867	5 009	6 513	12 306	13 777	-	14 676	15 468	16 303

Cemetry		424	470	956	798	880		938	988	1 042
Community Services		1 677	2 485	4 562	6 126	7 492		7 443	7 845	8 268
Library		2 530	2 054	994	5 383	5 405		6 295	6 635	6 993
Donations		236								
Vote 7 - PUBLIC SAFETY		6 435	8 607	12 121	12 651	12 845	-	16 029	16 894	17 807
Disaster Management		438	790	1 812	944	547		820	864	911
Firebrigade		554	407	852	1 548	1 510		1 455	1 534	1 616
Traffic		5 444	7 410	9 456	10 160	10 788		13 754	14 497	15 279
Vote 8 - WASTE WATER MANAGEMENT		7 931	14 790	12 260	5 948	4 545	-	4 724	4 979	5 248
Sewerage		4 324	14 790	12 260	5 948	4 545		4 724	4 979	5 248
Sanitation		3 607								
Vote 9 - ROAD TRANSPORT		16 337	21 239	25 363	23 020	23 020	-	24 336	25 651	27 036
Airstrip		564		123	1 444	1 473		1 406	1 482	1 562
Pavement and island		12			105	5		65	68	72
Procalimed Roads		-				-				
Pw Roads & Storm Water		15 124	15 464	19 464	19 695	20 347		21 145	22 287	23 490
Workshop		638	4 152	4 152	1 777	1 195		1 721	1 814	1 912
Licences		-								
Testing Gound		-	1 624	1 624						
Vote 10 - WATER		30 394	32 342	46 975	40 678	48 541	-	47 979	50 570	53 301
Water		30 394	32 342	46 975	40 678	48 541		47 979	50 570	53 301
Vote 11 - Electricity		52 071	70 512	88 374	81 868	79 561	-	80 356	84 716	89 312
Electricity Admin		294	3 162	3 699	439	430		476	502	529
Electricity		51 777	67 350	84 676	81 429	79 131		79 880	84 214	88 783
Vote 12 - WASTE MANAGEMENT		8 797	15 041	13 487	16 173	16 768	-	16 164	17 037	17 957
Cleansing		8 797	15 041	13 487	16 173	16 768		16 164	17 037	17 957
Vote 13 - SPORTS & RECREATION		6 755	7 123	8 797	8 134	9 191	-	10 558	11 128	11 729
Nature Reserve		562	900	900	380	284		410	432	455
Parks & Recreation		4 016	6 223	7 232	5 066	5 739		6 752	7 117	7 501
Caravan Park		1 800		666	1 813	2 278		2 617	2 758	2 907
Swimming Pools		168			143	121		103	109	115
Second Eye		209			0	0		0	0	0
Estates					731	770		676	712	751
Vote 14 - [NAME OF VOTE 14]		-	(553)	-	-	-	-	-	-	-
14.1 - [Name of sub-vote]			(553)							
Total Expenditure by Vote	2	207 115	244 157	277 977	271 047	305 555	-	294 001	309 897	326 652
Surplus/(Deficit) for the year	2	(8 236)	7 649	3 795	51 061	66 068	-	105 342	118 221	125 947

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	13 031	14 823	16 889	27 018	27 018	-	-	33 537	35 348	37 256
Property rates - penalties & collection charges										-	-
Service charges - electricity revenue	2	44 407	58 190	65 868	48 551	48 551	-	-	82 144	86 579	91 255
Service charges - water revenue	2	7 365	9 104	13 788	18 446	18 446	-	-	21 941	23 126	24 374
Service charges - sanitation revenue	2	7 552	8 798	8 743	9 501	9 501	-	-	10 166	10 715	11 294
Service charges - refuse revenue	2	4 899	4 967	5 936	7 373	7 373	-	-	9 389	9 896	10 431
Service charges - other										-	-
Rental of facilities and equipment		1 650	1 670	1 265	2 680	1 731			1 896	1 999	2 107
Interest earned - external investments		1 184	1 080	1 714	763	1 463			-	-	-
Interest earned - outstanding debtors		931	1 965	637	565	1 065			1 139	1 201	1 266
Dividends received		0	-			-				-	-
Fines		1 345	4 499	4 814	4 057	4 057			4 301	4 533	4 778
Licences and permits		1 507	3 042	3 419	2 153	2 455			3 362	3 543	3 735
Agency services		1 042	-		1 369	1 469			1 573	1 657	1 747
Transfers recognised - operational		80 930	108 376	101 030	84 471	100 318			98 754	121 414	130 118
Other revenue	2	5 594	3 416	5 281	47 037	75 808	-	-	34 945	36 832	38 821
Gains on disposal of PPE			593	1 048	1 000	500				-	-
Total Revenue (excluding capital transfers and contributions)		171 437	220 523	230 432	254 984	299 754	-	-	303 146	336 843	357 180
Expenditure By Type											
Employee related costs	2	36 587	46 675	58 727	72 169	67 507	-	-	85 703	90 331	95 209
Remuneration of councillors		5 267	5 530	6 419	6 719	6 719			6 602	6 958	7 334
Debt impairment	3	2 166	11 490	9 814	505	505			505	532	561
Depreciation & asset impairment	2	40 524	42 065	53 099	37 783	37 783	-	-	37 639	39 672	41 814
Finance charges		4 103	5 990	4 661	7 137	2 842			2 964	3 124	3 293
Bulk purchases	2	30 543	42 697	53 340	58 209	60 280	-	-	60 766	64 047	67 506
Other materials	8									-	-
Contracted services		-	-	-	3 628	7 609	-	-	7 740	8 158	8 598
Transfers and grants		-	-	-	-	-	-	-	3 336	3 536	3 749
Other expenditure	4, 5	87 925	89 710	89 669	84 897	122 310	-	-	88 746	93 538	98 589
Loss on disposal of PPE				2 248						-	-
Total Expenditure		207 115	244 157	277 977	271 047	305 555	-	-	294 001	309 897	326 652
Surplus/(Deficit)		(35 678)	(23 634)	(47 545)	(16 063)	(5 800)	-	-	9 145	26 946	30 528
Transfers recognised - capital		27 442	31 283	51 340	67 124	71 869			96 197	91 275	95 419
Contributions recognised - capital		-	-	-	-	-			-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(8 236)	7 649	3 795	51 061	66 068	-	-	105 342	118 221	125 947
Taxation											
Surplus/(Deficit) after taxation		(8 236)	7 649	3 795	51 061	66 068	-	-	105 342	118 221	125 947
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(8 236)	7 649	3 795	51 061	66 068	-	-	105 342	118 221	125 947
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(8 236)	7 649	3 795	51 061	66 068	-	-	105 342	118 221	125 947

NC452 Ga-Segonyana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		224	710	-	690	790	-	-	1 050	-	-
Vote 2 - BUDGET & TREASURY		308	244	10	633	583	-	-	536	-	-
Vote 3 - CORPORATE SERVICES		-	99	141	923	538	-	-	765	-	-
Vote 4 - PLANNING & DEVELOPMENT		7 638	1 774	3 487	20 797	20 658	-	-	10 085	2 500	9 541
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		923	811	-	972	202	-	-	1 994	-	-
Vote 7 - PUBLIC SAFETY		15	150	2 529	670	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		214	301	-	1 000	5 483	-	-	-	15 430	8 179
Vote 9 - ROAD TRANSPORT		-	1 955	-	10 994	16 426	-	-	15 637	24 373	22 516
Vote 10 - WATER		16 702	31 024	51 523	43 936	57 712	-	-	97 638	43 972	29 183
Vote 11 - Electricity		5 173	10 544	7 736	59 438	6 000	-	-	1 000	5 000	11 000
Vote 12 - WASTE MANAGEMENT		-	-	-	1 200	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	1 550	-	-	-	-	-	15 000
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		31 197	47 612	65 426	142 803	108 392	-	-	128 705	91 275	95 419
Total Capital Expenditure - Vote		31 197	47 612	65 426	142 803	108 392	-	-	128 705	91 275	95 419
Capital Expenditure - Standard											
Governance and administration		532	1 053	151	2 246	1 911	-	-	2 351	-	-
Executive and council		224	710	-	690	790	-	-	1 050	-	-
Budget and treasury office		308	244	10	633	583	-	-	536	-	-
Corporate services		-	99	141	923	538	-	-	765	-	-
Community and public safety		938	961	2 529	3 192	202	-	-	1 994	-	15 000
Community and social services		923	811	-	972	202	-	-	1 994	-	-
Sport and recreation		-	-	-	1 550	-	-	-	-	-	15 000

Public safety		15	150	2 529	670	–				–	–
Housing										–	–
Health										–	–
Economic and environmental services		7 638	3 729	3 487	31 791	37 085	–	–	25 722	26 873	32 057
Planning and development		7 638	1 774	3 487	20 797	20 658			10 085	2 500	9 541
Road transport		–	1 955		10 994	16 426			15 637	24 373	22 516
Environmental protection											
Trading services		22 089	41 870	59 258	105 574	69 195	–	–	98 638	64 402	48 362
Electricity		5 173	10 544	7 736	59 438	6 000			1 000	5 000	11 000
Water		16 702	31 024	51 523	43 936	57 712			97 638	43 972	29 183
Waste water management		214	301		1 000	5 483				15 430	8 179
Waste management		–	–		1 200	–				–	–
Other										–	–
Total Capital Expenditure - Standard	3	31 197	47 612	65 426	142 803	108 392	–	–	128 705	91 275	95 419
Funded by:											
National Government		27 442	45 776	62 746	67 124	71 869			96 197	91 275	95 419
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	27 442	45 776	62 746	67 124	71 869	–	–	96 197	91 275	95 419
Public contributions & donations	5					15 000			20 000		
Borrowing	6	3 756	600	1 644	67 380	850			3 705		–
Internally generated funds			1 236	1 036	8 299	20 674			8 803		–
Total Capital Funding	7	31 197	47 612	65 426	142 803	108 392	–	–	128 705	91 275	95 419

NC452 Ga-Segonyana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Municipal Vote	2										
Single-year expenditure appropriation											
Vote 1 - EXECUTIVE & COUNCIL		224	710	-	690	790	-	-	1 050	-	-
Council			710		690	790			1 010	-	-
Ward Committee		224							40		
Municipal Manager											
Vote 2 - BUDGET & TREASURY		308	244	10	633	583	-	-	536	-	-
Finance Services		308	244	10	633	583			536	-	-
Assessment Rates											
Vote 3 - CORPORATE SERVICES		-	99	141	923	538	-	-	765	-	-
Corporate Admin			22	102	923	538			765		
IDP/PMS			77								
Information Technology				39							
Vote 4 - PLANNING & DEVELOPMENT		7 638	1 774	3 487	20 797	20 658	-	-	10 085	2 500	9 541
Technical Services			1 774	1 753	8 141	8 312			9 903	2 500	3 000
Municipal Buildings											
Town Planning		7 638		1 734	12 656	12 346			181		6 541
Municipal Houses											
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Dept of Health											
Clinic											
Vote 6 - COMMUNITY & SOCIAL SERVICES		923	811	-	972	202	-	-	1 994	-	-
Cemetry					660	-					
Community Services			811		312	202			1 994		
Library		923									
Vote 7 - PUBLIC SAFETY		15	150	2 529	670	-	-	-	-	-	-
Disaster Management											
Firebrigade		15		1 644	350						
Traffic			150	885	320						
Vote 8 - WASTE WATER MANAGEMENT		214	301	-	1 000	5 483	-	-	-	15 430	8 179
Sewerage		214	301		1 000	5 483				15 430	8 179
Vote 9 - ROAD TRANSPORT		-	1 955	-	10 994	16 426	-	-	15 637	24 373	22 516
Pw Roads & Storm Water			1 955		10 994	16 426			15 637	24 373	22 516
Workshop											
Vote 10 - WATER		16 702	31 024	51 523	43 936	57 712	-	-	97 638	43 972	29 183
Water		16 702	31 024	51 523	43 936	57 712			97 638	43 972	29 183
Vote 11 - Electricity		5 173	10 544	7 736	59 438	6 000	-	-	1 000	5 000	11 000
Electricity Admin											
Electricity		5 173	10 544	7 736	59 438	6 000			1 000	5 000	11 000
Vote 12 - WASTE MANAGEMENT		-	-	-	1 200	-	-	-	-	-	-
Cleansing					1 200						
Vote 13 - SPORTS & RECREATION		-	-	-	1 550	-	-	-	-	-	15 000
Nature Reserve											
Parks & Recreation					1 550						15 000
Capital single-year expenditure sub-total		31 197	47 612	65 426	142 803	108 392	-	-	128 705	91 275	95 419
Total Capital Expenditure		31 197	47 612	65 426	142 803	108 392	-	-	128 705	91 275	95 419

NC452 Ga-Segonyana - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		7	17 045	18 170	3 210	7 612			34 061	75 774	118 813
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	14 143	16 383	18 745	60 578	28 286	-	-	28 286	29 813	31 423
Other debtors		4 897	6 782	14 311	11 112	4 770			4 770	5 027	5 299
Current portion of long-term receivables		2	38	271		271			271	285	301
Inventory	2	6 739	21 150	21 527	3 596	21 527			21 527	22 690	23 915
Total current assets		25 789	61 398	73 023	78 495	62 465	-	-	88 914	133 589	179 751
Non current assets											
Long-term receivables		551	251	432	465	465			465	491	517
Investments		0	-		30 000	-					
Investment property		1 619	704	704	1 602	704			704	704	704
Investment in Associate											
Property, plant and equipment	3	951 777	949 898	962 002	1 235 899	1 073 112	-	-	1 161 800	1 213 403	1 267 007
Agricultural											
Biological			1 602	1 585					1 585	1 670	1 761
Intangible		200	93	89	93	89			93	99	104
Other non-current assets											
Total non current assets		954 146	952 548	964 811	1 268 059	1 074 370	-	-	1 164 648	1 216 366	1 270 093
TOTAL ASSETS		979 935	1 013 946	1 037 835	1 346 554	1 136 835	-	-	1 253 562	1 349 955	1 449 844
LIABILITIES											
Current liabilities											
Bank overdraft	1	2 335	181							-	-
Borrowing	4	3 081	2 298	2 734	2 003	2 003	-	-	2 400	2 530	2 666
Consumer deposits		1 832	2 192	2 431	4 562	2 562			2 562	2 701	2 846
Trade and other payables	4	6 725	27 899	44 864	48 865	26 100	-	-	24 535	25 860	27 257
Provisions		1 496	395	478	3 686	479			479	504	532
Total current liabilities		15 469	32 967	50 507	59 116	31 144	-	-	29 976	31 595	33 301
Non current liabilities											
Borrowing		30 695	28 937	27 679	95 607	27 000	-	-	3 705	-	-
Provisions		8 478	17 760	21 572	9 758	21 788	-	-	-	-	-
Total non current liabilities		39 172	46 697	49 251	105 365	48 788	-	-	3 705	-	-
TOTAL LIABILITIES		54 641	79 663	99 758	164 481	79 932	-	-	33 681	31 595	33 301
NET ASSETS	5	925 293	934 282	938 077	1 182 073	1 056 903	-	-	1 219 881	1 318 361	1 416 543
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		925 293	934 282	938 077	1 182 073	1 056 903			1 219 881	1 318 361	1 416 543
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	925 293	934 282	938 077	1 182 073	1 056 903	-	-	1 219 881	1 318 361	1 416 543

NC452 Ga-Segonyana - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		80 794	108 524	125 170	119 054	173 335			177 227	191 719	198 999
Government - operating	1	80 930	103 557	107 430	84 471	100 318			98 754	121 414	130 118
Government - capital	1	27 442	45 474	55 163	67 124	71 869			96 197	91 275	95 419
Interest		2 115	3 045	2 351	1 158	2 527			1 082	1 201	1 266
Dividends		0	0							-	-
Payments											
Suppliers and employees		(158 231)	(186 856)	(217 486)	(247 346)	(282 249)			(253 290)	(266 967)	(281 384)
Finance charges		(4 103)	(5 990)	(4 661)	(7 137)	(2 842)			(2 964)	(3 124)	(3 293)
Transfers and Grants	1		-								
NET CASH FROM/(USED) OPERATING ACTIVITIES		28 947	67 754	67 967	17 325	62 958	-	-	117 006	135 518	141 125
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	1 586		605	375					
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		(82)	102	(413)							
Decrease (increase) in non-current investments		0									
Payments											
Capital assets		(31 197)	(47 612)	(65 426)	(86 124)	(71 869)			(128 705)	(91 275)	(95 419)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(31 279)	(45 925)	(65 839)	(85 519)	(71 494)	-	-	(128 705)	(91 275)	(95 419)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	866	1 547						-	-
Borrowing long term/refinancing		1 147			25 000					-	-
Increase (decrease) in consumer deposits		255								-	-
Payments											
Repayment of borrowing		(5 209)	(3 505)	(2 370)	(5 460)	(2 022)			(2 400)	(2 530)	(2 666)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3 808)	(2 638)	(822)	19 540	(2 022)	-	-	(2 400)	(2 530)	(2 666)
NET INCREASE/ (DECREASE) IN CASH HELD		(6 140)	19 191	1 306	(48 654)	(10 558)	-	-	(14 099)	41 713	43 040
Cash/cash equivalents at the year begin:	2	3 813	(2 327)	16 864	49 475	18 170		18 170	48 159	34 061	75 774
Cash/cash equivalents at the year end:	2	(2 327)	16 864	18 170	821	7 612		18 170	34 061	75 774	118 813

NC452 Ga-Segonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	(2 327)	16 864	18 170	821	7 612	-	18 170	34 061	75 774	118 813
Other current investments > 90 days		(0)	(0)	(0)	2 389	-	-	(18 170)	-	-	-
Non current assets - Investments	1	0	-	-	30 000	-	-	-	-	-	-
Cash and investments available:		(2 327)	16 864	18 170	33 210	7 612	-	-	34 061	75 774	118 813
Application of cash and investments											
Unspent conditional transfers		3 099	12 471	22 694	32 330	9 565	-	-	8 000	8 432	8 887
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(14 095)	(7 574)	(10 929)	(34 371)	(12 888)	-	-	(12 531)	(14 015)	(14 267)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(10 996)	4 897	11 765	(2 041)	(3 323)	-	-	(4 531)	(5 583)	(5 379)
Surplus(shortfall)		8 669	11 966	6 405	35 251	10 935	-	-	38 591	81 357	124 193

NC452 Ga-Segonyana - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	31 197	47 612	65 426	136 003	108 392	-	125 000	91 275	95 419
Infrastructure - Road transport		-	-	-	6 494	16 426	-	15 637	24 373	22 516
Infrastructure - Electricity		5 173	10 544	7 736	59 438	6 000	-	1 000	5 000	11 000
Infrastructure - Water		16 702	31 024	51 523	44 736	58 512	-	97 078	43 972	29 183
Infrastructure - Sanitation		-	301	-	1 000	5 483	-	-	15 430	8 179
Infrastructure - Other		-	-	-	14 210	13 900	-	5 716	-	-
Infrastructure		21 875	41 870	59 258	125 878	100 321	-	119 432	88 775	70 878
Community		-	-	-	3 446	3 446	-	181	-	21 541
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	9 323	5 721	6 128	6 679	4 625	-	5 387	2 500	3 000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	22	39	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	6 800	-	-	3 705	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	6 800	-	-	3 705	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	6 494	16 426	-	15 637	24 373	22 516
Infrastructure - Road transport		-	-	-	6 494	16 426	-	15 637	24 373	22 516
Infrastructure - Electricity		5 173	10 544	7 736	59 438	6 000	-	1 000	5 000	11 000
Infrastructure - Water		16 702	31 024	51 523	44 736	58 512	-	97 078	43 972	29 183
Infrastructure - Sanitation		-	301	-	1 000	5 483	-	-	15 430	8 179
Infrastructure - Other		-	-	-	14 210	13 900	-	5 716	-	-
Infrastructure		21 875	41 870	59 258	125 878	100 321	-	119 432	88 775	70 878
Community		-	-	-	3 446	3 446	-	181	-	21 541
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		9 323	5 721	6 128	13 479	4 625	-	9 092	2 500	3 000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	22	39	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	31 197	47 612	65 426	142 803	108 392	-	128 705	91 275	95 419
ASSET REGISTER SUMMARY - PPE (WDV)	5	-	178 162	164 172	174 237	180 598	-	189 420	206 610	221 555
Infrastructure - Road transport		-	178 162	164 172	174 237	180 598	-	189 420	206 610	221 555
Infrastructure - Electricity		5 173	254 804	263 801	383 925	269 801	-	264 614	263 094	267 221
Infrastructure - Water		16 702	388 546	399 531	396 835	458 043	-	542 870	573 930	589 504
Infrastructure - Sanitation		-	85 962	75 964	76 837	81 447	-	81 411	96 803	104 943

<i>Infrastructure - Other</i>		–	–		64 555	13 900		15 273	10 694	5 869
Infrastructure		21 875	907 475	903 467	1 096 388	1 003 788	–	1 093 588	1 151 131	1 189 091
Community					63 648	3 446		3 084	2 511	23 448
Heritage assets						1 585				
Investment properties		1 619	704	704	1 602	704	–	704	704	704
Other assets		9 323	42 423	58 535	76 112	63 500		65 128	59 760	54 468
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	1 602	1 585	–	–	–	1 585	1 670	1 761
Intangibles		200	93	89	93	89	–	93	99	104
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	33 016	952 297	964 379	1 237 844	1 073 112	–	1 164 182	1 215 876	1 269 576
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		40 524	42 065	53 099	37 783	37 783	–	37 639	39 672	41 814
<u>Repairs and Maintenance by Asset Class</u>	3	–	–	–	26 684	32 773	–	34 312	36 165	38 118
<i>Infrastructure - Road transport</i>		–	–	–	3 260	3 172	–	3 975	4 190	4 416
<i>Infrastructure - Electricity</i>		–	–	–	500	613	–	4 350	4 585	4 832
<i>Infrastructure - Water</i>		–	–	–	4 700	11 874	–	9 920	10 456	11 020
<i>Infrastructure - Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Infrastructure - Other</i>		–	–	–	–	–	–	3 400	3 584	3 777
Infrastructure		–	–	–	8 460	15 659	–	21 645	22 814	24 046
Community		–	–	–	270	305	–	643	677	714
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	17 954	16 809	–	12 025	12 674	13 358
TOTAL EXPENDITURE OTHER ITEMS		40 524	42 065	53 099	64 467	70 556	–	71 952	75 837	79 932
<i>Renewal of Existing Assets as % of total capex</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>4.8%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>2.9%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>Renewal of Existing Assets as % of deprecn"</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>18.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>9.8%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>R&M as a % of PPE</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>2.2%</i>	<i>3.1%</i>	<i>0.0%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>3.0%</i>
<i>Renewal and R&M as a % of PPE</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>0.0%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>3.0%</i>

NC452 Ga-Segonyana - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling		2 322	2 322		2 504	2 504		7 248	7 683	8 144
Piped water inside yard (but not in dwelling)			1 522		1 694	1 694		1 812	1 910	2 013
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		2 322	3 844	–	4 198	4 198	–	9 060	9 593	10 157
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4	16 814	20 414		22 506	22 506		24 081	25 382	26 752
No water supply		1 955	1 994		2 198	2 198		2 352	2 479	2 613
<i>Below Minimum Service Level sub-total</i>		18 769	22 408	–	24 704	24 704	–	26 433	27 861	29 365
Total number of households	5	21 091	26 252	–	28 902	28 902	–	35 493	37 454	39 522
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		3 598	3 791		4 062	4 062		7 248	7 683	8 144
Flush toilet (with septic tank)		10 004	13 012		14 345	14 345		15 349	16 178	17 052
Chemical toilet										
Pit toilet (ventilated)		2 130	2 130		2 348	2 348		2 512	2 648	2 791
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		15 732	18 933	–	20 755	20 755	–	25 110	26 509	27 987
Bucket toilet										
Other toilet provisions (< min.service level)		7 311	7 676		8 462	8 462		9 054	9 543	10 059
No toilet provisions		1 439	1 540		1 697	1 697		1 816	1 914	2 017
<i>Below Minimum Service Level sub-total</i>		8 750	9 216	–	10 159	10 159	–	10 870	11 457	12 076
Total number of households	5	24 482	28 149	–	30 914	30 914	–	35 980	37 966	40 062
Energy:										
Electricity (at least min.service level)		10 281	10 795		11 902	11 902		10 707 749	11 350 182	12 031 193
Electricity - prepaid (min.service level)		1 712	1 797		1 981	1 981		6 641	7 039	7 462
<i>Minimum Service Level and Above sub-total</i>		11 993	12 592	–	13 883	13 883	–	10 714 390	11 357 221	12 038 655
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		25 160	26 418		29 126	29 126		31 165	32 848	34 621
<i>Below Minimum Service Level sub-total</i>		25 160	26 418	–	29 126	29 126	–	31 165	32 848	34 621
Total number of households	5	37 153	39 010	–	43 009	43 009	–	10 745 555	11 390 069	12 073 276
Refuse:										
Removed at least once a week		3 634	4 899		54 012	54 012		57 793	60 914	64 203
<i>Minimum Service Level and Above sub-total</i>		3 634	4 899	–	54 012	54 012	–	57 793	60 914	64 203
Removed less frequently than once a week		23	65		71	71		76	80	84
Using communal refuse dump										
Using own refuse dump		18 695	19 630		21 642	21 642		23 157	24 407	25 725
Other rubbish disposal										
No rubbish disposal		8 168	8 576		9 454	9 454		10 116	10 662	11 238
<i>Below Minimum Service Level sub-total</i>		26 886	28 271	–	31 167	31 167	–	33 349	35 150	37 048
Total number of households	5	30 520	33 170	–	85 179	85 179	–	91 142	96 063	101 251
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		31 785	60 894		61 000	61 000		260	276	292
Sanitation (free minimum level service)		901	532		560	560		20	21	22
Electricity/other energy (50kwh per household per month)		17 967	19 667		19 789	19 789		5 457	5 784	6 131
Refuse (removed at least once a week)		901	532		560	560		317	336	356

Cost of Free Basic Services provided (R'000)	8	8 809	2 117		2 244	2 244			
Water (6 kilolitres per household per month)		1 240	991		1 050	1 050		136 848	145 059
Sanitation (free sanitation service)		2 006	1 505		1 595	1 595		23 976	25 415
Electricity/other energy (50kwh per household per month)		157	71		76	76		2 890 140	3 063 548
Refuse (removed once a week)								285 300	302 418
Total cost of FBS provided (minimum social package)		12 212	4 684	-	4 965	4 965	-	3 336	3 536
Highest level of free service provided									
Property rates (R value threshold)								-	-
Water (kilolitres per household per month)		6	6		6	6		6	6
Sanitation (kilolitres per household per month)						-			
Sanitation (Rand per household per month)						-		40	40
Electricity (kwh per household per month)		50	50		50	50		50	50
Refuse (average litres per week)								75	75
Revenue cost of free services provided (R'000)	9								
Property rates (R15 000 threshold rebate)		25	25		25	25		25	25
Property rates (other exemptions, reductions and rebates)		1 257	1 366					-	-
Water		40	50					136 848	145 059
Sanitation								23 976	25 415
Electricity/other energy		1 946	2 002					2 890 140	3 063 548
Refuse								285 300	302 418
Municipal Housing - rental rebates	6								
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)		3 268	3 443	-	25	25	-	3 361	3 561

NC452 Ga-Segonyana - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		14 288	16 189	17 952	28 151	28 151			34 907	36 792	38 779
less Revenue Foregone		1 257	1 366	1 063	1 133	1 133			1 370	1 444	1 522
Net Property Rates		13 031	14 823	16 889	27 018	27 018	-	-	33 537	35 348	37 256
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		46 353	58 190	66 908	49 664	49 664			83 334	87 834	92 577
less Revenue Foregone		1 946		1 040	1 113	1 113			1 191	1 255	1 323
Net Service charges - electricity revenue		44 407	58 190	65 868	48 551	48 551	-	-	82 144	86 579	91 255
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		7 405	9 104	13 788	18 501	18 501			22 000	23 188	24 440
less Revenue Foregone		40			55	55			59	62	66
Net Service charges - water revenue		7 365	9 104	13 788	18 446	18 446	-	-	21 941	23 126	24 374
<u>Service charges - sanitation revenue</u>	6										
Total Service charges - sanitation revenue		7 552	8 798	8 743	9 501	9 501			10 166	10 715	11 294
less Revenue Foregone											
Net Service charges - sanitation revenue		7 552	8 798	8 743	9 501	9 501	-	-	10 166	10 715	11 294
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		4 899	4 967	5 936	7 373	7 373			9 389	9 896	10 431
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		4 899	4 967	5 936	7 373	7 373	-	-	9 389	9 896	10 431
<u>Other Revenue by source</u>											
Contribution to Bulk Services									20 000	21 080	22 218
Sale of Stands											
Other Revenue		5 594	3 416	5 281	47 037	75 808			14 945	15 752	16 602
Total 'Other' Revenue	1	5 594	3 416	5 281	47 037	75 808	-	-	34 945	36 832	38 821
EXPENDITURE ITEMS:											
<u>Employee related costs</u>	2										
Basic Salaries and Wages		20 715	29 435	39 509	44 352	41 301			54 425	57 364	60 462
Pension and UIF Contributions		5 221	4 275	7 482	8 231	7 328			10 046	10 588	11 160
Medical Aid Contributions		2 030	2 032	2 326	4 010	3 457			4 799	5 058	5 331
Overtime		1 172	1 195	2 279	2 145	2 799			1 671	1 761	1 856
Performance Bonus		8				-			2	2	2
Motor Vehicle Allowance		2 080	1 713	1 985	1 711	1 860			2 325	2 450	2 583
Cellphone Allowance		205	42	54	279	240			313	329	347
Housing Allowances		1 599	1 492	1 690	2 212	1 920			2 873	3 028	3 192
Other benefits and allowances		1 121	1 326	3 403	7 622	7 299			7 952	8 381	8 833
Payments in lieu of leave		1 778	4 314		1 534	1 219			1 281	1 350	1 423
Long service awards		658	196		74	83			18	19	20

Post-retirement benefit obligations	4		656								
sub-total	5	36 587	46 675	58 727	72 169	67 507	-	-	85 703	90 331	95 209
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	36 587	46 675	58 727	72 169	67 507	-	-	85 703	90 331	95 209
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		40 524	33 645	53 099	37 783	37 783			37 639	39 672	41 814
Lease amortisation			8 420								
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	40 524	42 065	53 099	37 783	37 783	-	-	37 639	39 672	41 814
Bulk purchases											
Electricity Bulk Purchases		30 543	42 697	53 340	58 209	60 280			60 766	64 047	67 506
Water Bulk Purchases											
Total bulk purchases	1	30 543	42 697	53 340	58 209	60 280	-	-	60 766	64 047	67 506
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	3 336	3 536	3 749
Total transfers and grants	1	-	-	-	-	-	-	-	3 336	3 536	3 749
Contracted services											
SECURITY					3 408	4 354			4 480	4 722	4 977
CLEANING					220	255			260	274	289
LANDFILL SIDE						3 000			3 000	3 162	3 333
sub-total	1	-	-	-	3 628	7 609	-	-	7 740	8 158	8 598
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		-	-	-	3 628	7 609	-	-	7 740	8 158	8 598
Other Expenditure By Type											
Consultant fees					1 500	4 230			4 000	4 216	4 444
Audit fees					3 798	2 798			3 000	3 162	3 333
General expenses	3	87 925	89 710	89 669	52 915	82 510			10 532	11 101	11 700
Travelling Expenses									1 880	1 982	2 089
Physical Planning									1 000	1 054	1 111
Service Of Stands									2 500	2 635	2 777
Total Traffic Service									2 500	2 635	2 777
Training of Officials									1 000	1 054	1 111
Legal Costs									2 000	2 108	2 222
Sedibeng Water									18 975	20 000	21 080
Insurance									5 487	5 783	6 095
Ward Committees Stipend									1 560	1 644	1 733
Repairs and Maintenance					26 684	32 773			34 312	36 165	38 118
Total 'Other' Expenditure	1	87 925	89 710	89 669	84 897	122 310	-	-	88 746	93 538	98 589

Repairs and Maintenance by Expenditure Item	8										
Employee related costs									3 441	3 627	3 823
Other materials											
Contracted Services					3 628	7 609			7 740	8 158	8 598
Other Expenditure					23 056	25 164			23 131	24 380	25 697
Total Repairs and Maintenance Expenditure	9	-	-	-	26 684	32 773	-	-	34 312	36 165	38 118

NC452 Ga-Segonyana - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	R ef	Vote 1 - EXECUT IVE & COUNCI L	Vote 2 - BUDGE T & TREASU RY	Vote 3 - CORPOR ATE SERVICE S	Vote 4 - PLANNI NG & DEVEL OPMEN T	Vote 5 - HEALT H	Vote 6 - COMM UNITY & SOCIA L SERVIC ES	Vote 7 - PUBLIC SAFETY	Vote 8 - WASTE WATER MANAGE MENT	Vote 9 - ROAD TRANSP ORT	Vote 10 - WATER	Vote 11 - Electricity	Vote 12 - WASTE MANA GEMEN T	Vote 13 - SPORT S & RECRE ATION	Vote 14 - [NAM E OF VOT E 14]	Vote 15 - [NAM E OF VOT E 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			33 537														33 537
Service charges - electricity revenue												82 144					82 144
Service charges - water revenue											21 941						21 941
Service charges - sanitation revenue									10 166								10 166
Service charges - refuse revenue													9 389				9 389
Rental of facilities and equipment					256		15			35				1 591			1 896
Interest earned - external investments			-														-
Interest earned - outstanding debtors			1 139														1 139
Fines							7	4 293									4 301
Licences and permits			65					3 297									3 362
Agency services								1 573									1 573
Other revenue			3 396	151	21 311	10	82	50	1 441		3 272	5 011	20	201			34 945
Transfers recognised - operational			12 752	1 935	207	1 160	26	1 316	211	7 258	136	24 230	32 343	17 010	169		98 754
Total Revenue (excluding capital transfers and contributions)			12 752	40 071	358	22 728	36	1 420	9 424	18 864	171	49 442	119 498	26 420	1 961	-	303 146
Expenditure By Type																	
Employee related costs		5 039	14 468	10 723	5 978	155	8 641	10 093	2 698	5 770	2 119	3 882	8 237	7 899			85 703
Remuneration of councillors		6 602															6 602
Debt impairment									55		437		12				505
Depreciation & asset impairment		104	346	14	1 400	15	128	302	36	8 815	15 251	8 186	2 944	97			37 639
Finance charges					369			51	168	372	1 029	840	16	119			2 964
Bulk purchases												60 766					60 766
Contracted services			380		260		4 100						3 000				7 740
Transfers and grants								24			137	2 890	285				3 336
Other expenditure		7 376	13 140	6 403	6 321	85	1 806	5 582	1 743	9 379	29 006	3 792	1 669	2 443			88 746
Total Expenditure		19 120	28 335	17 139	14 328	256	14 676	16 029	4 724	24 336	47 979	80 356	16 164	10 558	-	-	294 001
Surplus/(Deficit)		(6 367)	11 736	(16 782)	8 400	(221)	(13 255)	(6 605)	14 140	(24 165)	1 463	39 141	10 255	(8 597)	-	-	9 145
Transfers recognised - capital					2 481					13 231	77 078	1 000	2 406				96 197
Surplus/(Deficit) after capital transfers & contributions		(6 367)	11 736	(16 782)	10 881	(221)	(13 255)	(6 605)	14 140	(10 934)	78 541	40 141	12 662	(8 597)	-	-	105 342

Depreciation offsets				37 783	37 783						
Other adjustments		(0)						(8 438)	(22 119)	(67 782)	
Accumulated Surplus/(Deficit)	1	919 700	7 649	3 795	1 233 134	1 122 976	-	-	1 219 881	1 318 361	1 416 543
Reserves	-										
Housing Development Fund									-	-	
Capital replacement									-	-	
Self-insurance									-	-	
Other reserves									-	-	
Revaluation									-	-	
Total Reserves	2	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	2	919 700	7 649	3 795	1 233 134	1 122 976	-	-	1 219 881	1 318 361	1 416 543

NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Go al Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
To ensure provision of basic Services to Communities in a sustainable manner	To ensure that all rural residential areas, with the exception on in-fills, have at least RDP level of water ; sanitation; Roads and Transport; Electricity; housing;;waste removal and maintaining of the infrastructure depending on financial allocations and available resources			127 795	174 955	202 541	230 913	236 780	-	294 708	305 673	304 863
To promote social and economic development	To facilitate access to good quality primary education for all children within a 5km radius as well as to good proper secondary education within 20km radius within five years			1 178	2 602	6 352	7 966	16 919	-	13 760	25 645	23 857
To promote a safe and healthy environment	By managing disasters and instituting programmes reduce crime and ensure road safety. To embark on programmes focusing on special groups as women, elderly, disabled, children and youth and create awareness amongst all communities on HIV and Aids and other communicable diseases.			4 222	6 576	8 648	8 228	8 833	-	9 460	9 971	10 509
To encourage the involvement of communities and community organisation in the matters of local government	Foster participatory democracy and Batho Pele principles. Approved communication strategy which ensures that the municipality communicates correct, clear, simple and common message effectively to all stakeholders in transparent manner on a regular basis.			7 793	10 970	11 908	13 684	13 872	-	16 134	18 005	33 924

Promote sound governance, financial sustainability and optimal transformation	To ensure financial viability by enhancing the income base, reducing outstanding debts and ensuring unqualified audit report by 2014. Review the organisational structure to optimise the use of personnel and capacity building. Establishing SCM unit.		18 325	19 928	22 377	32 498	33 678	-	40 071	42 235	44 516
Organisational development and transformation	Organisational development and transformation		39 567	36 776	29 946	28 818	61 540	-	25 209	26 589	34 930
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and contributions)		1	198 879	251 806	281 772	322 108	371 623	-	399 343	428 118	452 599

NC452 Ga-Segonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
To ensure provision of basic Services to Communities in a sustainable manner	To ensure that all rural residential areas, with the exception on in-fills, have at least RDP level of water ; sanitation; Roads and Transport; Electricity; housing;;waste removal and maintaining of the infrastructure depending on financial allocations and available resources			99 194	132 686	161 096	144 667	149 415	-	149 224	157 282	165 775	
To promote social and economic development	To facilitate access to good quality primary education for all children within iwhting 5km radius as well as to good proper secondary education within 20km radius within five years			52 896	28 989	33 798	37 491	37 990	-	41 476	43 715	46 076	
To promote a safe and healthy environment	By managing disasters and instituting programmes reduce crime and ensure road safety. To embark on programmes focusing on special groups as women, elderly, disabled, children an dyouth and create awareness amongst all communiites on HIV and Aids and other communicable diseases.			7 383	9 626	12 646	13 369	13 330	-	16 285	17 164	18 091	
To encourage the involvement of communities and community organisation in the matters of local government	Foster participatory democracy and Batho Pele principles. Approved communication stragety which ensures that the municipality communicates correct, clear, simple and common message effectively to all stakeholders in transparent manner on a regular basis.			22 490	27 791	30 160	37 037	48 622	-	44 353	46 748	49 272	
Promote sound governance, financial sustainability and optimal transformation	To ensure financial viability by enhancing the income base, reducing outstanding debts and ensuring unqualified audit report by 2014. Review the organisational structure to optimise the use of personnel and capacity building. Establishing SCM unit.			16 566	21 684	28 984	25 840	26 550	-	28 335	29 865	31 478	
Organisational development and transformation	Organisational development and transformation			8 586	23 935	11 294	12 643	29 648	-	14 328	15 102	15 917	
Allocations to other priorities													
Total Expenditure				1	207 115	244 711	277 977	271 047	305 555	-	294 001	309 877	326 610

NC452 Ga-Segonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
To ensure provision of basic Services to Communities in a sustainable manner	To ensure that all rural residential areas, with the exception on in-fills, have at least RDP level of water ; sanitation; Roads and Transport; Electricity; housing;;waste removal and maintaning of the infrastructure depending on financial allocations and available resources	A		22 089	41 870	59 258	105 574	69 195	-	98 638	64 402	48 362
To promote social and economic development	To facilitate access to good quality primary education for all children within iwhting 5km radius as well as to good proper secondary education within 20km radius within five years	B		7 638	2 054	141	11 917	16 964	-	16 402	24 373	22 516
To promote a safe and healthy environment	By managing disasters and instituting programmes reduce crime and ensure road safety. To embark on programmes focusing on special groups as women, elderly, disabled, childrren an dyouth and create awareness amongst all communiites on HIV and Aids and other communicable diseases.	C		15	150	2 529	670	-	-	-	-	-
To encourage the involvement of communities and community organisation in the matters of local government	Foster participatory democracy and Batho Pele principles. Approved communication stragety which ensures that the municipality communicates correct, clear, simple and common message effectively to all stakeholders in transparent manner on a regular basis.	D		1 147	1 521	-	3 212	992	-	3 044	-	15 000
Promote sound governance, financial sustainability and optimal transformation	To ensure financial viability by enhancing the income base, reducing outstanding debts and ensuring unqualified audit report by 2014. Review the organisational structure to optimise the use of personnel and capacity building. Establishing SCM unit.	E		308	244	10	633	583	-	536	-	-
Organisational development and transformation	Organisational development and transformation	F		-	1 774	3 487	20 797	20 658	-	10 085	2 500	9 541
Allocations to other priorities			3									
Total Capital Expenditure			1	31 197	47 612	65 426	142 803	108 392	-	128 705	91 275	95 419

NC452 Ga-Segonyana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.5%	3.9%	2.5%	4.6%	1.6%	0.0%	0.0%	1.8%	1.8%	1.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	10.3%	8.5%	5.4%	7.4%	2.4%	0.0%	0.0%	2.6%	2.6%	2.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	30.5%	47.2%	57.7%	33.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
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%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities			1.4							
		1.7	1.9		1.3	2.0	-	-	3.0	4.2	5.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities			1.4							
		1.7	1.9		1.3	2.0	-	-	1.5	2.9	4.2
Liquidity Ratio	Monetary Assets/Current Liabilities			0.4							
		0.0	0.5		0.1	0.2	-	-	1.1	2.4	3.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		90.4%	98.3%	98.5%	70.6%	87.8%	0.0%	0.0%	86.7%	89.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		90.5%	98.2%	98.8%	70.6%	87.8%	0.0%	0.0%	86.7%	89.0%	87.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	11.4%	10.6%	14.7%	28.3%	11.3%	0.0%	0.0%	11.1%	10.6%	10.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		-155.8%	91.5%	122.0%	2014.4%	217.2%	0.0%	0.0%	48.5%	23.0%	15.5%
<u>Other Indicators</u>											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)		3418631	10354175					10354175	10354175	10354175
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated		3 451	10 542					10 542	10 542	10 542
			0	0					0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)		2185042	2974951					2974951	2974951	2974951
	% Volume (units purchased and generated less units sold)/units purchased and generated		0	0					0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	21.3%	21.2%	25.5%	28.3%	22.5%	0.0%	0.0%	28.3%	26.8%	26.7%

Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.4%	23.7%	28.3%	30.9%	24.8%	0.0%		30.4%	28.8%	28.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	10.5%	10.9%	0.0%		11.3%	10.7%	10.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	26.0%	21.8%	25.1%	17.6%	13.6%	0.0%	0.0%	13.4%	12.7%	12.6%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	13.8	23.8	19.6	37.5	37.5	37.5	-	54.8	54.8	57.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.1%	23.8%	29.6%	63.1%	29.6%	0.0%	0.0%	21.0%	21.0%	21.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.3)	1.4	1.3	0.1	0.5	-	-	2.1	4.4	6.5

NC452 Ga-Segonyana - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Census 2001	70			94	117	135	155	155	155	155
Females aged 5 - 14		Census 2001	8			10	12	14	16	16	16	16
Males aged 5 - 14		Census 2001	9			10	12	14	16	16	16	16
Females aged 15 - 34		Census 2001	14			17	22	25	29	29	29	29
Males aged 15 - 34		Census 2001	12			17	21	24	27	27	27	27
Unemployment		Census 2001	11			4	4	5	6	6	6	6
Monthly household income (no. of households)												
No income	1, 12	-										
R1 - R1 600		Census 2001	51 884			51 884	51 884	59667	59667	59667	59667	59667
R1 601 - R3 200		Census 2001	13 384			13 384	13 384	15392	15392	15392	15392	15392
R3 201 - R6 400		Census 2001	2 443			2 443	2 443	2809	2809	2809	2809	2809
R6 401 - R12 800		Census 2001	1 824			1 824	1 824	2098	2098	2098	2098	2098
R12 801 - R25 600		Census 2001	660			660	660	759	759	759	759	759
R25 601 - R51 200		Census 2001	119			119	119	137	137	137	137	137
R52 201 - R102 400		Census 2001	33			33	33	38	38	38	38	38
R102 401 - R204 800		Census 2001	18			18	18	21	21	21	21	21
R204 801 - R409 600		Census 2001	21			21	21	24	24	24	24	24
R409 601 - R819 200		Census 2001	3			3	3	3	3	3	3	3
> R819 200		Census 2001	(12 245)									
Poverty profiles (no. of households)												
< R2 060 per household per month	13		70			94	117	135	155	155	155	155
Insert description	2											
Household/demographics (000)												
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics												
Formal	3	Census 2001	3 190			3 190	3 190					
Informal		Census 2001	64			64	64					

NC452 Ga-Segonyana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	(2 327)	16 864	18 170	821	7 612	-	18 170	34 061	75 774	118 813
Cash + investments at the yr end less applications - R'000	18(1)b	2	669	11 966	6 405	35 251	10 935	-	-	38 591	81 357	124 193
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.3)	1.4	1.3	0.1	0.5	-	-	2.1	4.4	6.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	236	7 649	3 795	88 844	103 851	-	-	105 342	118 221	125 947
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	18.1%	10.0%	(6.3%)	(6.0%)	(106.0%)	(6.0%)	35.7%	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90.5%	98.2%	98.8%	70.6%	87.8%	0.0%	0.0%	86.7%	89.0%	87.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	2.7%	11.8%	8.7%	0.4%	0.4%	0.0%	0.0%	0.3%	0.3%	0.3%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	100.0%	60.3%	66.3%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	30.5%	0.0%	0.0%	33.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	21.8%	43.6%	115.1%	(53.5%)	(100.0%)	0.0%	0.0%	5.4%	5.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(54.5%)	72.1%	7.7%	0.0%	(100.0%)	0.0%	0.0%	5.4%	5.4%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	2.2%	3.1%	0.0%	0.0%	3.0%	3.0%	3.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%

NC452 Ga-Segonyana - Supporting Table SA11 Property rates summary

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Valuation:	1									
Date of valuation:			31/01/2012							
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2		YES	Yes				2013/14 Yes		
Municipal/assistant valuer appointed? (Y/N)			NO	No				No		
Municipal partnership s38 used? (Y/N)			YES	Yes				Yes	yes	yes
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)			YES	Yes				Yes		
Implementation time of new valuation roll (mths)										
No. of properties	5	9 195	9 334	9 631	12 497	8 893		11 928	12 643	13 402
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers				-						
No. of appeals by rate payers				-						
No. of successful objections	8			-						
No. of successful objections > 10%	8			-						
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)		1								
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		1	-	-	-	-	-	-	-	-
Rating:										
Residential rate used to determine rate for other categories? (Y/N)			YES	Yes				Yes		
Differential rates used? (Y/N)	5									
Limit on annual rate increase (s20)? (Y/N)			YES	Yes				Yes	Yes	Yes
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)			YES	Yes				Yes		
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R '000)	6	14 288	16 189	17 952	28 151	28 151		34 907	36 792	38 779
Rate revenue expected to collect (R'000)	6	13 755	16 889	14 823	19 453	17 562		24 435	25 754	27 145
Expected cash collection rate (%)		88.0%	104.3%	82.6%	69.1%	62.4%		70.0%	70.0%	70.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)		1 257	1 366	1 063	1 133	1 133		1 370	1 444	1 522
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
Total rebates,exemptns,eductns,discs (R'000)		1 257	1 366	1 063	1 133	1 133	-	1 370	1 444	1 522

NC452 Ga-Segonyana - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs	Mininig Props.
Budget Year 2014/15																	
Valuation:																	
No. of properties		10 991	240	288	384	25											
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations		1	1	1	1	1											
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)		4	4	4	4	4											
Method of valuation used (select)		Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.											
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	Yes											
Flat rate used? (Y/N)		Yes	Yes	Yes	Yes	Yes											
Is balance rated by uniform rate/variable rate?		Uniform	Uniform	Uniform	Uniform	Uniform											
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6	2 554	221	19	1 819	53											
Rating:																	

Volumetric charge - Block 1 (c/kl)		1 Toilet	33	36	39	41	44	47	49
Volumetric charge - Block 2 (c/kl)		2 Toilets	66	72	77	83	88	93	99
Volumetric charge - Block 3 (c/kl)		3 Toilets and more	77	84	90	97	102	109	115
Volumetric charge - Block 4 (c/kl)		20% Rebates consumer fixed	44	48	52	55	59	62	66
Other	2	40% Rebates consumer fixed	40	44	47	50	53	56	59
Electricity tariffs									
Domestic									
Basic charge/fixed fee (Rands/month)			69	75	81	86	92	98	104
Service point - vacant land (Rands/month)									
FBE		(how is this targeted?)							
Life-line tariff - meter		0-50		63	66c	69.63c	74c	78c	82c
Life-line tariff - prepaid		51-350			1	1	87c	92c	97c
Flat rate tariff - meter (c/kwh)		351-600					1	1	1
Flat rate tariff - prepaid(c/kwh)		Usage per KWh							
Meter - IBT Block 1 (c/kwh)		0-50	48	58	65c	-	1	1	1
Meter - IBT Block 2 (c/kwh)		51-350				532	87c	92c	98c
Meter - IBT Block 3 (c/kwh)		351-600				149	1	1	1
Meter - IBT Block 4 (c/kwh)		400-600				69.55c	-	-	-
Meter - IBT Block 5 (c/kwh)		>600					1	1	1
Prepaid - IBT Block 1 (c/kwh)		Business prepaid per kWh		95	1	1	1	2	2
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)									
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge		Residential -1 x removal/week							
Basic charge/fixed fee		R0 - R3,240				75	80	84	89
80l bin - once a week		R3,241 - R4,200	97	106		77	82	86	92
250l bin - once a week		R4,201 +				80	85	90	95

NC452 Ga-Segonyana - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
							Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Exemptions, reductions and rebates (Rands)									
<i>Indigent rebate or exemption</i>		Qualify for exemption but only upon registration as indigents							
<i>General residential rebate</i>			25 000	25 000		25 000	25 000	25 000	
Water tariffs									
<i>Indigent Households with an income < R3,240.00</i>		0kl - 6kl					-		
		7kl -12kl			7	7	8	8	
		13kl -35kl			7	8	8	8	
		36kl			7	8	8	9	
RESIDENTIAL PROPERTIES		0kl -12kl	4	5	7	7	8	8	
		13kl -35kl	4	5	7	8	8	8	
		36kl	4	5	7	8	8	9	
NON-PROFIT ORGANISATION		0kl-12kl			7	7	8	8	
		13kl-35kl			7	8	8	8	
		36kl>			7	8	8	9	
<i>All other properties not defined above</i>									
<i>Basic charges</i>			35	38	41	44	46	49	
<i>Per Kiloliter</i>			4	5	7	13	13	14	
<i>Bulk water purchases (Commercial)</i>		per kiloliter					31	33	
Waste water tariffs									
<i>Basic charge: All consumers excluding rebate</i>		(fill in structure)	48	53	56	60	64	68	
<i>1 Toilet</i>		(fill in structure)	33	36	39	41	44	47	
<i>2 Toilets</i>		(fill in structure)	66	72	77	83	88	93	
<i>3 Toilets and more</i>		(fill in structure)	77	84	90	97	102	109	
<i>20% Rebates consumer fixed</i>		(fill in structure)	44	48	52	55	59	62	
<i>40% Rebates consumer fixed</i>		(fill in structure)	40	44	47	50	53	56	
<i>Non-profitable</i>			13	15	16	17	18	19	
<i>Churches and Old age homes</i>			13	15	16	17	18	19	
<i>School and school hostels</i>			13	15	16	17	18	19	
<i>Hotel, prison and hospital</i>		(fill in structure)	130	143	153	164	173	184	
<i>Business and industries</i>		(fill in structure)	130	143	153	164	173	184	
<i>Departmental</i>		(fill in structure)	77	84	90	97	102	109	
Electricity tariffs									
<i>Service point - vacant land (Rands/month)</i>		(fill in thresholds)	69	75					
<i>Life-line tariff - prepaid</i>		0-50		63	66c	69.63c	74c	78c	
		51-350			77c	82c	87c	92c	
		351-600			1	1	1	1	
<i>Or Basic Charge</i>			48	58			92	98	
<i>Usage per KWh</i>		0-50					1	1	

	51-350		95			87c	92c	98c
	351-600					1	1	1
	400-600					-	-	-
	>600					1	1	1
<i>Prepaid per kWh usage</i>	0-50					74c	78c	83c
	51-350					87c	92c	98c
	351-600					1	1	1
<i>Prepaid per kWh usage (>600)</i>						1	1	1
<i>BUSINESS(1-39KWH)</i>								
<i>Basic Charge</i>						425	450	477
<i>Usage per kWh</i>						1	1	1
<i>or</i>								
<i>prepaid per kWh usage</i>						1	2	2

NC452 Ga-Segonyana - Supporting Table SA15 Investment particulars by type

Investment type	R e f	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<u>Parent municipality</u>										
Securities - National Government		0			30 000					
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	0	-	-	30 000	-	-	-	-	-
<u>Entities</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		0	-	-	30 000	-	-	-	-	-

NC452 Ga-Segonyana - Supporting Table SA17 Borrowing

Borrowing - Categorized by type R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality										
Long-Term Loans (annuity/reducing balance)		30 695	28 937	27 679	95 607	27 000	-	3 705		
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	30 695	28 937	27 679	95 607	27 000	-	3 705	-	-
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	30 695	28 937	27 679	95 607	27 000	-	3 705	-	-

NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		80 570	56 687	69 868	83 531	83 896	-	97 526	119 326	127 688
Local Government Equitable Share		76 505	52 966	65 087	73 591	73 591		86 992	109 209	117 469
Finance Management		750	1 450	800	1 550	1 550		1 600	1 650	1 700
Municipal Systems Improvement		2 115	790	1 481	890	1 032		934	967	1 019
Water Services Operating Subsidy			1 481	1 000	6 500	6 500		7 000	7 500	7 500
EPWP Incentive		1 200		1 500	1 000	1 223		1 000		
Other transfers/grants [insert description]										
Provincial Government:		360	646	932	940	940	-	1 228	2 088	2 430
Sport and Recreation		360	646	932	940	940				
LIBRARY								1 228	2 088	2 430
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	46 223	36 630	-	15 482	-	-	-	-
ACIP WATER		14 151	4 419		1 856					
Blue Drop nd Green Drop		365	14							
1000RURAL HOUSING		31 707	30 305		7 946					
200 Rural Housing					3 180					
Kuruman Reservoir			1 892							
Kgotsoopula Nala					2 500					
Total Operating Transfers and Grants	5	80 930	103 557	107 430	84 471	100 318	-	98 754	121 414	130 118
<u>Capital Transfers and Grants</u>										
National Government:	27 442	45 474	55 163	67 124	71 869	-	96 197	91 275	95 419	
Municipal Infrastructure Grant (MIG)	27 442	45 474	55 163	52 371	66 326		51 027	52 924	55 236	
Neighbourhood Development Partnership				5 000	-					
Rural Households Infrastructure				4 210	-					
Regional Bulk Infrastructure							30 000	5 638		
Municipal Water Infrastructure Grant				3 543	3 543		14 170	27 713	29 183	
Intergrated Nationa Electrification Programme				2 000	2 000		1 000	5 000	11 000	
Other capital transfers/grants [insert desc]										
Total Capital Transfers and Grants	5	27 442	45 474	55 163	67 124	71 869	-	96 197	91 275	95 419
TOTAL RECEIPTS OF TRANSFERS & GRANTS		108 372	149 031	162 593	151 595	172 186	-	194 951	212 689	225 537

NC452 Ga-Segonyana - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		52 274	61 589	70 218	83 531	83 896	-	97 526	119 326	127 688
Local Government Equitable Share		48 470	58 219	65 874	73 591	73 591		86 992	109 209	117 469
Finance Management		595	1 010	1 516	1 550	1 550		1 600	1 650	1 700
Municipal Systems Improvement		1 586	878	571	890	1 032		934	967	1 019
Water Services Operating Subsidy			1 481	1 481	6 500	6 500		7 000	7 500	7 500
EPWP Incentive		1 624		777	1 000	1 223		1 000		
Other transfers/grants [insert description]										
Provincial Government:		480	646	932	940	940	-	1 228	2 088	2 430
Sport and Recreation		360	646	932	940	940		1 228	2 088	2 430
LIBRARY										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	46 141	29 880	-	15 482	-	-	-	-
ACIP WATER			13 859	2 855		1 856				
RURAL HOUSING			31 967	25 166						
Water and Sanitation Masterplan										
DME										
Blue Drop and Green Support			315	81						
1000 Rural Housing						7 946				
200 Rural Housing						3 180				
Kuruman Reservoir				1 779						
Kgotsopula nala						2 500				
Total operating expenditure of Transfers and Grants:		52 754	108 376	101 030	84 471	100 318	-	98 754	121 414	130 118
Capital expenditure of Transfers and Grants										
National Government:		24 914	31 283	51 340	67 124	71 869	-	96 197	91 275	95 419
Municipal Infrastructure Grant (MIG)		24 914	31 283	51 340	52 371	66 326		51 027	52 924	55 236
Neighbourhood Development Partnership					5 000					
Rural Households Infrastructure					4 210					
Municipal Water Infrastructure Grant					3 543	3 543		14 170	27 713	29 183
Intergrated Nationa Electrification Programme					2 000	2 000		1 000	5 000	11 000
Regional Bulk Infrastructure								30 000	5 638	
Provincial Government:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		24 914	31 283	51 340	67 124	71 869	-	96 197	91 275	95 419
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		77 668	139 659	152 370	151 595	172 186	-	194 951	212 689	225 537

NC452 Ga-Segonyana - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
<i>Indigents</i>	5								3 336	3 536	3 749
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	3 336	3 536	3 749
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	3 336	3 536	3 749
TOTAL TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	3 336	3 536	3 749

NC452 Ga-Segonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
-	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3 682	3 142	3 864	6 284	6 284		4 456	4 697	4 951
Pension and UIF Contributions		528	1 005	1 075		-		427	450	475
Medical Aid Contributions		205				-		211	223	235
Motor Vehicle Allowance		851	1 382	1 479		-		1 182	1 245	1 313
Cellphone Allowance					435	435		325	342	361
Housing Allowances									-	-
Other benefits and allowances								10	11	11
Sub Total - Councillors		5 267	5 530	6 419	6 719	6 719	-	6 612	6 969	7 345
% increase	4		5.0%	16.1%	4.7%	-	(100.0%)	-	5.4%	5.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 834	2 295	2 849	5 842	5 842		3 358	3 540	3 731
Pension and UIF Contributions		315	342	209	664	664		369	389	410
Medical Aid Contributions		68			205	205		109	115	121
Overtime						-			-	-
Performance Bonus						-			-	-
Motor Vehicle Allowance	3	370	370	332	1 127	1 127		647	682	719
Cellphone Allowance	3			27	123	123		76	80	84
Housing Allowances	3				58	58			-	-
Other benefits and allowances	3			50	121	121		217	229	242
Payments in lieu of leave					231	231			-	-
Long service awards						-			-	-
Post-retirement benefit obligations	6								-	-
Sub Total - Senior Managers of Municipality		3 586	3 006	3 467	8 369	8 369	-	4 777	5 035	5 307
% increase	4		(16.2%)	15.3%	141.4%	-	(100.0%)	-	5.4%	5.4%
Other Municipal Staff										
Basic Salaries and Wages		20 679	25 140	36 661	38 510	35 459		51 066	57 320	60 415
Pension and UIF Contributions		3 676	4 933	5 264	7 568	6 664		9 677	10 160	10 709
Medical Aid Contributions		1 658	3 032	4 334	3 805	3 252		4 690	4 871	5 134
Overtime		1 172	1 195	2 279	2 110	2 764		1 671	2 478	2 612
Performance Bonus		8				-		2	2	2
Motor Vehicle Allowance	3	2 080	1 344	2 139	656	806		1 678	2 103	2 217
Cellphone Allowance	3	205	42		156	117		237	250	263
Housing Allowances	3	1 599	1 492	1 690	2 154	1 862		2 873	2 408	2 539
Other benefits and allowances	3		1 326	2 893	3 911	3 661		7 724	4 169	4 394
Payments in lieu of leave		1 778	4 314		4 791	4 476		1 281	1 350	1 423
Long service awards		146	196		66	76		18	19	20
Post-retirement benefit obligations	6		656						-	-
Sub Total - Other Municipal Staff		33 000	43 669	55 260	63 727	59 137	-	80 916	85 130	89 727
% increase	4		32.3%	26.5%	15.3%	(7.2%)	(100.0%)	-	5.2%	5.4%
Total Parent Municipality		41 853	52 205	65 146	78 816	74 226	-	92 304	97 133	102 378
			24.7%	24.8%	21.0%	(5.8%)	(100.0%)	-	5.2%	5.4%
TOTAL SALARY, ALLOWANCES & BENEFITS		41 853	52 205	65 146	78 816	74 226	-	92 304	97 133	102 378
% increase	4		24.7%	24.8%	21.0%	(5.8%)	(100.0%)	-	5.2%	5.4%
TOTAL MANAGERS AND STAFF	5,7	36 587	46 675	58 727	72 097	67 507	-	85 693	90 165	95 034

NC452 Ga-Segonyana - 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		368 066	66 252	148 873			583 191
Chief Whip			190 982	27 607	60 816			279 405
Executive Mayor			540 711		181 260			721 971
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors			3 356 570	544 807	1 115 580			5 016 957
Total Councillors	8	-	4 456 329	638 666	1 506 529			6 601 524
Senior Managers of the Municipality	5							
Municipal Manager (MM)			878 617	1 877	257 074			1 137 568
Chief Finance Officer			668 294	100 402	141 093			909 789
Corporate Manager			652 898	18 089	238 802			909 789
Technical Manager			579 618	201 286	128 885			909 789
Community Manager			579 032	156 410	174 347			909 789
								-
								-
Total Senior Managers of the Municipality	8,10	-	3 358 459	478 064	940 201	-		4 776 724
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	7 814 788	1 116 730	2 446 730	-		11 378 248

NC452 Ga-Segonyana - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source																
Property rates		16 768	976	6 707	1 055	1 055	1 055	1 055	1 055	1 055	1 055	1 055	648	33 537	35 348	37 256
Service charges - electricity revenue		6 843	6 843	6 843	6 843	6 843	6 843	6 843	6 843	6 843	6 843	6 843	6 875	82 144	86 579	91 255
Service charges - water revenue		1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 828	1 836	21 941	23 126	24 374
Service charges - sanitation revenue		847	847	847	847	847	847	847	847	847	847	847	851	10 166	10 715	11 294
Service charges - refuse revenue		782	782	782	782	782	782	782	782	782	782	782	786	9 389	9 896	10 431
Rental of facilities and equipment		158	158	158	158	158	158	158	158	158	158	158	159	1 896	1 999	2 107
Interest earned - outstanding debtors		95	95	95	95	95	95	95	95	95	95	95	95	1 139	1 201	1 266
Fines		358	358	358	358	358	358	358	358	358	358	358	360	4 301	4 533	4 778
Licences and permits		280	280	280	280	280	280	280	280	280	280	280	281	3 362	3 543	3 735
Agency services		131	131	131	131	131	131	131	131	131	131	131	132	1 573	1 657	1 747
Transfers recognised - operational		36 852	1 954	1 954	2 954	22 956	1 954	2 954	1 954	17 854	2 954	2 954	1 459	98 754	121 414	130 118
Other revenue		2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 911	2 925	34 945	36 832	38 821
Total Revenue (excluding capital transfers and contributions)		67 853	17 162	22 894	18 241	38 243	17 241	18 241	17 241	33 141	18 241	18 241	16 408	303 146	336 843	357 180
Expenditure By Type																
Employee related costs		7 139	6 273	6 188	6 556	7 139	7 970	6 762	7 670	7 139	7 713	8 570	6 582	85 703	90 331	95 209
Remuneration of councillors		550	550	550	550	550	550	550	550	550	550	550	553	6 602	6 958	7 334
Debt impairment		42	42	42	42	42	42	42	42	42	42	42	42	505	532	561
Depreciation & asset impairment		3 135	3 135	3 135	3 135	3 135	3 135	3 135	3 135	3 135	3 135	3 135	3 150	37 639	39 672	41 814
Finance charges		247	247	247	247	247	247	247	247	247	247	247	248	2 964	3 124	3 293
Bulk purchases		6 077	6 077	5 669	4 454	3 846	3 846	4 454	4 454	4 454	5 469	5 809	6 156	60 766	64 047	67 506
Contracted services		645	645	645	645	645	645	645	645	645	645	645	648	7 740	8 158	8 598
Transfers and grants		278	278	278	278	278	278	278	278	278	278	278	279	3 336	3 536	3 749
Other expenditure		7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 428	88 746	93 538	98 589
Total Expenditure		25 505	24 639	24 147	23 300	23 275	24 106	23 505	24 414	23 883	25 472	26 669	25 086	294 001	309 897	326 652
Surplus/(Deficit)		42 348	(7 477)	(1 253)	(5 059)	14 968	(6 865)	(5 265)	(7 173)	9 258	(7 231)	(8 428)	(8 678)	9 145	26 946	30 528
Transfers recognised - capital		4 441	5 645	5 456	15 216	6 701	5 532	5 441	9 645	15 216	6 456	6 701	9 749	96 197	91 275	95 419
Surplus/(Deficit) after capital transfers & contributions		46 789	(1 832)	4 202	10 157	21 670	(1 333)	176	2 472	24 474	(775)	(1 727)	1 070	105 342	118 221	125 947
Taxation													-	-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	46 789	(1 832)	4 202	10 157	21 670	(1 333)	176	2 472	24 474	(775)	(1 727)	1 070	105 342	118 221	125 947

NC452 Ga-Segonyana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	-															
Vote 1 - EXECUTIVE & COUNCIL		1 062	1 403	893	1 148	1 275	1 062	1 339	765	829	956	1 062	958	12 752	13 597	13 997
Vote 2 - BUDGET & TREASURY		3 338	4 408	2 805	3 606	4 007	3 338	4 207	2 404	2 605	3 005	3 338	3 009	40 071	42 235	44 516
Vote 3 - CORPORATE SERVICES		30	39	25	32	36	30	38	21	23	27	30	27	358	377	397
Vote 4 - PLANNING & DEVELOPMENT		2 100	2 773	1 765	2 269	2 521	2 100	2 647	1 513	1 639	1 891	2 100	1 893	25 209	26 589	34 930
Vote 5 - HEALTH		3	4	2	3	4	3	4	2	2	3	3	3	36	38	40
Vote 6 - COMMUNITY & SOCIAL SERVICES		118	156	99	128	142	118	149	85	92	107	118	107	1 420	2 342	2 748
Vote 7 - PUBLIC SAFETY		785	1 037	660	848	942	785	990	565	613	707	785	708	9 424	9 933	10 469
Vote 8 - WASTE WATER MANAGEMENT		1 772	2 340	1 489	1 914	2 127	1 772	2 233	1 276	1 383	1 595	1 772	1 597	21 271	37 402	31 230
Vote 9 - ROAD TRANSPORT		1 116	1 474	938	1 206	1 340	1 116	1 407	804	871	1 005	1 116	1 007	13 403	25 268	23 460
Vote 10 - WATER		10 539	13 917	8 856	11 387	12 652	10 539	13 285	7 591	8 224	9 489	10 539	9 502	126 521	104 385	93 048
Vote 11 - Electricity		10 037	13 255	8 435	10 845	12 050	10 037	12 652	7 230	7 832	9 037	10 037	9 049	120 498	133 824	147 618
Vote 12 - WASTE MANAGEMENT		2 201	2 906	1 849	2 378	2 642	2 201	2 774	1 585	1 717	1 981	2 201	1 984	26 420	30 062	32 968
Vote 13 - SPORTS & RECREATION		163	216	137	177	196	163	206	118	127	147	163	147	1 961	2 067	17 179
Total Revenue by Vote		33 265	43 928	27 954	35 941	39 934	33 265	41 931	23 961	25 957	29 951	33 265	29 991	399 343	428 118	452 599
Expenditure by Vote to be appropriated	-															
Vote 1 - EXECUTIVE & COUNCIL		1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 600	19 120	20 152	21 240
Vote 2 - BUDGET & TREASURY		2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 372	28 335	29 865	31 478
Vote 3 - CORPORATE SERVICES		1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 435	17 139	18 065	19 040
Vote 4 - PLANNING & DEVELOPMENT		1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 199	14 328	15 102	15 917
Vote 5 - HEALTH		21	21	21	21	21	21	21	21	21	21	21	21	256	270	285
Vote 6 - COMMUNITY & SOCIAL SERVICES		1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 228	14 676	15 468	16 303
Vote 7 - PUBLIC SAFETY		1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 342	16 029	16 894	17 807
Vote 8 - WASTE WATER MANAGEMENT		394	394	394	394	394	394	394	394	394	394	394	395	4 724	4 979	5 248
Vote 9 - ROAD TRANSPORT		2 027	2 314	2 027	2 027	2 027	2 027	2 027	1 867	2 027	1 934	2 027	2 004	24 336	25 651	27 036
Vote 10 - WATER		5 059	3 997	3 997	3 997	2 707	3 997	3 007	3 997	3 997	5 047	6 097	2 083	47 979	50 570	53 301
Vote 11 - Electricity		6 694	6 694	6 470	5 516	6 694	6 163	6 694	6 694	6 049	6 694	6 694	9 303	80 356	84 716	89 312
Vote 12 - WASTE MANAGEMENT		1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 353	16 164	17 037	17 957
Vote 13 - SPORTS & RECREATION		879	879	879	879	879	879	879	879	879	879	879	884	10 558	11 128	11 729
Total Expenditure by Vote		25 552	24 777	24 267	23 312	23 200	23 959	23 501	24 330	23 845	25 447	26 590	25 219	294 001	309 897	326 652
Surplus/(Deficit) before assoc.		7 713	19 151	3 687	12 628	16 734	9 306	18 430	(370)	2 112	4 504	6 675	4 772	105 342	118 221	125 947
Surplus/(Deficit)	1	7 713	19 151	3 687	12 628	16 734	9 306	18 430	(370)	2 112	4 504	6 675	4 772	105 342	118 221	125 947

NC452 Ga-Segonyana - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard	-															
Governance and administration		4 430	5 850	3 723	4 786	5 318	4 430	5 584	3 191	3 457	3 989	4 430	3 994	53 181	56 209	58 910
Executive and council		1 062	1 403	893	1 148	1 275	1 062	1 339	765	829	956	1 062	958	12 752	13 597	13 997
Budget and treasury office		3 338	4 408	2 805	3 606	4 007	3 338	4 207	2 404	2 605	3 005	3 338	3 009	40 071	42 235	44 516
Corporate services		30	39	25	32	36	30	38	21	23	27	30	27	358	377	397
Community and public safety		1 070	1 413	899	1 156	1 284	1 070	1 348	770	835	963	1 070	964	12 841	14 379	30 436
Community and social services		118	156	99	128	142	118	149	85	92	107	118	107	1 420	2 342	2 748
Sport and recreation		163	216	137	177	196	163	206	118	127	147	163	147	1 961	2 067	17 179
Public safety		785	1 037	660	848	942	785	990	565	613	707	785	708	9 424	9 933	10 469
Health		3	4	2	3	4	3	4	2	2	3	3	3	36	38	40
Economic and environmental services		3 216	4 247	2 703	3 475	3 861	3 216	4 054	2 317	2 510	2 896	3 216	2 900	38 612	51 857	58 390
Planning and development		2 100	2 773	1 765	2 269	2 521	2 100	2 647	1 513	1 639	1 891	2 100	1 893	25 209	26 589	34 930
Road transport		1 116	1 474	938	1 206	1 340	1 116	1 407	804	871	1 005	1 116	1 007	13 403	25 268	23 460
Trading services		24 549	32 418	20 630	26 524	29 471	24 549	30 944	17 682	19 156	22 103	24 549	22 133	294 708	305 673	304 863
Electricity		10 037	13 255	8 435	10 845	12 050	10 037	12 652	7 230	7 832	9 037	10 037	9 049	120 498	133 824	147 618
Water		10 539	13 917	8 856	11 387	12 652	10 539	13 285	7 591	8 224	9 489	10 539	9 502	126 521	104 385	93 048
Waste water management		1 772	2 340	1 489	1 914	2 127	1 772	2 233	1 276	1 383	1 595	1 772	1 597	21 271	37 402	31 230
Waste management		2 201	2 906	1 849	2 378	2 642	2 201	2 774	1 585	1 717	1 981	2 201	1 984	26 420	30 062	32 968
Total Revenue - Standard		33 265	43 928	27 954	35 941	39 934	33 265	41 931	23 961	25 957	29 951	33 265	29 991	399 343	428 118	452 599
			61 514	39 146	50 330	55 922	46 583	58 718	33 553	36 349	41 942	46 583				
Expenditure - Standard	-															
Governance and administration		5 381	5 381	5 381	5 381	5 381	5 381	5 381	5 381	5 381	5 381	5 381	5 406	64 594	68 082	71 758
Executive and council		1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 593	1 600	19 120	20 152	21 240
Budget and treasury office		2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 372	28 335	29 865	31 478
Corporate services		1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 435	17 139	18 065	19 040
Community and public safety		3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 458	3 475	41 518	43 760	46 123
Community and social services		1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 222	1 228	14 676	15 468	16 303
Sport and recreation		879	879	879	879	879	879	879	879	879	879	879	884	10 558	11 128	11 729
Public safety		1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 342	16 029	16 894	17 807
Health		21	21	21	21	21	21	21	21	21	21	21	21	256	270	285
Economic and environmental services		3 202	3 489	3 202	3 202	3 202	3 202	3 202	3 042	3 202	3 108	3 202	3 409	38 665	40 752	42 953
Planning and development		1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 194	1 199	14 328	15 102	15 917
Road transport		2 008	2 295	2 008	2 008	2 008	2 008	2 008	1 849	2 008	1 915	2 008	2 210	24 336	25 651	27 036
Trading services		13 850	12 772	12 549	11 595	11 483	12 241	11 783	12 772	12 127	13 822	14 872	9 356	149 224	157 302	165 818
Electricity		6 984	6 984	6 760	5 806	6 984	6 453	6 984	6 984	6 339	6 984	6 984	6 114	80 356	84 716	89 312
Water		5 126	4 049	4 049	4 049	2 759	4 049	3 060	4 049	4 049	5 099	6 149	1 493	47 979	50 570	53 301
Waste water management		394	394	394	394	394	394	394	394	394	394	394	395	4 724	4 979	5 248

Waste management		1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 346	1 353	16 164	17 037	17 957
Total Expenditure - Standard		25 891	25 101	24 590	23 636	23 524	24 283	23 824	24 654	24 169	25 770	26 914	21 647	294 001	309 897	326 652
Surplus/(Deficit) before assoc.		7 374	18 827	3 364	12 305	16 411	8 983	18 107	(693)	1 789	4 181	6 352	8 344	105 342	118 221	125 947
Surplus/(Deficit)	1	7 374	18 827	3 364	12 305	16 411	8 983	18 107	(693)	1 789	4 181	6 352	8 344	105 342	118 221	125 947

NC452 Ga-Segonyana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL							100					950	1 050	-	-	
Vote 2 - BUDGET & TREASURY			15	35	80	50	105	35	10	20	30	10	146	536	-	-
Vote 3 - CORPORATE SERVICES			105	65	95	10	120	62	55	105	60	40	48	765	-	-
Vote 4 - PLANNING & DEVELOPMENT		1 500	985	653	265	389	1 900	986	456	1 230	450	230	1 041	10 085	2 500	9 541
Vote 5 - HEALTH													-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES			100		50		150		15				1 679	1 994	-	-
Vote 7 - PUBLIC SAFETY													-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT			235	456		325		345		550	236	(2 147)	-	15 430	8 179	
Vote 9 - ROAD TRANSPORT		2 650	3 986	1 563	1 023	653	789	205	1 065	500		3 203	15 637	24 373	22 516	
Vote 10 - WATER		15 000		10 000	15 000		15 000		5 000	5 000	5 000	22 638	97 638	43 972	29 183	
Vote 11 - Electricity					1 000								-	1 000	5 000	11 000
Vote 12 - WASTE MANAGEMENT													-	-	-	-
Vote 13 - SPORTS & RECREATION							1 050						(1 050)	-	-	15 000
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	19 150	5 426	12 772	17 513	1 427	19 114	1 733	6 601	6 905	6 276	5 280	26 508	128 705	91 275	95 419
Total Capital Expenditure	2	19 150	5 426	12 772	17 513	1 427	19 114	1 733	6 601	6 905	6 276	5 280	26 508	128 705	91 275	95 419

NC452 Ga-Segonyana - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard	1															
Governance and administration		-	120	100	175	60	225	197	65	125	90	50	1 144	2 351	-	-
Executive and council		-	-	-	-	-	-	100	-	-	-	-	950	1 050	-	-
Budget and treasury office		-	15	35	80	50	105	35	10	20	30	10	146	536	-	-
Corporate services		-	105	65	95	10	120	62	55	105	60	40	48	765	-	-
Community and public safety		-	100	-	50	-	1 200	-	15	-	-	-	629	1 994	-	15 000
Community and social services		-	100	-	50	-	150	-	15	-	-	-	1 679	1 994	-	-
Sport and recreation		-	-	-	-	-	1 050	-	-	-	-	-	(1 050)	-	-	15 000
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		4 150	4 971	2 216	1 288	1 042	2 689	1 191	1 521	1 230	950	230	4 244	25 722	26 873	32 057
Planning and development		1 500	985	653	265	389	1 900	986	456	1 230	450	230	1 041	10 085	2 500	9 541
Road transport		2 650	3 986	1 563	1 023	653	789	205	1 065	-	500	-	3 203	15 637	24 373	22 516
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		15 000	235	10 456	16 000	325	15 000	345	5 000	5 550	5 236	5 000	20 491	98 638	64 402	48 362
Electricity		-	-	-	1 000	-	-	-	-	-	-	-	-	1 000	5 000	11 000
Water		15 000	-	10 000	15 000	-	15 000	-	5 000	5 000	5 000	5 000	22 638	97 638	43 972	29 183
Waste water management		-	235	456	-	325	-	345	-	550	236	-	(2 147)	-	15 430	8 179
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	19 150	5 426	12 772	17 513	1 427	19 114	1 733	6 601	6 905	6 276	5 280	26 508	128 705	91 275	95 419
Funded by:																
National Government		18 248	4 528	11 874	16 615	529	18 216	835	5 703	6 007	5 378	4 382	3 882	96 197	91 275	95 419
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		18 248	4 528	11 874	16 615	529	18 216	835	5 703	6 007	5 378	4 382	3 882	96 197	91 275	95 419
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	20 000	20 000	-	-
Borrowing		309	171	171	171	171	171	171	171	171	171	171	1 689	3 705	-	-
Internally generated funds		733	727	727	727	727	727	727	727	727	727	727	795	8 803	-	-
Total Capital Funding		19 290	5 426	12 772	17 513	1 427	19 114	1 733	6 601	6 905	6 276	5 280	26 366	128 705	91 275	95 419

NC452 Ga-Segonyana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16
Cash Receipts By Source													1		
Property rates	2 713	1 588	4 731	2 160	1 925	1 277	1 731	1 560	1 731	1 560	1 560	938	23 476	31 813	33 531
Service charges - electricity revenue	6 778	6 778	5 778	5 778	5 778	5 778	5 778	5 778	5 778	5 778	6 778	7 369	73 929	77 922	77 567
Service charges - water revenue	2 141	2 141	3 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	2 141	1 104	18 650	20 119	21 206
Service charges - sanitation revenue	686	686	686	686	986	1 286	686	686	686	686	686	193	8 641	9 643	9 712
Service charges - refuse revenue	592	592	592	592	992	1 092	592	592	592	592	592	97	7 511	8 412	8 866
Rental of facilities and equipment	131	131	131	131	131	131	131	131	131	131	131	78	1 517	1 819	1 917
Interest earned - outstanding debtors	95	95	95	95	95	95	95	95	95	95	95	38	1 082	1 201	1 266
Fines	128	128	228	128	428	428	128	128	128	128	128	1 767	3 870	4 080	4 300
Licences and permits	388	288	288	188	288	288	188	288	288	288	288	123	3 194	3 189	3 361
Agency services	188	88	88	188	88	188	188	88	188	88	88	25	1 494	1 575	1 660
Transfer receipts - operational	36 852	1 954	1 954	2 954	22 956	1 954	2 954	1 954	17 854	2 954	2 954	1 459	98 754	121 414	130 118
Other revenue	2 387	2 533	3 533	3 533	2 533	3 533	3 533	2 533	3 533	2 533	2 533	2 230	34 945	33 148	36 880
Cash Receipts by Source	53 079	17 001	21 244	17 574	37 341	17 191	17 144	14 974	32 144	15 974	17 974	15 421	277 063	314 334	330 382
Other Cash Flows by Source															
Transfer receipts - capital	26 000		15 000		29 170			15 000	11 027			-	96 197	91 275	95 419
Total Cash Receipts by Source	79 079	17 001	36 244	17 574	66 511	17 191	17 144	29 974	43 171	15 974	17 974	15 421	373 260	405 609	425 801
Cash Payments by Type															
Employee related costs	7 139	6 273	6 188	6 556	7 139	7 970	6 762	7 670	7 139	7 713	8 570	6 582	85 703	90 331	95 209
Remuneration of councillors	550	550	550	550	550	550	550	550	550	550	550	553	6 602	6 958	7 334
Finance charges	247	247	247	247	247	247	247	247	247	247	247	248	2 964	3 124	3 293
Bulk purchases - Electricity	6 450	6 450	6 018	4 728	4 083	4 083	4 728	4 728	4 728	5 805	6 166	6 534	64 499	67 982	71 653
Contracted services	645	645	645	645	645	645	645	645	645	645	645	648	7 740	8 158	8 598
Other expenditure	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 393	7 428	88 746	93 538	98 589
Cash Payments by Type	22 423	21 557	21 040	20 118	20 056	20 887	20 324	21 232	20 701	22 352	23 571	21 992	256 254	270 092	284 676
Other Cash Flows/Payments by Type															
Capital assets	10 721	16 088	10 296	7 722	12 871	7 722	7 980	15 445	9 653	11 583	10 721	7 902	128 705	91 275	95 419
Repayment of borrowing	720	6	9	9	720	9	9	9	9	9	9	886	2 400	2 530	2 666
Total Cash Payments by Type	33 864	37 652	31 345	27 849	33 646	28 618	28 312	36 685	30 362	33 944	34 300	30 781	387 359	363 896	382 762
NET INCREASE/(DECREASE) IN CASH HELD	45 215	(20 650)	4 900	(10 275)	32 865	(11 427)	(11 168)	(6 711)	12 809	(17 970)	(16 326)	(15 360)	(14 099)	41 713	43 040
Cash/cash equivalents at the month/year begin:	48 159	93 374	72 724	77 624	67 349	100 214	88 787	77 619	70 908	83 717	65 746	49 420	48 159	34 061	75 774
Cash/cash equivalents at the month/year end:	93 374	72 724	77 624	67 349	100 214	88 787	77 619	70 908	83 717	65 746	49 420	34 061	34 061	75 774	118 813

NC452 Ga-Segonyana - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Kgomongwe Security Service	Yrs	3	Cash in Transit (Security)	31 March 2016	1 232
Bothosasa Trading and Projects	Mths	18	Cleaning of Muncipal Building	30 June 2014	329
Uhuru Enviroment	Yrs	3	Management of Landfill site	30 November 2015	9 029
Ikgodiseng Security	Yrs	3	Provision of Security	31 August 2015	9 371
Dutchame Consulting	Mths	6	Compilling Annual Financial Statements	31 August 2015	3 500

NC452 Ga-Segonyana - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
-										
Other assets		-	-	-	6 800	-	-	3 705	-	-
General vehicles								3 705		
Specialised vehicles	10	-	-	-	6 800	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	6 800	-	-	3 705	-	-
Specialised vehicles		-	-	-	6 800	-	-	-	-	-
Refuse					1 200	-	-			
Fire					5 600	-	-			
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	4.8%	0.0%	0.0%	2.9%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	18.0%	0.0%	0.0%	9.8%	0.0%	0.0%

NC452 Ga-Segonyana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	8 460	15 659	-	21 645	22 814	24 046
Infrastructure - Road transport		-	-	-	3 260	3 172	-	3 975	4 190	4 416
<i>Roads, Pavements & Bridges</i>					3 060	2 965		3 675	3 873	4 083
<i>Storm water</i>					200	207		300	316	333
Infrastructure - Electricity		-	-	-	500	613	-	4 350	4 585	4 832
<i>Generation</i>						-		300	316	333
<i>Transmission & Reticulation</i>					300	213		3 800	4 005	4 221
<i>Street Lighting</i>					200	400		250	264	278
Infrastructure - Water		-	-	-	4 700	11 874	-	9 920	10 456	11 020
<i>Dams & Reservoirs</i>					400	164		-	-	-
<i>Water purification</i>						-		-	-	-
<i>Reticulation</i>					4 300	11 710		9 920	10 456	11 020
Infrastructure - Other		-	-	-	-	-	-	3 400	3 584	3 777
<i>Other</i>	3							3 400	3 584	3 777
Community		-	-	-	270	305	-	643	677	714
Parks & gardens								120	126	133
Sportsfields & stadia								100	105	111
Swimming pools									-	-
Community halls					270	305		110	116	122
Libraries								3	3	3
Recreational facilities									-	-
Fire, safety & emergency								55	58	61
Cemeteries								255	269	283
Social rental housing	8									
Other										
Other assets		-	-	-	17 954	16 809	-	12 025	12 674	13 358
General vehicles					500	500		1 500	1 581	1 666
Specialised vehicles	10	-	-	-	8 701	7 891	-	5 466	5 761	6 072
Plant & equipment						-		2 169	2 286	2 409
Computers - hardware/equipment					199	199		2 254	2 376	2 504
Furniture and other office equipment					8 354	8 020		266	280	295
Other Buildings								370	390	411
Other					200	200				
Total Repairs and Maintenance Expenditure	1	-	-	-	26 684	32 773	-	34 312	36 165	38 118
Specialised vehicles		-	-	-	8 701	7 891	-	5 466	5 761	6 072
Refuse										
Fire										
Conservancy					8 701	7 891		5 466	5 761	6 072
Ambulances										
R&M as a % of PPE		0.0%	0.0%	0.0%	2.2%	3.1%	0.0%	3.0%	3.0%	3.0%
R&M as % Operating Expenditure		0.0%	0.0%	0.0%	9.8%	10.7%	0.0%	11.7%	11.7%	11.7%

NC452 Ga-Segonyana - Supporting Table SA34d Depreciation by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		33 808	31 261	49 557	35 200	35 200	-	29 632	31 232	32 919
Infrastructure - Road transport		-	8 270	10 905	8 783	8 783	-	6 815	7 183	7 571
<i>Roads, Pavements & Bridges</i>			8 270	7 714	8 783	8 783		6 815	7 183	7 571
<i>Storm water</i>				3 191						
Infrastructure - Electricity		10 907	5 862	14 005	8 186	8 186	-	6 186	6 520	6 873
<i>Generation</i>										
<i>Transmission & Reticulation</i>		10 834	5 862	14 005	8 185	8 185		5 186	5 466	5 762
<i>Street Lighting</i>		73			1	1		1 000	1 054	1 111
Infrastructure - Water		14 914	17 129	21 814	15 251	15 251	-	12 251	12 912	13 609
<i>Water purification</i>			5 270					3 000	3 162	3 333
<i>Reticulation</i>		14 914	11 860	21 814	15 251	15 251		9 251	9 750	10 277
Infrastructure - Sanitation		205	-	2 833	36	36	-	36	38	40
<i>Reticulation</i>		205								
<i>Sewerage purification</i>				2 833	36	36		36	38	40
Infrastructure - Other		7 783	-	-	2 944	2 944	-	4 344	4 578	4 825
<i>Waste Management</i>					2 944	2 944		2 944	3 103	3 270
<i>Other</i>	3	7 783						1 400	1 475	1 555
Community		3 281	-	-	21	21	-	543	573	604
Parks & gardens								40	42	44
Sportsfields & stadia		151						57	60	64
Community halls					21	21				
Libraries								128	135	143
Fire, safety & emergency								302	319	336
Other		3 130								
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Other assets		3 343	10 619	3 481	2 563	2 563	-	7 464	7 867	8 292
General vehicles			4 095	365	33	33		1 500	1 581	1 666
Specialised vehicles		-	6 524	1 200	-	-	-	5 500	5 797	6 110
Plant & equipment		1 050		883				347	366	385
Computers - hardware/equipment								14	15	15
Furniture and other office equipment		504		922	2 530	2 530		104	109	115
Civic Land and Buildings				81						
Other Buildings		1 640								
Other		149		30						
Biological assets		-	-	17	-	-	-	-	-	-
<i>Heritage ASSETS</i>				17						
Intangibles		-	-	44	-	-	-	-	-	-
Computers - software & programming				44						
Total Depreciation	1	40 432	41 880	53 099	37 783	37 783	-	37 640	39 672	41 814
Specialised vehicles		-	6 524	1 200	-	-	-	5 500	5 797	6 110
Conservancy			6 524	1 200				5 500	5 797	6 110

NC452 Ga-Segonyana - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
R thousand								
Capital expenditure	1							
Vote 1 - EXECUTIVE & COUNCIL		1 050	-	-				
Vote 2 - BUDGET & TREASURY		536	-	-				
Vote 3 - CORPORATE SERVICES		765	-	-				
Vote 4 - PLANNING & DEVELOPMENT		10 085	2 500	9 541				
Vote 5 - HEALTH		-	-	-				
Vote 6 - COMMUNITY & SOCIAL SERVICES		1 994	-	-				
Vote 7 - PUBLIC SAFETY		-	-	-				
Vote 8 - WASTE WATER MANAGEMENT		-	15 430	8 179				
Vote 9 - ROAD TRANSPORT		15 637	24 373	22 516				
Vote 10 - WATER		97 638	43 972	29 183				
Vote 11 - Electricity		1 000	5 000	11 000				
Vote 12 - WASTE MANAGEMENT		-	-	-				
Vote 13 - SPORTS & RECREATION		-	-	15 000				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		128 705	91 275	95 419	-	-	-	-
Future operational costs by vote	2							
Vote 1 - EXECUTIVE & COUNCIL		19 035	20 063	21 146				
Vote 2 - BUDGET & TREASURY		28 070	29 586	31 183				
Vote 3 - CORPORATE SERVICES		15 512	16 349	17 232				
Vote 4 - PLANNING & DEVELOPMENT		14 493	15 276	16 101				
Vote 5 - HEALTH		256	270	285				
Vote 6 - COMMUNITY & SOCIAL SERVICES		14 507	15 290	16 116				
Vote 7 - PUBLIC SAFETY		14 008	14 765	15 562				
Vote 8 - WASTE WATER MANAGEMENT		4 579	4 826	5 087				
Vote 9 - ROAD TRANSPORT		24 111	25 413	26 785				
Vote 10 - WATER		48 606	51 231	53 997				
Vote 11 - Electricity		83 837	88 364	93 135				
Vote 12 - WASTE MANAGEMENT		16 290	17 169	18 096				
Vote 13 - SPORTS & RECREATION		9 956	10 493	11 060				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total future operational costs		293 260	309 096	325 787	-	-	-	-
Future revenue by source	3							
Property rates		36 243	38 200	40 263				
Property rates - penalties & collection charges		-	-	-				
Service charges - electricity revenue		52 144	54 959	57 927				
Service charges - water revenue		21 941	23 126	24 374				
Service charges - sanitation revenue		10 166	10 715	11 294				
Service charges - refuse revenue		9 389	9 896	10 431				
Service charges - other		-	-	-				
Rental of facilities and equipment		1 896	1 999	2 107				
Interest earned - external investments		1 565	1 650	1 739				
Interest earned - outstanding debtors		1 139	1 201	1 266				
Dividends received		-	-	-				
Fines		4 064	4 284	4 515				
Licences and permits		3 362	3 543	3 735				
Agency services		1 573	1 657	1 747				
Transfers recognised - operational		98 466	120 266	128 628				
Other revenue		63 078	66 484	70 074				
Gains on disposal of PPE		-	-	-				
Total future revenue		305 026	337 981	358 099	-	-	-	-
Net Financial Implications		116 938	62 390	63 106	-	-	-	-

NC452 Ga-Segonyana - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS coordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
EXECUTIVE AND COUNCILL		Office Furniture			Yes	Other Assets	Furniture and other office equipment					140				NEW
		vehicle				Other Assets	General vehicles					910				
BUDGET AND TREASURY		vehicle			Yes	Other Assets	General vehicles					390				RENEWAL
		Office equipment and furniture			Yes	Other Assets	Furniture and other office equipment					121				NEW
		Kitchen Renovation			Yes	Other Assets	Other Buildings					25				NEW
CORPORATE ADMIN		vehicle			Yes	Other Assets	General vehicles					325				RENEWAL
		Office equipment and furniture			Yes	Other Assets	Furniture and other office equipment					415				NEW
		Kitchen Renovation			Yes	Other Assets	Other Buildings					25				NEW
COMMUNITY SERVICE		Plant and equipment			Yes	Other Assets	Plant & equipment					169				NEW
		Office equipment and furniture			Yes	Other Assets	Furniture and other office equipment					150				NEW
		Vehicles			Yes	Other Assets	General vehicles					1 300				RENEWAL
		Security box houses			Yes	Other Assets	Other Buildings					25				
SPORTS AN RECREATIONAL		Office equipment and furniture			Yes	Other Assets	Furniture and other office equipment					350				NEW
		Gantatelang Sports Ground			Yes	Community	Sportsfields & stadia							5 000		NEW
		Gamopedi Sports Ground			Yes	Community	Sportsfields & stadia							5 000		NEW

PLANNING AND DEVELOPMENT		Maruping Sports Ground			Yes	Community	Sportsfields & stadia						5 000		NEW	
		Office equipment and furniture			Yes	Other Assets	Furniture and other office equipment			2 710	2 500	3 000			NEW	
		Plant and equipment			Yes	Other Assets	Plant & equipment			272					NEW	
		vehicle			Yes	Other Assets	General vehicles			780					RENE WAL	
		Kitchen Renovation			Yes	Other Assets	Other Buildings			25					NEW	
		Mig Counter Funding			Yes	Infrastructure - Other	Other			5 716					NEW	
		Vergenoeg Community Hall			Yes	Community	Community halls			181					NEW	
WATER		Seven Miles Community Hall			Yes	Community	Community halls					6 541			NEW	
		Prepaid Meters			Yes	Other Assets	Plant & equipment			400					NEW	
		Water Pumps			Yes	Other Assets	Plant & equipment			560					NEW	
		Regional Bulk Infrastructure			Yes	Infrastructure - Water	Reticulation			30 000	33 351	29 183			NEW	
		Municipal Water Infrastructure Grant			Yes	Infrastructure - Water	Reticulation			14 170					NEW	
		Mothibistad Phase 3			Yes	Infrastructure - Water	Reticulation			10 089					NEW	
		Marup/Batharos Ext Water Dis Phs 2			Yes	Infrastructure - Water	Reticulation			14 043	3 543				NEW	
		Upgrading Bulk Water Supply Ward 7			Yes	Infrastructure - Water	Reticulation			8 776	2 887				NEW	
		Gantatelang Water Supply			Yes	Infrastructure - Water	Reticulation				4 191				NEW	
		Kuruman Bulk water Reservoir			Yes	Infrastructure - Water	Reticulation			20 000						
ELECTRICITY		DME			Yes	Infrastructure - Electricity	Transmission & Reticulation			1 000	5 000	11 000			NEW	
ROADS AND TRANSPORT		Surface Collector str within Mapoteng			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			6 754	1 119				NEW	
		Surface Collector str within Mothibistad			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			6 477	708				NEW	
		Upg Vergenoeg Marup Link road to Bituminous			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				6 532	9 456			NEW	
		Upg Vergenoeg Batharos Link road to Bituminous			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				9 364	6 560			NEW	
		Upg of Mandela drive from Maruping to Mothibistad			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			2 406	6 650	6 500			NEW	
	SANITATION		Maruping Sanitation			Yes	Infrastructure - Sanitation	Reticulation				6 131				NEW
			Rural Sanitation Programme			Yes	Infrastructure - Sanitation	Reticulation				9 299	8 179			NEW
Parent Capital expenditure													128 705	91 275	95 419	

