ANNUAL BUDGET OF

GASEGONYANA LOCAL MUNICIPALITY

2020/2021 TO 2022/2023

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1.1 MAYOR 's SPEECH

Final Budget Speech by Mayor Neo George Masegela

Honourable Speaker, Cllr Tuelo Meyers

Honourable Councillors,

Municipal Manager, Mr Martin Tsatsimpe

All officials present,

Your excellencies and all members of traditional houses,

Leaders and members of SAMWU and IMATU present here,

Members of the Media,

The distinguished members of our communities of Ga-Segonyana,

Ladies and Gentlemen,

I would accordingly like to take this opportunity and welcome all our esteemed guests and stakeholders to this important occasion.

This occasion happens right in the middle of a global pandemic. The World Health Organisation has declared the coronavirus outbreak as a global pandemic.

We are dealing with not only an unprecedented situation but also one that is fluid and unpredictable.

The president declared a national state of disaster on March 15,2020. Wherein he called for all citizens to put in place precautionary measures to ensure that we curb the spread of the virus. Never before in the history of our democracy has our country been confronted with such a severe situation.

The president, on the 23rd of March 2020 called for a National lockdown, which will be enacted in terms of the Disaster Management Act. The purpose of the lockdown is to minimise transmission. Everyone must do everything within their means to avoid contact with other people.

Staying at home, avoiding public places and cancelling all social activities is the preferred best defence against the virus.

In South Africa, since the start of the outbreak there have been **80 412** confirmed coronavirus cases. Of these, **44 331** people have recovered. That means there are currently **34 407** active cases in the country. In the Northern Cape we have over 200 confirmed cases.

Our fundamental task at this moment is to contain the spread of the disease. We need to stay at home and only come out when it is absolutely necessary to do so. We are greatly encouraged by news this week of a breakthrough in the treatment of Covid-19.

I wish to request from members of this august house to spread a message that urges residents to stay at home. Overwhelming as circumstances may be, we ask that you keep up the fight. This is only the beginning and our commitment will ensure that we will overcome. These basic practices are becoming even more important now as we ease the lockdown and enter a new phase in our coronavirus response.

I would also like to thank the health workers, our doctors, nurses and paramedics who are on the frontline of the pandemic. We urge them to remain courageous and focused. We also want to assure all our health workers in the country, who remain in the frontline of this pandemic, we will do everything in our powers to provide support required for them to execute their duties.

With the move to alert level 3 from the 1st of June, our prevention response is now largely focused on the simple everyday things that each of us can do to protect ourselves and our communities. Wearing of masks, washing hands and social distancing.

The coronavirus pandemic is not only a global health crisis. It is also a global economic crisis of ever-increasing proportion. No country, no industry and no person is unaffected.

Honourable Speaker, It is with the heaviest of hearts that I stand before this august house to talk about another pandemic that is raging in our country – the killing of women and children by the men of our country.

These rapists and killers walk among us. They are in our communities. They are our fathers, our brothers, our sons and our friends; violent men with utterly no regard for the sanctity of human life.

In his address yesterday, the president said, I quote:

'I want to assure the women and children of South Africa that our criminal justice system will remain focused on gender-based violence cases and that we can expect more arrests and more prosecutions against perpetrators to follow.

The perpetrators of violence against women and children must receive sentences that fit the horrific crimes they commit.' Unquote

In our recent audit for 2018/2019, it is evident that we improved in the preparation of financial statements and ensured that these were in line with the prescripts of the applicable accounting framework. We also improved greatly in our compliance with laws and regulations. It is worth mentioning that we have also seen a great improvement in our Annual Performance Report, we have moved from being disclaimed to being Qualified.

While we are generally satisfied with our audit outcome, we recognise that there are some areas of concern, mainly our debtors' book. Honourable Councillors we need to look at the option of writing off debt. We are sitting with a debtors' book of over R50 million, which in reality is not collectable. We have appointed debt collectors to help us with Mothibistad, however we are not winning.

I need to bring to your attention Honourable Speaker that the areas of qualification in our draft audit report are as a result of our very high debtors balance. Auditors are saying that we have overstated our debtors balance because that balance is not collectable and as a result needs to be written off.

I will be in engagements with the Finance team, so as to get a clearer picture in Rands and Cents. I understand that it is a difficult thing, but it has to be done.

In addition to this, while a reduction of irregular expenditure is impressive, we maintain the view that there should be zero tolerance on compliance with laws

and regulations resulting in irregular expenditure. We are committed to reducing the current amount to zero.

After engaging in serious analysis on where the fault-line is, we have recognised that the problem of irregular expenditure arises largely from the misunderstanding of deviation and the composition of bid committees. As such, it is important that we institute a mechanism wherein all deviations are assessed by Internal Audit. In this way, we will be ensuring that there is minimal risk.

This is only a brief overview of where we are as a municipality and where we still need to go. There is a lot of work being done to ensure that some of the challenges that we face with governance and the state of our economy are resolved. This is the primary focus and commitment of our administration, and with only 14 months to go before our term of office draws to a close, it is crucial that we hit the ground running.

I wish to reiterate my sentiments at our last meeting, that there is no time for us to do anything but strengthen the institution that is our municipality and deepen our commitment to service delivery. It is only in so doing that we can all hold our heads up high and proudly proclaim ourselves as public servants who served with pride and distinction. To do less than we committed would be to betray not just our promises, but the people of GaSegonyana. We dare not commit so terrible an act.

2020/21 BUDGET OVERVIEW

Honourable Speaker and Councillors, I am once again pleased to report that the 2020/21 budget is fully funded. Our total budget is R561 million, with the operating budget being R431 million.

The 2020/21 budget is put together in a manner that seeks to ensure that the poor remains our priority and that current projects are completed timeously and

within budget. This budget will also cater for new projects that are in the pipeline. Financial sustainability remains our priority.

Total operating revenue has grown by 4.17% for the 2020/21 financial year when compared to the 2019/2020 Adjustments Budget. For the two outer years, operational revenue is projected to increase by 6.00% and 7.94% respectively.

Total operating expenditure for the 2020/21 financial year has been appropriated at R479 mil and translates into a budgeted deficit of R46 mil, this taking into account non-cash items like depreciation and debt impairment. This implies that the municipality will have to enforce stringent debt collection mechanisms to maximize its debt collection from the receivables.

Our Indigent policy is a short-term intervention that enables access to free services whilst we integrate our people into sustainable means of improving their economic conditions.

Indigents and qualifying households will receive the following benefits:

- 6 Kilolitres of water per month
- 50 Kilowatts of electricity
- Indigent owners and child-headed families will receive a 100% rebate from rates and services;
- All residential properties with a market value of less than R25000 and an additional R56 802 for Bankhara are exempted from paying rates;
- All qualifying senior citizens and disabled persons are exempted from paying rates on the first R25000 value of their residential properties; and they further apply for more exemption.
- All Churches and registered Public Benefit Organisations (PBOs) are also exempted from paying assessment rates.

The provision has been made for the supply of free basic services to the poorer communities in Gasegonyana Local Municipality. The total amount budgeted for free basic services to our communities' amount to R5.9 million.

We are a caring government! Our priority is the most vulnerable sections of our society, with specific focus on the poor.

Through the indigent programme and EPWP we are playing our role in alleviating poverty and encouraging self-sufficiency. The conditions for both these programmes are structured in a manner that will provide temporary relief while providing access to work opportunities and affordable rates and services.

The total operating revenue budget is projected at R432 million in 2020/21, representing an increase in revenue of R18 million on the 2019/20 Adjustment Budget of R413 million. The allocation for the outer two years of the MTREF period is R459 million and R499 million respectively.

Electricity is the main revenue source, contributing R120 million or 28% of the total revenue, and escalates to R132 million in 2022/2023.
Property rates contribute the second largest revenue source, totalling 11% of the total revenue of R433 million.
Water contributes 6% to the total revenue and operating grants makes up 42% of the total revenue.

The operating budget expenditure increases from the adjustment budget amount of R441 Million in 2019/20 to a new budget amount of R478 million representing an increase of R43 million in 2020/21. The allocation of the outer two years of the MTREF period is R500 million and R 534 million respectively.

Personnel costs for the 2020/21 financial year amounts to R156 million and is equivalent to 32% of the total operating expenditure

Personnel costs increases by R22 million based on the 2019/20 Adjustment Budget of R133 million. The allocation for the two outer years of the MTREF period is R163 million and R170 million respectively.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The projected expenditure is R10.4 million for 2020/21.

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Budget appropriations in this regard total R67 million for the 2020/21 financial and represent 14% of the total operating expenditure. The indicative allocated amount for the two outer years of the MTREF period is R70 million and R74 million respectively.

Bulk purchases are directly informed by the purchase of electricity from Eskom, and that of water from Sebideng. Bulk purchases increased to a proposed amount of R117 million for the 2020/21 budget year. The allocation for the two outer years of the MTREF period is R123 million and R128 million respectively. Bulk purchases take up approximately 25% of the operating budget for 2020/21.

Contracted Service budget is R44 million for the 2020/21 budget year. The allocation for the two outer years of the MTREF period is R46 million and R60 million respectively.

From 1 July 2020 the property rates tariff will increase by 4.6% for all categories of properties. All residential properties are exempted from property rates on the first R25 000 of their value.

Our aim is to ensure that our tariffs are affordable to customers. However, some increases such as those of Eskom and Sebideng Water are not under the municipality's control.

The budgeted revenue for water services increased by 4.5%

The National Energy Regulator of South Africa (NERSA) published the municipal tariff guideline increase of 6.22%.

Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability however must still strive to be cost reflective in order for municipality to still remain sustainable and liquid.

The **inflation outlook** as set out in Circular No 99 issued on 09 March 2020 is set at **4.5%**.

Adjustment Budget 2019/20:

After much deliberation, the National Treasury has decided to increase our allocation for INEP and WSIG with R18 million and R15 million respectively. As a result we need to re-table a special adjustment budget.

We also had COVID-19 related expenditure which was incurred between April and June. The expenditure amounts to R700 000.

Honourable Speaker and Councillors, as we set out to draft this budget, our goal was to ensure that it is pro-poor, service-delivery and sustainability centred. I'm proud to say that I have delivered one that has executed this goal.

This budget will adequately address the challenges as highlighted during the public consultations, and it places us in good stead with the people of this beautiful town.

Honourable Speaker, the presentation of this budget demonstrates my commitment to improving the lives of the people of GaSegonyana through service delivery.

On this particular note, it is indeed a great honour for me to table this draft and adjustment budget, believing that there will be value for money for every cent spent in pursuit of a better life for all in GaSegonyana.

Honourable Speaker, I hereby table before this august house the Final Reviewed IDP for 2020/21, the Final Budget for 2020/21 and all budget related policies for approval and the adjustment budget for 2019/20.

1.2 RESOLUTIONS

COUNCIL : **2020-06-19**

ANNUAL BUDGET 2020/21 AND REVIEWED IDP FOR 2020/21
(6.1.1 2020/21) (Municipal Manager)

PURPOSE

To **CONSIDER** and **APPROVE** the Budget for 2020/21 that has been deliberated and compiled in terms of section 24 of the Municipal Financial Management Act 56 of 2003.

BACKGROUND

National Treasury's MFMA circular 99 was used to guide the compilation of the 2020/21 MTREF. Tariff increases were based on the CPI/Inflation of 4.5

Find the following documents attached:

- Executive summary
- Annual Budget for 2020/21
- Reviewed IDP 2020/21
- MIG Project List
- Capital Budget
- Tariff Schedule
- Budget Related Policies
- MFMA Circular 99

1.2.3 LEGAL AUTHORITY

In terms of Section 24(1) of MFMA, Act 56 of 2003,

(1). The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget
(2) An annual budget-
(a) must be approved before the start of the budget year;
(b) is approved by the adoption by the council of a resolution referred to in **section17**(3)(a)(i); and
(c) must be approved together with the adoption of resolutions as may be necessary-
(i) imposing any municipal tax for the budget year;
(ii) setting any municipal tariffs for the budget year;
(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
(iv) approving any changes to the municipality's integrated development plan; and

(v) approving any changes to the municipality's budget- related policies.

(3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

Council <u>RESOLVED:</u>

1. That the Council of Ga-Segonyana Local Munucipality, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) **APPROVES** the Annual budget of the municipality for the financial year 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables:

    - Budgeted Financial Performance (revenue and expenditure by standard classification) Table A2
    - Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
    - Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4; and
    - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.

2. That in terms of Section 24(c) (v) of the Municipal Finance Management Act, Act 56 of 2003, the budget related policies, including any amendments
   BE APPROVED for the budget year 2020/21
3. That the General Tariffs as set out in the Tariffs Schedule with any amendments be approved for the 2020/21 financial year
4. That Council **APPROVES** the Reviewed IDP as amended
5. That the capital budget and MIG, WSIG and INEP project list **BE APPROVED**
6. That MFMA Circular 99 **BE APPROVED**
7. That the 2020/21 Annual budget and Reviewed IDP be submitted to both National and Provincial Treasury.
8. That a review of the updated Organogram be done.
9. That the Obama residence be removed from the electrification programme as for this current year
10. That the two offices of the Batlhaping ba ga Jantie and Batlharo ba ga Toto be included in the Covid-19 Disaster Relief fund for the disinfection or aid in terms of the current pandemic at their respective offices.

A vote of descent from the DA was NOTED

1.3 EXECUTIVE SUMMARY

1.3.1 INTRODUCTION AND BACKGROUND

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

The Budget has been compiled within the framework of the Municipal Financial Management Act (No 56 of 2003), Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89. 90, 91, 93, 94, 98 and 99 respectively.

The 2020/21 Medium Term Budget continues to focus on ensuring financial sustainability while delivering on the programmes outlined in the Integrated Development Plan (IDP)

The 2020/21 Medium Term budget is a total consolidated revenue of R 563 million which has been developed with an overall planning framework and includes programs and projects to achieve the municipality's strategic objectives. This budget was set against the background of slow economic growth, rising debt & higher interest rates where tough fiscal choices had to be made. Provisions in this medium-term budget continue to support government's commitment to broadening service delivery, cost containment and expanding investment in infrastructure, while taking into account the constrained fiscal environment.

Revenue generated from sale of electricity remains the major source. The Municipality distributes electricity through prepaid electricity meters as well as conventional meters. Prepaid electricity is 53% of total electricity and Conventional is 47% of the total electricity.

Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability however must still strive to be cost reflective in order for municipality to still remain sustainable and liquid. It is imperative as well to have cost reflective tariffs to enable the municipality to main and renew existing infrastructure in order to sustain quality service delivery. The **inflation outlook** as set out in Circular No 99 issued on 09 March 2020 is set at **4.5%**.

The proposed electricity tariff increases are subject to final approval by NERSA. We have used 6.22% for the draft budget as per the draft guideline sent out by

NERSA. An application to NERSA will be sent to seek their approval, once that has been done then implementation will be done with effect from 01 July.

In terms of Council's social commitment to assist the poorer communities in Ga-Segonyana LM, provision was also made for the supply of free basic services. The total amount budgeted for **free basic electricity** to our community amounts to **R5 937mil.** This will cover rebates on property rates, 50kwh electricity per month per household, refuse and 6kl water per month to all registered indigents per household. It should be noted that the rebates on rates, refuse, water and sanitation covers the areas of Kuruman town, Wrenchville, Mothibistad and Bankhara-Bodulong. Other wards do not have are not rateable areas, do not have refuse collection or sanitation services. Electricity and water in these areas are provide for by Eskom and Sedibeng water respectively. Included in the bulk purchases for water is an indigent subsidy to cater for these areas.

Consolidated Overview of the 2020/21 MTREF

	Adjustment 2019/20	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Total Operating Revenue	413 996	431 992	459 542	499 182
Total Operating Expenditure	441 364	478 571	500 654	534 791
Surplus / (Deficit) for the year	(27 368)	(46 579)	(41 113)	(35 609)
Total Capital Expenditure	209 344	129 339	114 449	106 690

Total operating revenue has grown by 4.17% for the 2020/21 financial year when compared to the 2019/2020 Adjustments Budget. For the two outer years, operational revenue is projected to increase by 6.00% and 7.94% respectively.

Total operating expenditure for the 2020/21 financial year has been appropriated at R478 mil and translates into a budgeted deficit of R46 579 mil. This implies that the municipality will have to enforce stringent debt collection mechanisms to maximize its debt collection from the receivables.

When compared to the 2019/2020 Adjustments Budget, operating expenditure has increased by 7.77% in the 2020/21 budget and by 4.41% and 6.38% respectively for each of the respective outer years of the MTREF. The deficit for anticipated in the MTREF is mainly attributable to higher debt impairment provision. The municipality is faced with a history of historic debt which is difficult to collect. The strategies in place is to write off the debt and hand over to legal collectors. Some of the debtors have gone through a data cleansing process, a report is soon to be table to council for consideration. It is however anticipated that due to the pandemic of COVID19 we may see an increase in uncollectable

current debt that may increase the deficit. The impact of this will be reviewed during the midyear performance and adjusted in the adjustment budget.

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 following table is a summary of the 2020/21 MTREF (classified by main revenue source):

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		2020/21 Medium Term Revenue &		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source				
Property rates	47,525	49,853	52,147	54,545
Service charges - electricity revenue	113,665	120,712	126,265	132,073
Service charges - water revenue	25,877	27,145	28,394	29,700
Service charges - sanitation revenue	11,938	12,523	13,099	13,702
Service charges - refuse revenue	10,000	10,490	10,973	11,477
Rental of facilities and equipment	1,785	2,091	2,187	2,288
Interest earned - external investments	3,200	3,357	3,511	3,673
Interest earned - outstanding debtors	7,000	7,343	7,681	8,034
Fines, penalties and forfeits	3,007	3,155	3,300	3,452
Licences and permits	2,733	3,317	3,470	3,630
Transfers and subsidies	177,023	183,601	199,725	227,414
Other revenue	10,243	8,404	8,791	9,195
Gains			–	–
Total Revenue (excluding capital transfers and contributions)	**413,996**	**431,992**	**459,542**	**499,182**

The total operating revenue budget is projected at R431 992 million in 2020/21, representing an increase in revenue of R17 996 million on the 2019/20 Adjustment Budget of R413 996 million. The allocation for the outer two years of the MTREF period is R459 542 million and R499 182million respectively. Revenue generated from rates and services charges forms a significant part of the revenue.

Revenue generated from rates and service charges forms a significant percentage of the revenue basket at 51.09% of the total revenue.
Electricity is the main revenue source, contributing R120 712 million or 29.16% of the total revenue, and escalates to R132 073 million in 2022/2023.

Property rates contribute the second largest revenue source, totalling 11.54% of the total revenue of R431 992 million. Water contributes 6.28% to the total revenue and operating grants makes up 42.50% of the total revenue

1.4.1 PROPERTY RATES

The current General Valuation Roll was implemented in July 2018 and is envisaged to be in force until June 2022 as per the directives of the Local Government Municipal Property Rates Act (2004). The new valuation roll will come into effect from 01 July 2022 and our rates revenue projections is based on this new valuation roll.

The first R 25 000 of the ratable value of all residential properties are exempted from rates and additional R56 802 for all Bankhara residents. 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. With regard to the socio-economic status in Bankhara, the additional rebate of R56 704 will be given in the MTREF. The situation will however be observed throughout the period.

The assessment rates revenue increase by 4.6% (R 47 525 million, adjusted budget) in the 2020/21 budget year to R 49 853 million. This is attributed by the general increase in property values from the old valuation roll. Average property values increased by 6%.

The resultant projected income from this source of revenue is R 52 147 million and R54 545 million respectively for the two outer years of the MTREF period.

Increased tariffs per rating category will be as follows

CATEGORY	**Current Tariff (1 July 2019)**	**Proposed Tariff (1 July 2020)**
Household	0.007060	0.007385
Business	0.011947	0.012497
Guesthouses and multiuse (i.e.surgery,tuckshop etc)	0.009450	0.009885
Agriculture	0.000354	0.000371
State Owned Property	0.021852	0.022858
Industrial	0.012152	0.012711

1.4.2 ELECTRICITY SERVICE CHARGES

In terms of the Multi Year Price for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 6.22% was approved for the 2020/21 financial year, leading to a bulk purchase tariff increase of 6.9% for municipalities.

The Electricity revenue is projected at R120 712million in 2020/21, representing an increase in revenue of R7 047million (5.8%) in 2019/20 Adjustment Budget of R113 665 million. The allocation for the outer two years of the MTREF period is R126 265 million and R132 073 million respectively.

1.4.3 WATER SERVICE CHARGES

The water revenue is projected to increase from R25 877 million in the 2019/20 Adjustment Budget to R 27 145 million. The projected revenue for the two outer years of the MTREF period is R28 394 million and R29 700 million respectively. The percentage increase in the water revenue is informed by new developments taking place in town as well as the efforts implemented to reduce the water losses. Indigents households will continue to receive free 6(kl) of water per month The proposed water tariff percentage increase is 4.5% for 2020/21 financial year.

1.4.4 SEWERE SERVICE CHARGES

The projected income from this source of revenue increases to R12 523 million in the 2020/21 budget year and to R 13 099 million and R13 702 million respectively for the two outer years of the MTREF period. The municipality adopted a tariff linked to water usage on sewer charges revenue. This is to further enable and encourage community and residents to use water sparingly in order to alleviate the levels of drought. The more water one uses has a direct bearing on the sewer sewage.

1.4.5 RENTAL OF FACILITIES

The projected income from this source of revenue increases to R2 091 million in the 2020/21 budget year.

1.4.6 LICENSE AND PERMITS

License and Permits shows an increase of 18% when compared to 2019/20 adjustment budget. For 2019/20 the License and Permits was under budgeted hence the increase is more than the CPI inflation.

1.4.7 OTHER REVENUE

Other revenue reflects a decrease of R1 839 million mainly as a result of lower demand for land. The revenue projections for the two outer years of the MTREF period is R 8 791 million and R9 195 million respectively.

Factors such as inflation, economic variations and trends coupled with sustainability usually affect other tariffs (such as rental of community and cultural facilities, building plans, cemeteries, etc.). Tariff increases are inflation related, approximately in the order of 4.5% on average. Some of the charges are above inflation in order to provide a balance between cost an revenue. The increase

which is higher than the inflation rate is informed by high maintenance and running costs

1.4.8 TRANSFERS RECOGNISED OPERATIONAL

Operating grants and transfers totals R183 601 million or 42.5% of total income budget in the 2020/21 financial year.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium-term:

NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description			2020/21 Medium Term Revenue		
R thousand	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:					
Operating Transfers and Grants					
National Government:	**175,198**	**–**	**181,940**	**197,981**	**225,583**
Local Government Equitable Share	159,726		174,760	191,781	208,236
Finance Management	2,680		3,000	3,200	3,300
EPWP Incentive	1,274		1,580		
Munucipal Infrastructure Grant	11,518		2,600	3,000	14,047
Provincial Government:	**1,621**	**–**	**1,797**	**1,797**	**1,797**
Sport and Recreation	1,621		1,797	1,797	1,797
Total Operating Transfers and Grants	**176,819**	**–**	**183,737**	**199,778**	**227,380**

1.5 OPERATING EXPENDITURE FRAMEWORK

The operating budget expenditure increases from the adjustment budget amount of R441 Million in 2019/20 to a new budget amount of R478 million representing an increase of R37 million in 2020/21. The allocation of the outer two years of the MTREF period is R500 million and R 534 million respectively.
The following table is a high-level summary of the MTREF budget for 2020/21 to 2021/2022 (classified per main type of operating expenditure):

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		2020/21 Medium Term Revenue & Expenditure		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type				
Employee related costs	133,913	156,254	163,448	170,973
Remuneration of councillors	9,968	10,456	10,937	11,441
Debt impairment	23,402	24,549	25,678	26,859
Depreciation & asset impairmer	40,953	42,959	44,936	47,003
Finance charges	5,787	6,065	6,344	6,636
Bulk purchases	111,300	117,876	123,298	128,970
Other materials	17,938	22,393	23,423	24,500
Contracted services	49,169	44,674	46,791	60,043
Transfers and subsidies	60	63	66	69
Other expenditure	48,874	53,282	55,733	58,297
Losses			–	–
Total Expenditure	**441,364**	**478,571**	**500,654**	**534,791**

When looking at the operating expenditure budget of the municipality from a project perspective, the following operational projects can be identified from the mSCOA chart:

- **Municipal Running cost**
- **Maintenance projects (preventative and corrective as alluded to above)**
- **Typical work stream projects**

The operational expenditure budget is therefore split across these projects.
Projects referred to as "typical work stream projects" are operational projects for example agricultural projects, capacity building training and development spatial planning etc.

Typically, these "projects" may consist of various expense-items contributing to the outcome or objective of an initiative.
Any other expenditure not relating to a specific project (for example general expenses relating to the daily running and operation of the municipality) is classified as municipal running cost.

The largest portion of the operating expenditure budget is allocated to municipal running cost, the second largest portion to maintenance and the smallest portion to typical work streams.

In terms of the mSCOA chart, as well as GRAP 12, the operational inventory budget is classified into two main categories.

- Consumable inventory *(these include items that are consumed in the normal course of business, e.g. stationary, fuel etc.)*
- Materials and supplies *(Items in the form of materials or supplies to be consumed or distributed in the rendering of services, or in the process of production for sale or distribution. These would include building materials, hardware, painting materials and workshop accessories).*

It should be noted that the inventory items included in the expenditure budget are the items that are budgeted to be consumed/used during the specific period. Inventory on hand at year end is disclosed in the statement of financial position as current asset as it is available to still be consumed in the next financial period. Some of the inventory line items are included in "other expenditure" (e.g. Stationery, fuel and purification chemicals), whilst some inventory items (e.g. other materials) would be reflected as part of the repairs and maintenance budget.

1.5.1 EMPLOYEE RELATED COSTS

The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 31 June 2021 was used when budgeting for employee related costs for the 2020 MTREF

Personnel costs for the 2020/21 financial year amounts to R156 254 million and is equivalent to 32.65% of the total operating expenditure

Personnel costs increases by R22 341 million based on the 2019/20 Adjustment Budget of R133 913 million. The allocation for the two outer years of the MTREF period is R163 448 million and R170 973 million respectively.

A detailed analysis is supplied with the discussion regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

1.5.2 REMUNERATION OF COUNCILORS

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The projected expenditure is R10 456mil for 2020/21. This is an increase of 4.9% from the 2019/20 budget.

Further details regarding the remuneration of Councilors can be obtained on the Supporting Table SA22 and SA23

1.5.3 DEPRECIATION AND DEBT IMPAIRMENT

Provision for depreciation and assets impairment has been informed by the municipality's Asset Management Policy. Budget appropriations in this regard total R67 508 million for the 2020/21 financial and represent 14.11% of the total operating expenditure. The indicative allocated amount for the two outer years of the MTREF period is R70 614 million and R73 862million respectively. The COVID19 impact on debt collection will be evaluated and assessed during the mid-year review.

1.5.4 FINANCE CHARGES

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and limited finance leases. Finance Charges budget is R6 065 million for the 2020/21 budget year. The allocation for the two outer years of the MTREF period is R6 344 million and R6 636 million respectively.

1.5.5 BULK PURCHASE WATER & ELECTRICITY

Bulk purchases are directly informed by the purchase of electricity from Eskom. Bulk purchases increased to the proposed amount of R117 876 million for the 2020/21 budget year. The allocation for the two outer years of the MTREF period is R123 298 million and R128 970 million respectively. Bulk purchases take up approximately 24.63% of the operating budget for 2020/21.

1.5.6 CONTRACTED SERVICES

Contracted Service budget is R44 674 million for the 2020/21 budget year. The allocation for the two outer years of the MTREF period is R46 791 million and R47 003 million respectively.

1.5.7 OTHER MATERIALS

The Other materials budget is projected at R20 220Million in 2020/21. The allocation for the outer two years of the MTREF period is R21 151Million and R22 123 Million respectively

It should be noted that in terms of NT regulations and formats, repairs and maintenance is divided by other materials, contracted services and other expenditure.

Description		2020/21 Medium Term Revenue &		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and Maintenance by Expenditure Item				
Employee related costs				
Other materials	9,753	14,410	15,073	15,767
Contracted Services				
Other Expenditure		5,810	6,077	6,357
Total Repairs and Maintenan	9,753	20,220	21,151	22,123

During the compilation of the 2020/21 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure. As part of the 2020/21 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises on average 4.23% of the budget over the respective financial years of the MTREF, even though the National Treasury guidelines provides for 8% of the total budget. The assumption may be that most of the infrastructure funded by MIG and other stakeholders could be perceived to be new and thus may not require huge maintenance in their early stages, but the expenditure may be increasing as time goes by.

1.6 CAPITAL EXPENDITURE

The capital budget has decreased by R77 232million for the 2020/21 financial year to R131 489 million as compared to the approved Adjustment Budget of R209 344 million for the 2019/20 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R114 449 million and R106 690 million respectively.

The budget is funded out of Government grants and subsidies and internally generated funds. The Municipal Infrastructure Grant (MIG) remains the biggest source of the government grants and subsidies

The Capital Budget will be funded as follows

Vote Description	Ref		2020/21 Medium Term Revenue		
R thousand	1	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional					
Governance and administration		**1,540**	**1,150**	**–**	**–**
Finance and administration		1,540	1,150	–	–
Community and public safety		**8,794**	**34,738**	**22,291**	**18,313**
Community and social services		1,156	11,387	–	8,524
Sport and recreation		7,638	8,845	6,291	9,789
Public safety		–	14,506	16,000	–
Economic and environmental services		**34,339**	**15,916**	**32,158**	**28,378**
Planning and development		50	300	–	–
Road transport		34,289	15,616	32,158	28,378
Trading services		**164,048**	**79,685**	**60,000**	**60,000**
Energy sources		52,724	39,485	15,000	10,000
Water management		106,831	40,200	45,000	50,000
Waste water management		4,493	–	–	–
Total Capital Expenditure - Functional	3	**208,721**	**131,489**	**114,449**	**106,691**
Funded by:					
National Government		200,532	129,339	114,449	106,691
(monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		2,500			
Transfers recognised - capital	4	**203,032**	**129,339**	**114,449**	**106,691**
Internally generated funds		5,689	2,150		
Total Capital Funding	7	**208,721**	**131,489**	**114,449**	**106,691**

TableSA36 provides a detailed breakdown of capital projects for 2020/21 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 2020/21 budget and MTREF.

Table A1: Budget Summary
Table A2: Budget Financial Performance (standard classification)
Table A3: Budget Financial Performance (revenue and expenditure by municipal vote)
Table A4: Budget Financial Performance (revenunue and expenditure)
Table A5: Capital Expenditure Budget by vote and funding
Table A6: Budget Financial Position
Table A7: Adjustments Budget Cash Flows
Table A8: Cash backed reserves/accumulated surplus reconciliation
Table A9: Asset Management
Table A10: Basic service delivery measurement

PART 2 SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.
In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

(1) The mayor of a municipality must establish a budget steering committee (BSC) to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.
(2) The Steering committee must consist of at least the following persons:

a) the councillor responsible for financial matters;
b) the municipal manager;
c) the chief financial officer;
d) the senior managers responsible for at least the three largest votes in the municipality;
e) the manager responsible for budgeting;
f) the manager responsible for planning; and
g) any technical experts on infrastructure

The mayor of Gasegonyana LM established a budget steering committee on the 19th of May 2017.

2.1.1 BUDGET PROCESS OVERVIEW

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. in August 2019) 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 30 August 2019. Key dates applicable to the process are:

10-12 September 2019 -	Ward Committee Meetings to review the prioritisation of community needs in approved IDP and discuss the process for developing Neighbourhood Plans: Communicate final approved 18/19 Budget, Tariffs and IDP to Ward Committees.
11-13 November 2019	IDP Public Participation Meetings. Communicate Capital Projects per Ward on 19/20 budget, Reconfirm and review service delivery/development priorities
18 September 2019	Advertise the budget process and dates of IDP/Budget Public meetings on Municipal Website, Municipal Newsletter and Local Newspapers
25 September 2019	Convene IDP Representative Forum Meeting
31 January 2020 -	Table Adjustment Budget to Council for approval
07- 23 February 2020	Review all budget related policies
February 2020	Mid Year Budget &Performance Assessment Visit
05-06 March 2020 -	Workshop 2: Final IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.
15 May 2020 -	Table (and briefing of council) Final IDP, Budget, SDBIP and Related policies and proposed schedule of Final IDP Review and Budget Road shows. Public Meetings for IDP & Budget Feedback/Consultation Process to Council (Principal Approval)
April - May 2020 -	Budget and Benchmark assessment

No deviations were done on the Budget process plan except for exemptions on regulations issues by COGTA and National Treasury due to COVID19 pandemic lockdown.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2020/21 MTREF, based on the approved 2019/2020 MTREF, mid-year review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/2020 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.2 OVERVIEW OF ALIGNMENT OF BUDGET WITH IDP

The IDP is Ga-Segonyana LM's principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into planning statements covering the five-year objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

In compiling the IDP, the Municipality considered the 5 key performance areas for local government as determined by the National Cabinet, which are:

I. KPA1: Institutional Development and Organizational Development;
II. KPA2: Basic Service Delivery and Infrastructure Development;
III. KPA3: Financial Viability and Financial Accountability;
IV. KPA4: Local Economic Development;
V. KPA5: Good Governance and Public Participation;

The alignment of the budget with the IDP has been achieved through the setting of targets by departments which were guided by the following principles:

- It had to be aligned to the national outcome related to their mandate.
- Focus on basic service delivery in terms of the eradication of backlogs, provision of basic services as well as the maintenance of existing infrastructure and community needs.
- All targets set in the IDP were cross referenced to the budget as part of the result-based budget process. Each outcome with its supporting activities set for the coming year has been linked to specific votes in the budget to be utilised to achieve it. The Capital Budget is fully linked, but the operational budget still requires some work to reflect details in this regard.

A municipal IDP provides a five-year strategic programme of action aimed at setting short-, medium- and long-term strategic and budget priorities to create a development platform which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

The figure as depicted in table below visually represents the link between the IDP and the Budget

NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

KEY PERFORMANCE AREA	Goal	Goal	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
KPA: Institutional Development and Organisational Development	Municipal Capacity and Infrastructure Development		2,156	2,255	2,359
KPA: Local Economic Development	Create a conducive environment for prosperous		813	850	889
KPA: Good Governance and Public Participation	Foster Participative Cohesion and Collaboration		7,391	7,731	8,087
KPA: Basic Service Delivery and Infrastructure Development	Develop and maintain infrastructural community services		406,919	408,508	443,226
KPA: Financial Viability and Accountability	Enhance revenue and financial management		127,079	119,222	119,517
Allocations to other priorities			17,939	34,588	30,920
Total Revenue (excluding capital transfers and contributions)			**563,097**	**573,991**	**605,872**

NC452 Ga-Segonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

KEY PERFORMANCE AREA	Goal	Goal Code	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
KPA: Institutional Development and Organisational Development	Municipal Capacity and Infrastructure Development		3,715	3,748	3,782
KPA: Local Economic Development	Create a conducive environment for prosperous investment				
KPA: Good Governance and Public Participation	Foster Participative Cohesion and Collaboration		657	687	719
KPA: Basic Service Delivery and Infrastructure Development	Develop and maintain infrastructural community services		6,178	6,462	17,806
KPA: Financial Viability and Accountability	Enhance revenue and financial management		6,000	6,270	6,552
Allocations to other priorities			462,021	483,487	505,931
Total Expenditure			**478,571**	**500,654**	**534,791**

NC452 Ga-Segonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

KEY PERFORMANCE AREA	Goal	Goal Code	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
KPA: Institutional Development and Organisational Development	Municipal Capacity and Infrastructure Development	A			
KPA: Local Economic Development	Create a conducive environment for prosperous investment				
KPA: Good Governance and Public Participation	Foster Participative Cohesion and Collaboration				
KPA: Basic Service Delivery and Infrastructure Development	Develop and maintain infrastructural community services		107,754	92,158	96,902
KPA: Financial Viability and Accountability	Enhance revenue and financial management	K			
Allocations to other priorities			25,501	22,291	9,789
Total Capital Expenditure			**133,255**	**114,449**	**106,691**

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 and Line managers.

NC452 Ga-Segonyana - Supporting Table SA7 Measureable performance objectives

Description	2020/21 Medium Term Revenue &		
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Institutioanl Development and Organisational Development			
Function 1 - Human Resource			
No of employees wellness campaigns conducted by 30 June	2	2	2
No of works skill plan developed and submitted to LGSETA by 30th April	1	1	1
Number of employment equity reports submitted to the Department of labour by 15th January	1	1	1
Number of employees trained by 30 June	108	108	108
No of LLF meetings held by 30 June	4	4	4
Number of Occupational Health and Safety Trainings conducted by 30 June	2	2	2
Number of Section 54A Manager, Section 56 Manager, and Finance officials meeting the minimum competency level expressed as a % of the total number of Section 54A, Section 56 Manager and Finance officials employed by 30 June 2020	50%	50%	50%
Function 2 -ICT			
Number of ICT queries/Incidents attended to within 24 hours expressed as a % of total number of requests received by 30 June	100%	100%	100%
Number of ICT queries/Incidents resolved within 72 hours expressed as a % of total number of incidents/quires attended to by 30 June	90%	90%	90%
Number of ICT security breaches that occurred by 30 June	0	0	0
KP Reports of MFMA section 75 documents uploaded on the Municipal website 30 June	4	4	4
Number of newsletters developed by 30 June	4	4	4
Function 2 - Legal Services			
Total number of litigation cases attended to expressed as a % of total number of litigations submitted by 30 June	80%	80%	80%
Number of fraud and corruption prevention awareness campaign conducted by the 30 June	2	2	2
3 Number of contracts/SLAs signed expressed as % of the total number of service providers appointed by	100%	100%	100%
Number of grievance cases attended to within 30 days expressed as % of grievance cases received by 3	100%	100%	100%
Number of disciplinary cases finalised within 90 days expressed as a % of total disciplinary cases receive	100%	100%	100%
Local Economic Development			
Number of businesses inspected for compliance by 30 June	160	160	160
Number of SMMEs trainings held by 30 June	4	4	4
Number of tourism awareness campaigns conducted by 30 June	8	8	8
Basic Service Delivery and Infrastructure Development			
Function 1 - Town Planning			
% of building completion certificates issued within 30 days by 30 June	100%	100%	100%
Number of notices served expressed as a % of contraventions reported by 30 June	100%	100%	100%
Number of building plans assessed within 30 days expressed as a % of total applications received by 30 June	100%	100%	100%
Number of community halls completed by 30 June	1	1	1
Function 2 -Electricity			
Number of households provided with electricity connections expressed as a % of applications received by 30 June	100%	100%	100%
Function 3 - Roads			
Number of km of newly surfaced/paved roads completed	8.8	8.8	8.8

Function 4 - Water			
Number of households provided with full water borne sewer expressed as a % of the total number of applications received by 30 June	100%	100%	100%
Number of households provided with new water yard connection by the municipality expressed as a % of applications received by 30 June	100%	100%	100%
Function 5 - Sanitation			
Number of new households provided with basic level of sanitation (VIP Toilets)	601	601	601
Function 6 - Fire			
Number of emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June	195%	195%	195%
Function 7 - Library			
Number of participants attending library programmes	501	501	501
Function 8 - Traffic			
Total fines paid expressed as a % of total fines issued by 30 June	170%	170%	170%
Number of appointments for learners' licenses by 30 June	5000	5000	5000
Number of appointments for drivers licenses by 30 June	2000	2000	2000
Number of appointments for road worthy tests of vehicles by 30 June	2000	2000	2000
Number of households provided with door-to-door waste collection by 30 June	5000	5000	5000
Financial Viability and Accountability			
Function 1 - Budget			
2019/2020 budget tabled to council by end of council by the 31st of May	1	1	1
Number of performance and budget reports submitted to council by 30 June	1	1	1
Number of section 71 reports submitted within 10 days after a month by 30 June	1	1	1
Annual Financial Statements submitted to the Auditor General by the 31st of August	1	1	1
Function 2 - Asset			
Reports on asset verifications by June	1	1	1
Asset reconciliations reports submitted to the Municipal Manager by end of June	3	3	3
Good governance and Public Participation			
Number of meetings held per ward committee by 30 June	3	3	3
Number of Imbizos held by 30 June 2019	2	2	2
Number of Wards represented at IDP community participation meetings by 30 June	14	14	14
Number of IDP steering committee meetings held by 30 June	4	4	4
Number of IDP Rep forum meetings held by 30 June	4	4	4
Final IDP submitted and approved by council by 31 May	1	1	1

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 municipality's ability to pay short-term obligations with its short-term assets. The higher the ratio, the better the municipality's ability to adhere to its short-term obligations. National Treasury has set a current ratio minimum of 1.5 in circular 71. For the 2020/21 MTREF the ratio is expected to be 1.2

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Ga-Segonyana Municipality's liquidity ratio is at an average of 0.4

This includes consumer deposits and provisions which are not likely to be realized in the short term. Consideration should be given to exclude a vast portion of consumer deposits.

Revenue management

As part of the financial sustainability strategy, an aggressive revenue management and enhancement project has been embarked upon to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days.

iii. Creditors management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice.

iv. Other Indicators

- **Employee costs**
  The employee related costs represent 32.65% of the total expenditure budget.

- **Repairs & Maintenance**
  Repairs and Maintenance equate 4.22% of the total operating budget which is acceptable. The municipality strives to maintain its infrastructure assets to prolong useful live.

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

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For indigent households, the threshold to qualify for free basic services is an income of less than R4,120 per household.

In terms of the municipality's indigent policy, registered households are entitled to 6kℓ free water and 50 kWh of electricity, are fully subsided for basic charge services. Further detail relating to the number of households receiving free basic services and cost thereof is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement).

2.4 Overview of Budget related policies

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

- **Tariff Policy (Appendix B)**

The Municipal Systems Act requires a Municipality to have a Tariff Policy on the levying of fees for Municipal services provided by the municipality itself or by way of service delivery agreement, and which complies with the provisions of that Act, the Municipal Finance Management Act and other applicable legislation.

- **Credit control and Debt Collection Policy (Appendix C)**

The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of services are collected efficiently and promptly. As required in terms of section 97 of the Municipal Systems Act, the credit control and debt collection policy for the 2020/21 financial year has been reviewed and the policy is to be adopted with the current budget

- **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.

- **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 Policies (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.

- **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, recognizes 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 posible 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

In terms of the Local Government Systems Act, section 26 prescribes the core components of the Integrated Development Plan, and section 26 (h) requires the inclusion of a financial management plan which should include a budget projection for at least the next three years. The financial plan is expected to determine the financial affordability and sustainability levels of the municipality over the medium term.

To fund its operational costs as well as make sustainable contribution to municipal infrastructure investment, the municipality relies on grants and subsidies made available by National Treasury for the execution of its capital plan. The funding strategy is reviewed annually to determine the most affordable level at which the municipality can operate optimally taking the fiscal overview, economic climate, National and Provincial influences, IDP and other legislative imperatives, internal governance and community consultation into account in its deliberations

Local government faces tough fiscal choices; growth in transfers will slow while the cost of providing the services increases. Municipalities are therefore urged to improve own revenue collection, increase efficiency and obtain greater value for money.

Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery, therefore various measures have been implemented to align IDPs as well as provincial and national strategies around priority spatial interventions

Inflation increases the cost of living of households and thereby increases the vulnerability of low and middle-income groups and negatively affects their ability to pay for municipal services. CPI is projected at 4.6 per cent for 2020/21, 4.6 per cent for 2021/22 and 4.6 per cent for 2022/23.

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 an additional R56 802 for all Bankhara Residents. Indigent qualifies for exemption subject to application.

2.6 OVERVIEW OF BUDGET FUNDING

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

OPERATING REVENUE

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, sale of stands, licenses and permits etc).

Revenue to be generated from property rates is R49 million in the 2020/21 financial year, which represents 11% of the operating revenue base of the municipality. Service charges related to electricity, water, sanitation, refuse removal and other in total constitute the biggest component of the Municipality's revenue basket, totalling R171 million for the 2020/21 financial year. For the 2020/21 financial year, service charges amount to 39.55% of the total revenue base.

Operational grants and subsidies amount to R183 million, or to 42% of operating revenue. The actual performance against the budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustment budget

2.7 OVERVIEW OF THE FUNDING COMPLIANCE

National Treasury requires the municipality to assess its financial sustainability against different measures that look at various aspects of financial health of the municipality.
Support Table SA10 below sets to evaluate the budget as its compliance to Sections 18 and 19 of the MFMA. The following measures are discussed below.

NC452 Ga-Segonyana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	990	11,688	551	3,598	44,440	-	-	30,607	51,188	78,795
Cash + investments at the yr end less applications - R'000	18(1)b	2	(96,991)	(29,713)	(60,000)	(27,567)	83,221	-	-	51,389	52,306	52,829
Cash year end/monthly employee/supplier payments	18(1)b	3	0.0	0.5	0.0	0.1	1.5	-	-	0.9	1.5	2.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	33,025	57,684	21,323	181,305	190,258	-	-	82,760	73,337	71,081
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	6.3%	(2.2%)	1.1%	(1.0%)	(106.0%)	(6.0%)	(0.4%)	(1.4%)	(1.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	74.4%	92.2%	68.3%	91.0%	88.1%	0.0%	0.0%	88.0%	88.0%	88.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	12.0%	(7.3%)	33.4%	0.5%	11.2%	0.0%	0.0%	11.1%	11.1%	11.1%
Capital payments % of capital expenditure	18(1)c;19	8	97.7%	367.0%	146.2%	100.0%	96.1%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	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.	74.1%	(0.7%)	(37.9%)	101.4%	(100.0%)	0.0%	(25.4%)	4.8%	4.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.5%	1.1%	0.2%	0.7%	0.7%	0.0%	0.0%	1.4%	1.4%	1.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	2.5%	0.0%	0.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			330,938	348,417	375,276	423,395	413,996	-	77,970	555,331	588,554	634,130
Total Operating Expenditure			401,036	389,152	502,354	418,034	441,564	-	38,985	38,985	500,654	534,791
Surplus/(Deficit) Budgeted Operating Statement			(70,097)	(40,735)	(127,078)	5,361	(27,568)	-	38,985	516,346	87,900	99,339
Surplus/(Deficit) Considering Reserves and Cash Backing			(96,991)	(41,720)	(56,596)	(27,567)	35,572	-	(38,985)	165,517	44,297	180,531
MTREF Funded (1) / Unfunded (0)		15	0	0	0	0	1	1	0	1	1	1
MTREF Funded ✓ / Unfunded ×		15	×	×	×	×	✓	✓	×	✓	✓	✓

2.7.1 Cash/Cash equivalent position

If the municipality's forecast cash position is negative, for any year of the Medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA, which deals with the repayment of short-term debt at the end of the financial year The Municipality forecast a positive cash position as per the budgeted cash flow statement for 2020/21 MTREF. The forecasted cash and cash equivalent for the 2020/21 MTREF is R30 607 million.

2.7.2 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.

2.7.3 Cash year end/monthly employee/supplier payments

The purpose of this measure is to understand the level of financial risk the municipality would be faced with due to declining collection rate. The ratio for the 2020/21 is 0.01% 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.

2.7.4 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 2020/21 MTREF the municipality shows a deficit of R46 579 mil including the depreciation and debt impairment.

2.7.5 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.

2.7.6 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 R24 549mill which represent 5.13%.

2.7.7 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.

2.7.8 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.

2.7.9 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.

2.7.10 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 4.7%.

2.8 EXPENDITURE ON GRANT ALLOCATIONS AND GRANT PROGRAMMES

The following grants allocated to the municipality in terms of the 2020 Division of Revenue Act have been included in the medium-term budget:

NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2020/21 Medium Term Revenue		
R thousand		Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2			
Operating Transfers and Grants				
National Government:		**181,940**	**197,981**	**225,583**
Local Government Equitable Share		174,760	191,781	208,236
Finance Management		3,000	3,200	3,300
EPWP Incentive		1,580		
Munucipal Infrastructure Grant		2,600	3,000	14,047
Provincial Government:		**1,797**	**1,797**	**1,797**
Sport and Recreation		1,797	1,797	1,797
Total Operating Transfers and Grants	5	**183,737**	**199,778**	**227,380**
Capital Transfers and Grants				
National Government:		**131,105**	**114,449**	**106,691**
Municipal Infrastructure Grant (MIG)		50,354	54,449	46,691
Water Services Infrastructure Grant		40,000	45,000	50,000
Intergrated National Electrification Programme		38,985	15,000	10,000
Total Capital Transfers and Grants	5	**131,105**	**114,449**	**106,691**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**314,842**	**314,227**	**334,071**

2.9 COUNCILLORS AND EMPLOYEE 'S BENEFITS

Staff costs for the 2020/21 financial year amounts to R156 254 million and is equivalent to 32% of the total operating expenditure.

The packages for senior managers is budgeted at R6 972 million which constitutes 4.46% of the total employee costs

2.10 MONTHLY TARGETS FOR CASH FLOW

Indicated in the tables below is the monthly revenue, expenditure and cash flow targets which are based on the previous years' actual and other factors that influence these projections

NC452 Ga-Segonyana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and		
R thousand	July	August	Sept.	October	Novemb er	Decemb er	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source													1		
Property rates	822	6,689	4,376	2,647	2,590	2,238	2,491	2,873	2,238	2,491	2,873	12,541	44,868	47,022	49,279
Service charges - electricity revenue	11,194	7,002	8,871	3,827	7,551	6,697	7,758	8,987	9,987	10,871	11,194	16,257	110,195	115,484	121,027
Service charges - water revenue	1,407	1,490	1,863	1,562	1,956	1,606	1,871	2,187	2,187	2,187	2,187	3,928	24,430	25,603	26,832
Service charges - sanitation revenue	644	734	836	688	858	287	930	924	930	836	924	2,679	11,271	11,812	12,379
Service charges - refuse revenue	474	508	560	468	548	450	633	631	633	631	633	3,272	9,441	9,894	10,369
Rental of facilities and equipment	116	102	215	229	120	105	106	283	283	120	283	128	2,091	2,191	2,296
Interest earned - external investments	207	430	339	234	140	329	315	360	329	315	360	0	3,357	3,518	3,687
Interest earned - outstanding debtors	515	480	688	709	736	757	748	635	748	635	480	212	7,343	7,695	8,065
Fines, penalties and forfeits	108	67	63	47	39	69	25	17	69	25	17	2,606	3,155	3,306	3,465
Licences and permits	187	337	263	250	313	206	285	210	206	285	210	567	3,317	3,477	3,644
Transfers and Subsidies - Operational	66,553	2,999	811	–	574	53,242	–	318	59,241			–	183,737	199,778	213,333
Other revenue	208	490	372	844	94	81	95	426	490	372	844	4,089	8,404	8,808	9,230
Cash Receipts by Source	**82,437**	**21,328**	**19,256**	**11,503**	**15,518**	**66,067**	**15,256**	**17,852**	**77,341**	**18,767**	**20,005**	**46,279**	**411,609**	**438,588**	**463,606**
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	48,294	19,000	–	–	45,060	–	18,751					–	131,105	114,449	120,738
Decrease (increase) in non-current receivables		5,800	–	9,567	–	–	5,336	3,548		5,749		–	30,000	30,000	30,000
Total Cash Receipts by Source	**130,731**	**46,128**	**19,256**	**21,070**	**60,578**	**66,067**	**39,344**	**21,400**	**77,341**	**24,516**	**20,005**	**46,279**	**572,714**	**583,037**	**614,344**

Cash Payments by Type															
Employee related costs	15,098	12,646	11,848	12,595	15,350	12,848	11,026	11,103	12,848	12,026	13,103	15,936	156,428	165,250	175,912
Remuneration of councillors	905	905	905	905	905	905	905	905	905	905	905	(470)	9,485	9,940	10,418
Finance charges	342	379	236	322	205	930	171	204	236	322	930	1,789	6,065	6,356	6,661
Bulk purchases - Electricity	8,639	9,532	7,142	7,914	8,535	8,770	6,692	7,931	7,770	7,692	8,931	7,109	96,657	101,296	106,158
Bulk purchases - Water & Sewer	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,190	26,225	27,484	28,803
Other materials	2,097	483	650	1,794	620	905	1,078	329	905	1,078	329	12,954	23,221	23,849	24,969
Contracted services	8,059	1,248	4,793	5,252	1,713	2,434	4,232	1,527	2,434	4,232	1,527	6,124	43,574	45,605	47,734
Transfers and grants - other	0	2	1	7	–	2	1	2	2	7	7	32	63	66	69
Other expenditure	8,001	3,498	6,031	4,571	3,537	4,560	4,185	2,524	4,560	4,185	2,524	5,245	53,422	55,828	58,674
Cash Payments by Type	**45,325**	**30,875**	**33,792**	**35,545**	**33,050**	**33,538**	**30,475**	**26,710**	**31,844**	**32,632**	**30,442**	**50,909**	**415,139**	**435,674**	**459,398**
Other Cash Flows/Payments by Type															
Capital assets	13,840	24,043	10,163	19,434	20,340	9,659	4,074	10,798	4,074	4,074	4,074	6,534	131,105	114,449	120,738
Repayment of borrowing	1,481	17	17	17	17	863	17	18	17	18	19	999	3,500	3,000	2,500
Total Cash Payments by Type	**60,646**	**54,935**	**43,973**	**54,996**	**53,407**	**44,060**	**34,566**	**37,526**	**35,935**	**36,724**	**34,534**	**58,441**	**549,744**	**553,123**	**582,636**
NET INCREASE/(DECREASE) IN CASH HELD	**70,085**	**(8,807)**	**(24,717)**	**(33,926)**	**7,171**	**22,007**	**4,778**	**(16,126)**	**41,405**	**(12,208)**	**(14,529)**	**(12,163)**	**22,970**	**29,914**	**31,708**
Cash/cash equivalents at the month/year b	551	70,636	61,829	37,112	3,186	10,357	32,363	37,141	21,015	62,420	50,213	35,684	551	23,521	53,435
Cash/cash equivalents at the month/year e	70,636	61,829	37,112	3,186	10,357	32,363	37,141	21,015	62,420	50,213	35,684	23,521	23,521	53,435	85,142

2.11 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.

2.12 CAPITAL EXPENDITURE DETAILS

The **Capital Budget of R133 255million for 2020/21 is 56% less** when compared to the 2019/20 Adjustment Budget. The Capital Budget is largely driven by projects emanating from the IDP as identified by the community.

TableSA34a provides a detailed breakdown of capital projects for 2020/21 MRE

2.13 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 a profound effect on the local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2020/21 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.

Compliance with MFMA implementation requirements has been substantially adhered to through the following activities:

- **In- year reporting**
  The Municipality's electronic reporting to National Treasury has been complied with and has also improved over time. The monthly and quarterly returns to NT have been submitted on time.
- **Municipal Budget and Reporting Regulations**
  Budgeting in Gasegonyana LM is done in accordance with the MFMA: Municipal Budget and Reporting Regulations promulgated in 2009. Other directives from the National Treasury, for example in the form of budget circulars, are also taken into cognizance.
- **Annual Report**
  Annual report is compiled in terms of the MFMA and NT requirements.
- **SDBIP**
  The detail SDBIP document is at a Final stage and will be finalized after approval of the 2020/21 budget, directly aligned and informed by the 2020/21 budget.
- **Alignment of Budget with development priorities**
  There is clear linkage between the budget and the IDP. The Municipality is implementing programme budgeting to ensure that the development programmes identified in the IDP are appropriately funded.
- **Internship programme**
  The Municipality has been participating since 2007 actively in the Municipal Financial Management Internship Programme. The programme started with two interns undergoing training in various divisions of the Financial Services Department.

  Five interns were appointed in February 2017 for a period of 36 months ending January 2020, they have been granted a 12 month extension. An additional 3 were appointed in January 2018. These interns are funded by National Treasury (NT) with a R120 000.00 per intern per annum

2.14 MFMA BUDGET CIRCULAR 99

NATIONAL TREASURY

MFMA Circular No. 99

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2020/21 MTREF

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Introduction

This budget circular is a follow-up to MFMA Circular No. 98 that was issued on 06 December 2019. It aims to provide further guidance to municipalities with the preparation of their 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously.

The grant allocations as per the 2020 Budget Review and the 2020 Division of Revenue Bill are also key focus areas in this circular.

1. The South African economy and inflation targets

Over the past year, economic growth has been weaker than forecasted and is only expected to reach 0.9 per cent in 2020. The 2020 budget highlights the difficult economic and fiscal choices confronting government over the next several years.

It is projected that revenue to be collected for the 2020/21 financial year will amount to R1.5 trillion which equates to 29.2 per cent of the Gross Domestic Product (GDP), whereas expenditure is projected to be at R1.95 trillion which is equivalent to 36 per cent of GDP. This means that there is a consolidated budget deficit of R370.5 billion or 6.8 per cent of GDP in 2020/21. The gross national debts by the end of 2020/21 is projected to be R3.56 trillion which is 65.6 per cent of GDP.

It is evident that determined action is required to reverse the deterioration of the public finances by narrowing the budget deficit, containing debt and growing the economy faster and in a sustainable manner. Municipalities therefore need to exercise caution when they prepare their 2020/21 MTREF budgets to ensure synergy with national economic and fiscal prudency.

The declining economic growth which might be impacted on further by the Corona virus pandemic and international companies closing down as a result, the deteriorating state of the finances for state-owned entities, continued high unemployment and water and electricity shortages will put pressure on the ability of municipalities to raise revenue. Municipalities are therefore advised to follow a conservative approach when projecting their revenue and to eliminate any waste and unnecessary expenditure. Importantly, municipalities should ensure that they adopt realistic and funded 2020/21 MTREF budgets, collect the debts owed to them and pay their creditors within 30 days of receipt of invoice.

The following macro-economic forecasts must be considered when preparing the 2020/21 MTREF municipal budgets.

Table 1 Macroeconomic performance and projections

	2019	2020	2021	2022
Percentage change	Estimate		Forecast	
Real GDP growth	**0.3**	**0.9**	**1.3**	**1.6**
CPI inflation	4.1	4.5	4.6	4.6

Source: 2020 Budget Review.
Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2020/21 municipal budget process

After budgeting for debt-service costs, the contingency reserve and provisional allocations, 48.2 per cent of the nationally raised funds are allocated to national government, 43 per cent to provinces and 8.8 per cent to local government. This is a reduction from the 9.1 per cent allocated to local government when compared to the 2019/20 financial year.

Local government continue to receive the least share of the division of nationally raised revenue because it has extensive powers to raise its own revenue. On aggregate; the local government sphere raises about 70 per cent of its own revenue. However, municipalities should make every effort to improve the collection rates through improved billing and collection practices. In the present current economic climate, municipalities cannot afford to provide municipal services without recovering the cost of providing these services.

Spending outcomes for 2018/19 varied across the 257 municipalities. Many municipalities adopted unrealistic spending plans. As a result, 211 municipalities underspent their operating budgets and 214 municipalities underspent their capital budgets. This was a slight improvement from the previous year.

Of the R33.6 billion in conditional grants transferred to municipalities in 2018/19, R27.2 billion (80.1 per cent) was spent, compared to 93 per cent spent in 2017/18. This decline was partly due to underspending on drought relief funds allocated in the middle of the financial year.

2.1 Local government grants and municipal revenue strength

The conditional grants to municipalities have been reduced and most conditional grants have been reduced as part of efforts to limit growth in government expenditure and ensure that public debt is sustainable. To manage the effect on services, these reductions take into account:

- Past spending and performance;
- Whether the conditional grant funds salaries, and other related costs; and
- Whether there has been significant real growth in allocations in recent years.

Where possible, the National Treasury has reduced transfers that are more likely to go unspent or to be spent less effectively. Accordingly, grants that have persistently underperformed have been reduced by larger amounts. The largest proportional reduction to local government grants in 2020/21 has been made in respect of the public transport network grant, because only six of the 13 cities receiving the grant have successfully launched public transport systems. The three cities that have shown the least progress, namely Buffalo City, Msunduzi and Mbombela have been suspended from the grant and will not receive allocations in the 2020 MTEF period.

Legislation governing local planning and budgeting emphasises community participation in decision-making. The partnership between municipalities and communities relies on households and businesses recognising the value of, and paying for, municipal services. While government subsidises municipal services for low-income households, these services are only sustainable if people who can afford them and use larger quantities thereof pay their bills. Therefore, the sustainability of municipalities depends on how they collect and spend their own revenues.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:
http://www.treasury.gov.za/documents/national%20budget/2020/default.aspx

2.1. Changes to local government allocations

2.1.1. Unconditional grants

Over the next three years, above-inflation growth in allocations to the local government equitable share continues, while growth in conditional grants is slower as a result of the reductions announced in the 2020 Budget. The local government Equitable Share continues to receive above inflation increases because it allows municipalities to offer free basic services to indigent residents who cannot afford to pay for services. The total direct allocations to local government grow at an annual average rate of 6.6 per cent over the MTEF period.

2.1.2. Conditional grants

The 2020 Division of Revenue Bill has technical adjustments which were effected through the shifting of funds between different municipal allocations. However, it should be noted that the technical adjustments do not change the total amount allocated to local government. These changes to the grants include the shifting of:

- R400 million in 2020/21 from the municipal infrastructure grant, the water services infrastructure grants and the urban settlements development grant to the indirect regional bulk infrastructure grant to assist in funding the rehabilitation of wastewater treatment infrastructure in the Vaal River System;
- R160 million from the direct *neighbourhood development partnership grant* to the indirect component of the grant over the MTEF period;
- R3 billion that had been indicatively allocated to the new *informal settlement upgrading partnership grant* in 2020/21. This amount is shifted back to the *urban settlements development grant* following the decision to extend the informal settlements window within this grant for another year; and
- R166 million over the 2020 MTEF period from the *municipal infrastructure grant* to the *integrated urban development grant* for the entry of one additional municipality into the grant.

In addition to funds shifted from other local government grants, R250 million has been added to the indirect *regional bulk infrastructure grant* in 2020/21 to assist with addressing pollution in the Vaal River System. These funds were reprioritised from allocations in other spheres of government.

2.2 Response to the Finance and Fiscal Commission (FFC)'s recommendations

The Finance and Fiscal Commission Act, 1997 (Act No. No 99) requires that the FFC tables their recommendations on financial and fiscal matters at least 10 months before the start of each financial year. The FFC tabled its *Submission for the Division of Revenue 2020/21* to Parliament in May 2019. This year's theme is "reprioritising local government finances". The 2020/21 recommendations cover the following areas: local government financing framework, municipal government capacity building, local government sustainability, infrastructure management and efficiency, investment and developmental challenges in the local government sector.

2.2.1 Supplementary revenue sources for local government

The FFC recommended that the Minister of Finance should take steps (including piloting) to add supplementary revenue sources to the list of allowable taxes for different types of municipalities in a differentiated manner. National government supports this recommendation that additional revenue sources to municipalities should be fully explored. In response, various reforms have been prioritised to supplement the revenue sources of municipalities.

These include: amending the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007) to ensure development charges are uniformly regulated and updating the municipal borrowing policy framework to clarify the funding instruments that municipalities are allowed to use to leverage their borrowing including clarifying the role of development finance institutions in this regard.

The Municipal Fiscal Powers and Functions Act already allows municipalities to apply to the Minister of Finance to levy additional taxes such as the tourism levies and fire levies recommended by the FFC. This Act also allows the Minister of Finance to introduce new municipal taxes on his own initiative. Applications from municipalities to implement new revenue sources provide a good mechanism for piloting new revenue sources like these as it ensures that the pilot municipalities are ready and willing to implement the new taxes. To be considered by the Minister of Finance, an application to introduce additional taxes must include the following:

- What the revenue from the proposed new municipal tax will be used for;
- Its compliance with section 229(2)(a) of the Constitution, which requires that municipal taxes do not prejudice national economic policy;
- The tax base, the desired tax rate, people liable for the tax and tax relief measures;
- The tax collecting authority; and
- Particulars of any consultations conducted, including consultations with a provincial government and organised local government and other municipalities where applicable, and the outcomes of these consultations.

2.2.2 Local government infrastructure management and efficiency

Government continues to provide responses to the FFC's recommendations on an annual basis. These annual recommendations by the FFC are required in terms of section 9 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997). The FFC recommended that the Ministers of Cooperative Governance and Traditional Affairs (CoGTA) and Finance should jointly strengthen the linkage between technical project planning processes and budgeting and foster smooth intergovernmental infrastructure coordination as part of the ongoing local government infrastructure grant reforms.

Government acknowledges the need to consolidate municipal infrastructure grants and to strengthen the linkages between the technical project planning process and the budgeting. The review of local government infrastructure grants has identified consolidation and rationalisation in the number of grants received by each municipality as a key area for reforming the grant system. As the various grants in the system serve different purposes, the consolidation and rationalisation process requires extensive consultation before grants can be merged. As a result, there is no definitive dates set on when the consolidation of grants will take place. However, government is committed to achieving the vision of a differentiated grant system.

2.3 Building capability for infrastructure delivery

The National Treasury continues to expand the tools available for provinces and municipalities to improve spending. Weaknesses in preparing and authorising projects and programmes are one of the main causes of poor performance on infrastructure transfers. The Infrastructure Delivery Management System (IDMS) has assisted provinces to build infrastructure units with qualified staff and institutionalise best practices. In the 2020/21 MTEF, cities will receive grant funding through the *integrated city development grant* to institutionalise an effective system for preparing programmes and projects. Metros will only be eligible for this funding if they:

- Have not had an adverse or disclaimed audit opinion in the last two financial years;

- Have formally adopted the Cities' Infrastructure Delivery and Management System (CIDMS) guidelines;
- Establish a programme and project approval committee to authorise work; and
- Commit to co-financing contributions and budget management arrangements.

National government provides a broad range of capacity-support grants and programmes for local government. These grants and programmes are under review and reforms to improve its effectiveness are likely to be implemented from 2021/22.

2.4 Development Charges reforms

National Treasury continues to explore how municipalities can use a broader package of infrastructure financing sources to meet their developmental mandate. One of these sources is development charges.

A development charge is a once-off charge imposed by a municipality on a land owner as a condition of approving a land development application that will substantially result in increased demand for municipal infrastructure services. These charges are imposed to cover the costs incurred by the municipality when installing new infrastructure or upgrading an existing infrastructure that is required to service the proposed development. It is based on the concept that urban growth and expanded land use creates the need for additional infrastructure services, therefore the developer should pay the incidence costs.

Municipalities have not fully used development charges due to uncertainty surrounding the regulatory frameworks. National Treasury is therefore amending the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 97 of 1997) to incorporate the regulation of development charges. Cabinet has approved the publication of the draft Amendment Bill for public comment. The due date for submitting comments is 31 March 2020.

The draft Bill can be accessed on the National Treasury website at: http://www.treasury.gov.za/legislation/draft_bills/default.aspx.

3. Eskom Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application.

While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23.

4. Budgeting issues

4.1 The wage bill

The 2020 Budget Review highlighted the proposed wage bill reduction for the public service. Similar to national and provincial government, municipalities must ensure that compensation demands are balanced with the broader needs of society. In this context, municipalities should start taking decisive action to address bloated organisational structures and above inflation wage increases.

Wage bill increases are crowding out spending on capital projects for future economic growth and impacts on service delivery.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

4.2 Pension fund and SARS contributions

In terms of section 13A of the Pension Funds Act, 1956 (Act No. 24 of 1956), an employer must pay contributions it collected from employees' salaries to the relevant pension fund by the 7th day after the end of the month in respect of which the contributions were payable.

According to the latest annual report by the Pension Fund Adjudicator (PFA), it is especially concerned about non-payment of contributions in the municipal sector, thereby putting members' benefits at risk for extended periods of time. Over and above, there is interest on contributions that an employer is liable to pay if pension fund contributions are not paid over timeously. The Financial Services Laws General Amendment Act, 2013 (Act No. 45 of 2013) makes the employer's failure to pay contributions to a retirement fund a **criminal offence**. The amendment to this Act now provides for personal liability of persons who are entrusted with managing the overall financial affairs of the employer.

Section 65(2)(f) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees, and their statutory commitments. Section 171(1) of the MFMA provides that the accounting officer commits financial misconduct if that accounting officer fails to comply with a duty imposed by a provision of the Act on the accounting officer of a municipality. In addition, section 173(1)(a)(i) of the MFMA than provides that an accounting officer is guilty an offence if that accounting officer deliberately or in a grossly negligent way amongst other, contravene or fails to comply with the provision of section 65(2)(f) of the MFMA. We will therefore be monitoring whether municipalities are addressing this failure by accounting officers consistent with the legal framework provided for in the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings and take the necessary action where there is failure on the part of municipalities to address this matter.

4.3 Water

Access to clean and potable water is a mandatory imperative in terms of the country's Constitution, the National Water Act, 1998 (Act No. 36 of 1998) and priorities set by the government in the National Development Plan (NDP). Water is also recognised as a fundamental human right and there is no doubt about the important role that water plays in human existence, the environment, economic development and sustainability.

Municipalities should take strategic action to ensure effective water management and resilience to drought, including the security of water supply, environmental degradation, and pollution of resources to achieve economic growth, development and socio-economic priorities in an equitable and sustainable manner.

4.4 Attracting economic investment

Maintaining clean cities underpins economic activity and wellbeing. Investors are not interested in investing in filthy cities. Therefore, municipalities should place emphasis on sensible land use planning and development and building plan control for housing,

commercial, industrial and recreational uses. Investments in waste collection and treatment infrastructure should be made in tandem with industrial and urban developments to minimise pollution to our land and waters.

4.5 Borrowing for multi-year capital projects

In terms of sections 16(3) of the MFMA, money for capital expenditure may be appropriated for a period not exceeding three financial years, provided that a separate appropriation is made for each of those financial years.

Section 19(1) of the MFMA further states that *a municipality may spend money on a capital project only if —*

(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2)(b) the project, including the total cost, has been approved by the council;
(b) section 33 has been complied with, to the extent that that section may be applicable to the project; and
(c) the sources of funding have been considered, are available and have not been committed *for other purposes.*

Before approving a capital project, the municipal council must consider:

a) the projected cost covering all financial years until the project is operational; and
b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

A municipality must adjust the revenue and expenditure estimates in an approved annual budget downwards through an adjustments budget if there is material under-collection of revenue during the current year in terms of section 28(2) of the MFMA. It may also appropriate additional revenues that have become available over and above those anticipated in the annual budget, ***but only to revise or accelerate spending programmes already budgeted*** for. New capital projects can therefore not be included in the adjustments budget, unless provided for in terms of section 28(2) of the MFMA.

With regard to the shifting of funds between multi-year appropriations, section 31 of the MFMA requires that *when funds for a capital programme are appropriated in terms of section 16(3) for more than one financial year, expenditure for that programme during a financial year may exceed the amount of that year's appropriation for that programme, provided that –*

(a) the increase does not exceed 20 per cent of that year's appropriation for the programme;
(b) the increase is funded within the following year's appropriation for that programme;
(c) the municipal manager certifies that -
  (i) actual revenue for the financial year is expected to exceed budgeted revenue; and
  (ii) ***sufficient funds are available for the increase without incurring further borrowing beyond the annual budget limit****;*
(d) prior written approval is obtained from the mayor for the increase: and
(e) the documents referred to in paragraphs (c) and (d) are submitted to the relevant provincial treasury and the Auditor-General.

Considering the above sections of the MFMA, it is clear that section 16(3) allows for a multi-year capital appropriation not exceeding three financial years, while section 31 allows for:

- A maximum increase of 20 per cent in the appropriation for the year provided that it is funded within the following year's appropriation for that programme. By implication it

must be a multi-year programme and the increase should also fit within the limit of the next year's appropriation;

- Sufficient funds are available for the increase **without incurring further borrowing beyond the approved annual budget limit**. This means that additional revenues should be available in the year that the municipality intends to accelerate the expenditure or that a project saving that was funded from the borrowing that was approved for the current year should be used to prevent borrowing to exceed the annual budget limit; and
- This further implies that additional revenues should be available and prohibits the use of accumulated cash backed reserves from previous years for the acceleration of the programme.

Section 28(2)(b) prescribes that additional revenues that have become available may be used to revise or accelerate programmes already budgeted for. The same section further indicates that an adjustments budget process will be required to accelerate a capital programme. The municipal manager must provide certification that the additional revenues will be available within the financial year that the programme will be accelerated in terms of section 31 of the MFMA.

The legislation is not clear as to the timeframes for section 31 other than to state that prior written approval should be obtained from the Mayor. A prudent approach would be to include the documentation as part of the adjustments budget process and the dates set out in the Municipal Budget and Reporting Regulations.

This part of the Circular should also be read in conjunction with MFMA Circular No. 58 issued on 14 December 2011.

4.6 Refinancing of existing loans

Section 46(5) of the MFMA allows a municipality to re-financing existing long-term debt, provided that —

(a) the existing long-term debt was lawfully incurred;
(b) the re-financing does not extend the term of the debt beyond the useful life of the property, plant or equipment for which the money was originally borrowed;
(c) the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing; and
(d) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.

If the re-financing of an existing loan does not comply with the above requirements, then the municipality should consider going to the market for a new loan that offers more affordable terms and/or negotiate a payment arrangement with the financial institution until the loan can be repaid as per the original terms.

5. Conditional Grant Transfers to Municipalities

This section provides guidance to municipalities with regard to the preparation for the 2019/20 unspent conditional grant and roll-over process and should be referenced against previous annual budget circulars.

5.1 Criteria for the rollover of conditional grant funds

Section 22 of the 2019 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of section 22(2) of the 2019 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer must be addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2019 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):

    a) Proof that the project tender was published and the period for tender submissions closed before 31 March;
    b) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or
    c) Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the final year of the project;
    d) Incorporation of the Appropriation Statement;
    e) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2021 (attach cash flow projection for the applicable grant).

4. A progress report (also in percentages) on the status of each project's implementation that includes an attached, legible **implementation plan**);
5. The value of the committed project funding, and the conditional allocation from the funding source;
6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;
7. Rollover of rollovers will not be considered therefore municipalities must not include previous year's unspent conditional grants as rollover request;
8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and
9. Proof that the Municipal Manager and Chief Financial Officer are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy, this also includes acting appointments as a result of suspensions of either MM or CFO that are more than 12 months.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2020, the application will be declined.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2019 DoRA, **including the municipal manager and chief financial officer signing-off on the information** sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements information to National Treasury by 31 August 2020;
3. Accurate disclosure of grant performance in the 2019/20 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS); and
4. Cash available in the bank (net position including short term investments) as at 30 June 2020 is equivalent to the amount that is unspent as at the end of the financial year. If the amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. National Treasury will not approve portions of roll over requests.

It should be noted that under no circumstances will the National Treasury consider requests to roll-over:

1. The entire 2019/20 allocation to the municipality, in cases whereby the roll over request is more than 50 per cent of the total allocation National Treasury will approve the roll over amount up to 50 per cent of the 2019/20 allocation;
2. Roll Over request of the same grant for the third consecutive time;
3. Funding for projects constituted through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636). Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the roll over application is linked to invoices that were issued before or on 31 May 2020.

5.2 Unspent conditional grant funds for 2019/20

The process to ensure the return of unspent conditional grants for the 2019/20 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

Step 1: Municipalities must submit their June 2020 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile;

Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2020. These amounts MUST exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately;

Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2018 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2020.

National Treasury will not consider any rollover requests that are incomplete or received after this deadline.

Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 23 October 2020;

Step 5: National Treasury will communicate the unspent conditional grants amount by 06 November 2020. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 20 November 2020; and

Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 20 November 2020, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 04 December 2020 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved roll overs are addressed in the Annexure to MFMA Circular No. 86.

6. The Municipal Budget and Reporting Regulations

National Treasury, together with the provincial treasuries, are rolling out training on budgeting and transacting in the *m*SCOA environment to all provinces to improve the credibility of the 2020/21 MTREF budgets.

6.1 Assistance with the compilation of budgets

In cases where the municipality requires advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
Free State	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Kgomotso Baloyi Kevin Bell	012-315 5866 012-315 5725	Kgomotso.Baloyi@treasury.gov.za Kevin.Bell@treasury.gov.za
KwaZulu-Natal	Kgomotso Baloyi Johan Botha	012-315 5936 012-315 5171	Kgomotso.Baloyi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Willem Voigt Sifiso Mabaso	012-315 5830 012-315 5952	Willem.Voigt@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Northern Cape	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
North West	Willem Voigt Makgabo Mabotja	012-315 5830 012-315 5156	Willem.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge	012-315 5661	Vuyo.Mbunge@treasury.gov.za
Technical issues Local Government Database	Elsabe Rossouw	012-315 5534	lgdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in regulation 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the *m*SCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to return to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations***.

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The Schedule A that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. Schedules D must be submitted for each entity.

7. Municipal Chart of Accounts (*m*SCOA)

7.1 Release of Version 6.4.1 of the Chart

Version 6.4.1 was released to include the amendments in conditional grants as per the 2020 DoRA. Version 6.4.1 of the chart will be effective from 2020/21 and must be used to compile the 2020/21 MTREF. It is available on the link below:

Link to *m*SCOA

7.2 Use of funding segment to populate the cash flow tables

It is critical that municipalities undertake balance sheet and cash flow budgeting to provide accurate cash flow information. The general rule that applies is that the "funding" and "Item" segments must be combined to provide cash flow information on how funds have been spent and on what.

This means that the budget is available at a cash flow level (A1 Schedule Budget Table SA30 and A7) and not when billing is done or when invoices are processed (A1 Schedule Budget Table A4: Statement of Financial Performance). Municipalities must apply the budgeted assumed collection rate to determine the cash flow budgets. Therefore, expenditure can only be processed against items with funding in line with the anticipated cash inflow and not billing. Municipalities should therefore identify the relevant source in the funding segment where revenue is received from and identify the funds to be used when payments are made. Guidance on this was provided in MFMA Circular No. 98.

However, there are still challenges to populate the detail of cash payments by type in the A1 Schedule Budget Table SA30 from Item Liabilities: Current Liabilities: Trade and other payables from exchange transactions as payables and accruals are not broken down by type (e.g. other materials, contracted services etc.). This omission of detail in the *m*SCOA chart will be addressed through chart amendments in version 6.5 of the chart.

As an interim measure the cash flow will be populated as follows:

For Cash Receipts:
The **cash receipts by source** will be populated using Item Assets: Current Assets: Cash and cash equivalents: Cash at bank: Bank account: Deposits in conjunction with the Funding Segment.

For Cash Payments:
The **cash payments** by type will be populated using Item Liabilities: Current Liabilities: Trade and other payables Exchange and Non- Exchange Transactions: Withdrawals in conjunction with the Funding Segment.

The cash payments that are not classified by type, will be grouped together as other payments on table SA30. This will enable population of suppliers and employees on the cash flow (Table A7).

National Treasury will share the linking of A1 Schedule Budget Tables SA30 and A7 to the *m*SCOA chart items to ensure that the cash flow information is populated correctly with municipalities and system vendors.

7.3 Capital Projects using Internally Generated Funding

Capital Projects in acquiring Assets using Internally Generated Funding must use: Funding: Capital: Transfer from Operational Revenue. This will ensure that table A5 will be populated correctly.

8. Budget process and submissions for the 2020/21 MTREF

8.1 Submitting budget documentation and schedules for 2020/21 MTREF

Accounting officers are reminded that Section 22(b)(i) of the MFMA requires that, ***immediately*** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in PDF and electronic formats. However, in cases where Council requires amendments to the tabled budget prior to consultation, municipalities should inform he National Treasury and the relevant provincial treasury *immediately* and submit the required budget documents and corresponding *m*SCOA data strings ***within three working days*** after the Council meeting.

The approved annual budget must still be submitted to both National Treasury and the relevant provincial treasury ***within ten working days*** after the council has approved the annual budget.

8.2 Document uploads to the Local Government Upload Portal

Due to the number of queries received on the document upload process using the Local Government Upload Portal, a full guideline will be issued in due course to explain the process and to outline which documents will be required to upload.

Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website http://www.treasury.gov.za/default.aspx

JH Hattingh
Chief Director: Local Government Budget Analysis
09 March 2020

Annexure to MFMA Circular No. 99

This Annexure to MFMA Circular No. 99 provides further guidance to municipalities and municipal entities regarding Government Gazette No.43181 on local government: Municipal Finance Management Act, 2003 - exemption from the Act and Regulations that was published on 30 March 2020.

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1. MFMA Exemption Notice

The President of South Africa declared a nationwide lockdown, where all citizens, except those that form part of essential services, were ordered to stay home for a period of 21 days. Those working in essential services, as defined in the latter announcement, were exempted from the nationwide lockdown declaration. The nationwide lockdown commenced at midnight on Thursday, 26 March 2020. This announcement will broadly affect how municipalities and municipal entities undertake their financial management responsibilities for the remainder of the 2019/20 financial year in terms of the MFMA and more imminently the 2020/21 MTREF budget preparations process.

As a result, the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) on 30 March 2020 to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster. Find hereto attached **a list of key time bound actions to be taken by MUNICIPALITIES which may be affected during the National State of Disaster (Appendix 1)**. However, it should be noted that:

(a) this is not an exhaustive list; and
(b) some of these provisions may fall outside or within the scope of the exemption should:
  i. the period of the disaster be extended; or
  ii. the period of the disaster be terminated earlier than anticipated.

Furthermore, the Minister of Cooperative Governance and Traditional Affairs, in terms of section 27(2) of the Disaster Management Act, 2002 (Act 57 of 2002) ("the DMA"), issued directives to address, prevent and combat the spread of COVID-19 in South Africa.

Municipalities and municipal entities will be exempted from the timeline provisions in the MFMA, until such time that the national state of disaster declaration is lifted by the Minister of Cooperative Governance and Traditional Affairs. The exemption is conditional in that "any action that was required to be taken in terms of the MFMA must be taken within 30 days after the national state of disaster lapsed or is terminated". This exemption should therefore enable municipalities and municipal entities to undertake their financial management responsibilities including their budget preparation processes in a manner taking cognisance of the challenges experienced as a result of the announcement of the national state of disaster and the nationwide lockdown. It also provides for a special adjustments budget to address any expenditure relating to COVID-19 for the current municipal financial year ending 30 June 2020.

Municipalities should note that only one adjustments budget will be allowed between the date of the declaration of the national state of disaster and 15 June 2020, which is the date when it is envisaged to end in terms of the DMA. Municipalities should therefore plan the date when the municipal council will pass the adjustments budget carefully to ensure that all related expenditure is authorised in this one special adjustments budget.

It is important that the Exemption Notice be understood within the context of the COVID 19 pandemic and the related declarations made by the President of the Republic of South Africa. The Exemption provided enabled a relaxation of all those provisions that would have compromised amongst others, the social distancing and the prohibition of gatherings of more than 100 people measures that was introduced as part of the national state of disaster declaration. The latter refers to council meetings where reports had to be approved before being made public, public consultation meetings, sitting of bid committees etc. In other words, every action or decision that requires some degree of human contact will be covered by this conditional exemption. All other actions or decisions e.g. paying suppliers within 30 days of receipt of invoice, etc. that involve minimal to no human contact should continue as normal.

Subsequent to the issue of the exemption notice, there were various queries raised by municipalities and other stakeholders on certain practical implications of the notice. This circular seeks to provide further clarity in this regard.

2. Socio-economic Impact

The National State of Disaster and subsequent lockdown comes amidst already dire macro-economic conditions which have seen South Africa slump into a technical recession and downgraded to sub-investment grade ("junk" status) and worsening already high levels of unemployment.

The lockdown will likely have a devastating effect on economic activity as non-essential business are forced to shut down completely resulting in a reduction in overall economic output and job losses. National Government, in conjunction with prominent private sector role-players, has introduced various forms of relief programmes to aid small businesses and employees alike during the period of the lockdown to compensate for a loss of income and wages, etc.

Municipalities will be impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID-19. They may also be required to expand their scope of basic services and free basic services to respond

directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases.

Given the developmental role of Local Government articulated in the Constitution, municipalities must assist Small-Medium Micro Enterprises (SMMEs) and communities to access the information on relief measures to ease the impact of COVID-19 provided by government.

3. Generic principles for considering a municipal response

The following core principles have been identified as being relevant in an event of disasters, where governance and financial management practices are still required, but balanced with the need for rapid and impactful responses:

- **Strategic management:** (i) Extraordinary operations that are different from day-to-day activities are required. (ii) A balance is required between the controls and speed of decision-making within the applicable legal framework, and the need to be responsive to COVID -19 requirements; and (iii) Disaster-related decisions should be sub-delegated to and exercised by those closest to and critical to the need to respond to the pandemic;
- **Supply chain management:** (i) Sourcing rules should be appropriately adapted within the applicable legal framework to enable procurement decisions to be exercised in a manner that achieves the desired procurement outcomes with the required urgency and responsiveness as far as is reasonably possible. MFMA Circular No. 100 already provide guidance in this regard. (ii) Applicable procurement roles should be adapted for the purposes of ensuring adequate emergency preparedness planning and responsiveness to the pandemic; and (iii) Resources will be deployed by organs of state most suitable to respond to the COVID-19 relief procurement needs from a legal, practical, resource and skill capability perspective;
- **Donations and sponsorship:** regulation 48 of the Municipal Supply Chain Management Regulations provides that the accounting officer of a municipality or municipal entity must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorships promised, offered or granted to the municipality or municipal entity, whether directly or through a representative or intermediary, by any person who is (i) a provider or prospective provider of goods or services to the municipality or municipal entity or (ii) a recipient or prospective recipient of goods disposed or to be disposed of by the municipality or municipal entity. Therefore, municipalities or municipal entities, must as part of the envisaged reporting in terms of MFMA Circular No. 100, report all donations/sponsorships received from the local or international donor community to the National Treasury and the relevant provincial treasury within 30 days of receipt.
- **Disaster Response Plans:** Municipalities should commit to pre-approved response plans, adjusted as necessary, and guard against deviations from established disaster response frameworks;
- **Risk assessment and mitigation:** As the pandemic rapidly spreads, municipalities must conduct a localised risk assessment to help identify areas of most pressing need. The assessment should reflect on likelihood and impact/magnitude of each risk. Municipalities are advised to amend their risk registers accordingly;
- **Revenue Management:** Revenue streams must be actively protected to mitigate the financial impact of COVID-19. Most business and households will feel the financial impact of COVID-19 (albeit to a varying degree) and will likely reprioritise their own spending patterns;
- **Expenditure Management:** All non-essential spending should be curtailed to optimise savings that can in turn be applied for disaster relief. Strategic management of priority functional classifications of budget allocations and basic incremental increases to primary mandates and functions to ensure basic operational effectiveness (recurrent budgeting) should be undertaken, with savings and developmental project allocations

channelled to areas of need identified through risk assessment while not losing sight of existing capital projects requirements; and

- Records are maintained for all expenditure incurred to ensure effective internal controls, special adjustments budget allocations and appropriations, and audit purposes.

4. Budgetary Implications

In response to the impact of COVID-19, municipalities are currently considering the reprioritisation of their funding allocations for the 2019/20 and 2020/21 financial year. Given the prevailing circumstances, municipalities may be under pressure to grant some form of relief to consumers, such as rates holidays, etc. However, we advise municipalities not to make assumptions about the ability of consumers to pay under these circumstance and prematurely grant relief measures as this is not supported by the National Treasury. We strongly advise municipalities to assess the merits of each case.

In doing so, National Treasury recommends that municipalities consider the following guiding principles:

i) Where municipalities consider initiatives to reduce the impact of COVID-19 on businesses and economic households such as rebates, payment holidays, relaxation of credit control measures municipalities –

   a. must ensure that their liquidity and overall financial sustainability is not compromised;
   b. in granting rebates to their consumers, should consider all the relevant legislation, regulations such as Municipal Property Rates Act (MPRA), MFMA dealing with revenue management within the disaster management principles;
   c. must ensure that the relaxation of levying of interest for overdue payments for municipal services should be in line with Council's policies, by-laws and other applicable legislation;
   d. must from a tariff perspective, understand that the prohibition on increasing tariffs in terms of section 28(6) of the MFMA still remains. Any tariff increase required during this national disaster period will be considered on a case by case basis. Municipalities are however allowed to decrease their tariffs in-year. With regard to tariffs tabled as part of the draft budget, the National Treasury views this as "indicative" and might change after the public consultation process. We therefore advise that whatever tariff is introduced or proposed as part of the draft budget tabled in March is indicative and municipalities are allowed to change the tariff (increase or decrease) **before** the final budget is adopted by the municipal council;
   e. must as it relate to public consultation consider section 17(3)(a) of the MFMA which requires that the draft budget must be accompanied by draft resolutions that amongst others, impose any municipal taxes and setting any municipal tariff for the specific budget year. If the indicative tariff that was used to consult the public on the draft budget changed significantly post consultation, the municipal council will have to consult again on the revised tariff given the impact on the consumer. The nature of the consultation is the discretion of the municipality as it is not a legal requirement at the moment to consult again after the initial draft budget was made public. However, reasons for increasing the tariffs must be provided, and the municipality must consider special short-term tariff measures, so any increase may be undertaken on a short-term basis and reversed, depending on a case-by-case basis; and
   f. Expenditure side measures and cost savings on the budget must also allow for limitations on increases as the levels of affordability for households and business may be breached.

ii) With respect to relief strategies to indigent households, municipalities should consider:
   a. reviewing their respective indigent policies to factor in the potential economic impact of COVID-19 on poor households; and
   b. the possibility of an increase in the number of indigent households while the quantum for free basic services remains within the national policy e.g. 6 kilolitres for water. Municipalities must ensure that financial sustainability is not compromised in implementing these policies. If the increase is implemented for the remainder of 2019/20 financial year (quarter four), it can be effected as part of the anticipated adjustments budgets allowed for by the Exemption Notice No. 43181 dated 30 March 2020.

iii) Municipalities are reminded that any expenditure related to COVID-19 should be **limited to the implementation of their mandates as outlined in the Constitution**, specifically related to the provision of basic services i.e. water, sanitation, refuse and electricity amongst others. By implication avoid creating unfunded mandates for themselves.

5. Conditional grants being used to respond to COVID-19

Municipalities should follow guidance issued by transferring officers regarding the use of conditional grant funds to support the response to the disaster. Some of the projects that need to be implemented urgently (such as provision of water infrastructure) can already be funded within the purpose and rules of conditional grants. In such cases, transferring officers will advise on the process for changing conditional grant business plans to enable the implementation of such projects.

Transferring officers and National Treasury will advise municipalities of any further changes to the use of conditional grants in 2019/20 to facilitate the response to the COVID-19 disaster.

Municipalities should follow closely any announcements from the National Treasury regarding revisions to allocations and conditional grant rules for 2020/21.

6. Tabling and adoption of 2020/21 MTREF budgets

It should be noted that municipalities that have already tabled their budgets will not be required to re-table such budgets after the lockdown given that they have already complied with the timelines for tabling. The exemption notice does not nullify compliance with the requirements of the MFMA prior to the nationwide lockdown. The exemption notice was issued to facilitate instances where municipalities could not comply with the provisions of the MFMA due to the nationwide lockdown.

Where a municipality has not submitted or published the tabled budget during the nationwide lockdown, then the exemption notice enables those municipalities to comply with these requirements within 30 days from the date that the national state of disaster is lifted. All requirements are therefore relaxed for as long as the national state of disaster is in effect. Note however that those municipalities that can comply with the law despite the current situation should continue to do so and report accordingly. The use of electronic mechanisms is encouraged.

The Minister of Cooperative Governance and Traditional Affairs (Minister of COGTA) issued a directive that suspends all council meetings during the period of the 21-day nationwide lockdown period. The same directive from the Minister of COGTA provides guidance around how council meetings and decision making must unfold post the 21-day nationwide lockdown period to consider amongst other, the adoption of the 2020/21 MTREF budget.

Therefore, depending on the municipality's ability to implement the measures introduced by the Minister of COGTA post the 21-day national lock down period, adoption of the budget by 31 May 2020 (including the approval of the BEPPs for Metros) should not be a problem and compliance in this regard should be attained. It is only in the event that, the municipality is unable to implement the measures introduced by the Minister of COGTA in relation to council sittings and associated decision making that the MFMA Exemption Notice issued by the Minister of Finance will cover the municipality in terms of allowing municipal councils to sit and adopt their budgets 30 days post the lifting of the national state of disaster by the President of the Republic of South Africa.

The municipality may consider other forms of having council meetings i.e. councillors can use their tools of trade to receive and consider draft budgets and casting their votes via email to a centrally controlled email system via the Office of the Speaker who can count all votes received and communicate the results via email to all councillors. The administration can then implement what council has decided. The latter will then ensure that council proceedings especially as it relate to the budget still proceeds albeit within the confines of the current situation. The exemption provided will then only be used in the event that it is extremely impossible to convene a council sitting in the manner described above.

7. 2019/20 reporting requirements

The nationwide lockdown affects amongst others, the monthly and quarterly performance reporting in terms of section 71 and section 52(d) of the MFMA respectively. The section 71 reporting can be done remotely in terms of a municipality's Business Continuity Plans. Reasons should be provided if this cannot be performed. Therefore, in cases where municipalities are unable to comply, municipalities must submit all reports that they have missed during the lockdown within 30 days after the national state of disaster is lifted. This includes Division of Revenue Act (DoRA) reporting requirements that are linked to monthly reporting in terms of section 71 of the MFMA. However, this **does not apply to all** DoRA reporting requirements. No exemption/departure is possible in respect of other monthly reporting provided for in DoRA that is not linked to any reporting requirement in the MFMA.

Municipalities are still expected to undertake the 2018/19 audit verification and submit the information on trading services gross and net operating margins. Similarly, this work does not require formal sittings and approval; therefore, it can be done as officials are expected to work from home during the nationwide lockdown, where mechanisms exists. The outcome of this work will have an impact on the timing of the state of local government finances and financial management report as at 30 June 2019. Importantly, municipalities must ensure that they submit separate *m*SCOA data strings for M09 and M10 as M09 is part of the reporting for quarter 3 of the 2019/20 financial year, while M10 forms part of the quarter 4 reporting.

In addition, given that National Treasury is tasked by Cabinet to anticipate / calculate the impact of this National Disaster across the spheres of government together with the impact of the downgrading on the broader economy, municipalities are requested to still submit their monthly Section 71 and other reports informally to the Local Government Database although formally exempted to do so. This will be in the best interests of individual municipalities and the local government sphere as a whole.

Additional reporting requirements relating to the impact on your special adjustments budget for 2019/20 as well as the main 2020/21 MTREF budgets will soon be circulated. In anticipation that revenue collections are likely to be impacted by the economic fall-out of COVID-19, and by implication reducing cash buffers in municipalities, it is important that the correct and appropriate decisions are made by municipalities during this critical period, as this will have a profound impact on financial and operational sustainability going forward. This information will

be required to assist both National and provincial treasuries to excise their oversight and support responsibilities as articulated in the Constitution.

8. Revenue and Expenditure Management

Municipalities must perform their normal billing and credit control in the spirit of good financial management practices in order to ensure that they can still honour their service delivery obligations.

8.1 Payment of Creditors

Municipalities must continue to pay for services rendered within the framework of the measures introduced by the President of the Republic of South Africa. The exemption notice does not divest municipalities of their contractual obligations and such will still have to be met. Therefore, municipalities must ensure that all services rendered are paid for as and when they become due. Municipalities must still comply with section 65(2)(e) of the MFMA which requires them to pay creditors within 30 days of receiving the relevant invoice or statement.

8.2 The wage bill

The 2020 Budget Review highlighted the proposed wage bill reduction for the public service. Similar to national and provincial government, municipalities must ensure that compensation demands are balanced with the broader needs of society. In this context, municipalities should start taking decisive action to address bloated organisational structures and above inflation wage increases.

Wage bill increases are crowding out spending on capital projects for future economic growth and impacts on service delivery.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

9. Tabling and adoption of completely new 2020/21 MTREF budgets

The National Treasury will have no objection if any municipality is of the opinion that it will have to re-do their entire 2020/21 MTREF budget, given that these budgets were prepared prior to the declaration of the national disaster and subsequent nationwide lockdown. Municipalities seeking to exercise this option should take into consideration the principles outlined in paragraph 3 above as well as the extent of reprioritisation required. Furthermore, the public participation process as a result of the changes made must be considered as outlined in paragraph 4 above. Those municipalities that are unsure of their ability to make decisions of this nature are invited to approach their respective provincial treasury during this process to assist them in this regard.

10. Conclusion and the way forward

The COVID-19 pandemic has introduced new dimensions of volatility, uncertainty, complexity and ambiguity to the task of financial stewardship across all spheres of government. Public policy decision-makers at all levels of government must act with vision, understanding, clarity and agility in responding to the crisis in a resilient manner. This will require a fundamental strategic rethink of the way in which we currently conduct our planning, budgeting and implementation processes.

The annual National and Provincial Budget and Benchmark assessment process of the tabled municipal budgets is still in progress within the constraints of the national lockdown. The discussion will be strategic in nature and include a focus on the implications of the municipality's proposed response to Covid-19. The annual Budget and Benchmark assessment engagements on the annual budgets are scheduled to take place from end of April 2020 until the end of May 2020 via video conferencing.

Any enquiries pertaining to this circular or the MFMA directive should be directed to MFMA helpdesk at the following email address: MFMA@treasury.gov.za.

Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post	Private Bag X115, Pretoria 0001
Phone	012 315 5009
Fax	012 395 6553
Website	http://www.treasury.gov.za/default.aspx

JH Hattingh
Chief Director: Local Government Budget Analysis
08 April 2020

Appendix 1

SCHEDULE OF SOME KEY TIMEBOUND ACTIONS TO BE TAKEN BY MUNICIPALITIES IN TERMS OF THE MFMA TO WHICH THE EXEMPTION NOTICE APPLIES

Note: ***This schedule is not an exhaustive list of all time-bound actions to be taken by municipalities and municipal entities in terms of the MFMA and regulations thereto to which the Exemption Notice applies. This schedule lists examples of time-bound actions to be taken by municipalities to which parts of the Exemption Notice applies.***

No.	Action	Empowering provision	Timeline specified in the MFMA
1.	The accounting officer of a municipality must: • Table in the municipal council a consolidated report of all withdrawals made in terms of section 11(1)(b)-(j) of the MFMA; and • Submit a copy of such report to the Provincial Treasury and the Auditor-General.	Section 11(4)(a) of the MFMA	Within 30 days after the end of each of the following quarters: • 1 July to 30 September • 1 October to 31 December • 1 January to 31 March • 1 April to 30 June
2.	The municipal council must approve the annual budget (together with all supporting documents referred to in section 24(2) of the MFMA) for the forthcoming financial year.	Section 16(1), read with section 24(2), of the MFMA	On or before 30 June
3.	The mayor of a municipality must table the annual budget, together with all supporting documents referred to in section 17(3) of the MFMA, at a municipal council meeting.	Section 16(2) of the MFMA	At least 90 days before 1 July (i.e. on or before 31 March)
4.	The accounting office of a municipality must make the annual budget and supporting documents referred to in section 17(3) of the MFMA public and invite the local community to submit representations in connection with the annual budget.	Section 22(1)(a) of the MFMA	Immediately after tabling of the annual budget
5.	The accounting officer of a municipality must submit the annual budget: • In both printed and electronic formats to the National Treasury and the Provincial Treasury; and • In either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.	Section 22(1)(b) of the MFMA	Immediately after the tabling of the annual budget
6.	The municipal council must consider the views of the local	Section 23(1) of the MFMA	After the tabling of the annual budget and completion of the

No.	Action	Empowering provision	Timeline specified in the MFMA
	community, as well as the National Treasury, Provincial Treasury and any national or provincial organs of state or municipalities which made submissions on the annual budget.		prescribed public participation processes but before the approval of the annual budget
7.	The municipal council must give the mayor an opportunity: • To respond to the submissions received on the annual budget; and • If necessary, to revise the budget and table amendments for consideration by the municipal council.	Section 23(2) of the MFMA	Once the municipal council has considered all submissions on the annual budget but before the approval of the annual budget
8.	The municipal council must consider approval of the annual budget.	Section 24(1) of the MFMA	At least 30 days before the start of the next financial year (i.e. at least 30 days before 1 July)
9.	The municipal council must reconsider and vote again on the annual budget, or an amended version thereof, where it fails to approve the annual budget.	Section 25 of the MFMA	Within 7 days of the council meeting that failed to approve the annual budget
10.	The mayor of a municipality must inform the Provincial Minister responsible for Finance, in writing, of any impending non-compliance with any provision of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget process or compulsory consultation processes	Section 27(1) of the MFMA	Upon becoming aware of any impending non-compliance with any provision of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget process or compulsory consultation processes
11.	The mayor of a municipality may apply to the Provincial Minister responsible for Finance, on good cause shown, for an extension of any time limit or deadline imposed by the MFMA (excluding section 16(1) of the MFMA).	Section 27(2) of the MFMA	Upon becoming aware of any impending non-compliance with any time provision of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget process or compulsory consultation processes, but before the time limit expires or the deadline passes
12.	The mayor of a municipality must, upon becoming aware of any actual non-compliance by the municipality of a provision of Chapter 4 of the MFMA, inform the council, the Provincial Minister responsible for Finance and the National Treasury, in writing, of— (a) such non-compliance; and (b) any remedial or corrective measures the municipality intends to implement to avoid a recurrence.	Section 27(3) of the MFMA	Upon becoming aware of any actual non-compliance by the municipality of a provision of Chapter 4 of the MFMA

No.	Action	Empowering provision	Timeline specified in the MFMA
13.	The mayor must table an adjustment budget in line with prescribed timelines.	Section 28 of the MFMA	Prescribed in regulations to the MFMA
14.	If the mayor of a municipality, in emergency or other exceptional circumstances, authorises unforeseeable and unavoidable expenditure for which no provision was made in an approved budget, such expenditure must be appropriated in an adjustments budget passed by the municipal council.	Section 29(3) of the MFMA	Within 60 days after the date on which the expenditure was incurred
15.	Funds appropriated in an annual or adjustments budget must be spent to avoid the relevant appropriation lapsing to the extent that such funds are unspent.	Section 30 of the MFMA	On or before the end of the financial year (i.e. 30 June), unless the appropriation of expenditure was made for a period longer than the financial year
16.	The accounting officer of a municipality must promptly inform the mayor, the Provincial Minister responsible for Local Government and the Auditor-General of certain matters relating to unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality	Section 32(4) of the MFMA	Promptly after the unauthorised, irregular or fruitless and wasteful expenditure in question has been incurred
17.	The accounting officer must comply with the consultation and public participation requirements applicable before certain contracts that have future budgetary implications beyond the three-year period covered in the annual budget are concluded.	Section 33(1)(a) of the MFMA	At least 60 days before the meeting of the municipal council at which the contract in question is approved
18.	Municipalities must meet all financial commitments towards other municipalities or national or provincial organs of state.	Section 37(1)(c) of the MFMA	Promptly
19.	The accounting officer of a municipality responsible for the transfer of an allocation to another municipality must notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during the next financial year.	Section 37(2) of the MFMA	At least 120 days before the start of the next financial year
20.	Municipalities and municipal entities must take all reasonable steps necessary to resolve disputes of a financial nature without having to resort to litigation and, where necessary, report such disputes to the National Treasury.	Section 44 of the MFMA	As promptly as possible

No.	Action	Empowering provision	Timeline specified in the MFMA
21.	A municipality intending to incur long-term debt must comply with the consultation, public participation and notice requirements applicable before incurring such debt.	Section 45(3) of the MFMA	Not later than 21 days prior to the municipal council meeting which the debt in question will be considered for approval
22.	The mayor of a municipality must submit a quarterly report to the municipal council on the implementation of the budget and the financial state of affairs of the municipality.	Section 52(d) of the MFMA	Within 30 days after the end of each of the following quarters: • 1 July to 30 September • 1 October to 31 December • 1 January to 31 March • 1 April to 30 June
23.	The mayor of a municipality must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year.	Section 53(1)(c)(i) of the MFMA	Before 1 July
24.	The mayor of a municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor.	Section 53(1)(c)(ii) of the MFMA	Within 28 days after the approval of the annual budget
25.	The mayor of a municipality must report to the municipal council and the Provincial Minister responsible for Finance any delay in the tabling of an annual budget, the approval of the service delivery and budget implementation plan or the signing of the annual performance agreements.	Section 53(2) of the MFMA	Promptly
26.	The mayor of a municipality must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public.	Section 53(3)(a) of the MFMA	Not later than 14 days after the approval of the service delivery and budget implementation plan
27.	The mayor of a municipality must ensure that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are made public and that copies of such performance agreements are submitted to the council and the Provincial Minister responsible for Local Government.	Section 53(3)(b) of the MFMA	Not later than 14 days after the approval of the municipality's service delivery and budget implementation plan
28.	The mayor of a municipality must consider and take the required actions to address a statement or report submitted to him or her by the accounting officer of the	Section 54 of the MFMA	Promptly upon receipt of the statement or report

No.	Action	Empowering provision	Timeline specified in the MFMA
	municipality in terms of section 70 or 71 of the MFMA (including addressing any serious financial problems identified in such statement or report).		
29.	If a municipality has not approved an annual budget by the first day of the budget year or if the municipality encounters a serious financial problem referred to in section 136, the mayor of the municipality must report the matter to the Provincial Minister responsible for Local Government.	Section 55 of the MFMA	Immediately upon a failure by a municipality to approve an annual budget by the first day of the budget year or immediately upon a serious financial problem referred to in section 136 of the MFMA is encountered
30.	The accounting officer of a municipality must take all reasonable steps to ensure that the revenue due to the municipality is calculated on a monthly basis.	Section 64(2)(b) of the MFMA	On a monthly basis
31.	The accounting officer of a municipality must take all reasonable steps to ensure that accounts for municipal tax and charges for municipal services are prepared.	Section 64(2)(c) of the MFMA	On a monthly basis or less often as may be prescribed in regulations where monthly accounts are uneconomical
32.	The accounting officer of a municipality must take all reasonable steps to ensure that all money received is deposited in accordance with the MFMA into the municipality's primary and other bank accounts.	Section 64(2)(d) of the MFMA	Promptly
33.	The accounting officer of a municipality must take all reasonable steps to ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled.	Section 64(2)(h) of the MFMA	At least on a weekly basis
34.	The accounting officer of a municipality must inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.	Section 64(3) of the MFMA	Immediately
35.	The accounting officer of a municipality must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state is transferred to that organ of state.	Section 64(4)(a) of the MFMA	At least on a weekly basis
36.	The accounting officer of a municipality must take all	Section 65(2)(e) of the MFMA	Within 30 days of receiving the relevant invoice or statement,

No.	Action	Empowering provision	Timeline specified in the MFMA
	reasonable steps to ensure that all money owing by the municipality is paid.		unless prescribed otherwise in regulation for certain categories of expenditure
37.	The accounting officer of a municipality must take all reasonable steps to ensure that all financial accounts of the municipality are closed and reconciled with its records.	Section 65(2)(j) of the MFMA	At the end of each month
38.	The accounting officer of a municipality must report to the municipal council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits	Section 66 of the MFMA	As prescribed in regulation
39.	The accounting officer of a municipality accounting officer must submit to the mayor: • A draft service delivery and budget implementation plan for the budget year; and • Drafts of the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the municipal manager and all senior managers.	Section 69(3) of the MFMA	Not later than 14 days after the approval of the annual budget
40.	The accounting officer of a municipality must report in writing to the municipal council: (a) any impending— (i) shortfalls in budgeted revenue; and (ii) overspending of the municipality's budget; and (b) any steps taken to prevent or rectify such shortfalls or overspending.	Section 70(1) of the MFMA	Prior to the said revenue shortfalls and overspending occurring
41.	The accounting officer of a municipality must notify the National Treasury where the municipality's bank account(s) show(s) a net overdrawn position for a period exceeding a prescribed period.	Section 70(2) of the MFMA	Promptly
42.	The accounting officer of a municipality must submit to the mayor of the municipality and the Provincial Treasury a statement in the prescribed format on the state of the municipality's budget reflecting certain required particulars for that month and for the financial year up to the end of that month.	Section 71(1) of the MFMA	Not later than 10 working days after the end of each month
43.	The accounting officer of a municipality which has received an allocation referred to in	Section 71(5) of the MFMA	Not later than 10 working days after the end of the month in which the relevant allocation is received

No.	Action	Empowering provision	Timeline specified in the MFMA
	section 71(1)(e) of the MFMA during any particular month must submit that part of the statement reflecting the particulars referred to in section 71(1)(e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.		
44.	The accounting officer of a municipality must adhere to the general reporting obligations set out in section 74 of the MFMA.	Section 74 of the MFMA	As prescribed by regulation or as required
45.	The accounting officer of a municipality must place the documents referred to in section 75(1) of the MFMA on the municipality's website.	Section 75(2) of the MFMA	Not later than 5 days after each document is tabled in the municipal council or on the date on which it must be made public, whichever occurs first
46.	The accounting officer of a municipality must monitor the performance of each contractor of the municipality.	Section 116(2)(b) of the MFMA	On a monthly basis
47.	The accounting officer of a municipality must report to the municipal council on the management of contracts with contractors.	Section 116(2)(d) of the MFMA	On a regular basis
48.	The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.	Section 121(1) of the MFMA	Within nine months after the end of a financial year (i.e. before 31 March)
49.	The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(a) of the MFMA	Within two months after the end of the financial year to which annual financial statements relate
50.	The accounting officer of a municipality referred to in section 122(2) of the MFMA must prepare consolidated annual financial statements in terms of that section and, within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(b) of the MFMA	Within three months after the end of the financial year to which the relevant annual financial statements relate
51.	The mayor of a municipality must table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared	Section 127(2) of the MFMA	Within seven months after the end of a financial year

No.	Action	Empowering provision	Timeline specified in the MFMA
	control.		
52.	Once the annual report is tabled in the municipal council, the accounting officer of the municipality must make the annual report public, follow the required public participation process, and submit the annual report to the Auditor-General, the Provincial Treasury and the Department of Local Government.	Section 127(5) of the MFMA	Immediately
53.	The accounting officer of a parent municipality must report on any non-compliance of a municipal entity under the sole control of the parent municipality with sections 121(1) or 126(2) of the MFMA, together with reasons for such non-compliance, to the municipal council of the parent municipality, the Provincial Treasury and the Auditor-General.	Section 128 of the MFMA	Promptly
54.	The council of a municipality must adopt an oversight report containing the council's comments on the annual report.	Section 129(1) of the MFMA	Not later than two months from the date on which the annual report was tabled in the municipal council in terms of section 127 of the MFMA
55.	The accounting officer of a municipality must make an oversight report adopted by the municipal council public.	Section 129(3) of the MFMA	Within seven days of the date on which the oversight report is adopted in terms of section 129(1) of the MFMA
56.	The accounting officer of a municipality must submit the annual reports and oversight reports referred to in sections 132(1)(a) and 132(1)(b) of the MFMC to the Western Cape Provincial Legislature.	Section 132(2) of the MFMA	Within seven days after the municipal council has adopted the relevant oversight report in terms of section 129(1) of the MFMA
57.	The mayor of a municipality mayor must promptly table in the council a written explanation setting out the reasons for the failure to submit the annual financial statements to the Auditor-General in terms of section 126(1) or 126(2) of the MFMA or the failure to table the required annual reports in terms of section 127(2) of the MFMA.	Section 133(1)(a) of the MFMA	Promptly

2020/21 FY THREE YEAR MIG IMPLEMENTATION PLAN

ITEM	BUDGET YEAR 2020/21	BUDGET YEAR 2021/22	BUDGET YEAR 2022/23
Road in Magojaneng (RDP to block D)		R 14,168,159.23	R 6,520,263.00
Road in Batlharos (Nanana Section)		R 17,989,997.20	R 11,114,510.00
Kagung (Westederby and hardvard paved road)	R 11,747,319.64		R 10,743,261.28
MIG 1428: Upgrading of 2 061m gravel internal road to paved road in Gamopedi	R 3,868,365.11		
Construction of Ward 8 Batlharos community hall	R 11,387,496.70		
Construction of Ditshoswaneng community hall			R 8,523,503.00
Upgrading of sports facilities in Wrenchville	R 8,845,051.10	R 6,290,843.57	
Upgrading of sports facilities in Maruping			R 9,789,423.73
Construction of Kuruman Firestation and	R 14,505,767.45	R 16,000,000.00	
Rural Sanitation programme			R 11,047,038.99
PMU	R 2,600,000.00	R 3,000,000.00	R 3,000,000.00
TOTAL VALUE OF PROJECTS	**R 52,954,000.00**	**R 57,449,000.00**	**R 60,738,000.00**

WATER SERVICE INFRASTRUCTURE GRANTS

PROJECT NAME	BUDGET YEAR 2020/21	BUDGET YEAR 2021/22	BUDGET YEAR 2022/23
ITEM	Amount	Amount	
Marupimg/Batlharos bulk water supply phase 3 - Ward 8, 9,10,14	R 13,503,235.95	R 1,189,455.46	
Connection of JOJO tanks supplied by DWS to the reticulation line (Ward 2-14)	R 1,994,298.77		
Water Service Operating Subsidy (WSOS)	R 16,127,864.30	R 630,050.01	
Kagung bulk water supply phase 3	R 833,939.95		
Extention of Pietbos water supply	R 479,406.25		
Refurbishment of Barnard Avenue Pump Station	R 4,917,088.00		
Upgrading of internal water supply to Kuruman and Wrenchville	R 2,144,166.78	R 771,592.95	
Gamopedi, Geelboom and Sedibeng bulk water supply		R 14,307,676.76	R 27,753,447.55
Magojaneng Tswelelopele		R 11,669,854.90	R 10,921,349.45
Magojaneng Block D water supplly VS Dikgweng		R 898,418.64	
Mapoteng source development		R 549,249.82	
New Mokalamosesane		R 14,983,701.46	
Bankhara Bodulong Bulk water supply (450 sites)			R 11,325,203.00
TOTAL VALUE OF PROJECTS	**R 40,000,000.00**	**R 45,000,000.00**	**R 50,000,000.00**
DORA ALLOCATION	R 40,000,000.00	R 45,000,000.00	R 50,000,000.00

NC452 Ga-Segonyana - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	36,636	39,021	43,409	47,525	47,525	–	–	49,853	52,147	54,545
Service charges	122,672	139,836	142,327	151,480	161,480	–	–	170,871	178,731	186,952
Investment revenue	176	2,156	2,836	3,200	3,200	–	–	3,357	3,511	3,673
Transfers recognised - operational	123,106	138,567	161,689	177,219	177,023	–	–	183,601	199,725	227,414
Other own revenue	48,348	28,311	25,015	43,971	24,768	–	–	24,310	25,428	26,598
Total Revenue (excluding capital transfers and contributions)	330,938	347,891	375,276	423,395	413,996	–	–	431,992	459,542	499,182
Employee costs	103,870	119,121	131,462	144,826	133,913	–	–	156,254	163,448	170,973
Remuneration of councillors	7,815	9,362	9,815	9,042	9,968	–	–	10,456	10,937	11,441
Depreciation & asset impairment	72,056	57,180	68,524	40,953	40,953	–	–	42,959	44,936	47,003
Finance charges	2,763	16,299	18,253	5,987	5,787	–	–	6,065	6,344	6,636
Materials and bulk purchases	114,850	113,763	117,990	126,953	129,404	–	–	140,269	146,721	153,470
Transfers and grants	–	19	35	60	60	–	–	63	66	69
Other expenditure	99,681	72,881	156,273	90,214	121,480	–	–	122,505	128,202	145,199
Total Expenditure	401,036	388,625	502,354	418,034	441,564	–	–	478,571	500,654	534,791
Surplus/(Deficit)	(70,097)	(40,735)	(127,078)	5,361	(27,568)	–	–	(46,579)	(41,112)	(35,608)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	103,122	98,418	112,328	175,944	209,344	–	–	129,339	114,449	106,690
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	36,072	–	8,481	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	33,025	57,684	21,323	181,305	190,258	–	–	82,760	73,337	71,081
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	33,025	57,684	21,323	181,305	190,258	–	–	82,760	73,337	71,081
Capital expenditure & funds sources										
Capital expenditure	112,696	54,788	103,046	180,998	214,858	–	–	131,489	114,449	106,691
Transfers recognised - capital	109,988	49,604	98,602	175,944	209,014	–	–	129,339	114,449	106,691
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	2,708	5,184	4,444	5,054	5,845	–	–	2,150	–	–
Total sources of capital funds	112,696	54,788	103,046	180,998	214,858	–	–	131,489	114,449	106,691
Financial position										
Total current assets	113,521	159,431	148,584	110,593	219,474	–	–	166,439	174,428	182,800
Total non current assets	1,243,765	1,287,879	1,360,132	1,446,812	1,534,311	–	–	1,491,621	1,563,218	1,638,253
Total current liabilities	154,305	152,155	141,734	93,356	134,824	–	–	87,142	91,325	95,708
Total non current liabilities	45,781	62,180	66,131	15,061	66,131	–	–	69,675	3,713	3,892
Community wealth/Equity	1,157,199	1,232,975	1,300,851	1,448,988	1,552,830	–	–	1,501,243	1,642,608	1,721,453
Cash flows										
Net cash from (used) operating	105,515	189,869	134,777	181,636	202,266	–	–	128,195	120,862	120,793
Net cash from (used) investing	(103,745)	(186,246)	(136,674)	(180,998)	(154,377)	–	–	(112,088)	(97,282)	(90,686)
Net cash from (used) financing	(1,312)	7,075	(9,240)	(5,540)	(4,000)	–	–	(3,500)	(3,000)	(2,500)
Cash/cash equivalents at the year end	990	11,688	551	3,598	44,440	–	–	30,607	51,188	78,795
Cash backing/surplus reconciliation										
Cash and investments available	990	11,688	551	3,598	46,739	–	–	30,607	32,076	33,616
Application of cash and investments	97,981	41,401	60,551	31,165	(36,482)	–	–	(20,782)	(20,230)	(19,213)
Balance - surplus (shortfall)	(96,991)	(29,713)	(60,000)	(27,567)	83,221	–	–	51,389	52,306	52,829
Asset management										
Asset register summary (WDV)	1,243,765	1,287,879	1,360,132	180,998	1,518,751	–	–	1,367,364	1,475,522	1,572,423
Depreciation	72,056	57,180	69,110	40,953	40,953	–	–	42,959	44,936	47,003
Renewal and Upgrading of Existing Assets	–	–	83,748	134,486	152,251	–	–	52,776	35,425	38,167
Repairs and Maintenance	18,697	14,152	2,661	9,660	10,858	–	–	20,220	21,151	22,123
Free services										
Cost of Free Basic Services provided	–	–	–	3,053	3,053	–	3,217	3,217	3,365	3,520
Revenue cost of free services provided	1,407	1,044	1,068	1,392	1,392	–	1,460	1,460	1,528	1,598
Households below minimum service level										
Water:	–	6	26	27	27	–	28	28	29	31
Sanitation/sewerage:	–	4	4	4	4	–	4	4	4	4
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	19	23	25	25	–	26	26	27	28

NC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		69,951	60,276	113,546	104,637	79,677	–	84,320	88,261	92,274
Executive and council		14,643	5,886	41,985	6,826	6,851	–	6,991	7,313	7,649
Finance and administration		55,307	54,390	71,561	97,811	72,826	–	77,329	80,948	84,625
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		19,959	8,045	16,247	22,224	21,067	–	49,403	37,637	34,371
Community and social services		2,578	7,391	10,746	4,986	3,838	–	14,974	3,758	12,460
Sport and recreation		2,206	598	4,990	9,245	9,638	–	11,489	9,056	12,682
Public safety		15,175	56	510	7,993	7,592	–	22,941	24,823	9,229
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		47,662	78,693	45,885	45,510	52,612	–	34,092	50,112	47,020
Planning and development		18,019	11,728	11,203	12,259	17,722	–	16,661	16,055	16,656
Road transport		29,644	66,905	34,363	32,941	34,575	–	16,916	33,518	29,800
Environmental protection		–	60	319	310	315	–	516	539	564
Trading services		296,488	299,253	347,979	426,959	478,440	–	393,475	397,939	432,164
Energy sources		124,110	144,358	177,414	193,226	223,726	–	211,698	200,149	207,482
Water management		110,399	94,085	70,352	156,351	169,684	–	107,145	119,725	131,978
Waste water management		31,678	27,219	72,476	42,383	44,049	–	34,523	36,111	48,819
Waste management		30,301	33,591	27,737	35,000	40,981	–	40,109	41,954	43,884
Other	4	–	41	20	10	25	–	40	42	44
Total Revenue - Functional	2	434,061	446,309	523,677	599,339	631,822	–	561,331	573,991	605,872
Expenditure - Functional										
Governance and administration		77,084	181,776	278,848	184,083	189,590	–	210,104	219,831	229,996
Executive and council		19,362	13,520	14,699	15,824	16,326	–	17,583	18,392	19,238
Finance and administration		57,722	168,256	264,149	168,259	173,265	–	192,521	201,439	210,758
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		44,394	21,486	19,897	39,434	37,544	–	42,604	44,571	46,628
Community and social services		17,751	12,427	9,574	10,920	10,925	–	11,352	11,881	12,434
Sport and recreation		9,705	7,865	7,703	10,506	9,403	–	11,299	11,819	12,363
Public safety		16,939	1,194	2,620	18,008	17,216	–	19,953	20,870	21,830
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		93,455	41,756	40,280	30,645	27,067	–	33,009	34,528	36,116
Planning and development		46,819	23,321	22,664	21,260	19,834	–	22,860	23,911	25,011
Road transport		46,637	18,277	17,424	9,184	7,023	–	9,925	10,382	10,859
Environmental protection		–	157	193	201	210	–	224	235	245
Trading services		186,102	143,607	163,328	163,817	187,313	–	192,822	201,692	222,017
Energy sources		111,756	89,245	95,456	101,548	110,035	–	118,381	123,827	129,523
Water management		44,287	38,461	32,249	32,535	37,539	–	40,975	42,860	44,832
Waste water management		15,457	5,734	13,464	15,078	20,370	–	12,346	12,914	24,555
Waste management		14,602	10,167	22,159	14,656	19,369	–	21,120	22,091	23,108
Other	4	–	1	–	55	50	–	31	33	34
Total Expenditure - Functional	3	401,036	388,625	502,354	418,034	441,564	–	478,571	500,654	534,791
Surplus/(Deficit) for the year		33,025	57,684	21,323	181,305	190,258	–	82,760	73,337	71,081

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a functional classification . The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Vote 1 : Executive & Council		14,643	5,886	41,985	6,826	6,851	–	6,991	7,313	7,649
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		55,307	54,390	71,561	97,811	72,826	–	77,329	80,948	84,625
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		2,578	7,391	10,746	4,986	3,838	–	14,974	3,758	12,460
Vote 4 - Vote 4 : SPORTS & RECREATION		2,206	598	4,990	9,245	9,638	–	11,489	9,056	12,682
Vote 5 - Vote 5 : PUBLIC SAFETY		15,175	56	510	7,993	7,592	–	22,941	24,823	9,229
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		18,019	11,728	11,203	12,259	17,722	–	16,661	16,055	16,656
Vote 7 - Vote 7 : ROAD TRANSPORT		29,644	66,905	34,363	32,941	34,575	–	16,916	33,518	29,800
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		–	60	319	310	315	–	516	539	564
Vote 9 - Vote 9 : ENERGY SOURCES		124,110	144,358	177,414	193,226	223,726	–	211,698	200,149	207,482
Vote 10 - Vote 10 : WATER MANAGEMENT		110,399	94,085	70,352	156,351	169,684	–	107,145	119,725	131,978
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		31,678	27,219	72,476	42,383	44,049	–	34,523	36,111	48,819
Vote 12 - Vote 12 : WASTE MANAGEMENT		30,301	33,591	27,737	35,000	40,981	–	40,109	41,954	43,884
Vote 13 - Vote 13 : Other		–	41	20	10	25	–	40	42	44
Vote 14 - NULL		–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**434,061**	**446,309**	**523,677**	**599,339**	**631,822**	**–**	**561,331**	**573,991**	**605,872**
Expenditure by Vote ***to be appropriated***	1									
Vote 1 - Vote 1 : Executive & Council		19,362	13,520	14,699	15,824	16,326	–	17,583	18,392	19,238
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		57,722	168,256	264,149	168,259	173,265	–	192,521	201,439	210,758
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		17,751	12,427	9,574	10,920	10,925	–	11,352	11,881	12,434
Vote 4 - Vote 4 : SPORTS & RECREATION		9,705	7,865	7,703	10,506	9,403	–	11,299	11,819	12,363
Vote 5 - Vote 5 : PUBLIC SAFETY		16,939	1,194	2,620	18,008	17,216	–	19,953	20,870	21,830
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		46,819	23,321	22,664	21,260	19,834	–	22,860	23,911	25,011
Vote 7 - Vote 7 : ROAD TRANSPORT		46,637	18,277	17,424	9,184	7,023	–	9,925	10,382	10,859
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		–	157	193	201	210	–	224	235	245
Vote 9 - Vote 9 : ENERGY SOURCES		111,756	89,245	95,456	101,548	110,035	–	118,381	123,827	129,523
Vote 10 - Vote 10 : WATER MANAGEMENT		44,287	38,461	32,249	32,535	37,539	–	40,975	42,860	44,832
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		15,457	5,734	13,464	15,078	20,370	–	12,346	12,914	24,555
Vote 12 - Vote 12 : WASTE MANAGEMENT		14,602	10,167	22,159	14,656	19,369	–	21,120	22,091	23,108
Vote 13 - Vote 13 : Other		–	1	–	55	50	–	31	33	34
Vote 14 - NULL		–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**401,036**	**388,625**	**502,354**	**418,034**	**441,564**	**–**	**478,571**	**500,654**	**534,791**
Surplus/(Deficit) for the year	2	**33,025**	**57,684**	**21,323**	**181,305**	**190,258**	**–**	**82,760**	**73,337**	**71,081**

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	36,636	39,021	43,409	47,525	47,525	–	–	49,853	52,147	54,545
Service charges - electricity revenue	2	82,144	91,423	102,165	103,665	113,665	–	–	120,712	126,265	132,073
Service charges - water revenue	2	17,473	21,755	20,774	25,877	25,877	–	–	27,145	28,394	29,700
Service charges - sanitation revenue	2	15,134	17,914	11,035	11,938	11,938	–	–	12,523	13,099	13,702
Service charges - refuse revenue	2	7,921	8,744	8,352	10,000	10,000	–	–	10,490	10,973	11,477
Rental of facilities and equipment		1,926	1,689	1,215	1,764	1,785			2,091	2,187	2,288
Interest earned - external investments		176	2,156	2,836	3,200	3,200			3,357	3,511	3,673
Interest earned - outstanding debtors		5,902	5,617	6,189	7,000	7,000			7,343	7,681	8,034
Dividends received		–			–	–			–	–	–
Fines, penalties and forfeits		9,740	1,120	1,756	4,202	3,007			3,155	3,300	3,452
Licences and permits		5,051	5,758	2,749	1,927	2,733			3,317	3,470	3,630
Agency services		–				–			–	–	–
Transfers and subsidies		123,106	138,567	161,689	177,219	177,023			183,601	199,725	227,414
Other revenue	2	25,730	14,128	6,250	29,078	10,243	–	–	8,404	8,791	9,195
Gains				6,856						–	–
Total Revenue (excluding capital transfers and contributions)		**330,938**	**347,891**	**375,276**	**423,395**	**413,996**	**–**	**–**	**431,992**	**459,542**	**499,182**
Expenditure By Type											
Employee related costs	2	103,870	119,121	131,462	144,826	133,913	–	–	156,254	163,448	170,973
Remuneration of councillors		7,815	9,362	9,815	9,042	9,968			10,456	10,937	11,441
Debt impairment	3	19,148	(13,009)	61,966	1,025	23,402			24,549	25,678	26,859
Depreciation & asset impairment	2	72,056	57,180	68,524	40,953	40,953	–	–	42,959	44,936	47,003
Finance charges		2,763	16,299	18,253	5,987	5,787			6,065	6,344	6,636
Bulk purchases	2	96,152	99,088	102,939	111,300	111,300	–	–	117,876	123,298	128,970
Other materials	8	18,697	14,675	15,051	15,652	18,103			22,393	23,423	24,500
Contracted services		8,422	24,892	51,619	48,519	49,169	–	–	44,674	46,791	60,043
Transfers and subsidies		–	19	35	60	60	–	–	63	66	69
Other expenditure	4, 5	71,191	60,290	42,688	40,671	48,909	–	–	53,282	55,733	58,297
Losses		921	709							–	–
Total Expenditure		**401,036**	**388,625**	**502,354**	**418,034**	**441,564**	**–**	**–**	**478,571**	**500,654**	**534,791**
Surplus/(Deficit)		**(70,097)**	**(40,735)**	**(127,078)**	**5,361**	**(27,568)**	**–**	**–**	**(46,579)**	**(41,112)**	**(35,608)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		103,122	98,418	112,328	175,944	209,344			129,339	114,449	106,690
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–		36,072							
Transfers and subsidies - capital (in-kind - all)						8,481					
Surplus/(Deficit) after capital transfers & contributions		**33,025**	**57,684**	**21,323**	**181,305**	**190,258**	**–**	**–**	**82,760**	**73,337**	**71,081**
Taxation											
Surplus/(Deficit) after taxation		**33,025**	**57,684**	**21,323**	**181,305**	**190,258**	**–**	**–**	**82,760**	**73,337**	**71,081**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**33,025**	**57,684**	**21,323**	**181,305**	**190,258**	**–**	**–**	**82,760**	**73,337**	**71,081**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**33,025**	**57,684**	**21,323**	**181,305**	**190,258**	**–**	**–**	**82,760**	**73,337**	**71,081**

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method (Includes Joint Ventures)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Vote 1 : Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		–	–	–	–	–	–	–	–	–	–
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - Vote 4 : SPORTS & RECREATION		–	–	–	–	–	–	–	–	–	–
Vote 5 - Vote 5 : PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 7 - Vote 7 : ROAD TRANSPORT		–	–	–	–	–	–	–	–	–	–
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		–	–	–	–	–	–	–	–	–	–
Vote 9 - Vote 9 : ENERGY SOURCES		–	–	–	–	–	–	–	–	–	–
Vote 10 - Vote 10 : WATER MANAGEMENT		–	–	–	–	–	–	–	–	–	–
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		–	–	–	–	–	–	–	–	–	–
Vote 12 - Vote 12 : WASTE MANAGEMENT		–	–	–	–	–	–	–	–	–	–
Vote 13 - Vote 13 : Other		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - Vote 1 : Executive & Council		1,444	–	–	–	–	–	–	–	–	–
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		686	714	3,079	2,074	1,970	–	–	1,150	–	–
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		–	–	5,209	1,898	1,156	–	–	11,387	–	8,524
Vote 4 - Vote 4 : SPORTS & RECREATION		–	15	3,004	7,545	7,638	–	–	8,845	6,291	9,789
Vote 5 - Vote 5 : PUBLIC SAFETY		–	–	–	–	–	–	–	14,506	16,000	–
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		2,082	3,677	661	180	50	–	–	300	–	–
Vote 7 - Vote 7 : ROAD TRANSPORT		29,537	24,723	22,593	31,941	34,289	–	–	15,616	32,158	28,378
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		–	–	–	–	–	–	–	–	–	–
Vote 9 - Vote 9 : ENERGY SOURCES		1,181	4,816	25,481	41,360	52,450	–	–	39,485	15,000	10,000
Vote 10 - Vote 10 : WATER MANAGEMENT		77,766	20,899	10,285	94,474	106,831	–	–	40,200	45,000	50,000
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		–	(56)	32,732	1,526	4,493	–	–	–	–	–
Vote 12 - Vote 12 : WASTE MANAGEMENT		–	–	–	–	5,981	–	–	–	–	–
Vote 13 - Vote 13 : Other		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**112,696**	**54,788**	**103,046**	**180,998**	**214,858**	**–**	**–**	**131,489**	**114,449**	**106,691**
Total Capital Expenditure - Vote		**112,696**	**54,788**	**103,046**	**180,998**	**214,858**	**–**	**–**	**131,489**	**114,449**	**106,691**
Capital Expenditure - Functional											
Governance and administration		**2,130**	**714**	**3,079**	**2,074**	**1,970**	**–**	**–**	**1,150**	**–**	**–**
Executive and council		1,444	–	–	–	–	–	–	–	–	–
Finance and administration		686	714	3,079	2,074	1,970	–	–	1,150	–	–
Internal audit											
Community and public safety		**–**	**15**	**8,214**	**9,443**	**8,794**	**–**	**–**	**34,738**	**22,291**	**18,313**
Community and social services		–	–	5,209	1,898	1,156	–	–	11,387	–	8,524
Sport and recreation		–	15	3,004	7,545	7,638	–	–	8,845	6,291	9,789
Public safety		–	–	–	–	–	–	–	14,506	16,000	–
Housing											
Health											
Economic and environmental services		**31,618**	**28,400**	**23,255**	**32,121**	**34,339**	**–**	**–**	**15,916**	**32,158**	**28,378**
Planning and development		2,082	3,677	661	180	50	–	–	300	–	–
Road transport		29,537	24,723	22,593	31,941	34,289	–	–	15,616	32,158	28,378
Environmental protection											
Trading services		**78,947**	**25,659**	**68,499**	**137,360**	**169,756**	**–**	**–**	**79,685**	**60,000**	**60,000**
Energy sources		1,181	4,816	25,481	41,360	52,450	–	–	39,485	15,000	10,000
Water management		77,766	20,899	10,285	94,474	106,831	–	–	40,200	45,000	50,000
Waste water management		–	(56)	32,732	1,526	4,493	–	–	–	–	–
Waste management		–	–	–	–	5,981	–	–	–	–	–
Other											
Total Capital Expenditure - Functional	3	**112,696**	**54,788**	**103,046**	**180,998**	**214,858**	**–**	**–**	**131,489**	**114,449**	**106,691**
Funded by:											
National Government		109,888	49,604	98,602	175,944	200,532			129,339	114,449	106,691
Provincial Government		–	–			–					
District Municipality		–	–			–					
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		99	–			8,481					
Transfers recognised - capital	4	**109,988**	**49,604**	**98,602**	**175,944**	**209,014**	**–**	**–**	**129,339**	**114,449**	**106,691**
Borrowing	6										
Internally generated funds		2,708	5,184	4,444	5,054	5,845			2,150		
Total Capital Funding	7	**112,696**	**54,788**	**103,046**	**180,998**	**214,858**	**–**	**–**	**131,489**	**114,449**	**106,691**

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by functional classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

NC452 Ga-Segonyana - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		990	11,688	551	3,598	46,739			30,607	32,076	33,616
Call investment deposits	1										
Consumer debtors	1	41,753	77,796	78,880	48,369	95,989	–	–	74,900	78,496	82,263
Other debtors		15,310	21,575	19,814	12,892	27,406			17,092	17,912	18,772
Current portion of long-term receivables		–	–		–	–				–	–
Inventory	2	55,468	48,372	49,339	45,734	49,339			43,839	45,944	48,149
Total current assets		113,521	159,431	148,584	110,593	219,474	–	–	166,439	174,428	182,800
Non current assets											
Long-term receivables											
Investments											
Investment property		6,756	12,067	33,491	6,756	33,491			33,491	35,099	36,784
Investment in Associate											
Property, plant and equipment	3	1,234,780	1,273,806	1,324,739	1,437,598	1,498,918	–	–	1,456,228	1,526,127	1,599,381
Biological											
Intangible		573	351	246	803	246			246	258	270
Other non-current assets		1,656	1,656	1,656	1,656	1,656			1,656	1,735	1,818
Total non current assets		1,243,765	1,287,879	1,360,132	1,446,812	1,534,311	–	–	1,491,621	1,563,218	1,638,253
TOTAL ASSETS		1,357,286	1,447,310	1,508,716	1,557,405	1,753,785	–	–	1,658,059	1,737,646	1,821,053
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	8,264	12,225	7,543	11,002	7,543	–	–	2,861	2,998	3,142
Consumer deposits		4,202	5,334	4,714	5,334	4,714			4,714	4,940	5,177
Trade and other payables	4	140,439	132,977	127,935	75,401	122,567	–	–	78,026	81,771	85,696
Provisions		1,400	1,619	1,541	1,619	–			1,541	1,615	1,693
Total current liabilities		154,305	152,155	141,734	93,356	134,824	–	–	87,142	91,325	95,708
Non current liabilities											
Borrowing		17,487	20,601	16,042	15,061	16,042	–	–	3,543	3,713	3,892
Provisions		28,295	41,579	50,089	–	50,089	–	–	66,131	–	–
Total non current liabilities		45,781	62,180	66,131	15,061	66,131	–	–	69,675	3,713	3,892
TOTAL LIABILITIES		200,086	214,335	207,865	108,417	200,956	–	–	156,817	95,038	99,600
NET ASSETS	5	1,157,199	1,232,975	1,300,851	1,448,988	1,552,830	–	–	1,501,243	1,642,608	1,721,453
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1,142,364	1,232,975	1,300,851	1,448,988	1,552,830			1,501,243	1,642,608	1,721,453
Reserves	4	14,835	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	1,157,199	1,232,975	1,300,851	1,448,988	1,552,830	–	–	1,501,243	1,642,608	1,721,453

References

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

NC452 Ga-Segonyana - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		28,334	38,408	35,409	40,396	42,772			44,868	46,932	49,091
Service charges		96,320	131,661	89,085	136,332	145,332			153,783	160,858	168,257
Other revenue		29,856	20,848	14,716	44,311	17,768			16,967	17,748	18,564
Transfers and Subsidies - Operational	1	114,322	125,703	197,705	177,219	177,023			183,601	199,725	227,414
Transfers and Subsidies - Capital	1	121,488	94,211	112,328	175,944	209,344			129,339	114,449	106,690
Interest		6,078	2,156	2,836	10,200	10,200			10,700	11,192	11,707
Dividends									–	–	–
Payments											
Suppliers and employees		(288,119)	(208,162)	(301,670)	(396,719)	(394,327)			(404,935)	(423,631)	(454,224)
Finance charges		(2,763)	(14,956)	(15,633)	(5,987)	(5,787)			(6,065)	(6,344)	(6,636)
Transfers and Grants	1				(60)	(60)			(63)	(66)	(69)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**105,515**	**189,869**	**134,777**	**181,636**	**202,266**	**–**	**–**	**128,195**	**120,862**	**120,793**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		6,352	14,848	13,957					–	–	–
Decrease (increase) in non-current receivables						52,000			19,401	17,167	16,003
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(110,098)	(201,094)	(150,631)	(180,998)	(206,377)			(131,489)	(114,449)	(106,690)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(103,745)**	**(186,246)**	**(136,674)**	**(180,998)**	**(154,377)**	**–**	**–**	**(112,088)**	**(97,282)**	**(90,686)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		(1,312)	7,075	(9,240)	(5,540)	(4,000)			(3,500)	(3,000)	(2,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(1,312)**	**7,075**	**(9,240)**	**(5,540)**	**(4,000)**	**–**	**–**	**(3,500)**	**(3,000)**	**(2,500)**
NET INCREASE/ (DECREASE) IN CASH HELD		**458**	**10,698**	**(11,137)**	**(4,902)**	**43,889**	**–**	**–**	**12,607**	**20,581**	**27,607**
Cash/cash equivalents at the year begin:	2	**532**	**990**	**11,688**	**8,500**	**551**			**18,000**	**30,607**	**51,188**
Cash/cash equivalents at the year end:	2	**990**	**11,688**	**551**	**3,598**	**44,440**	**–**	**–**	**30,607**	**51,188**	**78,795**

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

Total receipts	402,750	427,835	466,037	584,402	654,440	–	–	558,659	568,070	597,726
Total payments	(400,980)	(424,212)	(467,934)	(583,764)	(606,551)	–	–	(542,552)	(544,490)	(567,619)
	1,769	3,623	(1,897)	638	47,889	–	–	16,107	23,581	30,107
Borrowings & investments & c.deposits	–	–	–	–	–	–	–	–	–	–
Repayment of borrowing	(1,312)	7,075	(9,240)	(5,540)	(4,000)	–	–	(3,500)	(3,000)	(2,500)
	458	10,698	(11,137)	(4,902)	43,889	–	–	12,607	20,581	27,607
	–	–	–	0	0	–	–	–	(0)	(0)

NC452 Ga-Segonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	990	11,688	551	3,598	44,440	–	–	30,607	51,188	78,795
Other current investments > 90 days		–	0	0	0	2,299	–	–	–	(19,112)	(45,179)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**990**	**11,688**	**551**	**3,598**	**46,739**	**–**	**–**	**30,607**	**32,076**	**33,616**
Application of cash and investments											
Unspent conditional transfers		18,493	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2				9,875	(52,000)			(19,401)	(17,167)	(16,003)
Other working capital requirements	3	79,489	41,401	60,551	19,671	13,899	–	–	(2,923)	(3,063)	(3,210)
Other provisions					1,619	1,619			1,541		
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**97,981**	**41,401**	**60,551**	**31,165**	**(36,482)**	**–**	**–**	**(20,782)**	**(20,230)**	**(19,213)**
Surplus(shortfall)		**(96,991)**	**(29,713)**	**(60,000)**	**(27,567)**	**83,221**	**–**	**–**	**51,389**	**52,306**	**52,829**

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements										
Debtors	42,458	91,576	67,384	55,730	108,668	–	–	80,949	84,834	88,906
Creditors due	121,947	132,977	127,935	75,401	122,567	–	–	78,026	81,771	85,696
Total	(79,489)	(41,401)	(60,551)	(19,671)	(13,899)	–	–	2,923	3,063	3,210
Debtors collection assumptions										
Balance outstanding - debtors	57,062	99,371	98,694	61,261	123,395	–	–	91,992	96,408	101,035
Estimate of debtors collection rate	74.4%	92.2%	68.3%	91.0%	88.1%	0.0%	0.0%	88.0%	88.0%	88.0%
Long term investments committed										
Balance (*Insert description; eg sinking fund)*										
	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments										
Housing Development Fund	–	–	–	–	–	–	–	–	–	–
Capital replacement										
Self-insurance										
Other (list)										
	–	–	–	–	–	–	–	–	–	–

NC452 Ga-Segonyana - Table A9 Asset Management

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE										
Total New Assets	1	112,696	79,285	66,883	46,512	62,608	–	78,713	79,024	68,524
Roads Infrastructure		29,438	23,305	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		1,181	5,818	27,756	39,560	51,248	–	38,985	15,000	10,000
Water Supply Infrastructure		77,766	30,390	–	–	–	–	2,840	41,733	50,000
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***108,385***	***59,512***	***27,756***	***39,560***	***51,248***	–	***41,825***	***56,733***	***60,000***
Community Facilities		–	–	7,939	1,898	1,156	–	25,893	16,000	8,524
Sport and Recreation Facilities		–	–	–	–	–	–	8,845	6,291	–
Community Assets		–	–	***7,939***	***1,898***	***1,156***	–	***34,738***	***22,291***	***8,524***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	19,800	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	***19,800***	–	–	–	–	–	–
Operational Buildings		578	5,931	9,955	1,800	1,202	–	500	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***578***	***5,931***	***9,955***	***1,800***	***1,202***	–	***500***	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		400	135	74	100	250	–	100	–	–
Intangible Assets		***400***	***135***	***74***	***100***	***250***	–	***100***	–	–
Computer Equipment		–	–	–	450	450	–	250	–	–
Furniture and Office Equipment		3,234	1,716	958	1,704	1,320	–	1,100	–	–
Machinery and Equipment		99	298	49	1,000	1,175	–	200	–	–
Transport Assets		–	11,693	353	–	5,807	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	–	324	–	3,300	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	3,300	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	***3,300***	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	324	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	***324***	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

Total Upgrading of Existing Assets	6	–	–	83,748	134,486	151,926	–	49,476	35,425	38,167
Roads Infrastructure		–	–	19,745	31,941	34,289	–	15,616	32,158	28,378
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	35,516	93,474	105,831	–	33,860	3,267	–
Sanitation Infrastructure		–	–	25,222	1,526	4,169	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	*80,484*	*126,941*	*144,289*	–	*49,476*	*35,425*	*28,378*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	3,264	7,545	7,638	–	–	–	9,789
Community Assets		–	–	*3,264*	*7,545*	*7,638*	–	–	–	*9,789*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	112,696	79,285	150,631	180,998	214,858	–	131,489	114,449	106,691
Roads Infrastructure		29,438	23,305	19,745	31,941	34,289	–	15,616	32,158	28,378
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		1,181	5,818	27,756	39,560	51,248	–	38,985	15,000	10,000
Water Supply Infrastructure		77,766	30,390	35,516	93,474	105,831	–	40,000	45,000	50,000
Sanitation Infrastructure		–	–	25,222	1,526	4,169	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*108,385*	*59,512*	*108,240*	*166,501*	*195,537*	–	*94,601*	*92,158*	*88,378*
Community Facilities		–	–	7,939	1,898	1,156	–	25,893	16,000	8,524
Sport and Recreation Facilities		–	–	3,264	7,545	7,638	–	8,845	6,291	9,789
Community Assets		–	–	*11,203*	*9,443*	*8,794*	–	*34,738*	*22,291*	*18,313*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	19,800	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	*19,800*	–	–	–	–	–	–
Operational Buildings		578	5,931	9,955	1,800	1,526	–	500	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*578*	*5,931*	*9,955*	*1,800*	*1,526*	–	*500*	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		400	135	74	100	250	–	100	–	–
Intangible Assets		*400*	*135*	*74*	*100*	*250*	–	*100*	–	–
Computer Equipment		–	–	–	450	450	–	250	–	–
Furniture and Office Equipment		3,234	1,716	958	1,704	1,320	–	1,100	–	–
Machinery and Equipment		99	298	49	1,000	1,175	–	200	–	–
Transport Assets		–	11,693	353	–	5,807	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		112,696	79,285	150,631	180,998	214,858	–	131,489	114,449	106,691

ASSET REGISTER SUMMARY - PPE (WDV)	5	1,243,765	1,287,879	1,360,132	180,998	1,518,751	–	1,367,364	1,475,522	1,572,423
Roads Infrastructure		418,248	23,030	56,349	31,941	1,729		71,965	104,123	132,501
Storm water Infrastructure			–	–	–	–				
Electrical Infrastructure		106,050	55,341	46,344	39,560	48,850		85,329	100,329	110,329
Water Supply Infrastructure		574,029	20,899	17,631	94,474	97,331		57,631	102,631	152,631
Sanitation Infrastructure		8,815	1,043,205	1,073,325	1,526	569		1,073,325	1,073,325	1,073,325
Solid Waste Infrastructure		7,088	4,642	4,027	–	(1,300)		4,027	4,027	4,027
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		***1,114,230***	***1,147,116***	***1,197,676***	***167,501***	***147,179***	**–**	***1,292,277***	***1,384,435***	***1,472,813***
Community Assets		2,876	8	5	9,443	8,444		25,899	41,899	50,422
Heritage Assets		1,656	1,656	1,656	–	1,656		1,656	1,656	1,656
Investment properties		6,756	12,067	33,491	–	33,491		33,491	33,491	33,491
Other Assets		105,960	–	–	1,800	(798)		500	500	500
Biological or Cultivated Assets										
Intangible Assets		573	351	246	–	246		346	346	346
Computer Equipment			4,704	3,037	550	380		3,287	3,287	3,287
Furniture and Office Equipment		7,441	1,359	982	1,704	158		2,082	2,082	2,082
Machinery and Equipment		1,571	1,336	1,068	–	(114)		1,268	1,268	1,268
Transport Assets		2,703	10,354	6,558	–	3,370		6,558	6,558	6,558
Land			108,928	115,412		1,324,739				
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1,243,765	1,287,879	1,360,132	180,998	1,518,751	–	1,367,364	1,475,522	1,572,423
EXPENDITURE OTHER ITEMS		**90,754**	**71,333**	**71,771**	**50,613**	**51,811**	**–**	**63,180**	**66,086**	**69,126**
Depreciation	7	72,056	57,180	69,110	40,953	40,953	–	42,959	44,936	47,003
Repairs and Maintenance by Asset Class	3	**18,697**	**14,152**	**2,661**	**9,660**	**10,858**	**–**	**20,220**	**21,151**	**22,123**
Roads Infrastructure		2,476	1,476	750	2,200	2,200	–	2,500	2,615	2,735
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		4,276	2,776	570	2,660	5,185	–	7,552	7,900	8,263
Water Supply Infrastructure		4,227	2,413	620	–	–	–	–	–	–
Sanitation Infrastructure		2,589	2,589	360	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***13,569***	***9,255***	***2,300***	***4,860***	***7,385***	**–**	***10,052***	***10,515***	***10,999***
Community Facilities		–	–	111	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	250	–	–	–	–	–	–
Community Assets		**–**	**–**	***361***	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	780	785	–	1,092	1,142	1,194
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	***780***	***785***	**–**	***1,092***	***1,142***	***1,194***
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		251	251	–	–	–	–	–	–	–
Intangible Assets		***251***	***251***	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**76**	**1**	**–**	**50**	**45**	**–**	**5,831**	**6,099**	**6,380**
Machinery and Equipment		**4,801**	**4,645**	**–**	**1,770**	**1,735**	**–**	**2,045**	**2,139**	**2,238**
Transport Assets		**–**	**–**	**–**	**2,200**	**908**	**–**	**1,200**	**1,255**	**1,313**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL EXPENDITURE OTHER ITEMS		**90,754**	**71,333**	**71,771**	**50,613**	**51,811**	**–**	**63,180**	**66,086**	**69,126**
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*55.6%*	*74.3%*	*70.9%*	*0.0%*	*40.1%*	*31.0%*	*35.8%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*121.2%*	*328.4%*	*371.8%*	*0.0%*	*122.9%*	*78.8%*	*81.2%*
R&M as a % of PPE		*1.5%*	*1.1%*	*0.2%*	*0.7%*	*0.7%*	*0.0%*	*1.4%*	*1.4%*	*1.4%*
Renewal and upgrading and R&M as a % of PPE		*2.0%*	*1.0%*	*6.0%*	*80.0%*	*11.0%*	*0.0%*	*5.0%*	*4.0%*	*4.0%*

References

1. Detail of new assets provided in Table SA34a

2. Detail of renewal of existing assets provided in Table SA34b

3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c

4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure

5. Must reconcile to 'Budgeted Financial Position' (written down value)

6. Detail of upgrading of existing assets provided in Table SA34e

7. Detail of depreciation provided in Table SA34d

NC452 Ga-Segonyana - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		–	5,587	5,587	5,878	5,878	–	6,142	6,425	6,720
Piped water inside yard (but not in dwelling)		–	4,516	4,516	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	8,970	8,970	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	19,073	19,073	5,878	5,878	–	6,142	6,425	6,720
Using public tap (< min.service level)	3	–	6,482	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	19,073	20,065	20,065	–	20,968	21,932	22,941
No water supply		–	–	6,482	6,819	6,819	–	7,126	7,454	7,797
Below Minimum Service Level sub-total		–	6,482	25,555	26,884	26,884	–	28,094	29,386	30,738
Total number of households	5	–	**25,555**	**44,628**	**32,761**	**32,761**	–	**34,236**	**35,810**	**37,458**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	4,152	4,152	4,368	4,368	–	4,564	4,774	4,994
Flush toilet (with septic tank)		–	702	702	739	739	–	772	807	844
Chemical toilet		–	282	282	297	297	–	310	324	339
Pit toilet (ventilated)		–	3,488	3,488	3,669	3,669	–	3,834	4,011	4,195
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	8,624	8,624	9,072	9,072	–	9,481	9,917	10,373
Bucket toilet		–	428	428	450	450	–	471	492	515
Other toilet provisions (< min.service level)		–	630	630	663	663	–	693	724	758
No toilet provisions		–	2,660	2,660	2,798	2,798	–	2,924	3,059	3,199
Below Minimum Service Level sub-total		–	3,718	3,718	3,911	3,911	–	4,087	4,275	4,472
Total number of households	5	–	**12,342**	**12,342**	**12,984**	**12,984**	–	**13,568**	**14,192**	**14,845**
Energy:										
Electricity (at least min.service level)		–	–	10,033	10,555	10,555	–	11,030	11,537	12,068
Electricity - prepaid (min.service level)		–	–	23,382	24,598	24,598	–	25,705	26,887	28,124
Minimum Service Level and Above sub-total		–	–	33,415	35,153	35,153	–	36,734	38,424	40,192
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	**33,415**	**35,153**	**35,153**	–	**36,734**	**38,424**	**40,192**
Refuse:										
Removed at least once a week		–	5,072	10,033	10,555	10,555	–	11,030	11,537	12,068
Minimum Service Level and Above sub-total		–	5,072	10,033	10,555	10,555	–	11,030	11,537	12,068
Removed less frequently than once a week		–	113	–	–	–	–	–	–	–
Using communal refuse dump		–	1,114	23,382	24,598	24,598	–	25,705	26,887	28,124
Using own refuse dump		–	14,365	–	–	–	–	–	–	–
Other rubbish disposal		–	1,963	–	–	–	–	–	–	–
No rubbish disposal		–	1,200	1	1	1	–	1	1	1
Below Minimum Service Level sub-total		–	18,755	23,383	24,599	24,599	–	25,706	26,888	28,125
Total number of households	5	–	**23,827**	**33,416**	**35,154**	**35,154**	–	**36,736**	**38,425**	**40,193**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		–	–	–	887	887	–	930	973	1,018
Sanitation (free sanitation service to **indigent households**)		–	–	–	500	500	–	525	549	574
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	1,166	1,166	–	1,238	1,295	1,355
Refuse (removed once a week **for indigent households**)		–	–	–	500	500	–	525	549	574
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		–	–	–	**3,053**	**3,053**	–	**3,217**	**3,365**	**3,520**
Highest level of free service provided per household										
Property rates (R value threshold)		25,000	25,000		25,000	25,000		25,000	25,000	25,000
Water (kilolitres per household per month)		6	6		6	6		6	6	6
Sanitation (kilolitres per household per month)			–			–				
Sanitation (Rand per household per month)			–			–				
Electricity (kwh per household per month)		50	50		50	50		50	50	50
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment) (impermissable values per section 17 of MPRA)**										
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		1,407	1,044	1,068	1,392	1,392	–	1,460	1,528	1,598
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		**1,407**	**1,044**	**1,068**	**1,392**	**1,392**	–	**1,460**	**1,528**	**1,598**

References

1. Include services provided by another entity; e.g. Eskom

2. Stand distance <= 200m from dwelling

3. Stand distance > 200m from dwelling

4. Borehole, spring, rain-water tank etc.

5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)

6. Include value of subsidy provided by municipality above provincial subsidy level

7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)

8. Must reflect the cost to the municipality of providing the Free Basic Service

9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)

NC452 Ga-Segonyana - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		38,043	40,065	44,477	48,917	48,917			51,314	53,674	56,143
less Revenue Foregone ***(exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)***		1,407	1,044	1,068	1,392	1,392			1,460	1,528	1,598
Net Property Rates		**36,636**	**39,021**	**43,409**	**47,525**	**47,525**	**–**	**–**	**49,853**	**52,147**	**54,545**
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		82,144	91,423	102,165	104,831	114,831			121,951	127,560	133,428
less Revenue Foregone ***(in excess of 50 kwh per indigent household per month)***											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	1,166	1,166	–		1,238	1,295	1,355
Net Service charges - electricity revenue		**82,144**	**91,423**	**102,165**	**103,665**	**113,665**	**–**	**–**	**120,712**	**126,265**	**132,073**
Service charges - water revenue	6										
Total Service charges - water revenue		**17,473**	**21,755**	**20,774**	**26,764**	**26,764**			28,075	29,366	30,717
less Revenue Foregone ***(in excess of 6 kilolitres per indigent household per month)***											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	887	887	–		930	973	1,018
Net Service charges - water revenue		**17,473**	**21,755**	**20,774**	**25,877**	**25,877**	**–**	**–**	**27,145**	**28,394**	**29,700**
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		**15,134**	**17,914**	**11,035**	**12,438**	**12,438**			13,048	13,648	14,276
less Revenue Foregone ***(in excess of free sanitation service to indigent households)***											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	500	500	–		525	549	574
Net Service charges - sanitation revenue		**15,134**	**17,914**	**11,035**	**11,938**	**11,938**	**–**	**–**	**12,523**	**13,099**	**13,702**
Service charges - refuse revenue	6										
Total refuse removal revenue		7,921	8,744	8,352	10,500	10,500			11,015	11,521	12,051
Total landfill revenue											
less Revenue Foregone ***(in excess of one removal a week to indigent households)***											
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	500	500	–		525	549	574
Net Service charges - refuse revenue		**7,921**	**8,744**	**8,352**	**10,000**	**10,000**	**–**	**–**	**10,490**	**10,973**	**11,477**
Other Revenue by source											
Fuel Levy											
Sale of Stands				2,137	2,000	8,000			6,000	6,276	6,565
SETA					200	200					
Sale of Goods and Services					1,465	1,610			1,740	1,820	1,904
VAT Refunds					25,000						
Other Revenue		25,730	14,128	4,113	413	433			664	695	727
Total 'Other' Revenue	1	**25,730**	**14,128**	**6,250**	**29,078**	**10,243**	**–**	**–**	**8,404**	**8,791**	**9,195**
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	77,956	90,644	89,644	105,973	90,123			113,635	119,340	124,761
Pension and UIF Contributions		597	772	10,714	16,294	17,010			17,726	18,071	18,902
Medical Aid Contributions		5,779	6,204	6,204	6,486	7,656			6,992	7,313	7,650
Overtime		6,796	2,653	3,653	1,595	2,533			2,405	2,516	2,632
Performance Bonus						405			150	150	150
Motor Vehicle Allowance		5,015	6,183	6,183	3,665	2,816			3,904	4,083	4,271
Cellphone Allowance		2,597	2,754	2,754	471	503			502	525	549
Housing Allowances		1,763	1,800	1,800	4,390	6,506			4,656	4,870	5,094
Other benefits and allowances		2,961	3,669	3,669	3,980	4,219			4,147	4,344	4,544
Payments in lieu of leave		189	140	140	65	147			107	112	117
Long service awards		217	144	144	108	194			138	144	157
Post-retirement benefit obligations	4		4,158	6,557	1,800	1,800			1,893	1,981	2,148
sub-total	5	**103,870**	**119,121**	**131,462**	**144,826**	**133,913**	**–**	**–**	**156,254**	**163,448**	**170,973**
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	**103,870**	**119,121**	**131,462**	**144,826**	**133,913**	**–**	**–**	**156,254**	**163,448**	**170,973**

Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		72,056	53,492	68,524	40,953	40,953			42,959	44,936	47,003
Lease amortisation											
Capital asset impairment			3,688	–							
Total Depreciation & asset impairment	1	**72,056**	**57,180**	**68,524**	**40,953**	**40,953**	**–**	**–**	**42,959**	**44,936**	**47,003**
Bulk purchases											
Electricity Bulk Purchases		74,469	73,864	76,345	86,300	86,300			91,651	95,867	100,277
Water Bulk Purchases		21,684	25,224	26,594	25,000	25,000			26,225	27,431	28,693
Total bulk purchases	1	**96,152**	**99,088**	**102,939**	**111,300**	**111,300**	**–**	**–**	**117,876**	**123,298**	**128,970**
Transfers and grants											
Cash transfers and grants		–	19	35	60	60	–	–	63	66	69
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	**–**	**19**	**35**	**60**	**60**	**–**	**–**	**63**	**66**	**69**
Contracted services											
Outsourced Services		8,422			11,251	11,101			12,810	13,415	14,007
Consultants and Professional Services			24,892	51,619	28,050	28,850			31,601	33,102	34,702
Contractors					9,218	9,218			262	274	11,334
Total contracted services		**8,422**	**24,892**	**51,619**	**48,519**	**49,169**	**–**	**–**	**44,674**	**46,791**	**60,043**
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions									–		
Audit fees		7,467			5,000	6,200			6,504	6,803	7,116
Other Expenditure		63,723	60,290	42,688	2,855	3,768			3,773	3,946	4,128
Insurance					1,800	8,115			8,513	8,904	9,314
Ward Committee Stipends					1,680	1,680			1,700	1,778	1,860
Physical Planning					2,500	2,500			2,623	2,743	2,869
Employees and Councillors Travelling Costs					3,810	3,600			4,082	4,270	4,466
Skills Development Levy					1,237	1,242			1,303	1,363	1,425
Subscriptions Fees					1,611	1,666			1,748	1,828	1,912
Fleet Lease					6,800	6,800			7,116	7,444	7,786
Office Equipment Lease					3,560	3,550			3,724	3,895	4,074
Protective Clothing					2,115	2,115			2,220	2,322	2,429
Bank Charges					1,003	1,003			1,052	1,101	1,151
Internet, Network extension and Software Expenses					3,900	3,870			5,988	6,264	6,552
Indigent Free Basic					1,500	1,500			1,574	1,646	1,722
Compensation Fund					1,300	1,300			1,364	1,426	1,492
Total 'Other' Expenditure	1	**71,191**	**60,290**	**42,688**	**40,671**	**48,909**	**–**	**–**	**53,282**	**55,733**	**58,297**

by Expenditure Item	8										
Employee related costs											
Other materials		18,697	14,152	2,661	9,660	9,753			14,410	15,073	15,767
Contracted Services											
Other Expenditure									5,810	6,077	6,357
Total Repairs and Maintenance Expenditure	9	18,697	14,152	2,661	9,660	9,753	–	–	20,220	21,151	22,123
	check	–	–	–	–	(1,105)	–		–	0	–

References

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)

2. Must reconcile to supporting documentation on staff salaries

4. Expenditure to meet any 'unfunded obligations'

5 This sub-total must agree with the total on SA22, but excluding councillor and board member items

6. Include a note for each revenue item that is affected by 'revenue foregone'

7. Special consideration may have to be given to including 'goodwill arising' or 'joint venture' budgets where circumstances require this (include separately under relevant notes)

8. Repairs and Maintenance is not a GRAP item. However to facilitate transparency, municipalities must provide a breakdown of the amounts included in the relevant GRAP items that will be spent on Repairs and Maintenance.

9. Must reconcile with Repairs and Maintenance by Asset Class (Total Repairs and Maintenance) on Table SA34c.

10. Only applicable to municipalities that have adopted the 'revaluation method' in GRAP 17. The aim is to prevent overstating 'depreciation and asset impairment'

NC452 Ga-Segonyana - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Vote 1 : Executive & Council	Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION	Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES	Vote 4 - Vote 4 : SPORTS & RECREATION	Vote 5 - Vote 5 : PUBLIC SAFETY	Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT	Vote 7 - Vote 7 : ROAD TRANSPORT	Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION	Vote 9 - Vote 9 : ENERGY SOURCES	Vote 10 - Vote 10 : WATER MANAGEMENT	Vote 11 - Vote 11 : WASTE WATER MANAGEMENT	Vote 12 - Vote 12 : WASTE MANAGEMENT	Vote 13 - Vote 13 : Other	Vote 14 - NULL	Vote 15 - NULL	Total
R thousand	1																
Revenue By Source																	
Property rates		–	49,853	–	–	–	–	–	–	–	–	–	–	–	–	–	49,853
Service charges - electricity revenue		–	–	–	–	–	–	–	–	120,712	–	–	–	–	–	–	120,712
Service charges - water revenue		–	–	–	–	–	–	–	–	–	27,145	–	–	–	–	–	27,145
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	12,523	–	–	–	–	12,523
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	10,490	–	–	–	10,490
Rental of facilities and equipment		–	–	115	886	–	1,049	–	–	–	–	–	–	40	–	–	2,091
Interest earned - external investments		–	3,357	–	–	–	–	–	–	–	–	–	–	–	–	–	3,357
Interest earned - outstanding debtors		–	7,343	–	–	–	–	–	–	–	–	–	–	–	–	–	7,343
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	199	2	–	2,937	–	–	16	–	–	–	–	–	–	–	3,155
Licences and permits		–	–	–	–	3,305	13	–	–	–	–	–	–	–	–	–	3,317
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other revenue		–	976	58	157	393	6,819	–	–	1	–	–	–	–	–	–	8,404
Transfers and subsidies		6,991	15,600	3,411	1,600	1,800	8,780	1,300	500	52,000	40,000	22,000	29,619	–	–	–	183,601
Gains		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributio		**6,991**	**77,329**	**3,586**	**2,644**	**8,435**	**16,661**	**1,300**	**516**	**172,713**	**67,145**	**34,523**	**40,109**	**40**	**–**	**–**	**431,992**
Expenditure By Type																	
Employee related costs		4,285	59,964	10,510	10,107	18,720	17,964	6,850	180	6,398	4,178	4,906	12,192	–	–	–	156,254
Remuneration of councillors		10,456	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10,456
Debt impairment		–	31	–	–	–	–	–	–	5,900	6,812	5,921	5,884	–	–	–	24,549
Depreciation & asset impairment		–	42,959	–	–	–	–	–	–	–	–	–	–	–	–	–	42,959
Finance charges		–	5	–	99	52	312	367	1	4,668	420	131	10	–	–	–	6,065
Bulk purchases		–	–	–	–	–	–	–	–	91,651	26,225	–	–	–	–	–	117,876
Other materials		637	5,355	489	380	422	1,065	2,668	42	7,602	2,508	1,096	98	31	–	–	22,393
Contracted services		–	40,800	–	315	360	105	–	–	–	–	262	2,832	–	–	–	44,674
Transfers and subsidies		–	63	–	–	–	–	–	–	–	–	–	–	–	–	–	63
Other expenditure		2,205	43,344	353	399	398	3,414	41	2	2,162	833	29	104	–	–	–	53,282
Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**17,583**	**192,521**	**11,352**	**11,299**	**19,953**	**22,860**	**9,925**	**224**	**118,381**	**40,975**	**12,346**	**21,120**	**31**	**–**	**–**	**478,571**
Surplus/(Deficit)		**(10,592)**	**(115,192)**	**(7,766)**	**(8,655)**	**(11,518)**	**(6,199)**	**(8,625)**	**291**	**54,332**	**26,170**	**22,177**	**18,989**	**9**	**–**	**–**	**(46,579)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	11,387	8,845	14,506	–	15,616	–	38,985	40,000	–	–	–	–	–	129,339
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)																	–
Transfers and subsidies - capital (in-kind - all)																	–
Surplus/(Deficit) after capital transfers & contributions		**(10,592)**	**(115,192)**	**3,622**	**190**	**2,988**	**(6,199)**	**6,990**	**291**	**93,317**	**66,170**	**22,177**	**18,989**	**9**	**–**	**–**	**82,760**

References

1. *Departmental columns to be based on municipal organisation structure*

NC452 Ga-Segonyana - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Consumer debtors											
Consumer debtors		41,753	77,796	78,880	49,394	119,391			99,449	104,223	109,225
Less: Provision for debt impairment					(1,025)	(23,402)			(24,549)	(25,727)	(26,962)
Total Consumer debtors	2	**41,753**	**77,796**	**78,880**	**48,369**	**95,989**	–	–	**74,900**	**78,496**	**82,263**
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off					1,025	23,402				–	–
Balance at end of year		–	–	–	**1,025**	**23,402**	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		1,234,780	1,273,806	1,324,739	1,478,550	1,539,871			1,456,228	1,526,127	1,599,381
Leases recognised as PPE	3				–	–					
Less: Accumulated depreciation					40,953	40,953				–	–
Total Property, plant and equipment (PPE)	2	**1,234,780**	**1,273,806**	**1,324,739**	**1,437,598**	**1,498,918**	–	–	**1,456,228**	**1,526,127**	**1,599,381**
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		8,264	12,225	7,543	11,002	7,543			2,861	2,998	3,142
Total Current liabilities - Borrowing		**8,264**	**12,225**	**7,543**	**11,002**	**7,543**	–	–	**2,861**	**2,998**	**3,142**
Trade and other payables											
Trade Payables	5	121,947	132,977	127,935	75,401	122,567			78,026	81,771	85,696
Other creditors		–	–								
Unspent conditional transfers		18,493	–								
VAT		–	–								
Total Trade and other payables	2	**140,439**	**132,977**	**127,935**	**75,401**	**122,567**	–	–	**78,026**	**81,771**	**85,696**
Non current liabilities - Borrowing											
Borrowing	4	17,487	20,601	14,106	15,061	16,042			3,543	3,713	3,892
Finance leases (including PPP asset element)				1,936							
Total Non current liabilities - Borrowing		**17,487**	**20,601**	**16,042**	**15,061**	**16,042**	–	–	**3,543**	**3,713**	**3,892**
Provisions - non-current											
Retirement benefits						31,242					
Refuse landfill site rehabilitation			41,579			18,847					
Other		28,295		50,089					66,131		
Total Provisions - non-current		**28,295**	**41,579**	**50,089**	–	**50,089**	–	–	**66,131**	–	–
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		2,138,963	1,142,364	1,232,975	1,220,959	1,300,851			1,461,793	1,501,243	1,642,608
GRAP adjustments											
Restated balance		2,138,963	1,142,364	1,232,975	1,220,959	1,300,851	–	–	1,461,793	1,501,243	1,642,608
Surplus/(Deficit)		33,025	57,684	21,323	181,305	190,258	–	–	82,760	73,337	71,081
Transfers to/from Reserves											
Depreciation offsets											
Other adjustments			32,928	46,553	228,029	61,721			(43,310)	68,029	7,764
Accumulated Surplus/(Deficit)	1	**2,171,988**	**1,232,975**	**1,300,851**	**1,630,293**	**1,552,830**	–	–	**1,501,243**	**1,642,608**	**1,721,453**
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves		14,835	–							–	–
Revaluation											
Total Reserves	2	**14,835**	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2,186,823**	**1,232,975**	**1,300,851**	**1,630,293**	**1,552,830**	–	–	**1,501,243**	**1,642,608**	**1,721,453**

NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
KPA: Institutional Development and Organisational Development												
To integrate management system in order to provide consolidated and accurate information	Municipal Capacity and Infrastructure Development				100					800	837	875
To ensure labour peace and productivity by maintaining continuous engagements	Municipal Capacity and Infrastructure Development											
To ensure that there is a healthy and safe workforce by implementing provisions of the Occupational Health and Safety Act	Municipal Capacity and Infrastructure Development			14,644	15,144		1,210	1,230		1,356	1,418	1,484
To ensure that socio-needs of employees are met												
Adherence to the skills development Act and related regulations at all times												
To support the flow and access of information and develop and maintain ICT infrastructure	Municipal Capacity and Infrastructure Development			28	60		700	700		800	837	875
KPA: Local Economic Development												
To create a platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as an ideal investment destination	Create a conducive environment for prosperous investment			1,013	4,263		2,034	2,034		813	850	889
KPA: Good Governance and Public Participation												
Dissemination of information to the community and stakeholders on daily issues that affect community on the grounds s and when needed	Foster Participative Cohesion and Collaboration				60		1,000	1,025		800	837	875
HIV/AIDS and other communicable diseases	Foster Participative Cohesion and Collaboration						5,826	5,826		5,791	6,057	6,336
To annually develop /review a credible IDP that is aligned to regional, provincial and national priorities and that addresses the needs of the community that we serve	Foster Participative Cohesion and Collaboration			59	59		700	700		800	837	875
KPA: Basic Service Delivery and Infrastructure Development												
To continuously comply to national building act and regulations	Develop and maintain infrastructural community services			15,000	13,738		3,286	9,436		7,619	7,970	8,336
Provision of basic level of services to households	Develop and maintain infrastructural community services			136,861	140,569		193,226	223,726		211,698	200,149	207,482
To upgrade 35 85k main gravel roads to paved standard by 2022	Develop and maintain infrastructural community services			23,848	41,160		32,941	34,575		15,616	32,158	28,378
To supply at least basic waste water management services to all households in the municipal area	Develop and maintain infrastructural community services			31,586	22,886		42,383	44,049		34,523	36,111	48,819
To provide at least RDP standard and sanitation to all communities by 2022	Develop and maintain infrastructural community services				8,231							
To supply at least basic water services to all households in the municipal area	Develop and maintain infrastructural community services			123,720	90,340		156,351	169,684		91,529	87,566	103,600
To create platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as investment destination	Create a conducive environment for prosperous business investment			1,000	1,000		1,274	1,274		1,580	-	-
To establish fully functional disaster centre by 2020	Develop and maintain infrastructural community services			38	55		500	679		800	837	875
Ensure ongoing accessibility to reading and learning material and provide enabling environment for studies	Develop and maintain infrastructural community services			2,100	1,871		1,638	1,638		1,679	1,763	1,851
To continuously ensure that vehicles are road worthy and regulate vehicle and driver's licenses in an efficient and professional manner	Develop and maintain infrastructural community services			7,403	7,636		-	-		-	-	-
To provide weekly kerbside waste removal services to residential, schools, industrial and commercial sites (3 times a week) in Kuruman town, Wrenchville and Mothibistad	Develop and maintain infrastructural community services			31,348	34,550		35,000	40,981		40,109	41,954	43,884
KPA: Financial Viability and Accountability												
To compile a funded and realistic budget annually for approved by Council by the end of May each year	Enhance revenue and financial management			6,783	10,959		77,893	75,940		107,314	98,485	97,873
To collect 80% of outstanding debt by 2022	Enhance revenue and financial management				346							
To promote Financial Viability and accountability	Enhance revenue and financial management			38,631	41,500		43,379	18,324		19,765	20,737	21,643
Allocations to other priorities			2		11,362	523,677				17,939	34,588	30,920
Total Revenue (excluding capital transfers and contributions)			1	**434,061**	**446,309**	**523,677**	**599,339**	**631,822**	**-**	**561,331**	**573,991**	**605,672**
check op revenue balance				0	-	-	(0)	(0)	-	(0)	(0)	(0)

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

NC452 Ga-Segonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
KPA: Institutional Development and Organisational Development												
To integrate management system in order to provide consolidated and accurate information	Municipal Capacity and Infrastructure Development			3,074	4,303		1,327	1,278		3,000	3,000	3,000
To ensure labour peace and productivity by maintaining continuous engagements	Municipal Capacity and Infrastructure Development			13,840	6,832		11,044	11,107		250	273	297
To ensure that socio-needs of employees are met										215	225	235
Adherence to the skills development Act and related regulations at all times										250	250	250
To support the flow and access of information and develop and maintain ICT infrastructure	Municipal Capacity and Infrastructure Development			2,730	2,155		6,380	6,199				
KPA: Local Economic Development												
To create a platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as an ideal investment destination	Create a conducive environment for prosperous investment			16,574	12,290		19,386	17,618				
KPA: Good Governance and Public Participation												
Dissemination of information to the community and stakeholders on daily issues that affect community on the grounds s and when needed	Foster Participative Cohesion and Collaboration			2,066	1,028		3,985	3,711		132	139	145
HIV/AIDS and other communicable diseases	Foster Participative Cohesion and Collaboration			19,362	20,478					525	549	574
Allow communities to make inputs on service delivery issues	Foster Participative Cohesion and Collaboration			2,627	1,680		11,839	12,615				
To annually develop /review a credible IDP that is aligned to regional, provincial and national priorities and that addresses the needs of the community that we serve	Foster Participative Cohesion and Collaboration			14,805	11,478							
KPA: Basic Service Delivery and Infrastructure Development												
Provision of basic level of services to households	Develop and maintain infrastructural community services			101,081	100,882		101,548	110,035		2,500	2,615	2,735
To provide at least RDP standard and sanitation to all communities by 2022	Develop and maintain infrastructural community services			8,616	8,231							11,047
To supply at least basic water services to all households in the municipal area.	Develop and maintain infrastructural community services									20,645	2,195	2,295
To create platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as investment destination	Create a conducive environment for prosperous business investment			1,000	1,000		1,274	1,274		1,580	1,653	1,729
KPA: Financial Viability and Accountability												
To compile a funded and realistic budget annually for approved by Council by the end of May each year.	Enhance revenue and financial management			32,705	66,835		58,120	55,399		6,000	6,270	6,552
To collect 80% of outstanding debt by 2022	Enhance revenue and financial management			4,853	4,476							
To promote Financial Viability and accountability	Enhance revenue and financial management			4,024	5,092		100,599	105,350				
Allocations to other priorities				173,679	141,864	502,354	102,532	116,977		443,474	483,487	505,931
Total Expenditure			1	**401,036**	**388,625**	**502,354**	**418,034**	**441,564**	–	**478,571**	**500,654**	**534,791**
check op expenditure balance				–	–	–	–	–	–	*(0)*	*(0)*	*0*

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

NC452 Ga-Segonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
KPA: Institutional Development and Organisational Development		A										
To integrate management system in order to provide consolidated and accurate information	Municipal Capacity and Infrastructure Development	B										
To ensure labour peace and productivity by maintaining continuous engagements	Municipal Capacity and Infrastructure Development	C										
To ensure that there is a healthy and safe workforce by implementing provisions of the Occupational Health and Safety Act ---- To ensure that the socio- needs of employees are met	Municipal Capacity and Infrastructure Development	D										
To support the flow and access of information and develop and maintain ICT infrastructure	Municipal Capacity and Infrastructure Development											
KPA: Local Economic Development												
To create a platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as an ideal investment destination	Create a conducive environment for prosperous investment						7,545	7,638				
KPA: Good Governance and Public Participation												
Dissemination of information to the community and stakeholders on daily issues that affect community on the grounds s and when needed	Foster Participative Cohesion and Collaboration											
HIV/AIDS and other communicable diseases	Foster Participative Cohesion and Collaboration			11,717	-							
Allow communities to make inputs on service delivery issues	Foster Participative Cohesion and Collaboration						2,078	1,206				
To annually develop /review a credible IDP that is aligned to regional, provincial and national priorities and that addresses the needs of the community that we serve	Foster Participative Cohesion and Collaboration											
KPA: Basic Service Delivery and Infrastructure Development												
To continuously comply to national building act and regulations	Develop and maintain infrastructural community services			6,249	8,997							
Provision of basic level of services to households	Develop and maintain infrastructural community services			5,818	1,000		41,360	52,450		33,985	15,000	10,000
To upgrade 35.85k main gravel roads to paved standard by 2022	Develop and maintain infrastructural community services			23,603	30,327		31,941	34,289		11,747	32,158	28,378
To supply at least basic waste water management services to all households in the municipal area	Develop and maintain infrastructural community services			-	33,683		1,526	4,493				
To promote Infrastructure Development	Develop and maintain infrastructural community services									20,233	-	8,524
To supply at least basic water services to all households in the municipal area.	Develop and maintain infrastructural community services	E		30,390	11,817		94,474	106,831		29,500	45,000	50,000
To create platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as investment destination	Create a conducive environment for prosperous business investment	F			11,915							
To establish fully functional disaster centre by 2020	Develop and maintain infrastructural community services	G		-	32					14,506	16,000	-
Ensure ongoing accessibility to reading and learning material and provide enabling environment for studies	Develop and maintain infrastructural community services	H										
To continuously ensure that vehicles are road worthy and regulate vehicle and driver's licenses in an efficient and professional manner	Develop and maintain infrastructural community services	I		-	285							
To provide weekly kerbside waste removal services to residential, schools, industrial and commercial sites (3 times a week) in Kuruman town, Wrenchville and Mothibistad	Develop and maintain infrastructural community services	J										
KPA: Financial Viability and Accountability		K										
To compile a funded and realistic budget annually for approved by Council by the end of May each year.	Enhance revenue and financial management	L		1,507	2,120		2,074	1,970				
To collect 80% of outstanding debt by 2022	Enhance revenue and financial management	M										
To promote Financial Viability and accountability	Enhance revenue and financial management	N										
		O										
		P										
Allocations to other priorities			3	33,411	(45,388)	103,046	-	5,981		21,518	6,291	9,789
Total Capital Expenditure			1	112,696	54,788	103,046	180,998	214,858	-	131,489	114,449	106,691

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure

2. Goal code must be used on Table SA36

3. Balance of allocations not directly linked to an IDP strategic objective

check capital balance - - - - - - - - -

NC452 Ga-Segonyana - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19
		Audited Outcome	Audited Outcome	Audited Outcome
Institutioanl Development and Organisational Development				
Function 1 - Human Resource				
No of employees wellness campaigns conducted by 30 June	number	1	1	
No of works skill plan developed and submitted to LGSETA by 30th April	number	1	1	
Number of employment equity reports submitted to the Department of labour by 15th January	number	1	1	
Number of employees trained by 30 June	number	1	1	
No of LLF meetings held by 30 June				
Number of Occupational Health and Safety Trainings conducted by 30 June				
Number of Section 54A Manager, Section 56 Manager, and Finance officials meeting the minimum competency level expressed as a % of the total number of Section 54A, Section 56 Manager and Finance officials employed by 30 June 2020	%			
Function 2 -ICT				
Number of ICT queries/Incidents attended to within 24 hours expressed as a % of total number of requests received by 30 June	%			
Number of ICT queries/Incidents resolved within 72 hours expressed as a % of total number of incidents/quires attended to by 30 June	%			
Number of ICT security breaches that occurred by 30 June	number	0	0	
KP Reports of MFMA section 75 documents uploaded on the Municipal website 30 June	number	4	4	
Number of newsletters developed by 30 June				
Function 2 - Legal Services				
Total number of litigation cases attended to expressed as a % of total number of litigations submitted by 30 June	%	80%	80%	
Number of fraud and corruption prevention awareness campaign conducted by the 30 June	number			
3 Number of contracts/SLAs signed expressed as % of the total number of service providers appointed by 30 June	%			
Number of grievance cases attended to within 30 days expressed as % of grievance cases received by 30 June	%			
Number of disciplinary cases finalised within 90 days expressed as a % of total disciplinary cases received by 30 June	%			
Local Economic Development				
Number of businesses inspected for compliance by 30 June	number			
Number of SMMEs trainings held by 30 June	number			
Number of tourism awareness campaigns conducted by 30 June	number	4	6	
Basic Service Delivery and Infrastructure Development				
Function 1 - Town Planning				
% of building completion certificates issued within 30 days by 30 June	%	100%	100%	
Number of notices served expressed as a % of contraventions reported by 30 June	%	100%	100%	
Number of building plans assessed within 30 days expressed as a % of total applications received by 30 June	%	100%	100%	
Number of community halls completed by 30 June	number			
Function 2 -Electricity				
Number of households provided with electricity connections expressed as a % of applications received by 30 June	%	100%	100%	
Function 3 - Roads				
Number of km of newly surfaced/paved roads completed	km		3.8	
Function 4 - Water				
Number of households provided with full water borne sewer expressed as a % of the total number of applications received by 30 June	%	100%	100%	
Number of households provided with new water yard connection by the municipality expressed as a % of applications received by 30 June	%	100%	100%	
Function 5 - Sanitation				
Number of new households provided with basic level of sanitation (VIP Toilets)		600	750	
Function 6 - Fire				
Number of emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June	%	80%	80%	
Function 7 - Library				
Number of participants attending library programmes	number		384	
Function 8 - Traffic				
Total fines paid expressed as a % of total fines issued by 30 June	%		50%	
Number of appointments for learners' licenses by 30 June	number		5590	
Number of appointments for drivers licenses by 30 June	number		1516	
Number of appointments for road worthy tests of vehicles by 30 June	number		1870	
Number of households provided with door-to-door waste collection by 30 June	number		4983	
Financial Viability and Accountability				
Function 1 - Budget				
2019/2020 budget tabled to council by end of council by the 31st of May	number	1	1	
Number of performance and budget reports submitted to council by 30 June	number	1	1	
Number of section 71 reports submitted within 10 days after a month by 30 June	number	1	1	
Annual Financial Statements submitted to the Auditor General by the 31st of August	number	1	1	
Function 2 - Asset				
Reports on asset verifications by June	number	1	1	
Asset reconciliations reports submitted to the Municipal Manager by end of June	number	3	3	
Good governance and Public Participation				
Number of meetings held per ward committee by 30 June	number	3	3	
Number of Imbizos held by 30 June 2019	number	2	2	
Number of Wards represented at IDP community participation meetings by 30 June	number	14	14	
Number of IDP steering committee meetings held by 30 June	number	4	4	
Number of IDP Rep forum meetings held by 30 June	number	4	4	
Final IDP submitted and approved by council by 31 May	number	1	1	
Insert measure/s description				
And so on for the rest of the Votes				

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NC452 Ga-Segonyana - Entities measureable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19
		Audited Outcome	Audited Outcome	Audited Outcome
Entity 1 - (name of entity)				
Insert measure/s description				
Entity 2 - (name of entity)				
Function 2 -ICT				
Entity 3 - (name of entity)				
Function 2 -ICT				
And so on for the rest of the Entities				

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))

2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
1	1		2	2	2
1	1		1	1	1
1	1		1	1	1
1	1		108	108	108
			4	4	4
			2	2	2
			50%	50%	50%
100%	100%		100%	100%	100%
80%	80%		90%	90%	90%
0	0		0	0	0
4	4		4	4	4
			4	4	4
85%	185%		80%	80%	80%
			2	2	2
			100%	100%	100%
			100%	100%	100%
			100%	100%	100%
			160	160	160
			4	4	4
12	13		8	8	8
100%	100%		100%	100%	100%
100%	100%		100%	100%	100%
100%	100%		100%	100%	100%
			1	1	1
100%	100%		100%	100%	100%
4.5	5.5		8.8	8.8	8.8
100%	100%		100%	100%	100%
100%	100%		100%	100%	100%
600	601		601	601	601
95%	195%		195%	195%	195%
500	501		501	501	501
70%	170%		170%	170%	170%
5000	5000		5000	5000	5000
2000	2000		2000	2000	2000
2000	2000		2000	2000	2000
5000	5000		5000	5000	5000
1	1		1	1	1
1	1		1	1	1
1	1		1	1	1
1	1		1	1	1
1	1		1	1	1
3	3		3	3	3
3	3		3	3	3
2	2		2	2	2
14	14		14	14	14
4	4		4	4	4
4	4		4	4	4
1	1		1	1	1

Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23

NC452 Ga-Segonyana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.0%	2.4%	5.5%	2.8%	2.2%	0.0%	0.0%	2.0%	1.9%	1.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.0%	4.4%	12.9%	4.7%	4.1%	0.0%	0.0%	3.9%	3.6%	3.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	117.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.7	1.0	1.0	1.2	1.6	–	–	1.9	1.9	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	1.0	1.0	1.2	1.6	–	–	1.9	1.9	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.0	0.0	0.3	–	–	0.4	0.4	0.4
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		78.2%	95.1%	67.0%	88.8%	114.9%	0.0%	0.0%	98.8%	97.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		78.2%	95.1%	67.0%	88.8%	90.0%	0.0%	0.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.2%	28.6%	26.3%	14.5%	29.8%	0.0%	0.0%	21.3%	21.0%	20.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		12316.3%	1137.7%	23216.4%	2095.8%	275.8%	0.0%	0.0%	254.9%	159.7%	108.8%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.4%	34.2%	35.0%	34.2%	32.3%	0.0%	0.0%	36.2%	35.6%	34.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.8%	37.1%	0.0%	36.3%	34.5%	0.0%		38.6%	37.9%	36.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.6%	4.1%	0.7%	2.3%	2.6%	0.0%		4.7%	4.6%	4.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	22.6%	21.1%	23.1%	11.1%	11.3%	0.0%	0.0%	11.3%	11.2%	10.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(42.2)	17.3	13.6	17.3	17.3	17.3	–	17.5	18.3	19.1
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	35.4%	55.0%	52.8%	30.5%	58.5%	0.0%	0.0%	41.3%	41.4%	41.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.0	0.5	0.0	0.1	1.5	–	–	0.9	1.5	2.2

References

1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

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	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						112,394	106,131	112,731	119,044	124,877	130,871	137,153
Females aged 5 - 14						11,509	10,868	13,259	14,001	14,688	15,393	16,131
Males aged 5 - 14						11,625	10,976	13,391	14,141	14,833	15,545	16,292
Females aged 15 - 34						26,594	25,112	30,637	32,352	33,938	35,567	37,274
Males aged 15 - 34						25,582	24,156	29,470	31,121	32,646	34,213	35,855
Unemployment						12,115	20,739	25,302	26,718	28,028	29,373	30,783
Monthly household income (no. of households)	1, 12											
No income							124	130	138	144	151	158
R1 - R1 600							4,282	4,509	4,761	4,995	5,234	5,486
R1 601 - R3 200							7,963	8,386	8,855	9,289	9,735	10,202
R3 201 - R6 400							8,178	8,612	9,094	9,540	9,997	10,477
R6 401 - R12 800							4,596	4,840	5,111	5,361	5,619	5,888
R12 801 - R25 600							2,979	3,137	3,313	3,475	3,642	3,817
R25 601 - R51 200							1,848	1,945	2,054	2,155	2,259	2,367
R52 201 - R102 400							869	915	966	1,014	1,062	1,113
R102 401 - R204 800							527	555	586	614	644	675
R204 801 - R409 600							119	125	132	139	146	153
R409 601 - R819 200							17	18	19	20	21	22
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						201,525		206,099	217,641	229,828	240,860	252,421
Number of poor people in municipal area						78,676		80,462	84,968	89,726	94,033	98,547
Number of households in municipal area						47,257		48,330	51,036	53,895	56,481	59,193
Number of poor households in municipal area						4,038		4,040	4,266	4,505	4,721	4,948
Definition of poor household (R per month)						3,900		3,989	4,212	4,448	4,662	4,886
Housing statistics	3											
Formal												
Informal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/Inflation outlook (CPIX)						6.0%	6.4%	5.3%	5.2%	4.9%	4.8%	4.8%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases						7.0%	7.0%	7.0%	6.5%	6.5%	6.5%	6.5%
Consumption growth (electricity)						9.4%	2.2%	6.8%				
Consumption growth (water)						6.0%	6.4%	10.0%				
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	–	5 587	5 587	5 878	5 878	–	6 142	6 425	6 720
		Piped water inside yard (but not in dwelling)	–	4 516	4 516	–	–	–	–	–	–
	8	Using public tap (at least min service level)	–	8 970	8 970	–	–	–	–	–	–
	10	Other water supply (at least min service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	–	19 073	19 073	5 878	5 878	–	6 142	6 425	6 720
	9	Using public tap (< min service level)	–	6 482	–	–	–	–	–	–	–
	10	Other water supply (< min service level)	–	–	19 073	20 065	20 065	–	20 968	21 932	22 941
		No water supply	–	–	6 482	6 819	6 819	–	7 126	7 454	7 797
		Below Minimum Service Level sub-total	–	6 482	25 555	26 884	26 884	–	28 094	29 386	30 738
		Total number of households	–	**25,555**	**44,628**	**32,761**	**32,761**	–	**34,236**	**35,810**	**37,458**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	–	4 152	4 368	4 368	4 368	–	4 564	4 774	4 994
		Flush toilet (with septic tank)	–	702	702	739	739	–	772	807	844
		Chemical toilet	–	282	282	297	297	–	310	324	339
		Pit toilet (ventilated)	–	3 488	3 488	3 669	3 669	–	3 834	4 011	4 195
		Other toilet provisions (> min service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	–	8 624	8 624	9 072	9 072	–	9 481	9 917	10 373
		Bucket toilet	–	428	428	450	450	–	471	492	515
		Other toilet provisions (< min service level)	–	630	630	663	663	–	693	724	758
		No toilet provisions	–	2 660	2 660	2 798	2 798	–	2 924	3 059	3 199
		Below Minimum Service Level sub-total	–	3 718	3 718	3 911	3 911	–	4 087	4 275	4 472
		Total number of households	–	**12,342**	**12,342**	**12,984**	**12,984**	–	**13,568**	**14,192**	**14,845**
		Energy:									
		Electricity (at least min service level)	–	–	10 033	10 555	10 555	–	11 030	11 537	12 068
		Electricity - prepaid (min service level)	–	–	23 382	24 598	24 598	–	25 705	26 887	28 124
		Minimum Service Level and Above sub-total	–	–	33 415	35 153	35 153	–	36 734	38 424	40 192
		Electricity (< min service level)	–	–	–	–	–	–	–	–	–
		Electricity - prepaid (< min service level)	–	–	–	–	–	–	–	–	–
		Other energy sources	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	**33,415**	**35,153**	**35,153**	–	**36,734**	**38,424**	**40,192**
		Refuse:									
		Removed at least once a week	–	5 072	10 033	10 555	10 555	–	11 030	11 537	12 068
		Minimum Service Level and Above sub-total	–	5 072	10 033	10 555	10 555	–	11 030	11 537	12 068
		Removed less frequently than once a week	–	113	–	–	–	–	–	–	–
		Using communal refuse dump	–	1 114	23 382	24 598	24 598	–	25 705	26 887	28 124
		Using own refuse dump	–	14 365	–	–	–	–	–	–	–
		Other rubbish disposal	–	1 963	–	–	–	–	–	–	–
		No rubbish disposal	–	1 200	1	1	1	–	1	1	1
		Below Minimum Service Level sub-total	–	18 755	23 383	24 599	24 599	–	25 706	26 888	28 125
		Total number of households	–	**23,827**	**33,416**	**35,154**	**35,154**	–	**36,736**	**38,425**	**40,193**

Municipal in-house services	Ref		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Household service targets (000)									
		Water:									
		Piped water inside dwelling		5 587	5 587	5 878	5 878		6 142	6 425	6 720
		Piped water inside yard (but not in dwelling)		4 516	4 516						
	8	Using public tap (at least min service level)		8 970	8 970						
	10	Other water supply (at least min service level)									
		Minimum Service Level and Above sub-total	–	19 073	19 073	5 878	5 878	–	6 142	6 425	6 720
	9	Using public tap (< min service level)		6 482	–						
	10	Other water supply (< min service level)			19 073	20 065	20 065		20 968	21 932	22 941
		No water supply			6 482	6 819	6 819		7 126	7 454	7 797
		Below Minimum Service Level sub-total	–	6 482	25 555	26 884	26 884	–	28 094	29 386	30 738
		Total number of households	–	**25,555**	**44,628**	**32,761**	**32,761**	–	**34,236**	**35,810**	**37,458**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)		4 152	4 152	4 368	4 368		4 564	4 774	4 994
		Flush toilet (with septic tank)		702	702	739	739		772	807	844
		Chemical toilet		282	282	297	297		310	324	339
		Pit toilet (ventilated)		3 488	3 488	3 669	3 669		3 834	4 011	4 195
		Other toilet provisions (> min service level)									
		Minimum Service Level and Above sub-total	–	8 624	8 624	9 072	9 072	–	9 481	9 917	10 373
		Bucket toilet		428	428	450	450		471	492	515
		Other toilet provisions (< min service level)		630	630	663	663		693	724	758
		No toilet provisions		2 660	2 660	2 798	2 798		2 924	3 059	3 199
		Below Minimum Service Level sub-total	–	3 718	3 718	3 911	3 911	–	4 087	4 275	4 472
		Total number of households	–	**12,342**	**12,342**	**12,984**	**12,984**	–	**13,568**	**14,192**	**14,845**
		Energy:									
		Electricity (at least min service level)			10 033	10 555	10 555		11 030	11 537	12 068
		Electricity - prepaid (min service level)			23 382	24 598	24 598		25 705	26 887	28 124
		Minimum Service Level and Above sub-total	–	–	33 415	35 153	35 153	–	36 734	38 424	40 192
		Electricity (< min service level)									
		Electricity - prepaid (< min service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	**33,415**	**35,153**	**35,153**	–	**36,734**	**38,424**	**40,192**
		Refuse:									
		Removed at least once a week		5 072	10 033	10 555	10 555		11 030	11 537	12 068
		Minimum Service Level and Above sub-total	–	5 072	10 033	10 555	10 555	–	11 030	11 537	12 068
		Removed less frequently than once a week		113	–	–	–		–	–	–
		Using communal refuse dump		1 114	23 382	24 598	24 598		25 705	26 887	28 124
		Using own refuse dump		14 365	–	–	–		–	–	–
		Other rubbish disposal		1 963	–	–	–		–	–	–
		No rubbish disposal		1 200	1	1	1		1	1	1
		Below Minimum Service Level sub-total	–	18 755	23 383	24 599	24 599	–	25 706	26 888	28 125
		Total number of households	–	**23,827**	**33,416**	**35,154**	**35,154**	–	**36,736**	**38,425**	**40,193**

Municipal entity services	Ref		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Name of municipal entity		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min service level)									
	10	Other water supply (at least min service level)									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
	9	Using public tap (< min service level)									
	10	Other water supply (< min service level)									
		No water supply									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Name of municipal entity		*Sanitation/sewerage:*									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min service level)									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Bucket toilet									
		Other toilet provisions (< min service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Name of municipal entity		*Energy:*									
		Electricity (at least min service level)									
		Electricity - prepaid (min service level)									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Electricity (< min service level)									
		Electricity - prepaid (< min service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Name of municipal entity		*Refuse:*									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-

Services provided by 'external mechanisms'	Ref		2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Names of service providers		Household service targets (000)									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min service level)									
	10	Other water supply (at least min service level)									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
	9	Using public tap (< min service level)									
	10	Other water supply (< min service level)									
		No water supply									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Names of service providers		*Sanitation/sewerage:*									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min service level)									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Bucket toilet									
		Other toilet provisions (< min service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Names of service providers		*Energy:*									
		Electricity (at least min service level)									
		Electricity - prepaid (min service level)									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Electricity (< min service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Names of service providers		*Refuse:*									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-

Detail of Free Basic Services (FBS) provided			2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Electricity	Ref	*Location of households for each type of FBS*									
List type of FBS service		**Formal settlements - (50 kwh per indigent household per month Rands)**				1,165.964	1,165.964		1,238.254	1,295.213	1,354.793

		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Electricity for informal settlements	-	-	-	-	-	-	-	-	-
Water	Ref	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (6 kilolitre per indigent household per month Rands)**				886,619	886,619		930,063	972,846	1,017,597
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	-	-	-	-	-	-	-	-	-
Sanitation	Ref	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (free sanitation service to indigent households)**				500,000	500,000		524,500	548,627	573,864
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	-	-	-	-	-	-	-	-	-
Refuse Removal	Ref	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (removed once a week to indigent households)**				500,000	500,000		524,500	548,627	573,864
		Number of HH receiving this type of FBS									
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	-	-	-	-	-	-	-	-	-

References

1. Monthly household income threshold. Should include all sources of income

2. Show the poverty analysis the municipality uses to determine its indigents policy and the provision of services

3. Include total of all housing units within the municipality

4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with province

5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality

6. Insert actual or estimated % increases assumed as a basis for budget calculations

7. Insert actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group

8. Stand distance <= 200m from dwelling

9. Stand distance > 200m from dwelling

10. Borehole, spring, rain-water tank etc

11. Must agree to total number of households in municipal area

12. Household income categories assume an average 4 person household. Stats SA - Census 2011 Questionnaire

13. Based on National poverty line of R515 per capita per month (2008 prices), assuming an average household size of 4 persons

NC452 Ga-Segonyana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2015/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	990	11,686	551	3,558	44,440	-	-	30,607	51,188	78,795
Cash + investments at the yr end less applications - R'000	18(1)b	2	(96,991)	(29,713)	(60,000)	(27,567)	83,221	-	-	51,389	52,306	52,829
Cash year end/monthly employee/supplier payments	18(1)b	3	0.0	0.5	0.0	0.1	1.5	-	-	0.9	1.5	2.2
Surplus(Deficit) excluding depreciation offsets: R'000	18(1)	4	33,025	57,684	21,323	181,305	190,255	-	-	82,760	72,337	71,681
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A	6.3%	(2.2%)	1.1%	(1.0%)	(100.0%)	(8.0%)	(2.4%)	(1.4%)	(1.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	74.4%	92.2%	68.3%	91.0%	88.1%	0.0%	0.0%	88.0%	88.0%	88.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	12.0%	(7.3%)	33.4%	0.5%	11.2%	0.0%	0.0%	11.1%	11.1%	11.1%
Capital payments % of capital expenditure	18(1)c;19	8	97.7%	367.0%	146.2%	100.0%	99.1%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	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	74.1%	(0.7%)	(27.8%)	101.4%	(100.0%)	0.0%	(25.4%)	4.8%	4.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.5%	1.1%	0.2%	0.7%	0.7%	0.0%	0.0%	1.4%	1.4%	1.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	2.5%	0.0%	0.0%

References

1. Positive cash balances indicative of minimum compliance - subject to 2

2. Deduct cash and investment applications (defined) from cash balances

3. Indicative of sufficient liquidity to meet average monthly operating payments

4. Indicative of funded operational requirements

5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

6. Realistic average cash collection forecasts as % of annual billed revenue

7. Realistic average increase in debt impairment (doubtful debt) provision

8. Indicative of planned capital expenditure level & cash payment timing

9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing

10. Substantiation of National/Province allocations included in budget

11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection

14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			12.3%	3.8%	7.1%	5.0%	(100.0%)	0.0%	5.6%	4.6%	4.6%
% incr Property Tax	18(1)a			6.5%	11.2%	9.5%	0.0%	(100.0%)	0.0%	4.9%	4.6%	4.6%
% incr Service charges - electricity revenue	18(1)a			11.3%	11.8%	1.5%	9.6%	(100.0%)	0.0%	6.2%	4.6%	4.6%
% incr Service charges - water revenue	18(1)a			24.5%	(4.5%)	24.6%	0.0%	(100.0%)	0.0%	4.9%	4.6%	4.6%
% incr Service charges - sanitation revenue	18(1)a			18.4%	(34.4%)	8.2%	0.0%	(100.0%)	0.0%	4.9%	4.6%	4.6%
% incr Service charges - refuse revenue	18(1)a			10.4%	(43.5%)	19.7%	0.0%	(100.0%)	0.0%	4.9%	4.6%	4.6%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		159,308	178,857	185,736	199,005	209,005	-	-	220,724	230,877	241,498
Service charges			159,308	178,857	185,736	199,005	209,005	-	-	220,724	230,877	241,498
Property rates			36,936	39,021	43,408	47,525	47,525	-	-	49,853	52,147	54,545
Service charges - electricity revenue			82,144	91,423	102,165	103,665	113,665	-	-	120,712	126,265	132,073
Service charges - water revenue			17,473	21,755	20,774	25,877	25,877	-	-	27,145	28,394	29,708
Service charges - sanitation revenue			15,134	17,914	11,035	11,938	11,938	-	-	12,523	13,099	13,702
Service charges - refuse removal			7,921	8,744	8,352	10,000	10,000	-	-	10,490	10,973	11,477
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			1,928	1,689	1,215	1,764	1,765	-	-	2,091	2,187	2,288
Capital expenditure excluding capital grant funding			2,708	5,184	4,444	5,054	5,845	-	-	2,150	-	-
Cash receipts from ratepayers	18(1)a		154,510	190,917	139,211	221,039	205,873	-	-	215,619	225,537	235,912
Ratepayer & Other revenue	18(1)a		207,656	207,168	203,896	242,976	233,773	-	-	245,034	256,306	268,096
Change in consumer debtors (current and non-current)			51,480	42,308	(677)	(27,433)	24,701	(98,694)	(98,694)	30,731	4,416	4,628
Operating and Capital Grant Revenue	18(1)a		226,229	236,986	274,017	353,163	386,367	-	-	312,940	314,174	334,104
Capital expenditure - total	20(1)(vi)		112,696	54,788	103,046	180,998	214,858	-	-	131,489	114,449	106,691
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	324	-		3,300	-	-
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										181,940	197,981	225,583
DoRA capital grants total MFY										129,339	114,449	106,691
Provincial operating grants										1,797	1,797	1,797
Provincial capital grants												
District Municipality grants												
Total gazetted/actual/s national, provincial and district grants										313,076	314,227	334,071
Average annual collection rate (arrears inclusive)												
DoRA operating												
List operating grants												
Local Government Equitable Share										174,760	191,781	208,236
Finance Management										3,000	3,200	3,300
EPWP Incentive										1,580		
Munucipal Infrastructure Grant										2,600	3,000	14,047
										181,940	**197,981**	**225,583**
DoRA capital												
List capital grants												
Municipal Infrastructure Grant (MIG)										50,354	54,449	46,691
Water Services Infrastructure Grant										40,000	45,000	50,000
Intergrated National Electrification Programme										38,985	15,000	10,000
										129,339	**114,449**	**106,691**
Trend												
Change in consumer debtors (current and non-current)			51,480	42,308	(677)	(98,694)	30,731	4,416	4,628	-	-	-
Total Operating Revenue			330,938	347,891	375,276	423,395	413,996	-	-	431,992	459,542	499,182
Total Operating Expenditure			401,036	388,625	502,354	418,034	441,564	-	-	478,571	500,654	534,791
Operating Performance Surplus/(Deficit)			(70,097)	(40,735)	(127,078)	5,361	(27,568)	-	-	(46,579)	(41,112)	(35,608)
Cash and Cash Equivalents (30 June 2012)										30,607		
Revenue												
% Increase in Total Operating Revenue				5.1%	7.9%	12.8%	(2.2%)	(100.0%)	0.0%	4.3%	6.4%	8.6%
% Increase in Property Rates Revenue				6.5%	11.2%	9.5%	0.0%	(100.0%)	0.0%	4.9%	4.6%	4.6%
% Increase in Electricity Revenue				11.3%	11.8%	1.5%	9.6%	(100.0%)	0.0%	6.2%	4.6%	4.6%
% Increase in Property Rates & Services Charges				12.3%	3.8%	7.1%	5.0%	(100.0%)	0.0%	5.6%	4.6%	4.6%
Expenditure												
% Increase in Total Operating Expenditure				(3.1%)	29.3%	(16.8%)	5.6%	(100.0%)	0.0%	8.4%	4.6%	6.8%
% Increase in Employee Costs				14.7%	10.4%	10.2%	(7.5%)	(100.0%)	0.0%	16.7%	4.6%	4.6%
% Increase in Electricity Bulk Purchases				(2.6%)	3.4%	13.0%	0.0%	(100.0%)	0.0%	6.2%	4.6%	4.6%
Average Cost Per Budgeted Employee Position (Remuneration)					272743.7614	291987.2359				315927.875		
Average Cost Per Councilor (Remuneration)					363514	334890.9259				387274.793		
R&M % of PPE			1.5%	1.1%	0.2%	0.7%	0.7%	0.0%		1.4%	1.4%	1.4%
Asset Renewal and R&M as a % of PPE			2.0%	1.0%	6.0%	8.0%	11.0%	0.0%		5.0%	4.0%	4.0%
Debt Impairment % of Total Billable Revenue			12.0%	(7.3%)	33.4%	0.5%	11.2%	0.0%	0.0%	11.1%	11.1%	11.1%
Capital Revenue												
Internally Funded & Other (R'000)			2,708	5,184	4,444	5,054	5,845	-	-	2,150	-	-
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			109,988	49,604	98,602	175,944	209,014	-	-	129,339	114,449	106,691
Internally Generated funds % of Non Grant Funding			100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			97.6%	90.5%	95.7%	97.2%	97.3%	0.0%	0.0%	98.4%	100.0%	100.0%
Capital Expenditure												
Total Capital Programme (R'000)			112,696	54,788	103,046	180,998	214,858	-	-	131,489	114,449	106,691
Asset Renewal			-	-	83,748	134,488	152,251	-	-	52,776	35,425	38,167
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	81.3%	74.3%	70.9%	0.0%	0.0%	40.1%	31.0%	35.8%
Cash												
Cash Receipts % of Rate Payer & Other			74.4%	92.2%	68.3%	91.0%	88.1%	0.0%	0.0%	88.0%	88.0%	88.0%
Cash Coverage Ratio			0	0	0	0	0	-	-	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			1.0%	2.4%	5.5%	2.8%	2.2%	0.0%	0.0%	2.0%	1.9%	1.7%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			(96,991)	(29,713)	(60,000)	(27,567)	83,221	-	-	51,389	52,306	52,829
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	1.9%	1.9%	0.0%		1.8%	1.8%	1.7%
Free Services as a % of Operating Revenue (excl operational transfers)			0.7%	0.5%	0.5%	0.8%	0.6%	0.0%		0.6%	0.6%	0.6%
High Level Outcome of Funding Compliance												
Total Operating Revenue			330,938	347,891	375,276	423,395	413,996	-	-	431,992	459,542	499,182
Total Operating Expenditure			401,036	388,625	502,354	418,034	441,564	-	-	478,571	500,654	534,791
Surplus/(Deficit) Budgeted Operating Statement			(70,097)	(40,735)	(127,078)	5,361	(27,568)	-	-	(46,579)	(41,112)	(35,608)
Surplus/(Deficit) Considering Reserves and Cash Backing			(96,991)	(29,713)	(60,000)	(27,567)	83,221	-	-	51,389	52,306	52,829
MTREF Funded (1) / Unfunded (0)		15	0	0	0	0	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	×	×	×	×	✓	✓	✓	✓	✓	✓

References

15. Subject to figures provided in Schedule

NC452 Ga-Segonyana - Supporting Table SA11 Property rates summary

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Valuation:	1									
Date of valuation:			31/12/2013					01/07/2018		
Financial year valuation used		201617	2017/18	2018/19	2019/20			2019/20		
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)		No	No	No	No			Yes		
Municipal partnership s38 used? (Y/N)		Yes	Yes	Yes	Yes			NO	NO	NO
No. of assistant valuers (FTE)	3							–	–	–
No. of data collectors (FTE)	3							–	–	–
No. of internal valuers (FTE)	3							–	–	–
No. of external valuers (FTE)	3	1	1	1	1	1		1	1	1
No. of additional valuers (FTE)	4							–	–	–
Valuation appeal board established? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Implementation time of new valuation roll (mths)		12	12	12	12			6		
No. of properties	5		10,215	11,182	10,591	10,591		10,381	10,879	11,401
No. of sectional title values	5		3					–	–	–
No. of unreasonably difficult properties s7(2)								–	–	–
No. of supplementary valuations			3	1				2	2	2
No. of valuation roll amendments					1	1		2	2	2
No. of objections by rate payers					115	115		76	70	65
No. of appeals by rate payers					32	32		–	–	–
No. of successful objections	8				61	61		21	21	21
No. of successful objections > 10%	8				12	12		–		
Supplementary valuation			321,745		–					
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)								128	134	140
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)		–	–	–	–	–		–	–	–
Total valuation reductions:		–	–	–	–	–	–	–	–	–
Total value used for rating (Rm)	5	–	–	–	–	–		–	–	–
Total land value (Rm)	5	–	–	–	–	–		–	–	–
Total value of improvements (Rm)	5	–	–	–	–	–		–	–	–
Total market value (Rm)	5	–	–	–	–	–		–	–	–
Rating:										
Residential rate used to determine rate for other categories? (Y/N)		Yes	Yes	Yes	Yes			No		
Differential rates used? (Y/N)	5	Yes	Yes					Yes		
Limit on annual rate increase (s20)? (Y/N)		No	No					Yes	Yes	Yes
Special rating area used? (Y/N)		Yes	Yes					No		
Phasing-in properties s21 (number)								0	0	0
Rates policy accompanying budget? (Y/N)		Yes	Yes					Yes		
Fixed amount minimum value (R'000)								25		
Non-residential prescribed ratio s19? (%)								0.0%		
Rate revenue:										
Rate revenue budget (R '000)	6	38,043	40,065	44,477	48,917	48,917		51,314	53,674	56,143
Rate revenue expected to collect (R'000)	6	28,334	38,408	35,409	40,396	42,772		44,868	46,932	49,091
Expected cash collection rate (%)		74.0%	95.0%	79.0%	83.0%	87.0%		90.0%	90.0%	90.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)			2,325					100	100	100
Rebates, exemptions - pensioners (R'000)								460	460	460
Rebates, exemptions - bona fide farm. (R'000)								–	–	–
Rebates, exemptions - other (R'000)								–	–	–
Phase-in reductions/discounts (R'000)								–	–	–
Total rebates,exemptns,reductns,discs (R'000)		–	2,325	–	–	–	–	560	560	560

References

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand

2. To give effect to rates policy

3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff

4. Required to implement new system (FTE)

5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12

6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

7. Included in rate revenue budget

8. In favour of the rate-payer

NC452 Ga-Segonyana - Supporting Table SA12a Property rates by category (current 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.	Mining Props.
Current Year 2019/20																	
Valuation:																	
No. of properties		7,818	148	417	336	94	1,513									55	
No. of sectional title property values		–															
No. of unreasonably difficult properties s7(2)		–															
No. of supplementary valuations		1	1	1	1	1	1									1	
Supplementary valuation (Rm)		127,606,300															
No. of valuation roll amendments		1	1	1	1	1	1									1	
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)**		1	1	1	1	1	1									1	
Frequency of valuation **(select)**		4	4	4	4	4	4									4	
Method of valuation used **(select)**		Market	Market	Market	Market	Market	Market									Market	
Base of valuation **(select)**		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.									Land & impr.	
Phasing-in properties s21 (number)		0															
Combination of rating types used? (Y/N)		Yes															
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
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	–	–	–	–	–	–									–	
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
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,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

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.	Mining Props.
Budget Year 2020/21																	
Valuation:																	
No. of properties		8,280	148	447	336	94	1,494									57	
No. of sectional title property values		–	–	–	–	–	–									–	
No. of unreasonably difficult properties s7(2)		–	–	–	–	–	–									–	
No. of supplementary valuations		1	1	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)**		1	1	1	1	1	1									1	
Frequency of valuation **(select)**		4	4	4	4	4	4									4	
Method of valuation used **(select)**		Market	Market	Market	Market	Market	Market									Market	
Base of valuation **(select)**		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.									Land & impr.	
Phasing-in properties s21 (number)		0	0	0	0	0	0									0	
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes									Yes	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
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	–	–	–	–	–	–									–	
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
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,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

NC452 Ga-Segonyana - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
							Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Property rates *(rate in the Rand)*	1								
Residential properties			0.0056	0.0064			0.0074	0.0077	0.0081
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used			0.0003	0.0003			0.0004	0.0004	0.0004
Farm properties - not used									
Industrial properties							0.0127	0.0133	0.0139
Business and commercial properties			0.0095	0.0108			0.0125	0.0131	0.0137
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties			0.0174	0.0197			0.0229	0.0239	0.0251
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates *(Rands)*									
Residential properties									
R15 000 threshhold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate			25,000	25,000			25,000	25,000	25,000
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			-	27					
Service point - vacant land *(Rands/month)*									
Water usage - flat rate tariff *(c/kl)*									
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/kl)		0kl - 12kl	8	9					
Water usage - Block 2 (c/kl)		13kl-35kl	8	10					
Water usage - Block 3 (c/kl)		36kl>	8	10					
Water usage - Block 4 (c/kl)									
Other	2	per kiloliter usage	-	11					
Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			68	77					
Service point - vacant land *(Rands/month)*									
Waste water - flat rate tariff *(c/kl)*									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							

Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*									
Service point - vacant land *(Rands/month)*									
FBE		(how is this targeted?)							
Life-line tariff - meter		(describe structure)							
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter *(c/kwh)*									
Flat rate tariff - prepaid*(c/kwh)*									
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)							
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)		(fill in thresholds)							
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge									
Basic charge/fixed fee									
80l bin - once a week			-	100					
250l bin - once a week									

References

1. If properties are not rated or zero rated this must be indicated as such

2.Please provide detailed descriptions on Sheet SA13b

NC452 Ga-Segonyana - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2016/17	2017/18	2018/19	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
							Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Exemptions, reductions and rebates *(Rands)*									
General residential rebate			25,000	25,000	25,000		25,000	25,000	25,000
Water tariffs									
Indigent Households with an income < R4.341.00		0kl - 6kl					-	-	-
		7kl-12kl	8	9			11	12	13
		13kl-35kl	8	10			12	12	13
		36kl>	8	10			12	12	13
RESIDENTIAL PROPERTIES		0kl - 12kl	8	9			11	12	13
		13kl-35kl	8	10			12	12	13
		36kl>	8	10			12	12	13
SEDIBENG AREAS (HOUSEHOLDS ONLY)		0kl - 12kl	6	7			9	9	9
		13kl-35kl					9	10	10
		36kl>					10	10	11
NON-PROFIT ORGANISATION		0kl - 12kl	8	9			11	12	13
		13kl-35kl	8	10			12	12	13
		36kl>	8	10			12	12	13
GUEST HOUSES AND MUTLIUSE (SURGERY, TUCKSHOP ETC)									
Basic Charge			-	27			68	71	75
Per kiloliter usage			-	11			20	21	22
ALL OTHER PROPERTIES NOT DEFINED ABOVE (BUSINESS AND									
Basic Charge			49	56					
Per kiloliter usage			14	16					
Bulk water purchases (Commercial) Per kl			33	70			126	131	138
SEWER WATER IRRIGATION			166	190			231	242	253
Filling of swimmingpool + VAT			379	434			528	553	579
Swimming pool draining			491	563			685	717	751
First Eye (Water)									
Per Liter				6			10	11	11

Waste water tariffs								
Basic charge: Kuruman and Wrenchville consumers excluding indigents		68	77		90	94	98	
Fixed charge for Mothibistadt and Bankhara								
RESIDENTIAL (Including Businesses on Residential Properties, Flats)								
Other residential areas in Mothibistadt (Including Businesses on Residential Properties, Flats)					240	251	263	
Business, Industries and Institutional								
Consumption based on water usage for Kuruman and Wrenchville consumers								
RESIDENTIAL (Including Businesses on Residential Properties, Flats)								
Business, Industries and Institutional					495	518	543	
AVAILABILITY CHARGES		171	195		227	237	248	
This fee is payable in respect of any property that is not connected to the main which may in the opinion of the Municipality be provided with the necessary service. NB: This excludes vacant land								
Electricity tariffs								
PROPERTIES USED FOR RESIDENTIAL PURPOSES AND SCHOOL HOSTELS NPO's, OLD AGE HOMES AND CHURCHES								
Indigent Households with an income < R4,121.00 Conventional					136	143	149	
Usage per kWh	0 - 50					-	-	
Basic Charge	51 - 200				119	125	131	
Usage per kWh	>200				192	202	211	
Indigent Households with an income < R4,121.00 Prepaid	>51							
Prepaid per kWh usage								
Indigent Households with an income < R4,121.00					-	-	-	
	0 - 50				119	125	131	
	>51				192	202	211	
Non indigents, school hostels, NPO's, Old age homes and churches								
Conventional								
Low season tariffs								
Basic Charge					136	143	149	
Usage per kWh	0 - 50				119	125	131	
	>51				192	202	211	
Prepaid per kWh usage	0 - 200				119	125	131	
	>200				192	202	211	
High season tariffs								
Basic Charge								
Usage per kWh	0 - 50							
	>51							
BUSINESSES								
Conventional								
Basic Charge		622	449	489	661	692	726	
Usage per kWh (Low Season)		160	1	1	170	178	187	
Usage per kWh (High Season)								
Prepaid								
Prepaid per kWh usage (Low Season)			2	2	351	367	385	

Prepaid per kWh usage (High Season)							229	240	252
BULK USERS 2 (70 KVA AND MORE)									
Transformer supplied by the Municipality									
Basic Charge			2,548	2,776			3,562	3,733	3,912
Usage per KVA			201	221			264	276	289
Usage per kWh			90c	1			97	101	106
RESELLERS			2	2					
TRANSFORMER SUPPLIED BY CONSUMER									
Basic Charge							2,454	2,572	2,695
Usage per KVA(Demand charge)							266	279	292
Usage per kWh(Energy charge)							97	101	106
BULK USERS 2 - Large Power Users (>500kVA)									
Basic Charge							1,442	1,511	1,583
Usage per KVA - Demand charge							196	206	216
Usage per kWh - Peak							304	319	334
- Standard							135	141	148
- Off Peak							72	75	79
ORGANS OF STATE									
Conventional									
Basic Charge							661	692	726
Usage per kWh							170	178	187
Prepaid								-	-
Basic Charge							351	367	385
Prepaid per kWh usage							229	240	252

NC452 Ga-Segonyana - Supporting Table SA14 Household bills

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		36,636	38,408	44,477	48,917	48,917			51,314	53,674	56,143
Electricity: Basic levy		82,144	92,349	102,165	104,831	114,831			121,951	127,560	133,428
Electricity: Consumption											
Water: Basic levy		17,473	21,654	20,774	26,764	26,764			28,075	29,366	30,717
Water: Consumption											
Sanitation		15,134	17,914	11,035	12,438	12,438			13,048	13,648	14,276
Refuse removal		7,921	8,744	8,352	10,500	10,500			11,015	11,521	12,051
Other											
sub-total		**159,308**	**179,069**	**186,804**	**203,450**	**213,450**			**225,402**	**235,770**	**246,616**
VAT on Services											
Total small household bill:		**159,308**	**179,069**	**186,804**	**203,450**	**213,450**			**225,402**	**235,770**	**246,616**
% increase/-decrease			**12.4%**	**4.3%**	**8.9%**	**4.9%**	**(100.0%)**		**-**	**4.6%**	**4.6%**
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		1,407	1,044	1,068	1,392	1,392			1,460	1,528	1,598
Electricity: Basic levy					1,166	1,166			1,238	1,295	1,355
Electricity: Consumption								#DIV/0!	1,259	1,319	1,383
Water: Basic levy					887	887			930	973	1,018
Water: Consumption											
Sanitation					500	500			525	549	574
Refuse removal					500	500			525	549	574
Other											
sub-total		**1,407**	**1,044**	**1,068**	**4,445**	**4,445**			**5,937**	**6,212**	**6,501**
VAT on Services											
Total small household bill:		**1,407**	**1,044**	**1,068**	**4,445**	**4,445**			**5,937**	**6,212**	**6,501**
% increase/-decrease			**(25.8%)**	**2.3%**	**316.3%**	**-**	**(100.0%)**		**-**	**4.6%**	**4.6%**

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

NC452 Ga-Segonyana - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
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										
Municipal Bonds										
Municipality sub-total	1	–	–	–	–	–	–	–	–	–
Entities										
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:		–	–	–	–	–	–	–	–	–

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

NC452 Ga-Segonyana - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality														
														–
														–
														–
														–
														–
														–
														–
Municipality sub-total										–		–	–	–
Entities														
														–
														–
														–
														–
														–
														–
														–
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	1									–		–	–	–

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)

2. List investments in expiry date order

3. If 'variable' is selected in column F, input interest rate range

4. Withdrawals to be entered as negative

check

NC452 Ga-Segonyana - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		17,487	16,356	16,046	15,061	15,061		14,624	14,187	13,750
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	**17,487**	**16,356**	**16,046**	**15,061**	**15,061**	**–**	**14,624**	**14,187**	**13,750**
Entities										
Annuity and Bullet Loans										
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	**17,487**	**16,356**	**16,046**	**15,061**	**15,061**	**–**	**14,624**	**14,187**	**13,750**

Unspent Borrowing - Categorised by type										
Parent municipality										
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										
Municipality sub-total	1	–	–	–	–	–	–	–	–	–
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 Unspent Borrowing	1	–	–	–	–	–	–	–	–	–

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)

check borrowing balance	–	(4,245)	4	–	(981)	–	11,080	10,473	9,858

NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**132,109**	**120,223**	**159,471**	**175,598**	**175,198**	–	**181,940**	**197,981**	**225,583**
Local Government Equitable Share		109,444	117,413	141,895	159,726	159,726		174,760	191,781	208,236
Finance Management		1,675	1,810	2,215	2,680	2,680		3,000	3,200	3,300
Municipal Systems Improvement		940								
Water Services Operating Subsidy		17,500								
EPWP Incentive		1,050	1,000	1,000	1,274	1,274		1,580		
Integrated National Electrification Programme		1,500	–							
Munucipal Infrastructure Grant				14,361	11,918	11,518		2,600	3,000	14,047
Provincial Government:		**2,770**	**2,770**	**1,821**	**1,621**	**1,621**	–	**1,797**	**1,797**	**1,797**
Sport and Recreation		2,770	2,770	1,821	1,621	1,621		1,797	1,797	1,797
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	**4,760**	–	–	–	–	–	–
Mines				4,760						
Total Operating Transfers and Grants	5	**134,879**	**122,993**	**166,052**	**177,219**	**176,819**	–	**183,737**	**199,778**	**227,380**
Capital Transfers and Grants										
National Government:		**93,254**	**121,488**	**102,375**	**175,944**	**209,344**	–	**129,339**	**114,449**	**106,691**
Municipal Infrastructure Grant (MIG)		52,195	51,521	38,432	41,384	41,784		50,354	54,449	46,691
Regional Bulk Infrastructure		13,346	12,167							
Municipal Water Infrastructure Grant		27,713	–							
Water Services Infrastructure Grant			55,800	45,000	95,000	110,000		40,000	45,000	50,000
Intergrated National Electrification Programme			2,000	18,943	39,560	57,560		38,985	15,000	10,000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
Mines										
Total Capital Transfers and Grants	5	**93,254**	**121,488**	**102,375**	**175,944**	**209,344**	–	**129,339**	**114,449**	**106,691**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**228,133**	**244,481**	**268,427**	**353,163**	**386,163**	–	**313,076**	**314,227**	**334,071**

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation

2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)

3. Replacement of RSC levies

4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality

5. Total transfers and grants must reconcile to Budgeted Cash Flows

6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

NC452 Ga-Segonyana - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**132,109**	**120,223**	**159,471**	**175,598**	**175,198**	**–**	**181,940**	**197,981**	**225,583**
Local Government Equitable Share		109,444	117,413	141,895	159,726	159,726		174,760	191,781	208,236
Finance Management		1,675	1,810	2,215	2,680	2,680		3,000	3,200	3,300
Municipal Systems Improvement		940								
Water Services Operating Subsidy		17,500								
EPWP Incentive		1,050	1,000	1,000	1,274	1,274		1,580		
Integrated National Electrification Programme		1,500	–							
Munucipal Infrastructure Grant				14,361	11,918	11,518		2,600	3,000	14,047
Provincial Government:		**2,770**	**2,770**	**1,821**	**1,621**	**1,621**	**–**	**1,797**	**1,797**	**1,797**
Sport and Recreation		2,770	2,770	1,821	1,621	1,621		1,797	1,797	1,797
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**4,760**	**–**	**–**	**–**	**–**	**–**	**–**
Mines				4,760						
Total operating expenditure of Transfers and Grants:		**134,879**	**122,993**	**166,052**	**177,219**	**176,819**	**–**	**183,737**	**199,778**	**227,380**
Capital expenditure of Transfers and Grants										
National Government:		**93,254**	**121,488**	**102,375**	**175,944**	**209,344**	**–**	**129,339**	**114,449**	**106,691**
Municipal Infrastructure Grant (MIG)		52,195	51,521	38,432	41,384	41,784		50,354	54,449	46,691
Regional Bulk Infrastructure		13,346	12,167							
Municipal Water Infrastructure Grant		27,713	–							
Water Services Infrastructure Grant			55,800	45,000	95,000	110,000		40,000	45,000	50,000
Intergrated National Electrification Programme			2,000	18,943	39,560	57,560		38,985	15,000	10,000
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mines										
Total capital expenditure of Transfers and Grants		**93,254**	**121,488**	**102,375**	**175,944**	**209,344**	**–**	**129,339**	**114,449**	**106,691**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**228,133**	**244,481**	**268,427**	**353,163**	**386,163**	**–**	**313,076**	**314,227**	**334,071**

References

1. *Expenditure must be separately listed for each transfer or grant received or recognised*

NC452 Ga-Segonyana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	–	–	–		–		
Current year receipts		114,322	125,703	197,705	177,219	177,023		183,601	199,725	227,414
Conditions met - transferred to revenue		**114,322**	**125,703**	**197,705**	**177,219**	**177,023**	**–**	**183,601**	**199,725**	**227,414**
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		**114,322**	**125,703**	**197,705**	**177,219**	**177,023**	**–**	**183,601**	**199,725**	**227,414**
Total operating transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		–	–	–	(8,812)	(8,812)		–		
Current year receipts		121,488	94,211	112,328	175,944	209,344		129,339	114,449	106,690
Conditions met - transferred to revenue		**121,488**	**94,211**	**112,328**	**167,132**	**200,532**	**–**	**129,339**	**114,449**	**106,690**
Conditions still to be met - transferred to liabilities			–							
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		**121,488**	**94,211**	**112,328**	**167,132**	**200,532**	**–**	**129,339**	**114,449**	**106,690**
Total capital transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS REVENUE		**235,810**	**219,914**	**310,033**	**344,351**	**377,555**	**–**	**312,940**	**314,174**	**334,104**
TOTAL TRANSFERS AND GRANTS - CTBM		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance

2. CTBM = conditions to be met

3. National Treasury database will require this reconciliation for each transfer/grant

Check opex	(8,784)	(12,864)	36,016	–	–	–	–	–	–
Check capex	11,501	44,607	13,726	(8,812)	(8,481)	–	0	–	(1)

NC452 Ga-Segonyana - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Insert description	3										
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Organisations											
Insert description											
Total Cash Transfers To Organisations		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Groups of Individuals											
Insert description			19	35	60	60			63	66	69
Total Cash Transfers To Groups Of Individuals:		–	19	35	60	60	–	–	63	66	69
TOTAL CASH TRANSFERS AND GRANTS	6	–	19	35	60	60	–	–	63	66	69
Non-Cash Transfers to other municipalities											
Insert description	1										
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Insert description	3										
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
Insert description	5										
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	6	–	19	35	60	60	–	–	63	66	69

References

Insert description listed by municipal name and demarcation code of recipient

Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)

Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)

Insert description of each other organisation (e.g. charity)

Insert description of each other organisation (e.g. the aged, child-headed households)

All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

NC452 Ga-Segonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6,206	8,656		7,208	7,208		9,702	10,148	10,615
Pension and UIF Contributions		–	–		–	–				
Medical Aid Contributions		–	–		–	–				
Motor Vehicle Allowance		561	591		635	635				
Cellphone Allowance		1,048	115		1,199	1,199		755	790	826
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		**7,815**	**9,362**	**–**	**9,042**	**9,042**	**–**	**10,456**	**10,937**	**11,441**
% increase	4		**19.8%**	**(100.0%)**	**–**	**–**	**(100.0%)**	**–**	**4.6%**	**4.6%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages					5,440	4,235		5,943	6,216	6,502
Pension and UIF Contributions					49	49		36	38	39
Medical Aid Contributions					–	–			–	–
Overtime					–	–			–	–
Performance Bonus					–	405		150	150	150
Motor Vehicle Allowance	3				695	695		740	774	810
Cellphone Allowance	3	6,698			96	96		102	107	112
Housing Allowances	3				–	–			–	–
Other benefits and allowances	3				0	0		0	0	0
Payments in lieu of leave									–	–
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		**6,698**	**–**	**–**	**6,280**	**5,480**	**–**	**6,972**	**7,286**	**7,614**
% increase	4		**(100.0%)**	**–**	**–**	**(12.7%)**	**(100.0%)**	**–**	**4.5%**	**4.5%**
Other Municipal Staff										
Basic Salaries and Wages		77,956	87,801		100,533	90,255		107,692	113,124	118,259
Pension and UIF Contributions		597	597		16,244	15,183		17,690	18,033	18,862
Medical Aid Contributions		5,779	6,589		6,486	6,790		6,992	7,313	7,650
Overtime		6,796	9,096		1,595	2,246		2,405	2,516	2,632
Performance Bonus						–				
Motor Vehicle Allowance	3	5,015	5,815		2,970	2,759		3,163	3,309	3,461
Cellphone Allowance	3	2,597	3,148		375	407		400	418	437
Housing Allowances	3	1,763	2,313		4,390	4,133		4,656	4,870	5,094
Other benefits and allowances	3	2,961	3,761		3,979	4,219		4,146	4,344	4,544
Payments in lieu of leave		189	258		65	147		107	112	117
Long service awards		217	269		108	194		138	144	157
Post-retirement benefit obligations	6				1,800	1,800		1,893	1,981	2,148
Sub Total - Other Municipal Staff		**103,870**	**119,647**	**–**	**138,545**	**128,132**	**–**	**149,282**	**156,163**	**163,360**
% increase	4		**15.2%**	**(100.0%)**	**–**	**(7.5%)**	**(100.0%)**	**–**	**4.6%**	**4.6%**
Total Parent Municipality		**118,383**	**129,009**	**–**	**153,868**	**142,655**	**–**	**166,710**	**174,386**	**182,414**
			9.0%	**(100.0%)**	**–**	**(7.3%)**	**(100.0%)**	**–**	**4.6%**	**4.6%**
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–

Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		**118,383**	**129,009**	**–**	**153,868**	**142,655**	**–**	**166,710**	**174,386**	**182,414**
% increase	4		**9.0%**	**(100.0%)**	**–**	**(7.3%)**	**(100.0%)**	**–**	**4.6%**	**4.6%**
TOTAL MANAGERS AND STAFF	5,7	**110,568**	**119,647**	**–**	**144,826**	**133,613**	**–**	**156,254**	**163,448**	**170,973**

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved

2. s57 of the Systems Act

3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance

4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D

5. Must agree to the sub-total appearing on Table A1 (Employee costs)

6. Includes pension payments and employer contributions to medical aid

7. Correct as at 30 June

Column Definitions:

A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited

D. The original budget approved by council for the budget year.

E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.

F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.

G. The amount to be appropriated for the budget year.

H and I. The indicative projection

NC452 Ga-Segonyana - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		723,532		44,400			767,932
Chief Whip								–
Executive Mayor			903,451		44,400			947,851
Deputy Executive Mayor								–
Executive Committee			1,901,275		222,000			2,123,275
Total for all other councillors			6,173,361		444,000			6,617,361
Total Councillors	8	–	**9,701,619**	–	**754,800**			**10,456,419**
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,355,480	2,024	202,678	30,000		1,590,182
Chief Finance Officer			1,039,878	2,024	211,407	30,000		1,283,309
Director Corporate Service			1,071,277	10,214	211,406	30,000		1,322,897
Director Infrastructure Services			1,243,584	11,170	101,499	30,000		1,386,253
Director Community Service			1,232,442	11,112	115,557	30,000		1,389,111
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	**5,942,661**	**36,544**	**842,547**	**150,000**		**6,971,752**
A Heading for Each Entity	6,7							
List each member of board by designation								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	**15,644,280**	**36,544**	**1,597,347**	**150,000**		**17,428,171**

References

1. Pension and medical aid

2. Total package must equal the total cost to the municipality

3. List each political office bearer by designation. Provide a total for all other councillors

4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)

5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation

6. List each entity where municipality has an interest and state percentage ownership and control

7. List each senior manager reporting to the CEO of an Entity by designation

8. Must reconcile to relevant section of Table SA24

9. Must reconcile to totals shown for the budget year of Table SA22

10. Correct as at 30 June

NC452 Ga-Segonyana - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		27		27	27		27	27		27
Board Members of municipal entities	4	–			–			–		
Municipal employees	5	–			–			–		
Municipal Manager and Senior Managers	3	5		5	5		5	5		5
Other Managers	7	17	17		20	20		20	20	
Professionals		*64*	*57*	*7*	*68*	*61*	*7*	*68*	*61*	*7*
Finance		56	50	6	59	53	6	59	53	6
Spatial/town planning		6	5	1	7	6	1	7	6	1
Information Technology		–			–			–		
Roads		–			–			–		
Electricity		1	1		1	1		1	1	
Water		1	1		1	1		1	1	
Sanitation		–			–			–		
Refuse		–			–			–		
Other		–			–			–		
Technicians		*178*	*108*	*70*	*180*	*110*	*70*	*180*	*110*	*70*
Finance		–			–			–		
Spatial/town planning		3	3		4	4		4	4	
Information Technology		3	3		4	4		4	4	
Roads		31	12	19	31	12	19	31	12	19
Electricity		16	15	1	16	15	1	16	15	1
Water		12	11	1	12	11	1	12	11	1
Sanitation		17	16	1	17	16	1	17	16	1
Refuse		96	48	48	96	48	48	96	48	48
Other		–			–			–		
Clerks (Clerical and administrative)		98	72	26	100	74	26	100	74	26
Service and sales workers		47	29	18	48	30	18	48	30	18
Skilled agricultural and fishery workers		–			–			–		
Craft and related trades		–			–			–		
Plant and Machine Operators		20	20		22	22		22	22	
Elementary Occupations		53	53		53	53		53	53	
TOTAL PERSONNEL NUMBERS	9	**509**	**356**	**153**	**523**	**370**	**153**	**523**	**370**	**153**
% increase					2.8%	3.9%	–	–	–	–
Total municipal employees headcount	6, 10	–			–			–		
Finance personnel headcount	8, 10	–			–			–		
Human Resources personnel headcount	8, 10	–			–			–		

References

1. Positions must be funded and aligned to the municipality's current organisational structure

2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.

3. s57 of the Systems Act

4. Include only in Consolidated Statements

5. Include municipal entity employees in Consolidated Statements

6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)

7. Managers who provide the direction of a critical technical function

8. Total number of employees working on these functions

NC452 Ga-Segonyana - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																
Property rates		27,494	2,029	2,029	2,024	2,029	2,024	2,023	2,024	2,029	2,024	2,023	2,101	49,853	52,147	54,545
Service charges - electricity revenue		13,527	7,219	15,034	8,678	10,721	8,980	7,219	7,219	8,980	7,219	15,034	10,882	120,712	126,265	132,073
Service charges - water revenue		2,080	2,063	2,199	2,080	2,192	2,063	1,955	2,199	2,063	2,080	2,199	3,974	27,145	28,394	29,700
Service charges - sanitation revenue		1,245	1,205	799	1,269	1,267	1,179	1,132	1,179	1,269	1,267	1,179	(467)	12,523	13,099	13,702
Service charges - refuse revenue		735	712	732	732	732	803	737	739	732	803	737	2,294	10,490	10,973	11,477
Rental of facilities and equipment		116	102	215	229	120	105	106	283	283	120	283	128	2,091	2,187	2,288
Interest earned - external investments		207	430	339	234	140	329	315	360	329	315	360	0	3,357	3,511	3,673
Interest earned - outstanding debtors		515	480	688	709	736	757	748	635	748	635	480	212	7,343	7,681	8,034
Dividends received		–	–	–	–	–	–	–	–				–	–	–	–
Fines, penalties and forfeits		108	67	63	47	39	69	25	17	69	25	17	2,606	3,155	3,300	3,452
Licences and permits		187	337	263	250	313	206	285	210	206	285	210	567	3,317	3,470	3,630
Agency services		–	–	–	–	–	–	–	–				–	–	–	–
Transfers and subsidies		66,553	2,999	811	–	574	53,242	–	318	59,241			(136)	183,601	199,725	227,414
Other revenue		208	490	372	844	94	81	95	426	490	372	844	4,089	8,404	8,791	9,195
Gains													–	–	–	–
Total Revenue (excluding capital transfers and contribution		**112,976**	**18,132**	**23,543**	**17,096**	**18,957**	**69,838**	**14,640**	**15,610**	**76,438**	**15,145**	**23,367**	**26,249**	**431,992**	**459,542**	**499,182**
Expenditure By Type																
Employee related costs		15,098	12,646	11,848	12,595	15,350	12,848	11,026	11,103	12,848	12,026	13,103	15,762	156,254	163,448	170,973
Remuneration of councillors		905	905	905	905	905	905	905	905	905	905	905	501	10,456	10,937	11,441
Debt impairment		2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,549	25,678	26,859
Depreciation & asset impairment		3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	42,959	44,936	47,003
Finance charges		342	379	236	322	205	930	171	204	236	322	930	1,789	6,065	6,344	6,636
Bulk purchases		10,824	11,717	9,327	10,099	10,720	10,955	8,877	10,116	9,955	9,877	11,116	4,294	117,876	123,298	128,970
Other materials		2,097	483	650	1,794	620	905	1,078	329	905	1,078	329	12,125	22,393	23,423	24,500
Contracted services		8,059	1,248	4,793	5,252	1,713	2,434	4,232	1,527	2,434	4,232	1,527	7,224	44,674	46,791	60,043
Transfers and subsidies		0	2	1	7	–	2	1	2	2	7	7	32	63	66	69
Other expenditure		8,001	3,498	6,031	4,571	3,537	4,560	4,185	2,524	4,560	4,185	2,524	5,106	53,282	55,733	58,297
Losses													–	–	–	–
Total Expenditure		**50,951**	**36,501**	**39,418**	**41,171**	**38,676**	**39,164**	**36,101**	**32,336**	**37,470**	**38,258**	**36,068**	**52,459**	**478,571**	**500,654**	**534,791**
Surplus/(Deficit)		**62,025**	**(18,368)**	**(15,874)**	**(24,075)**	**(19,719)**	**30,674**	**(21,460)**	**(16,726)**	**38,968**	**(23,113)**	**(12,700)**	**(26,210)**	**(46,579)**	**(41,112)**	**(35,608)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		8,034	19,302	14,466	15,691	12,601	7,098	10,462	7,948	9,262	4,948	2,583	16,944	129,339	114,449	106,690
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**70,060**	**933**	**(1,408)**	**(8,384)**	**(7,118)**	**37,772**	**(10,998)**	**(8,779)**	**48,230**	**(18,165)**	**(10,118)**	**(9,265)**	**82,760**	**73,337**	**71,081**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**70,060**	**933**	**(1,408)**	**(8,384)**	**(7,118)**	**37,772**	**(10,998)**	**(8,779)**	**48,230**	**(18,165)**	**(10,118)**	**(9,265)**	**82,760**	**73,337**	**71,081**

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC452 Ga-Segonyana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote																
Vote 1 - Vote 1 : Executive & Council		583	583	583	583	583	583	583	583	583	583	583	583	6,991	7,313	7,649
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	77,329	80,948	84,625
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		1,248	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,134	14,974	3,758	12,460
Vote 4 - Vote 4 : SPORTS & RECREATION		957	957	957	957	957	957	957	957	957	957	957	957	11,489	9,056	12,682
Vote 5 - Vote 5 : PUBLIC SAFETY		1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	22,941	24,823	9,229
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	16,661	16,055	16,656
Vote 7 - Vote 7 : ROAD TRANSPORT		1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	16,916	33,518	29,800
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		43	43	43	43	43	43	43	43	43	43	43	43	516	539	564
Vote 9 - Vote 9 : ENERGY SOURCES		17,641	17,933	17,933	17,933	17,933	17,933	17,933	17,933	17,933	17,933	17,933	14,731	211,698	200,149	207,482
Vote 10 - Vote 10 : WATER MANAGEMENT		8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	107,145	119,725	131,978
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	34,523	36,111	48,819
Vote 12 - Vote 12 : WASTE MANAGEMENT		3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	40,109	41,954	43,884
Vote 13 - Vote 13 : Other		3	3	3	3	3	3	3	3	3	3	3	3	40	42	44
Vote 14 - NULL													–	–	–	–
Vote 15 - NULL													–	–	–	–
Total Revenue by Vote		**46,778**	**47,080**	**47,080**	**47,080**	**47,080**	**47,080**	**47,080**	**47,080**	**47,080**	**47,080**	**47,080**	**43,754**	**561,331**	**573,991**	**605,872**
Expenditure by Vote to be appropriated																
Vote 1 - Vote 1 : Executive & Council		1,465	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	2,231	17,583	18,392	19,238
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		16,043	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,229	192,521	201,439	210,758
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		946	952	952	952	952	952	952	952	952	952	952	891	11,352	11,881	12,434
Vote 4 - Vote 4 : SPORTS & RECREATION		942	946	946	946	946	946	946	946	946	946	946	896	11,299	11,819	12,363
Vote 5 - Vote 5 : PUBLIC SAFETY		1,663	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,622	19,953	20,870	21,830
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		1,905	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,870	22,860	23,911	25,011
Vote 7 - Vote 7 : ROAD TRANSPORT		827	827	827	827	827	827	827	827	827	827	827	827	9,925	10,382	10,859
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		19	19	19	19	19	19	19	19	19	19	19	19	224	235	245
Vote 9 - Vote 9 : ENERGY SOURCES		9,865	10,282	10,282	10,282	10,282	10,282	10,282	10,282	10,282	10,282	10,282	5,694	118,381	123,827	129,523
Vote 10 - Vote 10 : WATER MANAGEMENT		3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	40,975	42,860	44,832
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	12,346	12,914	24,555
Vote 12 - Vote 12 : WASTE MANAGEMENT		1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	21,120	22,091	23,108
Vote 13 - Vote 13 : Other		3	3	3	3	3	3	3	3	3	3	3	3	31	33	34
Vote 14 - NULL		–											–	–	–	–
Vote 15 - NULL		–											–	–	–	–
Total Expenditure by Vote		**39,881**	**40,221**	**40,221**	**40,221**	**40,221**	**40,221**	**40,221**	**40,221**	**40,221**	**40,221**	**40,221**	**36,484**	**478,571**	**500,654**	**534,791**
Surplus/(Deficit) before assoc.		**6,897**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**7,270**	**82,760**	**73,337**	**71,081**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**6,897**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**6,859**	**7,270**	**82,760**	**73,337**	**71,081**

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC452 Ga-Segonyana - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional																
Governance and administration		7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027	84,320	88,261	92,274
Executive and council		583	583	583	583	583	583	583	583	583	583	583	583	6,991	7,313	7,649
Finance and administration		6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	77,329	80,948	84,625
Internal audit													–	–	–	–
Community and public safety		4,117	4,128	4,128	4,128	4,128	4,128	4,128	4,128	4,128	4,128	4,128	4,004	49,403	37,637	34,371
Community and social services		1,248	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,134	14,974	3,758	12,460
Sport and recreation		957	957	957	957	957	957	957	957	957	957	957	957	11,489	9,056	12,682
Public safety		1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	1,912	22,941	24,823	9,229
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		2,841	2,841	2,841	2,841	2,841	2,841	2,841	2,841	2,841	2,841	2,841	2,841	34,092	50,112	47,020
Planning and development		1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	16,661	16,055	16,656
Road transport		1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	16,916	33,518	29,800
Environmental protection		43	43	43	43	43	43	43	43	43	43	43	43	516	539	564
Trading services		32,790	33,081	33,081	33,081	33,081	33,081	33,081	33,081	33,081	33,081	33,081	29,880	393,475	397,939	432,164
Energy sources		17,641	17,933	17,933	17,933	17,933	17,933	17,933	17,933	17,933	17,933	17,933	14,731	211,698	200,149	207,482
Water management		8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	107,145	119,725	131,978
Waste water management		2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	34,523	36,111	48,819
Waste management		3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	3,342	40,109	41,954	43,884
Other		3	3	3	3	3	3	3	3	3	3	3	3	40	42	44
Total Revenue - Functional		46,778	47,080	47,080	47,080	47,080	47,080	47,080	47,080	47,080	47,080	47,080	43,754	561,331	573,991	605,872
Expenditure - Functional																
Governance and administration		17,509	17,414	17,414	17,414	17,414	17,414	17,414	17,414	17,414	17,414	17,414	18,460	210,104	219,831	229,996
Executive and council		1,465	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	2,231	17,583	18,392	19,238
Finance and administration		16,043	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,025	16,229	192,521	201,439	210,758
Internal audit													–	–	–	–
Community and public safety		3,550	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,408	42,604	44,571	46,628
Community and social services		946	952	952	952	952	952	952	952	952	952	952	891	11,352	11,881	12,434
Sport and recreation		942	946	946	946	946	946	946	946	946	946	946	896	11,299	11,819	12,363
Public safety		1,663	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,622	19,953	20,870	21,830
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		2,751	2,754	2,754	2,754	2,754	2,754	2,754	2,754	2,754	2,754	2,754	2,716	33,009	34,528	36,116
Planning and development		1,905	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,870	22,860	23,911	25,011
Road transport		827	827	827	827	827	827	827	827	827	827	827	827	9,925	10,382	10,859
Environmental protection		19	19	19	19	19	19	19	19	19	19	19	19	224	235	245
Trading services		16,069	16,486	16,486	16,486	16,486	16,486	16,486	16,486	16,486	16,486	16,486	11,897	192,822	201,692	222,017
Energy sources		9,865	10,282	10,282	10,282	10,282	10,282	10,282	10,282	10,282	10,282	10,282	5,694	118,381	123,827	129,523
Water management		3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	40,975	42,860	44,832
Waste water management		1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	12,346	12,914	24,555
Waste management		1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	21,120	22,091	23,108
Other		3	3	3	3	3	3	3	3	3	3	3	3	31	33	34
Total Expenditure - Functional		39,881	40,221	40,221	40,221	40,221	40,221	40,221	40,221	40,221	40,221	40,221	36,484	478,571	500,654	534,791
Surplus/(Deficit) before assoc.		6,897	6,859	6,859	6,859	6,859	6,859	6,859	6,859	6,859	6,859	6,859	7,270	82,760	73,337	71,081
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	6,897	6,859	6,859	6,859	6,859	6,859	6,859	6,859	6,859	6,859	6,859	7,270	82,760	73,337	71,081

References

1. Surplus (Deficit) must reconcile with Budeted Financial Performance

NC452 Ga-Segonyana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Multi-year expenditure *to be appropriated*	1															
Vote 1 - Vote 1 : Executive & Council													–	–	–	–
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION													–	–	–	–
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES													–	–	–	–
Vote 4 - Vote 4 : SPORTS & RECREATION													–	–	–	–
Vote 5 - Vote 5 : PUBLIC SAFETY													–	–	–	–
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT													–	–	–	–
Vote 7 - Vote 7 : ROAD TRANSPORT													–	–	–	–
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION													–	–	–	–
Vote 9 - Vote 9 : ENERGY SOURCES													–	–	–	–
Vote 10 - Vote 10 : WATER MANAGEMENT													–	–	–	–
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT													–	–	–	–
Vote 12 - Vote 12 : WASTE MANAGEMENT													–	–	–	–
Vote 13 - Vote 13 : Other													–	–	–	–
Vote 14 - NULL													–	–	–	–
Vote 15 - NULL													–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*																
Vote 1 - Vote 1 : Executive & Council													–	–	–	–
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION					287		150		125				588	1,150	–	–
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES			1,500		2,000	2,200		1,000		2,500			2,187	11,387	–	8,524
Vote 4 - Vote 4 : SPORTS & RECREATION			540	1,541	264	1,250	350	1,200	1,200	500	1,200	800	0	8,845	6,291	9,789
Vote 5 - Vote 5 : PUBLIC SAFETY			725			3,626	1,451	1,451	3,626				3,626	14,506	16,000	–
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT													300	300	–	–
Vote 7 - Vote 7 : ROAD TRANSPORT			1,724	1,244	272	2,724	1,244	1,724	1,244	1,724	1,244	1,244	1,230	15,616	32,158	28,378
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION													–	–	–	–
Vote 9 - Vote 9 : ENERGY SOURCES		7,034	9,034	6,142	3,651	889	6,142		6,592				–	39,485	15,000	10,000
Vote 10 - Vote 10 : WATER MANAGEMENT			3,504	2,539	2,504	5,539	5,504	6,539	5,504	4,539	2,504	539	987	40,200	45,000	50,000
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT													–	–	–	–
Vote 12 - Vote 12 : WASTE MANAGEMENT													–	–	–	–
Vote 13 - Vote 13 : Other													–	–	–	–
Vote 14 - NULL													–	–	–	–
Vote 15 - NULL													–	–	–	–
Capital single-year expenditure sub-total	2	**7,034**	**17,027**	**11,466**	**8,978**	**16,228**	**14,840**	**11,913**	**18,291**	**9,262**	**4,948**	**2,583**	**8,919**	**131,489**	**114,449**	**106,691**
Total Capital Expenditure	2	**7,034**	**17,027**	**11,466**	**8,978**	**16,228**	**14,840**	**11,913**	**18,291**	**9,262**	**4,948**	**2,583**	**8,919**	**131,489**	**114,449**	**106,691**

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

NC452 Ga-Segonyana - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1															
Governance and administration		–	–	–	287	–	150	–	125	–	–	–	588	1,150	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		–	–	–	287	–	150	–	125	–	–	–	588	1,150	–	–
Internal audit													–	–	–	–
Community and public safety		–	2,765	1,541	2,264	7,076	1,801	3,651	4,826	3,000	1,200	800	5,814	34,738	22,291	18,313
Community and social services		–	1,500	–	2,000	2,200	–	1,000	–	2,500	–	–	2,187	11,387	–	8,524
Sport and recreation		–	540	1,541	264	1,250	350	1,200	1,200	500	1,200	800	0	8,845	6,291	9,789
Public safety		–	725	–	–	3,626	1,451	1,451	3,626	–	–	–	3,626	14,506	16,000	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		–	1,724	1,244	272	2,724	1,244	1,724	1,244	1,724	1,244	1,244	1,530	15,916	32,158	28,378
Planning and development		–	–	–	–	–	–	–	–	–	–	–	300	300	–	–
Road transport		–	1,724	1,244	272	2,724	1,244	1,724	1,244	1,724	1,244	1,244	1,230	15,616	32,158	28,378
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		7,034	12,538	8,681	6,155	6,428	11,646	6,539	12,095	4,539	2,504	539	987	79,685	60,000	60,000
Energy sources		7,034	9,034	6,142	3,651	889	6,142	–	6,592	–	–	–	–	39,485	15,000	10,000
Water management		–	3,504	2,539	2,504	5,539	5,504	6,539	5,504	4,539	2,504	539	987	40,200	45,000	50,000
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other													–	–	–	–
Total Capital Expenditure - Functional	2	7,034	17,027	11,466	8,978	16,228	14,840	11,913	18,291	9,262	4,948	2,583	8,919	131,489	114,449	106,691
Funded by:																
National Government		8,034	19,302	14,466	15,691	12,601	7,098	10,462	7,948	9,262	4,948	2,583	16,944	129,339	114,449	106,691
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers recognised - capital		8,034	19,302	14,466	15,691	12,601	7,098	10,462	7,948	9,262	4,948	2,583	16,944	129,339	114,449	106,691
Borrowing													–	–	–	–
Internally generated funds													2,150	2,150	–	–
Total Capital Funding		8,034	19,302	14,466	15,691	12,601	7,098	10,462	7,948	9,262	4,948	2,583	19,094	131,489	114,449	106,691

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

check

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source													1		
Property rates	822	6,689	6,376	2,647	2,590	3,238	2,491	2,873	3,372	3,372	3,372	7,026	44,868	46,932	49,091
Service charges - electricity revenue	12,194	7,002	8,871	3,827	7,551	6,697	7,758	8,987	9,808	10,871	11,194	13,883	108,641	113,639	118,866
Service charges - water revenue	1,507	1,590	1,863	1,862	1,956	2,406	1,871	2,187	1,985	2,187	2,187	2,830	24,430	25,554	26,730
Service charges - sanitation revenue	930	924	930	924	930	924	930	924	881	930	924	1,117	11,271	11,789	12,332
Service charges - refuse revenue	633	631	633	631	633	631	633	631	633	631	633	2,487	9,441	9,875	10,330
Rental of facilities and equipment	116	102	215	229	120	105	106	283	119	120	283	292	2,091	2,187	2,288
Interest earned - external investments	207	430	339	234	140	329	315	360	234	315	360	95	3,357	3,511	3,673
Interest earned - outstanding debtors	515	480	688	709	736	757	748	635	662	635	480	297	7,343	7,681	8,034
Dividends received	–	–	–	–	–	–	–	–	–			–	–	–	–
Fines, penalties and forfeits	108	67	63	47	39	69	25	17	208	25	17	2,468	3,155	3,300	3,452
Licences and permits	187	337	263	250	313	206	285	210	241	285	210	532	3,317	3,470	3,630
Agency services	–	–	–	–	–	–	–	–	–			–	–	–	–
Transfers and Subsidies - Operational	66,553	2,999	811	–	574	53,242	–	318	40,742			18,363	183,601	199,725	227,414
Other revenue	208	490	372	844	94	81	95	426	169	372	844	4,410	8,404	8,791	9,195
Cash Receipts by Source	**83,982**	**21,742**	**21,423**	**12,203**	**15,676**	**68,685**	**15,256**	**17,852**	**59,053**	**19,742**	**20,504**	**53,800**	**409,919**	**436,454**	**475,033**
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	48,294	19,000	–	–	45,060	–	16,985					–	129,339	114,449	106,690
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)															
Proceeds on Disposal of Fixed and Intangible Assets												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (increase) in non-current receivables		3,800	–	4,567	–	–	3,336	3,548		4,150		–	19,401	17,167	16,003
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	**132,276**	**44,542**	**21,423**	**16,770**	**60,736**	**68,685**	**35,578**	**21,400**	**59,053**	**23,892**	**20,504**	**53,800**	**558,659**	**568,070**	**597,726**
Cash Payments by Type															
Employee related costs	15,098	12,646	11,848	12,595	15,350	12,848	11,026	11,103	12,848	12,026	13,103	15,762	156,254	163,448	170,973
Remuneration of councillors	875	875	875	875	875	875	875	875	875	875	875	831	10,456	10,937	11,441
Finance charges	342	379	236	322	205	930	171	204	236	322	930	1,789	6,065	6,344	6,636
Bulk purchases - Electricity	8,639	9,532	7,142	7,914	8,535	8,770	6,692	7,931	7,770	7,692	8,931	2,104	91,651	95,867	100,277
Bulk purchases - Water & Sewer	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,190	26,225	27,431	28,693
Other materials	2,097	483	650	1,794	620	905	1,078	329	905	1,078	329	12,125	22,393	23,423	24,500
Contracted services	8,059	1,248	4,793	5,252	1,713	2,434	4,232	1,527	2,434	4,232	1,527	7,224	44,674	46,791	60,043
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–				–			
Transfers and grants - other	0	2	1	7	–	2	1	2	2	7	7	32	63	66	69
Other expenditure	8,001	3,498	6,031	4,571	3,537	4,560	4,185	2,524	4,560	4,185	2,524	5,106	53,282	55,733	58,297
Cash Payments by Type	**45,295**	**30,845**	**33,762**	**35,515**	**33,020**	**33,508**	**30,445**	**26,680**	**31,814**	**32,602**	**30,412**	**47,163**	**411,063**	**430,041**	**460,929**
Other Cash Flows/Payments by Type															
Capital assets	13,840	24,043	10,163	19,434	20,340	9,659	4,074	10,798	4,074	4,074	4,074	6,918	131,489	114,449	106,690
Repayment of borrowing	1,481	17	17	17	17	863	17	18	17	18	19	999	3,500	3,000	2,500
Other Cash Flows/Payments												–			
Total Cash Payments by Type	**60,616**	**54,905**	**43,943**	**54,966**	**53,377**	**44,030**	**34,536**	**37,496**	**35,905**	**36,694**	**34,504**	**55,080**	**546,052**	**547,490**	**570,119**
NET INCREASE/(DECREASE) IN CASH HELD	**71,660**	**(10,363)**	**(22,520)**	**(38,196)**	**7,359**	**24,655**	**1,042**	**(16,096)**	**23,148**	**(12,801)**	**(14,000)**	**(1,280)**	**12,607**	**20,581**	**27,607**
Cash/cash equivalents at the month/year begin:	18,000	89,660	79,297	56,777	18,581	25,940	50,594	51,636	35,540	58,688	45,887	31,887	18,000	30,607	51,188
Cash/cash equivalents at the month/year end:	89,660	79,297	56,777	18,581	25,940	50,594	51,636	35,540	58,688	45,887	31,887	30,607	30,607	51,188	78,795

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTREF it is now directly linked to A7.

NC452 Ga-Segonyana - NOT REQUIRED - municipality does not have entities

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R million		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates										
Service charges										
Investment revenue										
Transfers recognised - operational										
Other own revenue										
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfe										
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	–	–	–
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment										
Finance charges										
Materials and bulk purchases										
Transfers and grants										
Other expenditure										
Total Expenditure		–	–	–	–	–	–	–	–	–
Surplus/(Deficit)		–	–	–	–	–	–	–	–	–
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - operational										
Borrowing										
Internally generated funds										
Total sources		–	–	–	–	–	–	–	–	–
Financial position										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										

NC452 Ga-Segonyana - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
MK SECURITY PROTECTION PTY (LTD)	Yrs	3	SECURITY SERVICES	31 December 2021	20,877
CGICELL PTY (LTD)	Yrs	3	VENDING ELECTRICITY SYSTEM	31 March 2021	6% of Prepaid Sales
MAXPROF	Yrs	3	VAT CONSULTANCY	30 January 2022	15% of Vat Refund
ITECH COMMUNICATION	Yrs	5	Maintain the system and telephone network	30 September 2021	3,072
	Yrs	3			

References

1. Total agreement period from commencement until end

2. Annual value

NC452 Ga-Segonyana - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework			Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Parent Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Entities:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Entity Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column

2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33)

3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

NC452 Ga-Segonyana - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		**108,385**	**59,512**	**27,756**	**39,560**	**51,248**	**–**	**41,825**	**56,733**	**60,000**
Roads Infrastructure		29,438	23,305	–	–	–	–	–	–	–
Roads		29,438	23,305							
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		1,181	5,818	27,756	39,560	51,248	–	38,985	15,000	10,000
Power Plants						2,500				
HV Substations		1,181	5,818	27,756	39,560	48,748		38,985	15,000	10,000
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		77,766	30,390	–	–	–	–	2,840	41,733	50,000
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		77,766	30,390					2,840	41,733	50,000
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets		-	-	7,939	1,898	1,156	-	34,738	22,291	8,524
Community Facilities		-	-	7,939	1,898	1,156	-	25,893	16,000	8,524
Halls				7,939	1,898	1,156		11,387		8,524
Centres										
Creches										
Clinics/Care Centres										
Fire/Ambulance Stations								14,506	16,000	
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares					-					
Sport and Recreation Facilities		-	-	-	-	-	-	8,845	6,291	-
Indoor Facilities										
Outdoor Facilities								8,845	6,291	
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	19,800	-	-	-	-	-	-
Revenue Generating		-	-	19,800	-	-	-	-	-	-
Improved Property				19,800						
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		578	5,931	9,955	1,800	1,202	-	500	-	-
Operational Buildings		578	5,931	9,955	1,800	1,202	-	500	-	-
Municipal Offices		578	5,931	9,955						
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares					1,800	1,202		500		
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		400	135	74	100	250	-	100	-	-
Servitudes										
Licences and Rights		400	135	74	100	250	-	100	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		400	135	74	100	250		100		
Load Settlement Software Applications										
Unspecified										
Computer Equipment		-	-	-	450	450	-	250	-	-
Computer Equipment					450	450		250		
Furniture and Office Equipment		3,234	1,716	958	1,704	1,320	-	1,100	-	-
Furniture and Office Equipment		3,234	1,716	958	1,704	1,320		1,100		
Machinery and Equipment		99	298	49	1,000	1,175	-	200	-	-
Machinery and Equipment		99	298	49	1,000	1,175		200		
Transport Assets		-	11,693	353	-	5,807	-	-	-	-
Transport Assets		-	11,693	353		5,807				
Land		-	-	-	-	-	-	-	-	-
Land										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	112,696	79,285	66,883	46,512	62,608	-	78,713	79,024	68,524

References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital e:

check balance	-	24,496,439	47,584,576	-	-2	-	1	2	-

NC452 Ga-Segonyana - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	3,300	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	3,300	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations								3,300		
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										

Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		-	-	-	-	324	-	-	-	-
Operational Buildings		-	-	-	-	324	-	-	-	-
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares						324				
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Land		-	-	-	-	-	-	-	-	-
Land										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	324	-	3,300	-	-
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*0.0%*	*2.5%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.8%*	*0.0%*	*7.7%*	*0.0%*	*0.0%*
check balance		-	24,496,439	47,584,576	-	-2	-	1	2	-

References

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital

NC452 Ga-Segonyana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		13,569	9,255	2,300	4,860	7,385	–	10,052	10,515	10,999
Roads Infrastructure		2,476	1,476	750	2,200	2,200	–	2,500	2,615	2,735
Roads		2,476	1,476	750	2,200	2,200		2,500	2,615	2,735
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		4,276	2,776	570	2,660	5,185	–	7,552	7,900	8,263
Power Plants										
HV Substations		3,623	2,123	570	50	50		52	55	57
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks					2,500	3,125		5,000	5,230	5,471
LV Networks					110	2,010		2,500	2,615	2,735
Capital Spares		653	653							
Water Supply Infrastructure		4,227	2,413	620	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		4,227	2,413	620					–	–
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		2,589	2,589	360	–	–	–	–	–	–
Pump Station		2,589	2,589	360					–	–
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	361	–	–	–	–	–	–
Community Facilities		–	–	111	–	–	–	–	–	–
Halls				111						
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										

Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	250	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities				250						
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		-	-	-	780	785	-	1,092	1,142	1,194
Operational Buildings		-	-	-	780	785	-	1,092	1,142	1,194
Municipal Offices					780	785		1,092	1,142	1,194
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		251	251	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		251	251	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		251	251							
Load Settlement Software Applications										
Unspecified										
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment		76	1	-	50	45	-	5,831	6,099	6,380
Furniture and Office Equipment		76	1		50	45		5,831	6,099	6,380
Machinery and Equipment		4,801	4,645	-	1,770	1,735	-	2,045	2,139	2,238
Machinery and Equipment		4,801	4,645		1,770	1,735		2,045	2,139	2,238
Transport Assets		-	-	-	2,200	908	-	1,200	1,255	1,313
Transport Assets					2,200	908		1,200	1,255	1,313
Land		-	-	-	-	-	-	-	-	-
Land										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	18,697	14,152	2,661	9,660	10,858	-	20,220	21,151	22,123
R&M as a % of PPE		*1.5%*	*1.1%*	*0.2%*	*0.7%*	*0.7%*	*0.0%*	*0.0%*	*1.5%*	*1.4%*
R&M as % Operating Expenditure		*4.7%*	*3.6%*	*0.5%*	*2.3%*	*2.5%*	*0.0%*	*0.0%*	*4.4%*	*4.4%*

References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1

check balance		-	-	-	-	1,105	-	-	(0)	-

NC452 Ga-Segonyana - Supporting Table SA34d Depreciation by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Depreciation by Asset Class/Sub-class										
Infrastructure		55,711	51,978	60,030	33,798	33,798	–	35,454	37,085	38,791
Roads Infrastructure		20,912	18,227	20,987	17,000	17,000	–	17,833	18,653	19,511
Roads		20,912	18,227	20,987	17,000	17,000		17,833	18,653	19,511
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	1,166	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance		–	1,166						–	–
Attenuation										
Electrical Infrastructure		5,302	6,884	7,534	2,398	2,398	–	2,516	2,631	2,752
Power Plants										
HV Substations		5,302	6,884	7,534	2,398	2,398		2,516	2,631	2,752
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		28,701	24,141	29,056	9,500	9,500	–	9,966	10,424	10,903
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		28,701	24,141	29,056	9,500	9,500		9,966	10,424	10,903
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		441	1,147	441	3,600	3,600	–	3,776	3,950	4,132
Pump Station										
Reticulation		441	1,147	441	3,600	3,600		3,776	3,950	4,132
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		354	413	2,011	1,300	1,300	–	1,364	1,426	1,492
Landfill Sites		354	413	354					–	–
Waste Transfer Stations										
Waste Processing Facilities				1,657	1,300	1,300		1,364	1,426	1,492
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		3,984	667	878	350	350	–	367	384	402
Community Facilities		3,984	667	878	350	350	–	367	384	402
Halls		2,186	486	112					–	–
Centres		–	–						–	–
Crèches		–	–						–	–
Clinics/Care Centres		–	–						–	–
Fire/Ambulance Stations		1,798	181	181					–	–
Testing Stations										
Museums										
Galleries										

Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares				585	350	350		367	384	402
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		-	-	3,151	2,000	2,000	-	2,098	2,195	2,295
Operational Buildings		-	-	3,151	2,000	2,000	-	2,098	2,195	2,295
Municipal Offices				3,151	2,000	2,000		2,098	2,195	2,295
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		69	45	320	320	320	-	336	351	367
Computer Equipment		69	45	320	320	320		336	351	367
Furniture and Office Equipment		1,301	925	1,264	1,436	1,436	-	1,506	1,575	1,648
Furniture and Office Equipment		1,301	925	1,264	1,436	1,436		1,506	1,575	1,648
Machinery and Equipment		3,853	1,241	1,222	288	288	-	302	316	331
Machinery and Equipment		3,853	1,241	1,222	288	288		302	316	331
Transport Assets		7,138	2,325	2,245	2,761	2,761	-	2,896	3,029	3,169
Transport Assets		7,138	2,325	2,245	2,761	2,761		2,896	3,029	3,169
Land		-	-	-	-	-	-	-	-	-
Land										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	72,056	57,180	69,110	40,953	40,953	-	42,959	44,936	47,003

References

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.

	Check	-	-	586	(0)	(0)	-	-	-	-

NC452 Ga-Segonyana - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	80,484	126,941	144,289	–	49,476	35,425	28,378
Roads Infrastructure		–	–	19,745	31,941	34,289	–	15,616	32,158	28,378
Roads				19,745	31,941	34,289		15,616	32,158	28,378
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	35,516	93,474	105,831	–	33,860	3,267	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution				35,516	93,474	105,831		33,860	3,267	
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	25,222	1,526	4,169	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works				25,222	1,526	4,169				
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	3,264	7,545	7,638	–	–	–	9,789
Community Facilities		–	–	–	–	–	–	–	–	–
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										

Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	3,264	7,545	7,638	-	-	-	9,789
Indoor Facilities										
Outdoor Facilities				3,264	7,545	7,638				9,789
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Land		-	-	-	-	-	-	-	-	-
Land										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on upgrading of existing assets	1	-	-	83,748	134,486	151,926	-	49,476	35,425	38,167
Upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*55.6%*	*74.3%*	*70.7%*	*0.0%*	*37.6%*	*31.0%*	*35.8%*
Upgrading of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*121.2%*	*328.4%*	*371.0%*	*0.0%*	*115.2%*	*78.8%*	*81.2%*

References

1. Total Capital Expenditure on upgrading of existing assets (SA34e) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expend

	check balance	-	24,496,439	47,584,576	-	-2	-	1	2	-

NC452 Ga-Segonyana - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2020/21 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Present value
Capital expenditure	1							
Vote 1 - Vote 1 : Executive & Council		–	–	–				
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		1,150	–	–				
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		11,387	–	8,524				
Vote 4 - Vote 4 : SPORTS & RECREATION		8,845	6,291	9,789				
Vote 5 - Vote 5 : PUBLIC SAFETY		14,506	16,000	–				
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		300	–	–				
Vote 7 - Vote 7 : ROAD TRANSPORT		15,616	32,158	28,378				
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		–	–	–				
Vote 9 - Vote 9 : ENERGY SOURCES		39,485	15,000	10,000				
Vote 10 - Vote 10 : WATER MANAGEMENT		40,200	45,000	50,000				
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		–	–	–				
Vote 12 - Vote 12 : WASTE MANAGEMENT		–	–	–				
Vote 13 - Vote 13 : Other		–	–	–				
Vote 14 - NULL		–	–	–				
Vote 15 - NULL		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		**131,489**	**114,449**	**106,691**	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Vote 1 : Executive & Council		17,583	18,392	19,238				
Vote 2 - Vote 2 : FINANCE AND ADMINISTRATION		192,521	201,439	210,758				
Vote 3 - Vote 3 : COMMUNITY AND SOCIAL SERVICES		11,352	11,881	12,434				
Vote 4 - Vote 4 : SPORTS & RECREATION		11,299	11,819	12,363				
Vote 5 - Vote 5 : PUBLIC SAFETY		19,953	20,870	21,830				
Vote 6 - Vote 6 : PLANNING AND DEVELOPMENT		22,860	23,911	25,011				
Vote 7 - Vote 7 : ROAD TRANSPORT		9,925	10,382	10,859				
Vote 8 - Vote 8 : ENVIRONMENTAL PROTECTION		224	235	245				
Vote 9 - Vote 9 : ENERGY SOURCES		118,381	123,827	129,523				
Vote 10 - Vote 10 : WATER MANAGEMENT		40,975	42,860	44,832				
Vote 11 - Vote 11 : WASTE WATER MANAGEMENT		12,346	12,914	24,555				
Vote 12 - Vote 12 : WASTE MANAGEMENT		21,120	22,091	23,108				
Vote 13 - Vote 13 : Other		31	33	34				
Vote 14 - NULL								
Vote 15 - NULL								
List entity summary if applicable								
Total future operational costs		478,571	500,654	534,791	–	–	–	–
Future revenue by source	3							
Property rates		49,853	52,147	54,545				
Service charges - electricity revenue		120,712	126,265	132,073				
Service charges - water revenue		27,145	28,394	29,700				
Service charges - sanitation revenue		12,523	13,099	13,702				
Service charges - refuse revenue		10,490	10,973	11,477				
Rental of facilities and equipment		2,091	2,187	2,288				
Interest earned - external investments		3,357	3,511	3,673				
Interest earned - outstanding debtors		7,343	7,681	8,034				
Dividends received		–	–	–				
Fines, penalties and forfeits		3,155	3,300	3,452				
Licences and permits		3,317	3,470	3,630				
Agency services		–	–	–				
Transfers and subsidies		183,601	199,725	227,414				
Other revenue		8,404	8,791	9,195				
Gains								
Total future revenue		431,992	459,542	499,182	–	–	–	–
Net Financial Implications		**178,068**	**155,561**	**142,299**	–	–	–	–

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))

2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))

3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

NC452 Ga-Segonyana - Supporting Table SA36 Detailed capital budget

R thousand													2020/21 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:																
List all capital projects grouped by Function																
ROADS	Gravel Road Gamopedi		New				*Water Supply Infrastructure*							3,868		
	upgrade roads magojaneng ward 5		New				*Water Supply Infrastructure*							–	14,168	6,520
	Road in Batharos (Nanana Section)		New				*Water Supply Infrastructure*							–	17,990	11,115
	Gravel Road to Kagung		New				*Water Supply Infrastructure*							11,747		10,743
COMMUNITY HALL AND FACILITIES: COMMUNITY HALLS	Batharos Comm Hall		New				*Water Supply Infrastructure*							11,387		
	Construction community hall ditshoswaneng ward 4		New				*Water Supply Infrastructure*							–		8,524
Sports Grounds and Stadiums: Sports Grounds	Upgrading of Wrenchville Stadium		New				*Water Supply Infrastructure*							8,845	6,291	
	Upgrading of Sports Facilities in Maruping		New				*Water Supply Infrastructure*							–		9,789
Fire Fighting and Protection: Fire Brigade	construction kuruman firestation & disaster center ward 1		New				*Water Supply Infrastructure*							14,506	16,000	
Water Distribution: Water	MAGOJANENG WATER		New				*Water Supply Infrastructure*							–	898	
	Kagung Wes derby Water		New				*Water Supply Infrastructure*							834		
	Pietbos Water		Upgrading				*Roads Infrastructure*							2,624		
	Mapoteng Source Development		Upgrading				*Roads Infrastructure*							–	549	
	WSOS													16,128	630	
	Maruping Batharos Water Phase 3													13,503	1,189	
	Provision of Water in Promise Land,Thuli Madonsela and Obama													2,840	1,901	2,006
	Gamopedi Buk water													–	14,308	27,753
	Barnard Avenue Pump Station													3,300		
	Kuruman / Wrenchville Water													772		
	Magojaneng Tswelelopele Water													–	10,540	8,915
	New Mokalamosesane Water													–	14,984	
	Bankhara Bodulong Water Supply (450 sites)													–		11,325
Electricity:Electricity	Electrification		Upgrading				*Roads Infrastructure*							40,751	15,000	10,000
Asset Management: Asset Management Admin	Municipal Laptops		Upgrading				*Roads Infrastructure*							250		
Information Technology: Information Technology	Softwares		New				*Community Facilities*							100		
Electricity: Electricity	Mini Transformer		New				*Community Facilities*							500		
Water Distribution: Water	Technical Machinery		Upgrading				*Sport and Recreation Facilities*							200		
Finance: Finance	Finance Office Equipment		New				*Electrical Infrastructure*							100		
Administrative and Corporate Support: Community Ser	Community Service Office Equipment		New				*Roads Infrastructure*							600		
Economic Development/Planning: Technical Admin	Technical Dept Furniture													300		
Administrative and Corporate Support: Office of Corpo	Corporate Office equipment													100		
Parent Capital expenditure												–	–	**133,255**	**114,449**	**106,691**
Entities:																
List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure												–	–	–	–	–
Total Capital expenditure												–	–	**133,255**	**114,449**	**106,691**

References

Must reconcile with Budgeted Capital Expenditure

Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by Function

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure

Distinguish projects approved in terms of MFMA section 19(1)(b) and MRRR Regulation 13

Project Number consists of MSCOA Project Longcode and seq No (sample PC001002006002_00002)

check 150,631 – (1,766) 0 –

NC452 Ga-Segonyana - Supporting Table SA37 Projects delayed from previous financial year/s

R thousand												Previous target year to complete	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
Function	Project name	Project number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude		Original Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality:																	
List all capital projects grouped by Function																	
Water	Pietbos Water												15,000				
Entities:																	
List all capital projects grouped by Entity																	
Entity Name																	
Project name																	

References

List all projects with planned completion dates in current year that have been re-budgeted in the MTREF

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

NC452 Ga-Segonyana - Supporting Table SA38 Consolidated detailed operational projects

R thousand Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Prior year outcomes Audited Outcome 2018/19	Prior year outcomes Current Year 2019/20 Full Year Forecast	2020/21 Medium Te Budget Year 2020/21
Parent municipality:														
List all operational projects grouped by Function														
	Default Transactions													-553,656,164.42
	Operational Maintenance Non- Infrastructure													4,357,955.00
	Operational Maintenance Infrastructure													10,052,450.00
	Operational Municipal Running Cost													456,883,552.33
	Operational Typical Work Streams													-2,226,248.23
Parent Operational expenditure												–	–	(84,588)
Entities:														
List all Operational projects grouped by Entity														
Entity A														
Water project A														
Entity B														
Electricity project B														
Entity Operational expenditure												–	–	–
Total Operational expenditure												–	–	(84,588)

References

Must reconcile with Budgeted Operating Expenditure

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

Project Number consists of MSCOA Project Longcode and seq No (sample PO001001002001002001002_00066)

check 502,354 – 563,160

ANNEXURE A

GA-SEGONYANA LOCAL MUNICIPALITY

INDIGENT SUPPORT POLICY

MUNICIPAL INDIGENT SUPPORT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

For adoption with the tabled Budget: 2020/21 MTREF

Date: ....30/...05../2020

Council Resolution:

GA-SEGONYANA LOCAL MUNICIPALITY INDIGENT POLICY 2020/21

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1. DEFINITIONS

The following words and expressions shall have the meanings respectively assigned to them hereunder, unless such meanings are unacceptable to or inconsistent with the context in which they occur:-

a) **Indigent**: means an indigent household whose total household income is as determined by Council annually during the budget process.

b) **Indigent support policy** means the policy for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Council's policy relating to the following:
   (i) as determined by Council annually during the budget process, in line with National norms and guidelines;
   (ii) Free basic electricity
   (iii) Free basic water
   (iv) Subsidised sewerage, rates and refuse
   (v) Assisted arrear debt recovery programme as determined by Council annually during the budget process, in line with National norm and guidelines;

c) **Indigent debtor** means the head of an indigent household, inclusive of destitute indigents and indigents, being old age pensioners, the unemployed and households with a total monthly income as determined in this policy:
   (i) who applies for the provision of services from the municipality;
   (ii) who makes application for indigent support in terms of this Policy;
   (iii) who shall be regarded as the representative of all members of his/her household; and
   (iv) which indigent household members shall not own any other fixed property other than the property for which the application is made, or hold fixed deposits and investments;

d) **Indigent Households** shall include all individuals residing at the residential premises of the indigent debtor, inclusive of destitute indigents and indigents, by whom and for which application is made, which premises has access to municipal services;

e) **Child-Headed Households** is deemed to be minor dependents of registered owner or tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households. The age of a minor will be 18 years and younger

f) **Municipality** means the Municipality of Ga-Segonyana, a local municipality established in terms of Section 12 of the Local Government: Municipal Structures Act, No 117 of 1998, and includes any political structure, political

office bearer, councillors, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillors, agent or employee;

g) **Council** means the Council of the Municipality of Ga-Segonyana and includes any duly authorised political structure or office bearer as defined in the Local Government: Municipal Finance Management Act 56 of 2003 and/or any duly authorised official of the Council;

h) **Gender** is the range of characteristics pertaining to, and differentiating between and from masculinity and femininity. Any reference to the one gender shall include reference to the other.

i) **Household Income** means all sources of income being formal and/ or informal of nature including, but not restricted to, salaries, revenue generated, pensions, fixed deposits, investments, state subsidies and private financial support/contributions from outside the indigent household (must be same as Creditor Control & Debt Collection Policy). State child support grants/maintenance shall be excluded from household income.

j) **Municipal Manager** means the Municipal Manager of the Ga-Segonyana Municipality or his/her nominee acting in terms of power delegated to him/her by the said Municipal Manager with the concurrence of the Council;

k) **Poverty** is defined with reference to poverty line i.e. if a household earns gross income lower than a set amount that household and its members are deemed to be living in poverty.

l) **Consumer** a person who purchases goods and services for personal use.

m) **Household** consists of one or more people who live in the same dwelling and also share at meals or living accommodation, and may consist of a single family including the tribal areas.

n) **Free basic service** is defined as the minimum amount of basic levels of services, provided on a day to day basis, sufficient to cover or cater for the basic needs of the poor households

o) **Income** is defined as the amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

Any household with a total income equals to or less than **R4 120** qualifies to be registered as indigent.

p) **Pensioner** refers to individuals currently earning R1 860 multiply by two or less. I.e. Old age grant(x2), disability grant, etc.

2. PREAMBLE/INTRODUCTION

a) 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.

b) The Indigent Support Policy is a legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No 108 of 1996. The policy is a result of continuous prevalence of indigence and poverty within communities. This policy therefore is a tool of intervention to alleviate the plight and to encourage indigent households to live within affordable consumption levels. The Indigent Support Policy is aimed at ensuring that the State fulfil its constitutional obligation contained in the Bill of Rights. This policy must be read in conjunction with the Credit Control Policy and applicable legislative frameworks.

3. POLICY BACKGROUND

a) 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.

b) Due to the high level of unemployment and consequent poverty in the municipality, there are households which are unable to pay the normal tariffs for municipal services. The municipality accordingly adopts this Indigent Management Policy to ensure that these households have access to at least basic municipal services and is guided in the formulation of this policy by the

national government's policy in this regard.

c) The Council recognises its Constitutional obligation to give priority to the basic needs of the community, to promote the social and economic development of the community and to ensure that all residents and communities in the municipality have access at least to a basic level of municipal services.

d) The Constitution entitles the municipality to an equitable share of nationally raised revenue, which will enable it to provide basic levels of essential services to the community and the Council commits its equitable share to the provision of basic services.

4. THE POLICY OBJECTIVES

The objective of this policy will be to ensure the following:

a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.
b) Establish the framework for the identification and management of indigent households including an economic rehabilitation plan.
c) The provision of procedures and guidelines for the subsidisation of basic charges to indigent households.

5. PRINCIPLES OF THE POLICY

a) Section 74 (2) (c) of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following:-
"poor households must have access to at least basic services through:
(i) *tariffs that cover only operating and maintenance costs;*
(ii) *special tariffs or life line tariffs for low levels of use or consumption of services for basic levels of service; or*
(iii) any other direct or indirect method of subsidisation of tariffs for poor households;"

b) **The following are the guiding principles for the formulation of an Indigent Support Policy:**

(i) the Indigent Support Policy must be formulated in accordance with the Constitution of the Republic of South Africa, 1996, (Act No 108 of 1996 and other applicable legislation, amongst others, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) which provides that everybody has a right to administrative justice that is lawful, reasonable and procedurally fair.

(ii) relief must be provided by the Ga-Segonyana Municipality to registered residential consumers of services who are indigent.

(iii) Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.

(iv) the subsidising of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.

(v) differentiation must be made between those households who cannot afford to pay for basic services and those who do not want to pay for these services.

(vi) other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.

(vii) the relief should be valid for a maximum period of 24 months.

(viii) the Council may review and amend the qualification criteria for indigent support.

(ix) the joint gross income of all the household occupants will be taken into account in determining the validity of indigent support application.

(x) the indigent data-base shall be updated on an annual basis.

(xi) misuse of any support or grant or supply of invalid information will lead to punitive action by Ga-Segonyana Municipality against indigent support beneficiaries.

(xii) the Ga-Segonyana Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source.

(xiii) the Council must/may use external services and/or references to verify the information provided by the applicants.

6. SCOPE OF POLICY APPLICATION

a) The Indigent Support Policy shall be applicable within the areas of jurisdiction of the Ga-Segonyana Local Municipality.

b) The Indigent Support Programme must be accessible to all qualifying indigent persons.

7. LEGISLATIVE FRAMEWORK AND GUIDELINES

- Constitution of the Republic of South Africa, Act No 108 of 1996.
- Local Government Municipal Systems Act, Act No 32 of 2000.

Guidelines

- ✓ Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
- ✓ Free Basic Strategy and guidelines prepared by the Department of Water Affairs and Forestry.
- ✓ Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.

8. QUALIFICATION CRITERIA FOR THE SELECTION OF INDIGENTS

a) Child headed households will be declared indigents upon reporting the death status of the parents at the Municipality. The following documents are required:

- ✓ Certified copies of death certificates of parents or breadwinner
- ✓ Certified copies of identity documents of parents or breadwinner.
- ✓ An affidavit that states that the oldest child is responsible for other children.
- ✓ Outstanding debt as at date of death of the last parent should be written off as irrecoverable.

b) On-site inspection may be performed by municipal officials without prior notice

c) 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.

d) The Municipality may impose other conditions and procedures deemed necessary from time to time.

e) The Council may from time to time appoint agents or use community development workers and ward committees to assist the Financial Manager on a yearly basis to determine by survey, which of the households could be classified as indigent.

f) Combined household income of all occupants/ residents and/or dependants residing on the property and are over the age of 18 years of age, is less than R4 120

g) The Executive Committee will however consider merit cases on an individual

basis for approval. The subsidy paid will only be applicable in respect of sewerage, water, electricity and refuse charges with the provision that the subsidy cannot be guaranteed up front as it will be funded with a grant from the National Government to the Municipality. Therefore, should no grant or a reduced grant be received from the National Government, then no or fewer consumers will receive a subsidy in part or in whole in respect of certain services.

h) If an applicant however falls under the following category his/her application must first be approved by the Executive Committee:

(i) Consumers that became unemployed during the 3 months before his/her application.

(ii) Consumers that had received lump sums from their past employer or pension funds.

(iii) Consumers that has more than one property and that rents out the other properties.

(iv) Any other applications identified by the Council.

i) Arrears on water, sewerage and refuse up to the date of registration of an indigent consumer will be written off as per Council Resolution and Management must report back to Council on a quarterly basis. (stringent measures to monitor and control water usages must be in place)

j) For a household to qualify for subsidies or rebates on the major service charges (**see section 15 below**), the registered indigent must be the full-time occupant of the property concerned, and if not also the owner of the property concerned, may not own any other property, unless approved by the Executive Committee, whether in or out of the municipal area.

9. APPLICATION PROCESS

To apply for indigent subsidy the following must be met:

a) In order for households to qualify for a subsidy from date of registration, applications will have to completed and submit Indigent Application forms obtained to Ga-Segonyana Local Municipality Budget & Treasury Office.

b) If an application is approved, the assistance will only be valid for the period of one (1) financial year, with no guarantee of renewal. The onus will be on account holders to re-apply for relief within the last 2 months towards the end of the year, failing which the assistance will cease immediately.

c) Documentary proof of income (e.g. a letter from an employer, salary advice, pension card/ slip, etc.) must be presented to qualify for a subsidy.

d) In addition, applicants will be required to submit a sworn affidavit from the

Commissioner stating the unemployment status and to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.

e) Council reserves the right to send officials or its agents to premises/households receiving relief for the purpose of conducting an on-site audit of the details supplied.

f) The account holder must apply in person and must present the following documents upon application:
   - The latest Municipal account in his/her possession
   - The accountholder's identity document
   - An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.
   - Documentary proof of income or sworn affidavit.

g) If the status of an indigent change, the Financial Manager should be immediately informed by the ward councillor.

h) Misusers of the system will be deregistered and be suspended for a period of three years when incorrect information was supplied.

i) Council reserves the right to verify the information supplied on the application form against any institution (e.g. SARS, Credit bureau, banks, etc.)

10. RIGHT TO APPEAL

a) An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems, Act 32 of 2000.

11. REGISTERING INDIGENTS

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

a) Accessible registration points identified by Council, which are made publicly known.

b) Completion of an official registration form by the indigents on which the onus lies to submit the form at the identified registration points.

c) 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.

d) The municipality relies on indigent committee for approvals and disapprovals

12. ADMINISTRATIVE PROCEDURES

a) The Free Basic Officer will capture the indigent form signed by the ward councillor and the Revenue manager will approve the application and arrange the implementation of the indigent subsidy to the account holder.

b) The approval will be valid for a financial year, provided funds are available and the circumstances of the household are unchanged.

c) Indigent households where the Municipality is providing basic services will be obliged to apply any time during the financial year at the Municipality offices.

d) Indigent households where the Municipality is not providing basic services will be obliged to register any time during the financial year at the ward councillor's office.

e) The subsidy will not apply to households owning more than one property and receiving rental income that when is combined with other income of the family exceeds R4 120.

13. CHILD-HEADED HOUSEHOLD

a) Child-headed household means a household headed by a child as defined in section 28(3) of the Constitution, i.e. a household in which:
   (i) the parents of the household has died,
   (ii) a minor has assumed the role of care giver in respect of another minor in the household,
   (iii) such minors reside permanently on the property, and
   (iv) the situation pertaining to the household has been verified by a social worker.

b) Child-headed households will be treated as special cases subject to the following conditions:
   (i) they occupy the property as his/her normal residence;
   (ii) the account of the deceased parents is closed;
   (iii) not be older than 18 years of age;
   (iv) still be a scholar or jobless
   (v) be in receipt of a total monthly household income from all sources not exceeding an amount equal to R4120;

(vi) The situation pertaining to the household must be verified in writing by a Registered Social Worker and Ward Councillor.

(vii) In the case where an executor of the estate is appointed and has jurisdiction over the minor children, the executor would be required to make provision for payment of the consolidated account. The consolidated account may continue in the name of the deceased parent/s until the estate is transferred to the heir or heirs of the estate.

(viii) the oldest child signs the user agreement assisted by appointed legal guardian;

(ix) property is not occupied by any member other than minor dependent children of deceased owner and or tenant;

(x) the status of the household is reviewed in terms of this policy at least on three monthly basis.

14. EXCLUSIONS – REGISTERED HOUSEHOLDS

Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -

a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
b) where the applicant is not registered as consumer of services and tribal areas in the records of Council;
c) where the applicant own/s more than one (1) property, registered individually or jointly;
d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or
e) applicant tampers or illegally connects or reconnects services prior to this application, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Council have been paid in full.

15. APPLICATION OF THE POLICY

a) The subsidies on the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.

b) In respect of water, a 100% subsidy up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.

c) In respect of electricity, a 100% subsidy up to 50 kWh per household per month will apply.

d) In respect of sewerage charges and charges for household refuse removal, the relief granted shall not be less than a rebate of 100% on the monthly amount billed for the service concerned.

16. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

a) When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigence relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.

b) The onus is on each registered indigent to advise the municipal manager of such failure to comply but ward committee, ward councillors may also advice municipal manager of such non-compliance.

c) It may happen that even with the introduction of the indigent support policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager to pay off these arrears owing within a reasonable time determined by the municipal manager in terms of the municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.

d) The relief to indigents may be withdrawn at the discretion of the municipal manager if:

- a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- any tampering with the installations of the municipality is detected.

e) If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay to the municipality with immediate effect all indigence relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigence relief for a period extending for 5 (five) years beyond the financial year in which the offence is detected.

17. MONITORING AND EVALUATION

a) The Chief Financial Officer with the assistance of Revenue Manager shall be responsible for the monitoring and evaluation of implementation of the free basic subsidy and report monthly to the Accounting Officer.

b) The municipal manager shall report on a quarterly basis to the executive committee for the month concerned and by municipal ward:

- the number of households registered as indigents and a brief explanation of any movements in such numbers;
- the monetary value of the actual subsidies and rebates granted;
- the budgeted value of the subsidies and rebates concerned; and
- the above information cumulatively for the financial year to date.

c) The executive committee shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees, or monthly frequently to any ward committees if so requested.

18. TERMINATION OF INDIGENT SUPPORT

Indigent Support will be terminated under the following circumstances:

a) Upon death of the account-holder or the head of the household where no accounts are rendered

b) At the end of the (12) twelve months cycle, except in the case of pensioners and disabled.

c) Upon sale of the property in respect of which support is granted.

d) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded

e) If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply;

- All arrears will become payable immediately;
- Stringent credit control measures will apply; and
- The applicant will not be eligible to apply for indigent support for a period of 5 years;

f) Upon death of the indigent, If the indigent had dependents the dependents will need to re-apply for the support as subsidies are not transferable

g) When the indigent's circumstances change or the indigent criteria for approval changes to the extent that approval no longer applies.

h) If the indigent fails to pay the account of his/her consumption or use of a municipal service in excess of the subsidized service or fails to honour any arrangements made by him/her for payment for outstanding accounts

19. BUDGET FOR THE INDIGENT SUPPORT

a) 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.

b) 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.

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

20. INDIGENT EXIT PROGRAMME

Ward councillors are encouraged to inform individuals who have been on the indigent register for a long time to apply for contract workers positions and EPWP and LED projects to assist in poverty alleviation that will result in the indigent moving away from poverty trap.

21. 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.

22. COMMUNICICATION OF THE POLICY

a) Details of the Indigent Policy must be communicated in an easily understandable manner to the communities of Ga-Segonyana Local Municipality.

b) This policy will be published on the municipal website and be made available at the municipal office for access to the community members.

23. LIST OF STAKEHOLDERS

- The following stakeholders were present during the draft and review of the indigent support policy:

  - Mayor, Speaker and Councilors
  - Ward Committees
  - Municipal Manager
  - Community members
  - Traditional Leaders

- Municipal Officials

24. REVIEW OF THE POLICY

➢ The indigent support policy shall be reviewed annually.

25. RESPONSIBILITY FOR MANAGING INDIGENT REGISTER.

a) Indigent register will be managed in the Budget and Treasury Office and indigent support policy will be applied in line with credit control and debt collection policy.

b) All clarity seeking question of the policy can be directed to the Revenue Manager or the Chief Financial Officer

26. APPLICATION FORM

GA-SEGONYANA MUNICIPALITY

Application Form for Household Indigence Subsidy

In an effort to assist the needy population of Ga-Segonyana in the payment of municipal services for **Indigence Households**, the Municipal Council has agreed to a subsidy scheme whereby households **earning equal to or less than R4 120 per month** would have certain services fully or partially subsidized. If you feel that you do qualify, fill in the details of all the occupants of your household as at the date of this application, together with their respective gross monthly income in the space below (hand in the form personally at any Treasury pay point):

PERSONAL PARTICULARS OF ALL OCCUPANTS EARNING AN INCOME

Ward Number:	Stand number:	Municipal Account Number:				
		Prepaid Electricity Meter Number:				
Street Address:						
Identity Number	Initials	Surname	Employed (Yes/No)	Employer	Gross Monthly Income	Source of Income
1						
2						
3						
4						
5						
6						
7						

- **Note: The applicant's name should be in the number one shaded space above.**

DECLARATION BY THE APPLICANT:

I, the undersigned, **who reside at the address indicated above and is the account holder**, hereby apply for the Household Indigence Subsidy determined in relation to the income indicated above, and solemnly declare that:

- All particulars furnished in this form, **including the total gross income of myself and all occupants of the premises**, are to the best of my knowledge and belief, true and correct;
- If particulars furnished in this form should change for any reason, I will immediately notify the Council;

- **I, or any other occupant, do not own any other property in the Republic of South Africa, apart from the property indicated on the account for which the application is made;**
- I agree that Council Officials and/or the Social Worker may conduct an on-site audit to verify the information supplied on this declaration;
- I agree that the supply of water to my premises may be restricted by a flow control washer or any other method the Council may deem fit if the balance of my services is not paid in full at the cost of the account holder (applicant);
- **If you don't pay the previous month's Account you are going to forfeit the free basic services for the next month.**
- I am aware that I must be a South African citizen and older than 18 years (Child headed families younger than 18 years).
- If any information submitted should be found to be untrue, I would automatically be disqualified from receiving any subsidy, will be liable for the immediate repayment of any subsidy payments received, and may have criminal proceedings instituted against me as the Council may deem fit.
- **IMPORTANT:** To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following Free Basic consumption levels for indigent households per month:

  Water consumption: 6 kl **Electricity consumption: 50 kWh**
  100% free Refuse removal **100% free sanitation**

I am conversant with the contents of the declaration and understand it. I have no objection to taking this oath. I regard the Prescribed Oath as binding to my conscience.

Signature (Declarant): ..... Name (Declarant) .....

.....
Signature (Ward Councilor)

I certify that the above declaration has been administered by me and that the declarant acknowledged that he/she is conversant with the contents and understands it. This declaration has been made upon oath and the declarant's signature has been applied in my presence on

(Date) .....At (Venue) .....

(Commissioner of Oaths): ..... No: ..... Rank: .....

ADDENDUM

CONSENT TO THE SOUTH AFRICAN REVENUE SERVICE (SARS) IN TERMS OF SECTION 69(6) *(b)* OF THE TAX ADMINISTRATION ACT NO 28 OF 2011 (TAA).

I/we*, the undersigned Applicant(s), hereby give consent to SARS to disclose my/our information to the Municipality [*name of municipality*] and the National Department of Cooperative Governance (COGTA) for purposes of verifying the details of my/our income levels that I/we* have disclosed to the Municipality in support of my/our* application for a municipal indigent grant.

Particulars of Indigent Applicant

Municipality Name	
Name and surname (including maiden name, if applicable)	
Identity number	
Date of birth	
Taxpayer reference number	
Marital status	
Spouse's name and surname	
Spouse's identity number	
Spouse's date of birth	
Spouse's taxpayer reference number	
Residential address/ stand number / erf number	

Particulars of other household member(s) earning an income**

Name and surname	
Identity number	
Date of birth	
Taxpayer reference number	

Name and surname	
Identity number	
Date of birth	
Taxpayer reference number	

Signed by: _____ [*Applicant's name*] on this _____day of _____at _____.

_____

[*Applicant's signature*]

Applicant's household member's name: _____

Signature: _____ [*Applicant's household member's signature*]

Date: _____

ANNEXURE B

GA-SEGONYANA LOCAL MUNICIPALITY

TARIFF POLICY

For adoption with the tabled Budget: 2020/21 MTREF

Date: 19/06/ 2020

Council Resolution No:

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1. DEFINITIONS

In this tariff policy, unless the context otherwise indicates-

Act: the Local Government: Municipal Systems Act, No 32 of 2000.

Accounting Officer: means the Accounting Officer appointed in terms of section 55 of the Local Government: Municipal Systems Act 2000, No 32 of 2000, and being the head of administration or Municipal Manager.

Agricultural Consumers refer to owners or tenants of agricultural properties who are registered with SARS as bona fide farmers;

Availability Tariff means where properties are not connected to the municipal infrastructure but can reasonably be connected to the service;

Audited Financial Statements: means an annual report issued by an independent registered auditor or a person certified by a registered body or a certified bookkeeper expressing an opinion on the company's financial statements.
This includes a statement of financial position; a statement of financial performance; a cash-flow statement; other statements that may be prescribed; and any notes to these statements.

Basic municipal services: means municipal services that are necessary to ensure an acceptable and reasonable quality of life and, if not provided, could endanger public health or safety of the environment. For Ga-Segonyana Municipality this shall include inter alia electricity, water, refuse removal and sewerage services.

Basic Charge referred to as a minimum charge is the recovery of the distribution and billing-related costs, which include having and distribution system in place, plus the cost of the meter, servicing and reading the meter, mailing the bills and maintaining customer records.

Break Even means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;

Business means the activity of buying, selling or trading in goods or services and includes any office or other accommodation on the same

erf, the use of which is incidental to such business, with the exclusion of agriculture, farming or, inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms;

Commercial or Industrial consumers means industrial undertakings, factories, warehouses, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers.

Community Service means services in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

Consumer means the owner/tenant of premises, regardless of whether it is domestic, commercial industrial or any other type who has entered into an agreement with the Municipality for the supply of a service.

Council means Ga-Segonyana Municipal Council, and "municipal council" shall have a corresponding meaning;

Domestic consumers means residential properties, group housing, town houses, semi-detached houses and suchlike properties;

Due date-

(a) in relation to accounts payable monthly on a recurring basis, the last day of the month which follows on the month during which an account is rendered;
(b) in relation to accounts payable annually, 30th September unless otherwise provided by any other law; and
(c) in all other instances, as and when demand for payment is made by the Municipality;

Economic services means services in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

Educational institutions" means schools and suchlike institutions

Fixed costs" means costs which do not vary with consumption or volume produced

Geographical area the area of jurisdiction of Ga-Segonyana Municipality

Indigent households" means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;

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

Minimum charge refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

Owner in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;

Public Benefit Organisations" means public benefit organizations as defined in section 30 of the Income Tax Act no 58 of 1962;

Resident means a person who ordinarily resides in the municipal area;

Special agreements means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;

Sport and Recreation Facilities means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;

Total costs mean the sum of all fixed and variable costs associated with a service;

Trading services means services referred to in paragraph 6(d) and in respect of which the tariffs are set at a level that the Council makes a profit/break even on the delivery of the services.

Units consumed means the number of units consumed for a particular service and are measured in terms of the tariff structure;

Variable Costs means costs that vary with consumption or volume produced;

VAT means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended.

2. ABBREVIATIONS

Kg - KILOGRAM
Kl - Kiloliter (1000 litres)
KVA - Kilovolt ampere
KWh- Kilowatt Hour
m^3 - Cubic meter

3. PREAMBLE

a) ***Whereas*** section 74 of the Local Government: Municipal Systems Act, No 32 of 2000, requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

b) **And whereas** the tariff policy at least should include the principles contained in section 74(2) of the Act; thus giving effect to the **By-Law** required in terms of section 75 of the Act;

c) **And whereas** the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiations do not amount up to unfair discrimination;

d) **Now therefore** the Municipal Council of Ga-Segonyana Municipality adopts the following Tariff Policy, which will be implemented with effect from 1 July 2017 and be reviewed as and when required.

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

4. LEGISLATION

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

(a) Section 74 of the Municipal Systems Act 32/2000 ("MSA") requires that the Council adopt a Tariff Policy.

(b) Section 62 of the Municipal Finance Management Act 56/2000 ("MFMA") requires the Accounting Officer to ensure that the municipality has and implements a tariff policy.

(c) 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.

(d) The Promotion of Administrative Justice Act 3 of 2000 is the legislation required by the Constitution to give effect to the right to just administrative action and in order to promote an efficient administration administrative action and in order to promote and 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.

5. 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.

6. PURPOSE OF THE POLICY

Ga-Segonyana Local Municipality wishes to achieve the following purposes by adopting this Tariff Policy:

a) To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, No 32 of 2000;

b) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Act; and

c) To give guidance to the Mayor and Mayoral Committee regarding tariff proposals that must be submitted to Council annually during the budget process.

7. TARIFF POLICY PRINCIPLES

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

7.1 **Payment in Proportion to the amount consumed.**
Consumers should pay in a proportion to the amount of services consumed.

7.2 **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)

7.3 **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)

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

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

7.6 **Local determination of tariff levels.**
Municipality have the flexibility to develop their own tariffs in accordance with these principles.

7.7 **Consistent tariff enforcement.**
A consistent policy for dealing with non-payment of tariffs must be developed.

7.8 **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, **more especially when they are to promote job opportunities around the area OR improve the economic viability of the municipal area**;

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:

(a) Users of municipal services should be treated equitably in the application of tariffs;
(b) The amount individual users pay for services should generally be in proportion to their use of that service;
(c) Poor households must have access to at least basic services through:

    (i) Tariff that cover only operating and maintenance costs;
    (ii) Special or life line tariffs for low levels of use or consumption of services or for basic level of services; or
    (iii) Any other direct or indirect method of subsidisation of tariffs for poor households.

(d) Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges

(e) 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;

(f) Provision may be made in appropriate circumstances for a surcharge on the tariff for a service;

(g) Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users; and

(h) The economical, efficient and effective use of resources, the recycling of wastes and other appropriate environmental objectives must be encouraged.

(i) The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

Policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

8. NEED FOR A TARIFF POLICY

8.1 Revenue Adequacy and Certainty.

(a) 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.

8.2 Sustainability.

(a) Financial sustainability requires that the Municipality must ensure that its budget is funded. This means that the Municipality must ensure that:
(i) Services are provided at cost reflective tariffs; and
(ii) It is able to recover the cost of service delivery.

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

(c) 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.

8.3 Effectiveness and Efficient usage of Resources.

(a) 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.

(b) They can do this by participating in the budget process. In addition, performance audits should be carried out by the office of the Auditor-General.

(c) Efficiencies in spending and resource allocation will ultimately increase the access of the poor to basic services.

8.4 Accountability, Transparent and Good Governance.

(a) 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.

(b) 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.

(c) Community participation in budgeting should include those groups in the community, such as women, who face particular constraints in participating.

(d) 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).

8.5 Equity and Redistribution.

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

8.6 Development and Investment.

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

9. IMPLEMENTATION OF TARIFF POLICY

9.1 Free Basic Services

(a) 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.

(b) 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.

(c) 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.

9.2 Affordable Tariffs

(a) The Council is aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at cost reflective but affordable levels.

(b) 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;

(c) 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.

9.3 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.

9.4 Property Rates

(a) Property Rates must be levied and is payable in respect of all rateable properties within the municipal jurisdiction area.

(b) The Council will ensure that all properties are valued in terms of the applicable legislation during the next financial year.

(c) 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.

9.5 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.

9.6 Local Economic Development and Competitiveness

(a) 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.

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

9.7 Service Delivery Sustainability

(a) The Municipality must ensure that the services that it provides must be sustainable.

(b) 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.

9.8 Tariff Determination

(a) Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality and rates on properties.

(b) The Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

10. SOURCES OF REVENUE

(a) 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.

(b) 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.

(c) In terms of section 4(1)(c) 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.

(d) The Municipality will establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its budget.

(e) 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 and taxes, fees, service charges, fines and other sums imposed or recoverable by or payable to the Council under any law;
(iii) Interest charges equals to Prime Rate + 1%.

(f) 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.

11. 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.

11.1 Recovery of Cost.

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

11.2 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.

11.3 Maintenance Costs.

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

11.4 Consumption/Usage.

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

11.5 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.

12. CLASSIFICATION OF SERVICES

To isolate the costs associated with a service, the Chief Financial Officer shall, subject to guidelines provided by National Treasury or the Provincial Treasury and / or the Municipal Council, make provision for inter alia the following classification of services

12.1 Trading Services.

(i) Water
(ii) Electricity
(iii) Sanitation/ Waste Water Management
(iv) Refuse Removal / Waste Management

These services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus or break-even point is realized. The trading surplus is used to subsidise the tariff of non-trading services and poor household.

12.2 Subsidised Services.

(a) Subsidised services include:

(i) fire fighting,
(ii) approving building plans and the construction of buildings,
(iii) leasing of municipal facilities,
(iv) selling of burial sites and
(v) certain town planning functions.

(b) Subsidised services are those services the consumption of which can be determined reasonably accurately and apportioned to individuals and consumers.

(c) 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 person.

(d) A user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service.

12.3 Community Services

(a) 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.
(b) 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.

(c) 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.

NB: The Accounting Officer together with Chief Financial Officer with the assistance of relevant director or manager reserve the right to classify any other service that have not been classified under any classification above.

13. 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) Public Service Purpose;
(vii) Municipal Services; and
(viii) Special agreement for users not falling in any of the above mentioned categories.

14. TARIFF CHARGES

14.1 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.

14.2 Services Charges

(a) 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, sanitation, refuse and water which have contributed significantly to the growth of Municipalities' Revenue.

(b) 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 and 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.

14.3 Electricity

(a) 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.

(b) 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.

14.4 Water

(a) 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.

(b) 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 different tariff per kl, according to the volume of water consumed.
   (iv) Because water is a scarce national resource and this municipality is committed to the cautious conservation of such resources, the tariff levied for consumption of water shall escalate according to the volume of water consumed.

   (v) The tariffs for consumption shall be based on a step tariff structure which is annually approved by Council during the budget endorsement process.

14.5 Refuse Removal

(a) 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.

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

(ii) Fixed monthly charge based on the costs of the services shall be charged for business users per holder **1 to 5 x removals per week and 1 to 7 x removals per week**.

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

(iv) 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.

(v) **Availability fee will not be charged on vacant land**

14.6 Sewerage

(a) 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.

(i) A fixed basic charge per month shall be charged for all consumers excluding indigents.
(ii) Variable monthly charge based on 22% of water consumption for households in Kuruman and Wrenchville and 39% for all businesses, industries and institutional users.
(iii) 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.
(iv) **Availability fee will not be charged on vacant land**

14.7 Suction Services

(a) A 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.

(b) Suction services during normal working hours will be:

- Suction cost per kilolitre; plus
- Transport charges per kilometre
- The cost will be paid prior to service being rendered.

14.8 Consumer Deposits

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

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

14.9 Prepaid

(a) 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.

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

14.10 Sundries

(a) The following services shall be considered as economic services, and the tariffs levied shall cover 100% of the actual operating expenses of the service concerned:
   (i) Graves.
   (ii) Building Plan fees.
   (iii) New connection fees for electricity, water and sewerage.
   (iv) Photostat copies and fees.

(b) 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.

14.11 Minor tariffs

(a) All minor tariffs shall be standardized and be cost reflective as much as possible within the municipal area.

(b) All minor tariffs shall be approved by Council in each annual budget and shall, when deemed appropriate by Council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

(c) Minor tariffs shall include but not limited to the following:

(i) Housing rentals
(ii) Library fees (e.g. membership fees, fines, lost books, lost membership cards)
(iii) Rentals for the use of municipal premises
(iv) Rentals for the use of municipal sports grounds
(v) Rentals for the lease of municipal property
(vi) Advertising sign fees
(vii) Cleaning of stands
(viii) Tax Clearance certificates
(ix) Supply of information (e.g. for Tender processes, etc.)
(x) License fees (drivers, learner license and road worthy)
(xi) Sale of miscellaneous items

(d) The Municipal Manager shall maintain a list of all minor services indicating their unit of service for the purpose of determining tariffs, fees, charges and levies. Such list shall be reviewed annually together with the proposed tariffs, fees, charges and levies.

15. COMMUNITY PARTICIPATION

(a) In terms of section 16 (1) a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-

1) Encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in-
   (i) the preparation, implementation and review of its integrated development plan in terms of Chapter 5;
   (ii) the establishment, implementation and review of its performance management system in terms of Chapter 6;
   (iii) the monitoring and review of its performance, including the outcomes and impact of such performance;
   (iv) the preparation of its budget; and
   (v) strategic decisions relating to the provision of municipal services in terms of Chapter 8;

2) Contribute to building the capacity of-
   (i) the local community to enable it to participate in the affairs of the municipality; and
   (ii) councillors and staff to foster community participation; and

3) Use its resources, and annually allocate funds in its budget, as may be appropriate for the purpose of implementing paragraphs *(a)* and *(b)*.

(b) Section 16(2) further stipulates that subsection (1) must not be interpreted as permitting interference with a municipal council's right to govern and to exercise the executive and legislative authority of the municipality.

(c) In terms of section 17 of the Local Government Municipal Systems Act, No. 32 of 2000 requires the municipality to establish appropriate mechanisms, processes and procedures for community participation

1) Participation by the local community in the affairs of the municipality must take place through—
   (i) political structures for participation in terms of the Municipal Structures Act;
   (ii) the mechanisms, processes and procedures for participation in municipal governance established in terms of this Act;
   (iii) other appropriate mechanisms, processes and procedures established by the municipality;
   (iv) councillors; and
   (v) generally applying the provisions for participation as provided for in this Act.

2) A municipality must establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality, and must for this purpose provide for—
   (i) the receipt, processing and consideration of petitions and complaints lodged by members of the local community;
   (ii) notification and public comment procedures, when appropriate:
   (iii) public meetings and hearings by the municipal council and other political structures and political office bearers of the municipality, when appropriate;
   (iv) consultative sessions with locally recognised community organisations and, where appropriate, traditional authorities; and
   (v) report-back to the local community.

3) When establishing mechanisms, processes and procedures in terms of subsection (2) above the municipality must take into account the special needs of–
   (i) people who cannot read or write;
   (ii) people with disabilities:
   (iii) women: and
   (iv) other disadvantaged groups.

4) A municipal council may establish one or more advisory committees consisting of persons who are not councillors to advise the council on any matter within the council's competence. When appointing the members of such a committee, gender representation must be taken into account.

16. RESPONSIBILITY AND ACCOUNTABILITY

(a) The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy.

(b) 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.

17. REVIEW OF THE TARIFFS POLICY

(a) This policy will be reviewed at least once in a financial year and more ideally during the budget process.

TARIFF SCHEDULE 2020/21 FINANCIAL YEAR

TARIFF(RATES AND TAXES) 2020/21

Note: The percentage increases are on average 4.6%
(rounded off where applicable) excluding electricity which is 6.22%

		2020/21	2021/22	2022/23
1. MUNICIPAL SERVICES				
1.1 ASSESSMENT RATES				
ZERO RATED VAT				
1.1.1 Market Value				
Households		0.007385	0.007724	0.00809503
Business		0.012497	0.013072	0.013699282
Guesthouses and multiuse(i.e surgery, tuckshop etc)		0.009885	0.010339	0.01083551
Agriculture		0.000371	0.000388	0.000406203
State Owned Property		0.022858	0.023909	0.025056772
Industrial		0.012711	0.013295	0.01393368
Indigent households qualify for exemption but only upon registration as indigents.				
Residential households qualify for R25,000.00 exemption on the value of the property.				
Bankhara residents qualify for additional rebate of R31 802 based on R56 802 average valuation				
			c/kWh	**c/kWh**
1.2 ELECTRICITY TARIFFS - MONTHLY CHARGES				
VAT EXCLUDED(BUT PAYABLE)				
1.2.1 PROPERTIES USED FOR RESIDENTIAL PURPOSES AND SCHOOL HOSTELS				
NPO's, OLD AGE HOMES AND CHURCHES				
Indigent Households with an income < R4,121.00 Conventional				
Basic Charge		R 136.00	R 142.53	R 149.37
Usage per kWh	0 - 50		R 0.00	R -
	51 - 200	119.09	R 124.81	R 130.80
	>200	192.35	R 201.59	R 211.26
Prepaid per kWh usage				
Indigent Households with an income < R4,121.00	0 - 50	-	-	-
	51 - 200	119.09	124.81	130.80
	>200	192.35	201.59	211.26
Non indigents, school hostels, NPO's, Old age homes and churches				
Conventional				
Low season tariffs				
Basic Charge		R 136.00	R 142.53	R 149.37
Usage per kWh	0 - 200	119.09	124.81	130.80
	>200	192.35	201.59	211.26
Prepaid				
Prepaid per kWh usage	0 - 200	119.09	124.81	130.80
	>200	192.35	201.59	211.26
1.2.2 BUSINESSES(includes guesthouses, private schools and hospitals)				
Conventional				
Basic Charge		R 660.57	R 692.28	R 725.51
Usage per kWh		170.27	178.44	187.01
Prepaid				
Basic Charge		R 350.55	R 367.37	R 385.01
Prepaid per kWh usage		229.40	240.41	251.95
1.2.3 INDUSTRIAL: TRANSFORMER SUPPLIED BY CONSUMER				
Basic Charge		R 2,454.23	R 2,572.04	R 2,695.50
Usage per KVA		268.10	280.97	294.45
Usage per kWh		95.60	100.19	105.00
1.2.4 INDUSTRIAL: TRANSFORMER SUPPLIED BY MUNICIPALITY				
Basic Charge		R 3,561.77	R 3,732.73	R 3,911.91
Usage per KVA(Demand charge)		263.53	276.18	289.44
Usage per kWh(Energy charge)		96.66	101.30	106.16
1.2.5 RESELLERS				
TRANSFORMER SUPPLIED BY CONSUMER				
Basic Charge		R 2,454.23	R 2,572.04	R 2,695.50
Usage per KVA(Demand charge)		R 265.85	R 278.61	R 291.98
Usage per kWh(Energy charge)		R 96.66	R 101.30	R 106.16
1.2.6 BULK USERS 2 - Large Power Users (>500kVA)				
Basic Charge		R 1,441.54	R 1,510.74	R 1,583.25
Usage per KVA - Demand charge		R 196.46	R 205.89	R 215.78
Usage per kWh - Peak		304.05	R 318.65	R 333.94
- Standard		135.02	R 141.50	R 148.29
- Off Peak		71.75	R 75.20	R 78.81
1.2.7 ORGANS OF STATE				
Conventional				
Basic Charge		R 660.57	R 692.27	R 725.50
Usage per kWh		170.27	R 178.44	R 187.01

		2020/21	2021/22	2022/23
Prepaid			R 0.00	R 0.00
Basic Charge		R 350.55	R 367.37	R 385.01
Prepaid per kWh usage		229.40	R 240.41	R 251.95
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.				
Domestic		R 136.34	R 142.89	R 149.75
Commercial, Industrial and Organs of state		R 350.55	R 367.37	R 385.01
1.2.9 Shifting of Prepaid meters		R 3,910.96	R 4,098.68	R 4,295.42
1.2.10 Reverting back from prepaid power to conventional metered power		R 3,910.96	R 4,098.68	R 4,295.42
1.2.11 Temporary meters (220v 3-phase mainstream breaker - 80amps)		R 1,072.10	R 1,123.56	R 1,177.49
1.3. WATER SERVICES - EXCLUDING VAT(BUT PAYABLE) - MONTHLY CHARGES VAT EXCLUDED(BUT PAYABLE)				
1.3.1 Indigent Households with an income < R4.121.00	0kl - 6kl	R 0.00	R 0.00	R -
	7kl-12kl	R 11.41	R 11.94	R 12.51
	13kl-36kl	R 11.74	R 12.28	R 12.87
	>36kl	R 11.85	R 12.39	R 12.99
1.3.2 RESIDENTIAL PROPERTIES	0kl - 12kl	R 11.41	R 11.94	R 12.51
	13kl-36kl	R 11.74	R 12.28	R 12.87
	>36kl	R 11.85	R 12.39	R 12.99
SEDIBENG AREAS (HOUSEHOLDS ONLY)	0kl - 12kl	R 8.50	R 8.90	R 9.32
	13kl-36kl	R 9.26	R 9.68	R 10.15
	>36kl	R 9.83	R 10.29	R 10.78
1.3.3 NON-PROFIT ORGANISATION	0kl - 12kl	R 11.41	R 11.94	R 12.51
	13kl-36kl	R 11.74	R 12.28	R 12.87
	>36kl	R 11.85	R 12.39	R 12.99

	2020/21	2021/22	2022/23
1.3.4 ALL OTHER PROPERTIES NOT DEFINED ABOVE (BUSINESS AND GOVERNMENT BUILDINGS)			
Basic Charge	R 68.14	R 71.28	R 74.70
Per kiloliter usage	R 19.69	R 20.59	R 21.58
Bulk water purchases (Commercial) Per kl - supply to households	R 125.52	R 131.29	R 137.60
Bulk water purchases - Commercial supply (As per contract)			
1.3.5 SEWER WATER IRRIGATION	R 231.17	R 241.80	R 253.41
Filling of swimmingpool + VAT	R 528.30	R 552.60	R 579.12
Swimming pool draining	R 685.47	R 717.00	R 751.42
1.3.6 First Eye (Water)			
Per Liter	R 10.46	R 10.94	R 11.47
1.4. DOMESTIC REFUSE - MONTHLY CHARGES VAT EXCLUDED			
1.4.1 Residential -1 x removal/week			
R0 - R4 340	R 0.00	R 0.00	R -
> R4 341	R 115.90	R 121.23	R 127.05
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 317.72	R 332.33	R 348.29
Illegal Dumping (Household)	R 1,158.71	R 1,212.01	R 1,270.19
Illegal Dumping (Business and organ of state)	R 3,476.14	R 3,636.04	R 3,810.57
1.4.4 BUSINESSES			
Per holder 1 to 5 x removals per week	R 238.15	R 249.10	R 261.06
Per holder 7x removals per week	R 350.00	R 366.10	R 383.67
AVAILABILITY CHARGES(RESIDENTIAL AND BUSINESS)			
1 x removal per week	R 181.13	R 189.47	R 198.56
2 x removal per week	R 322.48	R 337.32	R 353.51
3 x or more removals per week	R 479.80	R 501.87	R 525.96
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.			
1.4.5 USE OF LANDFILL SITE			
Per truck(10 cubic metres)	R 0.00	R 0.00	R 0.00
Less than 4 tons pw	R 987.03	R 1,032.43	R 1,081.99
Between 4 and 8 tons pw	R 1,974.06	R 2,064.87	R 2,163.98
More than 8 tons pw - Quote (as per special quote)			
1.4.6 BUILDING WASTE			
Load = 8 cubic metres Tipper Truck	R 960.00	R 1,004.16	R 1,052.36
Less than 4 and 8 tons pw	R 1,600.00	R 1,673.60	R 1,753.93
Between 4 and 8 tons	R 3,100.00	R 3,242.60	R 3,398.24
More than 8 tons - Quote (as per special quote)			
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 residential consumers excluding indigents	R 89.80	R 93.93	R 98.44
1.5.2 Fixed charge for Mothibistadt			
1.5.2.1 RESIDENTIAL (Including Businesses on Residential Properties, Flats)	R 240.32	R 251.37	R 263.44

			2020/21	2021/22	2022/23
1.5.2.2	Business, Industries and Institutional in Mothibistadt		R 495.18	R 517.95	R 542.82
1.5.3	Consumption based on water usage for Kuruman and Wrenchville consumers				
1.5.3.1	RESIDENTIAL (Including Businesses on Residential Properties, Flats)		22%	23%	R 0.24
1.5.3.2	Business, Industries and Institutional		39%	40%	R 0.42
1.5.3.3	Water Purification Dealers		R 680	R 711	R 745
1.5.4	AVAILABILITY CHARGES		R 226.52	R 236.94	R 248.32
	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.				
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 95.26	R 99.64	R 104.42
1.6.2	SUCTION SERVICES:				
	Ga-Segonyana area per kiloliter		R 56.10	R 58.68	R 61.50
	Transport per km	(Empty)	R 3.71	R 3.88	R 4.07
		(Loaded)	R 4.48	R 4.69	R 4.91
	OUTSIDE GASEGONYANA AREA				
	Per kiloliter		R 56.60	R 59.20	R 62.04
	Transport per km	(Empty)	R 7.49	R 7.84	R 8.22
		(Loaded)	R 10.51	R 10.99	R 11.52
	Dumping at Sewer Plant (per load)		R 980.62	R 1,025.72	R 1,074.96
1.7	**CONSUMER DEPOSITS VAT NOT LEVIABLE**				
1.7.1	Residential Properties:	Kuruman	R 3,780.75	R 3,954.66	R 4,144.48
		Wrenchville	R 3,780.75	R 3,954.66	R 4,144.48
		Mothibistad	R 1,059.20	R 1,107.92	R 1,161.10
		Bankhara-Bodulong	R 500.18	R 523.18	R 548.30
		All Indigent Households	R 500.18	R 523.18	R 548.30
		Households pre-paid metering	R 1,853.60	R 1,938.86	R 2,031.93
1.7.2	Business Properties:	Kuruman	R 4,633.99	R 4,847.15	R 5,079.82
		Wrenchville	R 2,780.39	R 2,908.29	R 3,047.89
		Mothibistad	R 2,780.39	R 2,908.29	R 3,047.89
		Bankhara-Bodulong	R 2,780.39	R 2,908.29	R 3,047.89
		Pre-paid Metering	R 2,221.37	R 2,323.56	R 2,435.09
		180+ amp Users	R 5,781.45	R 6,047.40	R 6,337.67
	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 231.22	R 241.85	R 253.46
	Water		R 231.22	R 241.85	R 253.46
	Sewer				
	A 50% rebate is allowed for all registered indigent households (R4,120.00)				
	NEW CONNECTIONS for water, electricity and sewerage				
	Water		R 1,595.57	R 1,668.96	R 1,749.07
	Sewerage		R 936.65	R 979.74	R 1,026.77
	The electricity new connection is determined by a quotation from electricians				
1.8.1	Fire water connection (cost plus 10%)				
1.9	**METER TESTING VAT EXCLUDED BUT PAYABLE**				
	Electricity Installation Safety		R 630.49	R 659.50	R 691.15
	Water or Electricity Meters		R 630.49	R 659.50	R 691.15
1.10	**INVESTIGATION OF COMPLAINTS VAT EXCLUDED BUT PAYABLE**				
	Normal working hours		R 483.38	R 505.62	R 529.89

	2020/21	2021/22	2022/23
After hours	R 630.49	R 659.50	R 691.15

1.11 TAMPERING FEE / BYPASS(METERS)

Penalty: Households	R 3,707.19	R 3,877.72	R 4,063.85
: Business	R 9,267.98	R 9,694.30	R 10,159.63
: Industrial	R 13,901.97	R 14,541.46	R 15,239.45
Plus: Average must be determined			
Plus: Cost of replacing the meter			

		2020/21	2021/22	2022/23
1.12	**COMPUTER PRINT OUT PER PAGE: ACCOUNTS AND PROOF OF RESIDENCE VAT EXCLUDED**			
	Per page	R 5.00	R 5.23	R 5.48
1.13	**DEBT COLLECTION ADMINISTRATION**			
1.13.1	**VAT EXCLUDED(BUT PAYABLE)**			
1.13.2	Administration cost per record per month	R 52.82	R 55.25	R 57.90
	Default/non-payment of accounts:			
	Telephone notice	R 74.27	R 77.68	R 81.41
	Written final notice	R 117.15	R 122.54	R 128.42
	Re-connection of services - Households	R 559.61	R 585.35	R 613.45
1.14	Re-connection of services -Businesses	R 930.94	R 973.76	R 1,020.50
	COLLECTION COSTS			
	Final notice posted or delivered	R 116.11	R 121.45	R 127.28
	Summons: Revenue stamp			
	Sheriff fees			
	Advertisements			
1.15	Judgement notice to debtor	R 116.11	R 121.45	R 127.28
2.	**COMMUNITY FACILITIES**			
2.1	**MUNICIPAL BUILDINGS VAT INCLUDED - RENTAL PER OCCASION**			
2.1.1	TOWN HALL AND CIVIC CENTRE:			
	Rental : Weddings and Parties	R 3,464.60	R 3,623.97	R 3,797.92
	Use of kitchen facilities	R 1,161.62	R 1,215.05	R 1,273.38
	Deposit	R 4,626.22	R 4,839.02	R 5,071.30
	Entertainment events - Rental	R 9,252.43	R 9,678.05	R 10,142.59
	Deposit	R 11,587.13	R 12,120.14	R 12,701.90

10% Discount where there is an entrance fee for Charitable occassions.

	2020/21	2021/22	2022/23
2.1.1.1 OTHER FACILITIES AT CIVIC CENTRE			
Use of braai facilities	R 1,161.62	R 1,215.05	R 1,273.38
Use of kitchen facilities	R 1,161.62	R 1,215.05	R 1,273.38
Deposit on kitchen equipment	R 2,302.28	R 2,408.19	R 2,523.78
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 1,018.95	R 1,065.82	R 1,116.98
Deposit per occasion	R 1,161.62	R 1,215.05	R 1,273.38
2.1.1.3 Rental of halls by government departments and unions			
Rental per occasion	R 1,500.00	R 1,569.00	R 1,644.31
Deposit per occasion	R 2,000.00	R 2,092.00	R 2,192.42
2.1.1.4 Rental of halls by government departments, unions for meetings and schools for the purpose of writing examinations, per occasion.	R 1,018.95	R 1,065.82	R 1,116.98
2.1.2 LIBRARY HALL PER OCCASION			
Rental	R 500.00	R 523.00	R 548.10
Deposit	R 345.71	R 361.61	R 378.97
10% Discount for Charitable groups.			
2.1.3 Rental of TABLES AND CHAIRS (charitable and church organisation):			
Per table	R 138.58	R 144.96	R 151.91
Deposit per table	R 185.42	R 193.94	R 203.25
Per chair	R 7.36	R 7.69	R 8.06
Deposit per chair	R 12.21	R 12.77	R 13.38
Transport per km	R 4.72	R 4.94	R 5.17
2.1.4 COMMUNITY HALLS			
Rental	R 800.00	R 836.80	R 876.97
Deposit	R 1,161.62	R 1,215.05	R 1,273.38
Use of kitchen facilities	R 233.93	R 244.70	R 256.44
Entertainment events - Rental	R 1,158.71	R 1,212.01	R 1,270.19
Deposit	R 1,738.07	R 1,818.02	R 1,905.29
Water and electricity charges included in the rental			
2.1.5 RENTAL HOSTELS			
Rental - smaller room	R 1,314.24	R 1,374.69	R 1,440.68
Rental - small room	R 1,577.09	R 1,649.63	R 1,728.82
Rental - medium room	R 1,971.36	R 2,062.04	R 2,161.02
2.1.6 DEPOSIT HOSTELS			
Deposit - smaller rooms	R 1,395.75	R 1,459.95	R 1,530.03
Deposit - small room	R 1,674.89	R 1,751.94	R 1,836.03
Deposit - medium room	R 2,512.34	R 2,627.91	R 2,754.05
2.1.7 RENTAL SMME HUB			
SMALL STALL	R 660.24	R 690.61	R 723.76
LARGE STALL	R 1,320.47	R 1,381.21	R 1,447.51
2.1.8 RENTAL OFFICES			
Cost per square meter (Under roof) as measured over the external wall of the building	R 65.34	R 68.35	R 71.63
2.1.9 ZEBRA STALLS	R 500.00	R 523.00	R 548.10
2.1.10 MOTHIBISTADT HOUSES			
As per contract amount plus CPI			
Municipal services as per approved tariffs			
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 277.57	R 290.34	R 304.27
Deposit	R 277.57	R 290.34	R 304.27
Outside teams : Rental	R 1,232.87	R 1,289.58	R 1,351.48
Deposit	R 1,232.87	R 1,289.58	R 1,351.48
Betting games (Tournaments): Rental	R 1,110.27	R 1,161.34	R 1,217.09

TARIFF SCHEDULE 2020/21 FINANCIAL YEAR

	2020/21	2021/22	2022/23
Deposit	R 1,110.27	R 1,161.34	R 1,217.09
Festivals and Bashes: Rental(Category A) *	R 17,380.69	R 18,180.20	R 19,052.85
Deposit	R 17,380.69	R 18,180.20	R 19,052.85
Festivals and Bashes: Rental(Category B)*	R 6,245.27	R 6,532.55	R 6,846.11
Deposit	R 10,408.78	R 10,887.58	R 11,410.19
*Categories will be determined by the Municipality			
Developmental games (Schools, Charities, Sports and culture programmes): Rental	R 485.74	R 508.09	R 532.48
: Deposit	R 485.74	R 508.09	R 532.48

2.3

2.3.1 **GRAVE YARD**
VAT INCLUDED - LEVIES PER OCCASION

2.3.2 A 100% rebate is allowed for indigents appearing on our register

2.3.3 Graves at no charge is delegated to Municipal Manager for approval and report back to Council.

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.

		2020/21	2021/22	2022/23
2.3.4.3 Indigents Income up to R4120:	0 - 5 years	R 440.16	R 460.40	R 482.50
	6 - 13 years of age	R 594.21	R 621.55	R 651.38
	14 years and older	R 770.27	R 805.71	R 844.38
	Double graves	R 1,430.51	R 1,496.31	R 1,568.14
	Deeper gaves	R 1,155.41	R 1,208.56	R 1,266.57
2.3.4.4 Non indigents Income >R4120 :	0 - 5 years	R 748.27	R 782.69	R 820.26
	6 - 13 years of age	R 863.81	R 903.54	R 946.91
	14 years and older	R 1,012.36	R 1,058.93	R 1,109.76
	Double graves	R 1,914.68	R 2,002.76	R 2,098.89
	Deeper gaves	R 1,342.48	R 1,404.23	R 1,471.64
Berm system and build out of graves		R 4,533.09	R 4,741.62	R 4,969.21
2.3.4.9 NON-RESIDENTS	0 - 12 years of age	R 1,180.91	R 1,235.23	R 1,294.52
	13 years and older	R 1,561.81	R 1,633.65	R 1,712.07
	Double graves	R 1,942.69	R 2,032.06	R 2,129.60
2.3.4.9 Berm system and build out of graves		R 6,056.80	R 6,335.41	R 6,639.51

		2020/21	2021/22	2022/23
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:				
2 bed Exclusive Chalet		R 675.00	R 706.05	R 739.94
3 bed Open Plan		R 565.00	R 590.99	R 619.36
Single room		R 450.00	R 470.70	R 493.29
Encampment per caravan or tent		R 200.00	R 209.20	R 219.24
Daily visitors: per person		R 30.00	R 31.38	R 32.89
per caravan		R 228.58	R 239.09	R 250.57
Block reservations, exluding exclusive chalet per Chalet:	4 Bed	R 666.65	R 697.31	R 730.78
	3 Bed	R 514.26	R 537.92	R 563.74
2.4.3 DEPOSIT:				
Per Chalet		R 533.35	R 557.88	R 584.66
Per Room		R 323.79	R 338.68	R 354.94
2.5 NATURE RESERVE				
VAT INCLUDED - ENTRANCE FEE				
Organised school children (per child)		R 6.94	R 7.26	R 7.61
Children		R 13.88	R 14.52	R 15.21
Adult		R 27.76	R 29.03	R 30.43
Vehicle		R 41.64	R 43.55	R 45.64
Bus		R 138.78	R 145.17	R 152.14
2.6 THE EYE				
VAT INCLUDED - ENTRANCE FEE				
Organised school children (per child)		R 10.00	R 10.46	R 10.96
Children up to 18 years		R 15.00	R 15.69	R 16.44
Adults		R 20.00	R 20.92	R 21.92
Wedding per group up to 20		R 500.00	R 523.00	R 548.10
2.7 PARKS				
ENTRANCE FEES				
Children up to 18 years		R 20.00	R 20.92	R 21.92
Adults		R 30.00	R 31.38	R 32.89
2.8 SWIMMING BATHS				
VAT INCLUDED - ENTRANCE FEE				
Children up to 18 years For 2 hours		R 20.00	R 20.92	R 21.92
Adults For 2 hours		R 40.00	R 41.84	R 43.85
Organised group up to 20 for 2 hours		R 500.00		
2.9 ENCROACHMENT				
VAT INCLUDED				
Fees		R 141.70	R 148.22	R 155.33
2.10 ILLEGAL LAND USE				
VAT INCLUDED				
With minimum penalty of		R 23,110.54	R 24,173.63	R 25,333.96
With maximum penalty of		R 69,352.03	R 72,542.23	R 76,024.25
Depends on size of stand.				
2.11 TRADE LICENCES				
VAT INCLUDED				
Per Licence : Informal trading i.e Tuckshops, salons		R 600.00	R 627.60	R 657.72
: Formal trading i.e wholesale and retail		R 1,500.00	R 1,569.00	R 1,644.31

	2020/21	2021/22	2022/23
2.12 HAWKERS PERMITS			
VAT INCLUDED			
Permits	R 150.00	R 156.90	R 164.43
Trade licences - Renewal	R 750.00	R 784.50	R 822.16
Hawkers Permit - Renewal	R 110.00	R 115.06	R 120.58
2.12 ILLEGAL LOGGING AT TUCKSHOPS & SHOPS			
VAT INCLUDED			
Penalty	R 4,626.22	R 4,839.02	R 5,071.30
2.13 LIBRARY			
VAT INCLUDED			
Identity ticket replacement due to misplacement	R 70.00	R 73.22	R 76.73
Admin Levy books outstanding after 4 weeks	R 60.00	R 62.76	R 65.77
2.14 ADVERTISING SIGNS AND HOARDINGS			
2.14.1 Advertsing signs			
Cost per square meter	R 147.11	R 153.88	R 161.26
Minimum charge	R 1,471.11	R 1,538.78	R 1,612.64
Guest house Board-Single sided	R 588.44	R 615.51	R 645.06
Guest house Board-double sided	R 823.82	R 861.72	R 903.08
2.14.2 BANNERS			
Deposit	R 941.51	R 984.82	R 1,032.09
Fees per week	R 566.38	R 592.43	R 620.87
2.14.3 POSTERS			
(i) Application per poster - non profit organisation	R 14.71	R 15.39	R 16.13
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 73.56	R 76.94	R 80.63
Minimum charge per week	R 147.11	R 153.88	R 161.26
(iii) Application per candidate	R 1,471.11	R 1,538.78	R 1,612.64
(iv) **Application per registered political party and independents**	R 1,471.11	R 1,538.78	R 1,612.64
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 1,471.11	R 1,538.78	R 1,612.64
Advertising signs displayed on municipal property	R 2,206.66	R 2,308.17	R 2,418.96
Advertising fee per month	R 250.09	R 261.59	R 274.15

	2020/21	2021/22	2022/23
2.15 PHOTOCOPIES			
VAT INCLUDED			
A4 size	R 2.00	R 2.09	R 2.19
A3 size	R 3.50	R 3.66	R 3.84
A4 size colour	R 2.50	R 2.62	R 2.74
A3 size colour	R 5.00	R 5.23	R 5.48
2.16 FAXES PER PAGE			
VAT INCLUDED			
Received	R 5.75	R 6.02	R 6.31
Send	R 4.18	R 4.37	R 4.58
Special tariff to Staff and Councillors			
tariff less 20%			
2.17 TESTING OF VEHICLE BRAKES			
VAT EXCLUDED			
Fee	R 346.47	R 362.41	R 379.81
2.18 POUNDING FEES			
VAT EXCLUDED			
Impounding:			
Trolleys per trolley per day: Minimum	R 83.68	R 87.53	R 91.73
LDV's per LDV per day: Minimum	R 627.60	R 656.47	R 687.98
Horses, donkey's cattle and pigs per day	R 350.00	R 366.10	R 383.67
Sheep and goat (each)	R 200.00	R 209.20	R 219.24
Maintenance:			
Horses, donkey's cattle and pigs per day	R 150.00	R 156.90	R 164.43
Sheep and goat (each)	R 60.00	R 62.76	R 65.77
2.19 TRAFFIC			
Functions, Marches and Sports			
Monday to Saturday			
One or two officer per event	R 1,176.89	R 1,231.02	R 1,290.11
Three or four officers per event	R 2,353.77	R 2,462.05	R 2,580.22
More than four officers per event	R 2,942.22	R 3,077.56	R 3,225.28
Sunday and Public Holidays			
Per officer per hour	R 1,103.33	R 1,154.08	R 1,209.48
ESCORT OF ABNORMAL LOADS			
Monday to Saturday			
Per officer per hour	R 662.00	R 692.45	R 725.69
Sunday and Public Holidays			
Per officer per hour	R 2,206.66	R 2,308.17	R 2,418.96
Indigint Funerals			
Government Event			
2.20 AIRSTRIP			
Event : Rental	R 11,587.13	R 12,120.14	R 12,701.90
Deposit 100%	R 11,587.13	R 12,120.14	R 12,701.90
Rental of Hangers : As per contract			
3. LAND USE			
3.1 GROUND AND GRAVEL SALES			
VAT INCLUDED			
3.1.1 Ground Private - per 6 cubic metre truck	R 346.47	R 362.41	R 379.81
Ground Contractor - per 6 cubic metre truck	R 346.47	R 362.41	R 379.81
3.1.2 Gravel Private - per 6 cubic metre truck	R 346.47	R 362.41	R 379.81
Gravel Contractor - per 6 cubic metre truck	R 346.47	R 362.41	R 379.81

	2020/21	2021/22	2022/23
3.2 BUILDING AND OTHER PLANS COPIES VAT INCLUDED			
3.2.1 Black and White			
Size A4(Removed A0)	R 15.00	R 15.69	R 16.44
Size A3(Removed A1)	R 25.00	R 26.15	R 27.41
A2	R 100.00	R 104.60	R 109.62
3.3 BUILDING PLAN APPROVAL - VAT INCLUDED VAT INCLUDED			
3.3.1 Residential and Agricultural stands			
Cost per square metre	R 28.00	R 29.29	R 30.69
Minimum charge	R 1,300.00	R 1,359.80	R 1,425.07
Maximum charge	R 20,920.00	R 21,882.32	R 22,932.67
Penalty: R100 per day from date of issue of notice			
3.3.2 Business and Guest houses			
Cost per square metre	R 55.00	R 57.53	R 60.29
Minimum charge	R 5,230.00	R 5,470.58	R 5,733.17
Penalty: R100 per day			
3.3.3 Industrial stands			
Cost per square metre	R 100.00	R 104.60	R 109.62
Minimum charge	R 8,500.00	R 8,891.00	R 9,317.77
Penalty: R100 per day			
3.3.4 NGOS, NPOS and churches			
Cost per square metre	R 2.50	R 2.62	R 2.74
Penalty: R100 per day			
3.3.5 Government buildings			
Cost per square metre	R 10.00	R 10.46	R 10.96
Penalty: R100 per day			
3.3.4 Residential Zone 2(2 or more Townhouses) per square meter	R 30.00	R 31.38	R 32.89
Residential Zone 3 (Flats) per square meter per unit	R 30.00	R 31.38	R 32.89
3.3.5 Occupation certificates	R 150.00	R 156.90	R 164.43
3.4 BUILDING DEPOSITS VAT EXCLUDED(BUT PAYABLE)			
3.4.1 Residential: 0 - 80 square metre	R 1,600.00	R 1,673.60	R 1,753.93
80+ square metre	R 2,700.00	R 2,824.20	R 2,959.76
3.4.2 Businesses	R 7,400.00	R 7,740.40	R 8,111.94
3.4.3 **INTERNAL ALTERATIONS**			
(i) Residential: 0 - 80 square metre	R 1,600.00	R 1,673.60	R 1,753.93
80+ square metre	R 2,700.00	R 2,824.20	R 2,959.76
(ii) Business	R 8,400.00	R 8,786.40	R 9,208.15
3.5 LAND USE MANAGEMENT FEES VAT EXCLUDED(BUT PAYABLE)			
3.5.1 Category 1 Aplications MPT			
Township establishment	R 2,500.00	R 2,615.00	R 2,740.52
0-20 Erven (Plus R 50 per erf)			
Plus tariff per erf in addition to the first 20 erven (Plus bulk service contribution)			
Application for Rezoning	R 2,500.00	R 2,615.00	R 2,740.52
Removal, amendment or suspension of a restrictive conditions, servitude or reservation against tittle of the land	R 4,200.00	R 4,393.20	R 4,604.07
Permanent closure of any public place or road	R 3,000.00	R 3,138.00	R 3,288.62
Amendment or cancellation in whole or in part of a general plan	R 3,000.00	R 3,138.00	R 3,288.62

	2020/21	2021/22	2022/23
Subdivision/ Consolidation of any land other than the subdivision which is provided for as a category 2 applications per additional portion after 5. the per erf tariff per erf in additional	R 4,200.00	R 4,393.20	R 4,604.07
Any consent or approval required in terms of a condition of title, a condition of establishment or conditionof an existing scheme or land use scheme	R 3,500.00	R 3,661.00	R 3,836.73
3.5.2 **Category 2 Applications (Authorised officials)**			
Application to occupational practice, relaxation of building lines,coverage,boundary wall height, amendment of site development plan	R 4,200.00	R 4,393.20	R 4,604.07
Subdivision/ consolidation of any land where subdivision is expressly provided for in a land use scheme Per additional portion after 5. then per erf tariff per in addition	R 3,500.00	R 3,661.00	R 3,836.73
The consent of the municipality for any land use purpose or departure or deviation in terms of a land use scheme or existing scheme which does not constitute a land development application	R 3,500.00	R 3,661.00	R 3,836.73

	2020/21	2021/22	2022/23
3.5.3 **Other tariffs as per specific need**			
Hard Copy of SDF	R 2,100.00	R 2,196.60	R 2,302.04
Hard Copy of Land Use Regulations	R 450.00	R 470.70	R 493.29
Customised product compilation fee (DVD, CD of documents)	R 300.00	R 313.80	R 328.86
3.5.4 CONTRAVENTION PENALTY			
Application cost + 50%			
Minimum	R 23,110.54	R 24,173.63	R 25,333.96
Maximum	R 69,352.03	R 72,542.23	R 76,024.25
3.5.5 ENCHROACHMENT			
Municipal Land			
Rate per square metre			
3.6 APPLICATION FOR HOME ENTERPRISE			
VAT EXCLUDED(BUT PAYABLE)			
Application fee	R 300.00	R 313.80	R 328.86
Departures land use restrictions on stands			
< 500 square metre	R 300.00	R 313.80	R 328.86
501 - 750 square metre	R 400.00	R 418.40	R 438.48
> 750 square metre	R 400.00	R 418.40	R 438.48
3.7 CERTIFICATE PER ISSUE			
VAT EXCLUDED(BUT PAYABLE)			
Valuation	R 300.00	R 313.80	R 328.86
Clearance	R 450.00	R 470.70	R 493.29
Zoning	R 300.00	R 313.80	R 328.86
3.8 HIRING OF MACHINES(If machine used less than an hour still pay full price)			
Grader per hour	R 1,059.75	R 1,108.50	R 1,161.71
TLB per hour	R 652.15	R 682.15	R 714.89
Front end loader	R 1,018.95	R 1,065.82	R 1,116.98
Water truck	R 611.34	R 639.46	R 670.16
Compactor	R 611.34	R 639.46	R 670.16
3.9 CONTRIBUTION TO BULK SERVICES			
Payments to be made prior to approval of business plans			
To be levied as per council policy subject to liason with developers			
when land salesor new developments are concluded			
Cost per square metre			
Residential low cost			
Non subsidised household			
Business			
Industrial			
3.9.1 **Water**			
Intermediate LOS	R 3,070.17	R 3,211.40	R 3,365.55
Low	R 6,611.17	R 6,915.28	R 7,247.22
Medim	R 12,907.51	R 13,501.26	R 14,149.32
High	R 24,792.60	R 25,933.06	R 27,177.85
3.9.2 **Sanitation**			
Low	R 8,500.09	R 8,891.09	R 9,317.86
Medium	R 13,915.22	R 14,555.32	R 15,253.98
High	R 20,211.56	R 21,141.29	R 22,156.07
3.9.3 **Electricity**			
LOS	R 6,296.34	R 6,585.97	R 6,902.10
Low	R 12,592.68	R 13,171.94	R 13,804.20
Medium	R 25,185.36	R 26,343.89	R 27,608.39
high	R 37,778.04	R 39,515.83	R 41,412.59
3.10 DISASTER MANAGEMENT FEES			
3.10.1 Emergency Services Kuruman Airstrip	R 2,500.00	R 2,615.00	R 2,735.29
3.10.2 Emergency Services Tswalu Airstrip	R 6,925.00	R 7,243.55	R 7,576.75
3.10.3 Emergency Services Danielskuil Airstrip	R 3,625.00	R 3,791.75	R 3,966.17
3.10.4 Emergency Services Kathu Airstrip	R 3,025.00	R 3,164.15	R 3,309.70
3.10.5 Flammable liguid registration			
3.10.5.1 1 Litre to 46000 Litres	R 350.00	366.1	R 382.94
3.10.5.2 46001 to 120 000 Litres	R 600.00	627.6	R 656.47
3.10.5.3 120001and more	R 889.50	930.417	R 973.22
3.10.6 Re- print of Flammable Certificate	R 120.00	125.52	R 131.29

	2020/21	2021/22	2022/23
3.10.7 Safety Certificates	R 180.00	188.28	R 196.94
3.10.8 Re- print of Safety Certificate	R 120.00	125.52	R 131.29
3.10.9 Personnel responding to emergency incidents			
3.10.1 Fire engine per hour	R 150.00	156.9	R 164.12
3.10.2 Fire engine per kilometre	R 20.00	20.92	R 21.88
3.10.3 Utility Bakkie per kilometre	R 13.00	13.598	R 14.22
3.10.4 1 x Firefighter per hour	R 30.00	31.38	R 32.82
3.10.5 1 x Officer per hour	R 40.00	41.84	R 43.76

ANNEXURE C

GA-SEGONYANA
LOCAL MUNICIPALITY

CREDIT CPNTROL AND DEBT COLLECTION POLICY

POLICY: CREDIT CONTROL AND DEBT COLLECTION

1. DEFINITIONS

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

Act: The Local Government Act: Municipal Systems Act No 32 of 2000 as amended from time to time.

Authorised representative: the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.

Availability charge: means where properties are not connected to the municipal infrastructure but can reasonably be connected to the service;

Basic Charges: referred to as a minimum charge, is the recovery of the distribution and billing-related costs, which include having a distribution system in place, plus the cost of the meter, servicing and reading the meter, mailing the bills and maintaining consumer records

Basic Service: the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.

Chief Financial Officer: an officer of the Municipality appointed as the Head of the Finance Department and includes any person:

(a) acting in such position; and

(b) to whom the Chief Financial Officer has delegated a power, function or duty in respective of such a delegated power, function or duty.

Child-headed household: a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.

Council: a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Ga-Segonyana.

Credit Control: is the limiting of further sales of services to debtors in arrears and the negotiation for payment in exchange for normalising further service delivery.

Debt Collection: is the execution of functions necessary to collect unpaid income of the

municipality, owed by clients who are debtors.

Closely connected person: any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner.

Collection Charges: means collection charges which may be recovered by the Municipality in terms of section 75A of the Act, and includes the cost –
to remind debtors of arrears; for the termination and reconnection of services; and
all legal costs, including attorney and own client costs incurred in the recovery of arrear amounts.

Consolidated Account: means a monthly account reflecting all fees, charges, surcharges on fees, property rates and other municipal taxes and services, levies, penalties and duties in respect of various accounts held by a consumer for all properties.

Consumer: any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).

Defaulter: a person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.

Director: the person in charge of the department within the Municipality and includes any person:

(a) acting in such position; and
(b) to whom the Director has delegated a power, function or duty in respective of such a delegated power, function or duty.

Due date: means the date indicated on an account statement by which time payment of the amount on the statement is required.

Equipment: a building, structure, pipe, pump, wiring, cable, meter, machine or any fittings.

Household: all persons who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.

Illegal Connection: means a connection to any system through which municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.

Indigent: means a debtor whose whole household has been evaluated in terms of the Indigent policy and who is registered as being indigent.

Indigent amount: means the applicable indigent subsidy as determined by the Municipality from time to time;

Interest: a levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.

Municipality: the institution that is responsible for the collection of funds and the provision of services to the consumers of Ga-Segonyana.

Municipal Account or billing: the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:

(a) show the levies for assessment rates and/or building clause; and
(b) monthly account rendered and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly.

Municipal Manager: the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:-

(a) acting in such position; and
(b) to whom the Municipal Manager has delegated a power, function or duty in respective of such a delegated power, function or duty.

Municipal Services: those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal, sewerage treatment, and for which payment is required by the Municipality.

Occupier: any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property

Owner:

(a) the person in whom the legal title to the property is vested;
(b) a person mentioned below may for the purposes of this Policy be regarded by a municipality as the owner of a property in the following cases:
    (i) A trustee, in the case of a property in a trust excluding state trust land;
    (ii) an executor or administrator, in the case of a property in a deceased estate;
    (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
    (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;

(v) a curator, in the case of a property in the estate of a person under curator ship;

(vi) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or

(vii) 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;

(c) in the case where the Council is unable to determine the identity of such person, the person who is entitled to the benefit of such property or any building thereon;

(d) in the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof;

(e) regarding:

(i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), and without restricting the above-mentioned stipulations, the developer or body corporate of the communal property; or

(ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered under a sectional title deed, including the legally appointed representative of such person;

(f) any legal entity, including but not limited to:

(i) a company registered in terms of the Companies Act, 1973, a trust, a close corporation registered in terms of the Close Corporations Act, 1984; as amended by the Companies Act, 2008;

(ii) any local, provincial or national government or organs of state;

(iii) any council or board established in terms of any legislation applicable to the Republic of South Africa;

(iv) any embassy or other foreign entity.

(v) in the case of property owned by the Council and which has been allocated to an individuals, but which has not been transferred to the person to whom it has been allocated to, such person from the date of the allocation concerned; and

(vi) in the case of property owned by or under the control or management of the Council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the right to the immovable property.

Premises or Property: any portion of land, the external surface boundaries of which are delineated on:

(a) a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No 9 of 1927) or in terms of the Deeds Registry Act,1937 (Act No 47 of 1937); or

(b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986); which is situated within the area of jurisdiction of the Municipality.

(c) 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;
(d) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
(e) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
(f) public service infrastructure.

2. LEGISLATIVE REQUIREMENT

2.1. In terms of Section 152 of the constitution of the Republic of South Africa, Act 108 of 1996 and Section 96 of the Municipal Systems Act no 32 of 2000 (herein after referred to as the" Systems Act") Chapter 7, Section 152 of the Constitution states the following:

- To provide democratic and accountable governance to local municipalities.
- To ensure the provision of services to communities in a sustainable manner.
- To promote a safe and healthy environment.
- To encourage the involvement of communities and community organisations in the matters of local government.

2.2. The municipality must strive within its financial and administrative capacity for the achievement of the above-mentioned objectives hence Section 96(a) and (b) of the Systems Act must be observed:

(a) Section 96 (b) of the Systems Act requires from Ga-Segonyana Local Municipality to adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its Rates and Tariff policies and complies with the provisions of the Act.

(b) Section 96 (a) of the Systems Act prescribes for Ga-Segonyana to collect all monies that is due and payable to it, subject to the provisions of that Act and any other applicable legislation.

3. GENERAL OBJECTIVES:

The objectives of this Policy are to:

a) provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;

b) ensure that all monies due and payable to the Municipality are levied and collected in a financially sustainable manner;

c) outline debt collection and credit control procedures and mechanisms; and

d) provide for indigents in a way that is consistent with rates and tariff policies and any

national and / or local policy on indigents;

e) set realistic targets consistent with –
   (i) generally recognized accounting practices and collection ratios; and
   (ii) the estimates of income set in the budget less an acceptable provision for bad debts.

f) provide for charging of interest on arrears, where appropriate;
g) provide for extensions of time for payment of accounts;
h) provide for termination of services or the restriction of the provision of services when payments are in the arrears;

i) provide for matters relating to unauthorized consumption of services, theft and damages;

j) provide for actions that may be taken by the municipality to secure payment of accounts that are in arrear including –
   (i) The termination of municipal services or the restriction of the provision of services;
   (ii) The seizure of property;
   (iii) The attachment of rent payable on a property; or
   (iv) The extension of liability to a director, trustee or a member if the debtor is a company, a trust or a close corporation.

k) provide for alternative debt repayment arrangements in accordance with the terms and conditions of this policy;

l) create an environment which enables a consumer to repay the outstanding debt and establish culture of payment for services rendered by the municipality;

m) effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy; or

n) provide for procedures and mechanisms to ensure that all monies due and payable to the municipality are collected.

4. PRINCIPLES

a) The administrative integrity of the Municipality must be maintained at all costs. The municipal council is responsible for development of the policy, while it is the responsibility of the Municipal Manager to ensure the execution/implementation of these policy.

b) All consumers must complete an official application form, formally requesting the Municipality to connect them to service supply lines. Existing consumers may be required to complete new application forms from time to time, as determined by the

Municipal Manager.

c) Application forms, agreements and documents relating to this Policy must be available in English. Officials designated to control and manage these documents must be able to clearly explain the contents of this policy.

d) An additional copy of the application form, conditions of services and extracts of the Council's Credit Control and Debt Collection Policy must be handed to every consumer on request at such fees as may be prescribed by Council.

e) Billing is to be accurate, timeous and understandable as far as possible to consumer.

f) The consumer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, debit or credit card, electronic fund transfer, debit order and bank order payments.

g) The consumer is entitled to an efficient, effective and reasonable response to appeals.

h) Enforcement of payment must be prompt, consistent and effective.

i) Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, charges, penalties and/or criminal prosecutions.

j) Incentives and disincentives may be used in collection procedures.

k) The collection process must be cost-effective.

l) Results will be regularly and efficiently reported and monitored.

m) Consumers that meet council's indigent criteria must be identified and supported.

5. PERFORMANCE EVALUATION

This is addressed in the SDBIP and the Municipal Performance Management System.

6. SETTLEMENT DISCOUNTS

The municipality may offer the following discounts to its account holders only when settling the account in full:

6.1. Residential Accounts (RATES ONLY)

6.1.1. 10% settlement discount within 30 days of receiving account i.e. by end of September
6.1.2. 5% settlement discount within 60 days, of receiving the account, i.e. October
6.1.3. 2.5% settlement discount within 90 days of receiving the account, i.e. by November

6.2. BUSINESS ACCOUNTS RATES ONLY)

6.2.1. 5% settlement discount within 30 days of receiving account i.e. by end of September
6.2.2. 2.5% settlement discount within 60 days, of receiving the account, i.e. October
6.2.3. 0.5 % settlement discount within90 days of receiving the account, i.e. by November

These discounts are only applicable to rates payers who opt to their RATES billed once off annually.

6.3. **DISCOUNT FOR SENIOR CITIZENS (SERVICES ONLY)**
6.3.1 A 10% monthly discount will be offered to senior citizens from the age of 60 years that are not registered as indigents and are not working and this also applies to community members above 50 years that are receiving medically unfit pension.

6.4. GOVERNMENT

– No discounts will be offered to government accounts

6.5. DISCOUNTS ON SERVICE CHARGES (TRADING SERVICES)

No discounts will be offered on any service charges accounts due.

7. RESPONSIBLE AUTHORITY

7.1 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.

7.2 The delegated officials to assist the Council accomplish its responsibilities are the Municipal Manager, Chief Financial Officer (CFO) and officials appointed in the Debt Collection Section.

7.3 Municipal Manager

a) It is the responsibility of the Municipal Manager to report quarterly 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.

b) The Chief Financial Officer (Director: Finance) shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayor, as supervisory authority in terms of section 99 of the Act, read with section 100(c). This report shall contain particulars on:

(i) Cash collection statistics, showing high-level debt recovery information (number of consumers; enquires; arrangements; default arrangements;

growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

(ii) Performance on all areas against targets agreed to in paragraph 5 of this policy document.

c) If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision(adjustment) of the budget according to realistically anticipated income levels.

d) The Mayor, as supervisory authority, shall report at intervals of 3 months to Council as contemplated in section 99(c) of the Act.

7.4 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.

7.5 Obligation to measure

The Council should 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 those services. **Estimates could be done up to a period of three months.**

a) The Municipality will endeavor, within practical and financial limits, to provide meters to every paying consumer for all measurable services.

b) All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption will be estimated in terms of Council's operational procedures which could be done up to a period of three months.

c) If any meter is not accessible for meter reading, the consumer must move the meters out to the borderline or convert the electricity meter to a pre-paid meter.

d) Consumers must:

(i) safeguard and maintain service meters in a readable condition;

(ii) notify the Municipality when services are no longer required at a particular service delivery point;

(iii) maintain credit and pre-payment meters; and

(iv) supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.

e) Consumers are entitled to request verification of meter readings at the

prescribed tariff.

f) Consumers are entitled to request testing of meters for accuracy within reason, at the prescribed tariff. If the test reveals the meter to register outside the norm as prescribed for the service in question (Electricity or Water), the charges paid will be refunded, the meter will be replaced and the consumer's account will be adjusted accordingly, subject to a maximum period of 3 months from month of written request for testing of meter.

g) Consumers will be informed of meter replacement.

h) Consumers must give notice of at least 5 working days to the Municipality should a final reading or discontinuation of service be required. When a consumer vacates a property and a final reading of the meter is not possible due to no access, an estimated consumption will be used by the Municipality and the final account rendered accordingly.

i) If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the consumer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and will in result credit or debit adjustments.

j) The Municipality will apply debt collection factors available on the prepayment electricity system, to ensure collection of all arrear debt on the account of the consumer.

8. Agreement

(a) 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.

(b) A service agreement shall henceforth be entered into with the municipality for each property to which the municipality is expected to provide all or any of the following services:

- ✓ Electricity
- ✓ Water
- ✓ Refuse collection
- ✓ Sewerage.

(c) Such agreement shall set out the conditions on which services are provided and shall require the signatory to note the contents of the municipality's

credit control and debt collection policy, a copy of which shall be provided to such signatory, as well as the provision of the Municipal Systems Act in regard to the municipality's right of access to property.

(d) Where the signatory is not the owner of the property to which the services are to be provided, a properly executed letter from such owner indicating that the signatory is the lawful occupant of the property shall be attached to the service agreement.

(e) Current consumers and users of the municipality's services who have not entered in a service agreement as envisaged above, must do so within six months from the date on which the by-laws to implement the present policy are published, and failure to do so shall be considered as a default equivalent to non-payment.

(f) **SERVICE PROVIDERS OF THE MUNICIPALITY SHOULD APPLY OUR CREDIT CONTROL AND DEBT COLLECTION POLICY.**

9. Control over deposits of security

(a) Deposits for services and sundry (rental contracts) 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.

(b) No interest shall accrue in favour of the depositors thereof.

(c) 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, sundry debtor deposits inclusive.

10. Rendering of accounts

(a) Accounts are delivered monthly. It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.

(b) 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.

11. Accounts must reveal the following:

(i) Details of the consumption for a certain period of each service either by measuring, estimating or allocation.

(ii) The amount due in terms of consumption.

(iii) The amount due for each remaining service.

(iv) Other amounts due.

(v) The amount due for property tax.

(c) It is the consumer's responsibility to ensure that the postal address and other contact details are correct. Consumers may also request their accounts to be sent by e-mail.

(d) If the account is disputed, an average payment on the disputed consumer accounts should be made using the previous 3 months undisputed accounts, until the matter is resolved.

(e) A Municipality ***may*** consolidate any separate accounts of consumers liable for payments to the municipality

(f) Credit a payment by such a consumer against any account of that consumer and

(g) Implement the credit control and debt collection policy in relation to any arrears on any of the accounts of such a consumer.

12. Final date of payment

i. 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.

ii. Assessment Rates Accounts

- The invoice/account must state the final date of payment no later than the 15th of the following month after date of the invoice.
- Rates will be levied in 12 equal monthly instalments

13. PURPOSE OF CREDIT CONTROL POLICY

12.1. General

(a) To ensure that all money due and payable to Ga-segonyana Local Municipality in respect of rates, fees for services, surcharges on such fees, tariffs, charges, interest accrued on any amounts due and payable in respect of foregoing and any collection charges are collected efficiently and promptly.

(b) Provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and also the estimates of income set in the annual budget of Ga-Segonyana less an acceptable provision for Bad Debts.

(c) Provide for the termination of services or for restrictions on the provision of services when payments are overdue.

(d) Provide for matters relating to the unauthorised consumption of services, theft and damages.

(e) Provide for credit control and debt collection procedures and mechanisms.
(f) Provide for any collection charges on the payment of overdue accounts.
(g) Provide for the extension of time for payment on overdue amounts.
(h) Provide for interest on overdue accounts.

12.2Credit control Procedures

(a) 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.

13 Reminder/Demand for payment

(a) A notice that the account has not been paid on the due date will be printed on the account every month and mailed to the debtor's address.
(b) This reminder clearly states that failure to pay this account in full on or before the due date as shown on the account renders you liable to disconnection without further notice.
(c) In those instances where prepayment meters for service vending are installed, the municipality ***will block/restrict*** the vending of services to consumers of services on properties where arrears are owed for other municipal services or levies.

14 Action after failure to pay

(a) If a debtor fails by the demand date –
  (i) to pay the arrears amount
  (ii) to lodge an appeal (query the amount of the account)
  (iii) to conclude an agreement with the Municipality for payment of the arrears in instalments.

(b) the Municipality **will** without further notice –

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

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

15 Right of access

a) The owner and/or occupier of a property is to allow an authorised representative of the Municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect the provision of any service.

b) The owner is responsible to ensure that all meters installed on his/her property are easily accessible.

c) The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

d) If a person fails to comply with the municipality or its authorised representative, the municipality may:

- By written notification require such a person to restore access at his/her own expense within a specified period.
- If it is the option that the situation is a matter of urgency, without prior notice, restore access and recover the cost from such a person.

e) If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible through any act or omission of the account holder or owner of the property concerned, the municipal manager shall estimate the consumption of the service concerned through the assistance of CFO by determining the monthly average of the metered consumption recorded on the three most recent accounts in respect of which meter readings were obtained, and thereafter bill the account holder for the monetary value of such estimated consumption.

16 Right of appeal

(a) 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.

(b) Disputes lodged with the municipality prior to the implementation of this policy,

in terms of any previous policy, shall continue to be dealt with in terms of that policy.

17 Payment during appeal

(a) Once an appeal is lodged, the debtor's obligation to pay the average as determined in point 10.1(c) will apply until the appeal has been finalised.

(b) 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, until such time that the matter is resolved.

(c) In the meantime, the debtor will remain due and liable for all other full amounts falling due during the adjudication of the appeal.

18 Adjudication of appeal

(a) 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.

(b) 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 ***except*** in a case where there is evidence of physical tampering in which case the costs thereof will be for the account of the consumer. Such a fee must be paid in advance before a new meter in installed.

19 Contractors who tender to the Municipality

The Supply Chain and Procurement Management Policy and Tender Conditions of the Municipality will include the following:

(i) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant municipal accounts owed by the Service Provider and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.

(ii) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears has been made. No further debt may accrue during contract period.

(iii)Tender Conditions will include a condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.

(iv) A Service Provider will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

20 Extension for payment

20.1.1.1 Consumer services and other debtors

- The CFO/Delegated official may/can arrange that the debtor pay the outstanding amount in equal monthly instalments over a period not exceeding 12 months.
- Payment arrangements for Business and other accounts may not exceed a period of 9 months.

20.1.1.2 Interest must be charged on the arrears debt mentioned in 7.10.1 and 7.10.2 at a rate of 1% above prime rate per year.

20.1.1.3 No other payment extensions may be granted other than as stipulated in set out in 20.1.1.1 above.

20.1.1.4 <u>Continuous default</u>

- 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.

20.1.1.5 <u>Extended repayment periods – Consumer accounts</u>

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

(b) If the overdue amount is outstanding for longer than 7 months, a minimum of 50% down payment must be made and repayment period not to exceed 12 months.

(c) The debtor should request such arrangement and shall agree to the conditions attached thereto.

(d) If the conditions as agreed are not adhered to, normal credit control procedures will be implemented.

(e) When a debtor applies for further extension/arrangement, services will be

discontinued until final payment is received.

(f) All future current accounts **must** be paid on due date.

(g) Accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis.

(h) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period.

(i) In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, a Councilor of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.

21. COMMENCEMENT AND RESUMPTION OF SERVICES

21.1.1 New service connections

(a) Application for new connections can only be made by property owners or with their written consent, accompanied by positive identification.

(b) In cases where there is an existing connection the account holder of services must first terminate his/her service to allow for the new service connection.

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

(d) In the case of deceased parents that left an outstanding amount, the account will be changed to the deceased estate and recovered from the estate. Where there are beneficiaries that are deemed or qualify to be indigent, they will qualify for indigent services. Furthermore, deposit originally paid will be offset to clear the remaining debt left by the account holder. A new account will be transferred to the beneficiaries occupying the property, wherein a new deposit will be required, depending on the prevailing circumstances, e.g. indigent situation.

(e) If after thorough investigations it is concluded that the parents did not leave any money or assets in order to recover the outstanding amount the debt will be submitted to council for write off.

(f) Connections and supply of a new service may only be made after all charges in respect of deposits and connection fees have been paid depending on the prevailing circumstances, e.g. indigent situation.

(g) No services will be rendered to the new occupant if the outstanding debt of the old occupant is not paid in full subject to paragraph (g0) above.

(h) When a property is sold or transferred, the municipality will automatically open a new service account in the name of the new owner subject to the deposit being payable by the new owner.

(i) No payout will be made on active credit balances account.

21.1.1.2. Resumption of discontinued services

(a) If the debtor has –
  (i) paid the full amount outstanding
  (ii) made an agreement with the Municipality for the payment of the amount in arrears the services will be resumed after 14h00 pm.

21.1.1.3. 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:

(a) A penalty fee payment for households, businesses and the industrial site.

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

(c) 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.

22 INTERRUPTION OF SERVICES

a) Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of electricity, water and other Municipal services, suspended, restricted or disconnected. Water, however, will not be disconnected entirely but may be restricted to no less than 6 kiloliter per household per month.

b) The disconnection or restriction of services may be invoked should the account remain in arrears after the expiration of the 14 (fourteen) days' notice of restriction of services as mentioned in section 14(b)(1).

c) Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges, or who do not honor their arrangements.

d) Upon the liquidation of arrears, including the additional levies in terms of clauses (e) and (f), or the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.

e) The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.

f) The deposit of any defaulter may be adjusted and brought into line with relevant policies of Council.

23. PROCEDURE OF FINAL RESORT

The following will facilitate this concept:

23.1. Consumer Services

(a) Services will be disconnected without any further notice.

(b) Services may not be resumed before arrangements have been made for payment of an additional deposit, interest on arrears, arrears outstanding and reconnection fee as stipulated in the notice.

(c) 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.

(d) 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.

(e) 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:

(i) The name of the consumer of water and/or electricity appeared twice on a cut-off list.

(ii) The consumer of water and/or electricity being thrice in default of payment.

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

(iv) 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.

(f) 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.

24. Write-off of Irrecoverable Debts: Conditions

(a) Where the debtor is untraceable.
(b) Insolvency of debtor.
(c) Where a contribution obligation may exist on sequestration of a business or individual.
(d) The debtor has no movable or immovable property at his disposal.
(e) The cost of collection exceeds the debt.
(f) Where the account holder is deceased and beneficiaries are indigents.
(g) Where the deceased estate has not enough funds or assets to recover the outstanding debt.

25. Bad Debt Recovered

The municipality can still recover written off debt when the person is traceable.

26. Deceased Estates

When an account holder is deceased, the municipality shall submit a claim on outstanding amount. Write off debt as at date of death when beneficiaries are indigent.

27. Clearance Certificates

Before any property can be transferred from one owner to another, all arrears

are payable before the Chief Financial Officer issues a certificate to that effect. No transfer can take place without such a certificate.

28. DEBT COLLECTION

28.0 Procedures for the collection of outstanding debt on all debtors

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

(b) In the event that no payment of the account the Manager Revenue and Debt Collection will automatically hand over to the appointed debt collectors ALL accounts in arrears for 90 days and above, without informing the account holder, as accounts are remitted to holders monthly, further reference be made to the Municipal Property Rates Act of 2004 s 27(2) it states that: *A person is liable for payment of a rate whether or not that person has received a written account in terms of subsection (1). If a person has not received a written account, that person must make the necessary inquiries from the municipality.*

29 Shortages by cashiers

(a) Any shortages by cashiers must be paid immediately or the following day and if not, the municipality will recover from their salaries. The municipality reserves the right to do investigations and take disciplinary action.

30 Building Plans deposit

(a) Any outstanding arrears of the owner for services, sundry and rates accounts will be deducted first before the building plan deposit is released.

31 Impairment of Trade Receivables (See the attached addendum dealing with impairment calculations)

(a) The impairment for trade receivables and loans and receivables is calculated based on the grading of individual debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts. *The addendum (impairment methodology) attached provides guideline on the impairment process.*

32 Debtors are graded on the following basis:

Debtors will be impaired according to the debt impairment policy

33. ROLE OF MUNICIPAL MANAGER

a) Section 100 of the Municipal Systems Act 2000 clearly assigns the legal responsibility for implementing the credit control and debt collection policies and by-laws to the municipal manager.

b) In practice, however, the municipal manager will inevitably delegate some or many of the responsibilities specifically assigned to this office in the policy, as it will be administratively impossible for the municipal manager to perform the numerous other functions of this policy as well as attend to frequently recurring administrative responsibilities.

c) However, such delegation does not absolve the municipal manager from final accountability in this regard, and the municipal manager will therefore have to ensure that a proper internal reporting structure is established and consistently implemented so that the day-to-day actions of and results from the credit control and debt collection programme are properly monitored and supervised.

d) It is also an integral feature of the present policy that the municipal manager shall report monthly to the executive mayor or the executive committee, as the case may be, and quarterly to the council on the actions taken in terms of the by-laws, and on the payment levels for the periods concerned. Such reports shall, as soon as practicably possible, provide the required information both in aggregate and by municipal ward.

e) In addition, such monthly report shall indicate any administrative shortcomings, the measures taken or recommended to address such shortcomings, and any actions by councillors who could reasonably be interpreted as constituting interference in the application of the by-laws.

f) Notwithstanding all the foregoing references to the accountability of the municipal manager in regard to the by-laws, it is incumbent on all the officials of the municipality, certainly all those who are at management level, as well as more junior officials who are directly or indirectly involved with the community and the municipality's general consumer relations, to promote and support both this credit control and debt collection policy and the application of the attendant by-laws.

g) The responsibilities of all officials include reporting to the municipal manager any evident breaches of these policy and by-laws, whether by members of the community, other officials or councillors of the municipality.

34. ROLE OF COUNCILLORS

a) Section 99 of the Systems Act 2000 places the important legal responsibility on the executive committee of monitoring and supervising the application of

the present policy and the attendant by-laws, and of reporting to the council on the extent and success of credit control actions.

b) The present policy further recommends that the municipality's ward committees be actively involved in implementing the credit control and debt collection programme, and should therefore receive monthly reports on the status of the municipal manager's credit control actions.

c) The ward committees must also actively promote the present policy, and ensure at the same time that the municipality's consumer relations are of a standard acceptable to the community.

d) In order to maintain the credibility of the municipality in the implementation of the present policy and the attendant by-laws, it is essential that councillors should lead by example. Councillors, by adopting this policy, therefore pledge, not only their unqualified support for the policy, but their commitment to ensuring that their own accounts will at no stage fall into arrears.

35. DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

a) To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

b) To pay services fees, rates on property and other taxes, levies and duties imposed by the municipality on or before the due date.

c) To observe the mechanism and processes of the municipality in exercising their rights.

d) To allow municipal officials reasonable access to their property to execute municipal functions.

e) To comply with the by-laws and other legislation of the municipality.

f) To refrain from tampering with municipal services and property.

36. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2020 and will be reviewed at least annually or when required by way of a Council resolution.

37. SHORT TITLE

This Policy shall be called the **Credit Control and Debt Collection Policy of the Ga-Segonyana Local Municipality**

ANNEXURE D

GA-SEGONYANA
LOCAL MUNICIPALITY

PROPERTY RATES POLICY

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UNDER DRAFT

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**" means property that is used primarily for agricultural purposes but, without derogating from section 9 of MPRA, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of **[a]** the 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. **"Appeal board"** means a valuation appeal establishment in terms of section 56 of the Act

2.6. **"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.

2.7. **"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.

2.8. **"Definitions, words and expressions"** as used in the Act are applicable to this policy document where ever it is used;

2.9. **"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;

2.10. **"Land tenure right"** a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991);

2.11. **"Municipality"** means the Local Municipality of Ga-Segonyana;

2.12. **"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;

2.13. **"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;

(i) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;

(ii) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);

(iii) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;

(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

- a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; 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;

2.14. **"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.

2.15. **"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.

2.16. **"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;

(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) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i).

2.17. **'Public Service Purposes'**, in relation to the use of a property, means property owned and used by an organ of state as—

(a) hospitals or clinics;

(b) schools, pre-schools, early childhood development centres or further education and training colleges;

(c) national and provincial libraries and archives;

(d) police stations;

(e) correctional facilities; or

(f) courts of law, but excludes property contemplated in the definition of 'public service infrastructure

2.18. **'Ratio'**, in relation to section 19 of the Act, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category

2.19. **"Residential property"** means <u>improved</u> 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.

2.20. **"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.

REVIEWED 2021

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 Subject to section 19 of the Act, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (7.2) and (7.3), which must be determined according to the—

a) use of the property;
b) permitted use of the property; or
c) a combination of *(a)* and *(b)*.

7.2 A municipality must determine the following categories of rateable property in terms of subsection (7.1): Provided such property category exists within the municipal jurisdiction:

a) Residential properties;
b) industrial properties;
c) business and commercial properties;
d) agricultural properties;
e) mining properties;
f) properties owned by an organ of state
g) public service infrastructure properties;
h) properties owned by public benefit organisations and used for specified public benefit activities;
i) properties used for multiple purposes, subject to section 9; or
j) any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the *Gazette*.

7.3 In addition to the categories of rateable property determined in terms of subsection (7.2), a municipality may determine additional categories of rateable property, including vacant land: Provided that, with the exception of vacant land, the determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (7.2).

7.4 *(a)* Where a municipality can, on good cause, show that there is a need to sub-categorise the property categories listed in subsection (7.2), a municipality must apply to the Minister in writing for authorisation to create one or more of such sub-categories.

(b) Such application must—

(i) be accompanied by a motivation for such sub-categorisation;
(ii) demonstrate that such sub-categorisation is not in contravention of section 19; and

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 2020/21 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. A further R46 704.00 will be exempted for Bankhara-Bodulong residential properties. The total reduction for Bankhara-Bodulong residential properties will be R56 704.00 for the 2020/21 financial year.

(c) Public Service Infrastructure

Public Service Infrastructure will be billed at rates determined by the municipality from time to time. **The rates levies under the Public Service Infrastructure will be phased in over the period of three financial years. In terms of section 21 subsection 2 the phasing-in discount on a property must**

(i) in the first year, be at least 75 per cent of the rate for that year otherwise applicable to the property;

(ii) in the second year, be at least 50 per cent of the rate for that year otherwise applicable to the property; and

(iii) in the third, be at least 25 percent of the rate for that year otherwise applicable to the property.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.15(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 the first 30% of the market value of public service infrastructure;

- **on any property referred to in paragraphs (a), (b), (e), (g) and (h) of the definition of 'public service infrastructure**

(b) 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.

(c) on a property belonging to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses—

(i) ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds; or

(ii) upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse

(d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the 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 2018/2019 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 2018/19 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 2018/19 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 2018/19 financial year this amount is determined as R4 120 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. occupies 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 2020/21 financial year the total yearly income and corresponding rebate is determined as follows: -**

a. R0 to R60 000 per year - 50%.
b. R60 001 to R80 000 per year - 40%.
c. R80 0001 to R100 000 per year - 30%

Pensioners may qualify for a rebate of 100% upon successful application.

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 on a monthly basis

14.2 The payment of rates has to be done on or before the 15th of each month. Should a total of three payments become due at any time, the owner will be liable for the full outstanding amount accumulated and the interest accrued.

14.3 Interest on arrears rates shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.

14.4 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.

14.5 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.

14.6 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.

14.7 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 a rate must furnish the municipality with an address where correspondence can be directed to.

15.3 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.

15.4 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 **7 (seven) years.**

18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

19. BUILDING PLANS

Before any building plan can be approved, the Technical Department should check with the

Finance Department if the recipient of the building plan has any account with the municipality

and if they are up to date. Should the accounts not be up to date the building should not be

approved until such a date that all the accounts are paid up.

20. CLEARANCE FIGURES FOR SALE OF PROPERTY

When a property is sold the municipality must ensure that when it issues clearance figures it

should include all the outstanding amounts of all the other properties registered under the seller.

This should only be done when a property is up for sale and not include cases of divorces and

inheritance.

21. COMMUNITY PARTICIPATION

21.1 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:-

21.1.1 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.

21.1.2 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.

21.1.3 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.

21.1.4 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.

21.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

21.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

22. REGISTER OF PROPERTIES

22.1 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.

22.2 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.

22.3 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.

22.4 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.

22.5 The municipality will update Part A of the register during the supplementary valuation process.

22.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

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

23.1 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.

24. REGULAR REVIEW PROCESSES

24.1 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.

25. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES

25.1 This policy has been approved by the Municipality in terms of Council resolution no 1. dated 30 May 2020 and takes effect on the effective date of the first valuation roll on **1 July 2020.**

REVIEWED DRAFT

ANNEXURE E

GA-SEGONYANYA
LOCAL MUNICIPALITY

BUDGET AND
VIREMENTS POLICY

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1. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year.

According to subsection (2) of the Act concerned, in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals.

2. OBJECTIVES

The objective of this policy is to set out:

- The responsibilities of Council, the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to the IDP review and budget processes.
- This policy seeks to build a regulatory framework and guidance around adjustment of the municipality's budgets (Operating or Capital Budget).
- This policy shall be read in the context of the provisions of the following acts, regulations and administrative guidelines;
    - MFMA Circulars
    - MFMA 56 of 2003
    - Municipal Budget and Reporting Regulations, Government Gazette no. 32141 dated 17 April 2009

3. BUDGETING PRINCIPLES

The municipality shall not budget for a cashflow deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels unless motivated by the implementation of a certain policy or legislative requirement.

Expenses may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote/segment in the approved budget.
Ga-Segonyana Local Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council.

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 designed to enable Directorates to utilize efficiency savings derived in the implementation of some project to defray excess expenditure elsewhere within the Directorates.

4. BUDGET PREPARATION PROCESS

4.1 FORMULATION OF THE BUDGET

The Accounting Officer with the assistance of the Chief Financial Officer and the IDP Manager shall draft the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year.

The Executive Mayor shall table the IDP process plan as well as the Budget Timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).

IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium-term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.

a) The Mayor shall convene a strategic workshop in September/October with the mayoral committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and service delivery pressures facing the municipality.

b) The Mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.

c) The Chief Financial Officer, BTO, Manager Budget, Financial Managers and Senior Managers undertake the *technical compilation* of the budget.

d) The budget must be in the prescribed format, and must be divided into capital and operating budget.

e) The budget must reflect the realistically expected revenues by source for the budget year concerned.

f) The expenses reflected in the budget must be divided into line items.

g) The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

The budget must be accompanied by the following documents:

a) Draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial concerned

b) Draft resolutions (where applicable) amending the IDP and the budget related policies

c) Measurable performance objectives for each budget vote taking into account municipality's IDP

d) The projected cash flows for the financial year by revenue source and expenditure votes broken down per month

e) The cost to the municipality for the budget year of the salaries, allowances and other benefits

4.2 QUALITY CERTIFICATE

Whenever an annual budget and supporting documentation, an adjustments budget and supporting documentation or an in-year report of a municipality is submitted to the mayor, tabled in the municipal council, made public or submitted to another organ of state, is must be accompanied by a quality certificate signed by the municipal manager.

4.3 CONSISTENCY IN BASES OF MEASUREMENT AND ACCOUNTING POLICIES

The municipal manager of a municipality must take all reasonable steps to ensure that;

a) the basis of measurement and accounting policies underpinning the municipality's annual financial statements are the same as those used in the preparation of the municipality's annual budget and supporting documentation, its adjustments budgets and supporting documentation, and its in-year reports; and

b) any differences or changes between financial years are explicitly noted.

4.4 BUDGET RELATED POLICIES OF THE MUNICIPALITY

The municipal manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the Act.

4.5 ANNUAL BUDGETS OF THE MUNICIPALITY

Format of annual budgets
The annual budget and supporting documentation of a municipality must be in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

5. FUNDING OF EXPENDITURE

1) The funding of an annual budget must be consistent with the trends, current and past, of actual funding collected or received.

2) Realistically anticipated revenues to be received from national or provincial government, national or provincial public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds. Acceptable documentation is constituted by –

a) in case of allocations or transfers from national or provincial government, the latest available –

(i) gazetted allocations or transfers to the municipality following the approval of the current year's Division of Revenue Act, national annual budget, national adjustments budget, relevant provincial annual budget or provincial adjustments budget;

(ii) proposed allocations or transfers to the municipality contained in the tabled national and provincial budgets as detailed in accordance with section 36(2) of the Act;

(iii) written notifications from the relevant treasury of proposed allocations or transfers subsequent to the previous year's national and provincial approved annual budgets and latest adjustment budgets, but prior to the current year's budgets being tabled; or

(iv) the previous years' allocations or transfers in the national and provincial annual budgets and adjustments budgets as gazetted;

b) in the case of transfers from other municipalities, the latest available –
(i) transfers in the approved annual budget or any subsequent approved adjustments budget of the transferring municipality;

(ii) proposed transfers contained in the tabled annual budget of the relevant transferring municipality;

(iii) written notification of proposed transfers from transferring municipalities communicated to the municipality in terms of section 37(2) of the Act; or

(iv) the previous year's transfers in the approved annual budget or any adjustments budget of the transferring municipality; and
c) in case of agency payments, public contributions, donations, donor grants or any other grants, subsidies or contributions, the relevant service level agreement, contract or other legally binding document which guarantees the funding.

3) Estimated provision for revenue from rates, taxes, levies or other charges that will not be collected must be budgeted for separately and reflected on the expenditure side of the municipality's annual budget and not netted out from budgeted revenue.

4) The cash flow budget must reflect all funds realistically forecast to be collected, including arrears.

5) The municipal manager in signing the quality certificate certifies that all ratepayers and consumers are accounted for in the annual budget calculations and that billing systems including property records and metering information are up to date and consistent with the revenue projections in the annual budget.

6) To determine whether an annual budget is funded in accordance with section 18 of the Act, a simultaneous analysis is required of the financial performance, financial position, cash flow, and capital expenditure budgets together with any requirements for working capital and cash investments held for statutory or contractual purposes.

5.1 Funding of capital expenditure

1) An annual budget must show total capital expenditure and the different sources of funding.

2) All sources of funding shown in terms of sub regulation (1) must be available, and must not have been committed for other purposes.

3) The total budgeted capital funding by source must equal the total budgeted capital expenditure.

6. APPROVAL OF CAPITAL PROJECTS

1) Within ten working days after the municipal council has given individual approval for a capital project in terms of section 19(1)(b) of the Act, the municipal manager must in accordance with section 21A of the Municipal System Act make public –

a) the municipal council resolution approving the capital project; and

b) details of the nature, location and total projected cost of the approved capital project.

2) The following capital projects may be approved by a council either individually or as part of a consolidated capital programme as contemplated in section 19(3) of the Act:

a) capital projects of which the total projected cost is below R50 million, in the case of a municipality with approved total revenue in its current annual budget greater than R500 million.

3) Sub regulation (1) does not apply to capital projects whose total projected cost when the annual budget is approved is below the values set out in sub regulation (2).

4) Expenditure needed for capital projects below the values set out in sub regulation (2) may be included in the annual budget before the project is approved in terms of section 19(3) of the Act.

7. TABLING OF ANNUAL BUDGETS IN MUNICIPAL COUNCILS

1) An annual budget and supporting documentation tabled in a municipal council in terms of sections 16(2) and 17(3) of the Act must –

a) be in the format in which it will eventually be approved by the council; and

b) be credible and realistic such that it is capable of being approved and implemented as tabled.

c) When complying with section 68 of the Act, the municipal manager must submit

2) The draft municipal service delivery and budget implementation plan to the mayor together with the annual budget to be considered by the mayor for tabling in terms of section 16(2) of the Act.

3) For effective planning and implementation of the annual budget, the draft municipal service delivery and budget implementation plan may form part of the budget documentation and be tabled in the municipal council if so

recommended by the budget steering committee.

8. PUBLICATION AND SUBMISSION OF ANNUAL BUDGETS FOR CONSULTATION

1) When making public the annual budget and supporting documentation in terms of section 22(a) of the Act, read with section 21 A of the Municipal Systems Act, the municipal manager must also make public any other information that the municipal council considers appropriate to facilitate the budget consultation process, including –

b) summaries of the annual budget and supporting documentation in alternate languages predominant in the community; and

c) information relevant to each ward in the municipality.

2) All information contemplated in sub regulation (1) must cover:

a) the relevant financial and service delivery implications of the annual budget; and

b) at least the previous year's actual outcome, the current years forecast outcome, the budget year, and the following two years.

3) When submitting the annual budget to the National Treasury and the relevant provincial treasury in terms of section 22(b)(I) of the Act, the municipal manager must also submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form –

a) the supporting documentation as tabled in the municipal council; and

b) any other information as may be required by the National Treasury.

4) The municipal manager must send copies of the annual budget and supporting documentation as tabled in the municipal council, in both printed and electronic form to –

a) Any other municipality affected by the annual budget within ten working days of the annual budget being tabled in the municipal council; and

b) Any other organ of state on receipt of a request from that organ of state.

c) Within 14 days after the draft annual budget has been tabled, the Municipality must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National Treasury.

d) The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

9. CONSIDERATION OF ANNUAL BUDGETS BY MUNICIPAL COUNCILS

1) At least 30 days before the start of the budget year the mayor must for purposes of section 23 of the Act table the following documents in the municipal council –

a) a report summarizing the local community's views on the annual budget;

b) any comments on the annual budget received from the National Treasury and the relevant provincial treasury;

c) any comments on the annual budget received from any other organ of state, including any affected municipality; and

d) any comments on the annual budget received from any other stakeholders.

2) The municipal manager must assist the mayor in the preparation of the documents referred to in sub regulation (1) and section 23(2) of the Act.

10. APPROVAL OF ANNUAL BUDGETS

1) A municipal council must consider the full implications, financial or otherwise, of the annual budget and supporting documentation before approving the annual budget.

a) The council resolution can contain budget policies.

b) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.

c) The budget tabled to Council for approval shall include the following supporting documents:

i. resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;

ii. other resolutions;

iii. National Treasury prescribed budget schedules and supporting tables;

iv. any proposed amendments to the IDP;

v. any proposed amendments to the budget related policies.

2) When approving an annual budget, a municipal council must in terms of section 24(2) (c) of the Act, consider and adopt separate resolutions dealing with each of the matters contemplated in that section.

a) Within 14 days after the draft annual budget has been tabled, the Municipality must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National Treasury.

b) The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

11. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The Executive mayor must approve the Service Delivery and Budget Implementation Plan in the required format not later than 28 days after the approval of the Budget by Council.

12. CAPITAL BUDGET

a) Expenditure of a project shall be included in the capital budget if it meets the asset definition.

b) Vehicle replacement shall be done in terms of Council's vehicle replacement policy.

c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.

d) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.

e) Before approving a capital project, the Council must consider:

i. the projected cost of the project over all the ensuing financial years until the project becomes operational,

ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).

f) Before approving the capital budget, the council shall consider:

i. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,

ii. depreciation of fixed assets,

iii. maintenance of fixed assets, and

iv. any other ordinary operational expenses associated with any item on such capital budget.

g) Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.

h) The capital expenditure shall be funded from the following sources:

12.1 REVENUE OR SURPLUS

If any project is to be financed from revenue this financing must be included in the:

- cash budget to raise sufficient cash for the expenditure.

If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

12.2. EXTERNAL LOANS

- External loans can be raised only if it is linked to the financing of a capital expenditure/asset;
- A capital project to be financed from an external loan can only be started if the loan has been secured.
- The loan redemption period should not exceed the estimated life expectancy of the asset.
- Interest payable on external loans shall be included as a cost in the operating budget;
- Finance charges relating to such loans shall be charged to the service/segment to which the projects relate.

12.3 GRANT FUNDING

- Non capital expenditure funded from grants must be budgeted for as part of the operating budget;
- Expenditure must be reimbursed from the funding creditor and transferred to the operating budget for as such;
- Capital expenditure must be budgeted for in the capital budget;
- Grant funding should be secured before spending can take place.

13. OPERATING BUDGET

a) The municipality shall budget in each annual and adjustments budget for the contribution / payment of:

i. provision for accrued leave

ii. unauthorized / over and other expenditure

iii. provision for bad debts

iv. provision for the obsolescence and deterioration of stock

v. Depreciation and finance charges.

b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.

c) The impact of such increases shall be assessed on the basis as required by National Treasury.

14. FUNDING OF CAPITAL AND OPERATING BUDGET

a) The budget may be financed only from:

i. realistically expected revenues, based on current and previous collection levels;

ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and

iii. borrowed funds in respect of the capital budget only.

iv. grant funding

15. UNSPENT FUNDS / ROLL OVER OF BUDGET

a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, except for external funds relating to capital expenditure.

b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year

c) Conditions of the grant fund shall be taken into account in applying for such rollover of funds

d) Application for rollover of funds shall be forwarded to the budget office by the 15th of August each year to be included in next year's Adjustment budget for adoption by Council in February.

e) Projects funded from the Capital Replacement Reserve can be rolled over to the next budget year only if confirmed by the Budget and Treasury Office.

f) No unspent operating budget shall be rolled over to the next budget year.

16. BUDGET TRANSFERS AND VIREMENTS

a) Budget transfers within the same department shall be recommended by a Senior Manager and approved by the Chief Financial Officer or such other senior delegated official in the Budget and Treasury Office.

b) No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer.

c) Virements should be based on sound risk and financial management.

d). Virements amount shall be limited to 20% of the original budget line item where the money is being transferred from. Virements above 15% will be treated as unauthorised expenditure and can only be condoned through a special adjustment budget approved by Council. Expenditure related to that expenditure will only be processed after approval by Council through an adjustment budget.

e) Virements to or from the following categories is not permitted: bulk purchasing, provision for bad debts, depreciation and revenue.

f) Directors may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses etc.) within the department and service which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same department and service, but limited to the 20% above with the approval of the Chief Financial Officer or such senior delegated official in the Budget & Treasury Department.

g) Virements of conditional grant funds to purpose outside of that specified in the relevant conditional grant framework is not permitted.

h) Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure.

i) Virements should not result in adding new projects to the Capital Budget.

j) Virements will be processed through completing a Virement Form (please see attached) which must be signed by the relevant Director and the budget accountant and approved by the Chief Financial Officer. All completed and signed Virement Forms must be forwarded to the Budget Office for processing or amending budget line items accordingly. This will ensure that all virements performed during the year can be tracked down.

17. ADJUSTMENT BUDGET

17.1 Formats of adjustments budgets

An adjustments budget and supporting documentation of a municipality must be in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

17.2 Funding of adjustments budgets

1) An adjustments budget of a municipality must be appropriately funded.
2) The supporting documentation to accompany an adjustments budget in terms of section 28(5) of the Act must contain an explanation of how the adjustments budget is funded.

17.3 Timeframes for tabling of adjustments budgets

1) An adjustments budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of each year.
2) Only one adjustments budget referred to in sub regulation (1) may be tabled in the municipal council during a financial year, except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget, in which case sub regulation (3) applies.
3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2) (b) of the Act in the municipal council to appropriate these additional revenues.
4) An adjustments budget referred to in section 28(2)(c) of the Act must be tabled in the municipal council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred and within the time period set in section 29(3) of the Act.
5) An adjustments budget contemplated in section 28(2)(g) of the Act may only authorize unauthorized expenditure as anticipated by section 32(2)(a)(i) of the Act, and must be –

a) dealt with as part of the adjustments budget contemplated in sub regulation (1); and
b) a special adjustments budget tabled in the municipal council when the mayor tables the annual report in terms of section 127(2) of the Act, which may only deal with unauthorized expenditure from the previous financial year which the council is being requested to authorize in terms of section 32(2)(a)(i) of the Act.

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenditure.

a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.

b) Council may revise its annual budget by means of an adjustments budget as regulated.

c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
d) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
e) The Council should also authorize the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.

f) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

g) Unauthorized expenses may be authorized in an adjustments budget.

h) In regard to unforeseen and unavoidable expenditure, the following apply:
i. the Executive mayor may authorize such expenses in an emergency or other exceptional circumstance;

ii. these expenses must be reported by the Executive mayor to the next Council meeting;

iii. the expenses must be appropriated in an adjustments budget; and

iv. Council must pass the adjustments budget within sixty days after the expenses were incurred.

17.4 Submission of tabled adjustments budgets

1) The municipal manager must comply with section 28(7) of the Act, read together with section 22(b) (i) of the Act, within ten working days after the mayor has tabled an adjustments budget in the municipal council.
2) When submitting the tabled adjustments budget to the National Treasury and the relevant provincial treasury in terms of section 28(7) of the Act, read together with section 22(b)(i) of the Act, the municipal manager must submit in both printed and electronic form –
a) the supporting documentation referred to in section 28(5) of the Act within ten working days of the adjustments budget being tabled in the municipal council; and

b) any other information as may be required by the National Treasury.
3) The municipal manager must send copies of an adjustments budget and supporting documentation, in both printed and electronic form to –
a) any other municipality affected by that adjustments budget within ten working days of the adjustments budget being tabled in the municipal council; and
b) any other organ of state on receipt of a request from that organ of state.

17.5 Approval of adjustments budget
1) A municipal council must consider the full implications, financial or otherwise, of the adjustments budget and supporting documentation referred to in regulation 21 before approving the adjustments budget.
2) A municipal council may approve an adjustments budget dealing with matters referred to in section 28(2)(c) of the Act only if the expenditure was recommended by the mayor in accordance with the framework prescribed in Chapter 5 of these Regulations.

18. IN-YEAR REPORTS OF MUNICIPALITIES

18.1 Format of monthly budget statements
The monthly budget statement of a municipality must be in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

18.2 Publication of monthly budget statements
1) The monthly budget statement of a municipality must be placed on the municipality's website.

18.3 Quarterly reports on implementation of budget
1) The mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality as required by section 52(d) of the Act must be –
a) in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and
b) consistent with the monthly budget statements for September, December, March and June as applicable; and
c) submitted to the National Treasury and the relevant provincial treasury within five days of tabling of the report in the council.

18.4 Format of a mid-year budget and performance assessment
A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified by National treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

18.5 Publication of mid-year budget and performance assessments
1) Within five working days of 25 January each year the municipal manager

must make the mid-year budget and performance assessment public by placing it on the municipal website.

18.6 Submission of mid-year budget and performance assessments

The municipal manager must submit to the National Treasury and the Relevant provincial treasury, in both printed and electronic form –

a) the mid-year budget and performance assessment by 25 January of each year; and

b) any other information relating to the mid-year budget and performance assessment as may be required by the National Treasury.

19. BUDGET IMPLEMENTATION

19.1 Monitoring

a) The Accounting Officer with the assistance of the Chief Financial Officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and
- revenues and expenses are properly monitored.

b) The Accounting officer with the assistance of the Chief Financial Officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive mayor for consideration and tabling to Council.

20. CONCLUSION

The Accounting Officer must place on the municipality's official website the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the integrated development plan
- the annual report;

ANNEXURE F

GA-SEGONYANA LOCAL MUNICIPALITY

BULK SERVICES CONTRIBUTION POLICY:

WATER, SANITATION AND ELECTRICITY

PROSPERITY

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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 extend 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 toexisting 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 from12.5Ml per day in 2010to 28.1Ml per day in 2030. This equates to ±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 ±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 ±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 100m^2 of bulk, or 100m^2 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 developerto

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 Ml per day to 22.9 Ml 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 100m^2 of bulk, or 100m^2 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 2010to 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 to 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.

ANNEXURE G

GA-SEGONYANYA
LOCAL MUNICIPALITY

Asset Management Policy

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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 understandtheir 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 be revalued on quadrennial basis by a professional valuer in line with the MPRA valuation cycle.

Management assesses the investment property on an annual basis to detect material changes from the last reporting date.

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 assetsare 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 ensures 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 forwarded 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 monthly.

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 lesssubsequent 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 willestablish and maintain the funding strategies that optimise the municipality's ability to achieve its strategicobjectives as stated in the integrated development plan. The acquisition of assets will not be funded over aperiod 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-distributablereserve. The revaluation reserve is realized as revaluated buildings aredepreciated, through a transfer from the Revaluation Reserve to the accumulatedsurplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulatedsurplus/(deficit) while gains or losses on disposal, based on revaluated amounts, arecharged 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 frominternal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of aCouncil Resolution for approval thereof as part of the budget process. The cash in the CRR can only be utilized to finance items ofproperty, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited bya corresponding amount when the amounts in the CRR are utilized. The amount transferred to the CRR isbased 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 (filthy 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 departmentdoing 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 once 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 isscrupulously 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 mustcomplete 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 arein 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 cognisance 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

	ASSET LIFE
INFRASTRUCTRE ASSETS	
ELECTRICITY:	
Power stations	30
Cooling towers	30
Transformer kiosks	30
Meters	10-20
Load control equipment	20
Switchgear	20
Supply and reticulation networks	20-60
Main supply	20
ROADS:	
Motorways and road structures	10-50
Other roads	10
Traffic islands	10
Traffic lights	15-20
Street lights	10-25
Bridges	30-80
Stormwater drains	20-60
Bridges, subways, kerbing and culverts	30-50
Car parks	20
Bus terminals	20
Parking bays	10-15
WATER	
Meters	15
Mains	20
Rights	20
Supply and reticulation networks	20-60
Boreholes	15-60
Reservoirs and storage tanks	15-50
COMMUNITY ASSETS	
RECREATIONAL FACILITIES	
Bowling greens	20
Tennis courts	20
Swimming pools	20-30
Golf courses	20
Jukskei pitches	20
Outdoor sport facilities	20-30
Organ	20
Lakes and dams	20
Fountains	20
Flood lights	20

	ASSET LIFE
GAS:	
Meters	20
Main supply	20
Storage tanks	20
Supply and reticulation networks	20
SEWERAGE:	
Sewer mains	20
Outflow sewers	5-50
Sewerage purification works	15-60
Sewerage pumps	15-60
Sludge machines	15
PEDESTRAIN MALLS:	
Footways	20
Kerbing	20-30
Paving	20-30
AIRPORTS:	20-60
Taxiways	20
Runways	20
Aprons	20
Airport and radio beacons	20
SECURITY	
Fencing	3
Security systems	5
Access control systems	5
COMMUNITY ASSETS	
BUILDINGS	
Ambulance stations	100
Aquariums	100
Beach developments	100
Care centres	100
Cemeteries	100
Civic theatres and community centres	100
Clinics and hospitals	100
Game reserves and rest camps	100
Stadiums and indoor sports	100
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
Perimeter protection	20
Storage containers	20-30
Markets	100
Nurseries	100
Office buildings	60-100
Old age homes	100
Quarries	100
Tip sites	100
Training centres	100
Transport facilities	100
Workshops and depots	100
OFFICE EQUIPMENT	
Computer hardware	3-5
Computer software	3-5
Office machines	3-5
Air conditioners	5-7
FURNITURE AND FITTINGS	
Chairs	3-15
Tables and desks	3-15
Cabinets and cupboards	3-15
Sundry	3-15
BINS AND CONTAINERS	
Household refuse bins	5
Bulk refuse containers	10-20

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
WATERCRAFT	15
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

ANNEXURE H

GA- SEGONYANA LOCAL MUNICIPALITY

SCM POLICY

SUPPLY CHAIN MANAGEMENT

POLICY

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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SUPPLY CHAIN MANAGEMENT SYSTEM

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33. Procurement of goods necessitating special safety arrangements
34. Proudly SA Campaign
35. Appointment of consultants
36. Deviation from, and ratification of minor breaches of, procurement processes
37. Management of expansion or variation of orders against the original contract
38. Local Content
39. Unsolicited bids
40. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

41. Logistics management
42. Disposal management
43. Risk management
44. Performance management

Part 4: Other matters

45. Prohibition on awards to persons whose tax matters are not in order
46. Prohibition on awards to persons in the service of the state
47. Awards to close family members of persons in the service of the state
48. Ethical standards
49. Inducements, rewards, gifts and favours
50. Sponsorships
51. Objections and complaints
52. Resolution of disputes, objections, complaints and queries
53. Contracts providing for compensation based on turnover

Definitions

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;

"**B-BBEE**" means broad-based black economic empowerment as defined in section 1 of the Broad-Based Economic Empowerment Act;

"**black designated groups**" has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Black Economic Empowerment Act;

"**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);

"**Broad-Based Black Economic Empowerment Act**" means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

"**CSD**" means the national central supplier database for Government.

"**co-operative**" means a co-operative registered in terms of section 7 of the Co-operatives Act, 2005 (Act No. 14 of 20016);

"**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 disaster.

"**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.

"**EME**" means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

"**final award**", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

"**formal written price quotation**" means quotations referred to in paragraph 12 (1) (c) of this Policy;

"**Fruitless and wasteful expenditure**"- is defined in section 1 of the MFMA as follows: expenditure made in vain and would have been avoided had reasonable care been exercised;

"**Functionality**" means the ability of the tendered to provide goods or services in accordance with specifications as set out in the tender documents;

"**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 an employee of Parliament or a provincial legislature;

"Irregular expenditure"- means-
[a] expenditure incurred by a municipality or municipal entity in contravention of, that is not in accordance with, a requirement of the MFMA, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170;
[b] expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
[c] expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (ACT No. 20 of 1998); or
[d] expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy; and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure."
In this context "expenditure" refers to any use of municipal funds that is in contravention of the following legislation:

(ii) Municipal Finance Management Act, Act 56 of 2003, and its regulations
(iii) Municipal Systems Act, Act 32 of 2000, and its regulations
(iv) Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
(v) The municipality's supply chain management policy, and any by-laws giving effect to that policy.

"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;

"military veteran" has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);

"Municipality" means the Ga-Segonyana Local municipality

"Municipal entity" has the meaning assigned to it by Section 1 of the Municipal systems Act, 2000.

"people with disabilities" has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 1 of 1998);

"price" includes all applicable taxes less all unconditional discounts;

"proof of B-BBEE status level of contributor" means-
a) the B-BBEE status level certificate issued by an authorised body or person;
b) the sworn affidavit as prescribed by the B-BBEE code of Good Practice; or
c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;

"QSE" means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

"Rand value" means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

"rural area" means-
a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or

b) an area including a larger settlement grants for survival, and may have traditional land tenure system;

"other applicable legislation" means any other legislation applicable to municipal supply chain management, including -

a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
c) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

"senior manager" means a director appointed in terms of section 56 of the Municipal Systems Act, 2000 or an acting director appointed by the Accounting Officer.

"sole provider" means a provider of specialized or exclusive goods/services who has a sole distribution / patent /manufacturing rights and copy rights.

"stipulated minimum threshold" means the minimum threshold stipulated in terms of regulation 8(1)(b);

"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;

"township" means an urban living area that any time from late 19th century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

"Transversal contract" means a contract arranged for more than one department/municipality or for more than one level of government e.g. 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;

"Unauthorised expenditure" means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11 (3) MFMA and includes-

a) overspending of the total amount appropriated in the municipality's approved budget;
b) overspending of the total amount appropriated for a vote in the approved budget;
c) expenditure from a vote unrelated to the department or functional area covered by the vote;
d) expenditure of money appropriated for a specific purpose ,otherwise than for that specific purpose;
e) spending of an allocation referred to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
f) a grant by the municipality otherwise than in accordance with the MFMA.

"Unforeseen and unavoidable expenditure" is discussed in section 29 of the MFMA and reads as follows:

1. The mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseen and unavoidable expenditure for which no provision was made in an approved budget.
2. Any such expenditure-
   a) must be in accordance with any framework that may be prescribed;
   b) may not exceed a prescribed percentage of the approved annual budget;
   c) must be reported by the mayor to the municipal council at its next meeting; and

d) must be appropriated in an adjustments budget.

3. If such adjustments budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorised and section 32 applies;

"**written or verbal quotations**" means quotations referred to in paragraph 12(1)(b) of this Policy;

"**youth**" has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

(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;
  i. Broad Based Black Economic Empowerment Act (B-BBEE Act);
  ii. Corruption Act, 1998 – anti-corruption measures and practices;
  iii. Competition Law and Regulations;
  iv. Promotion of Administrative Justice Act, 2000;
  v. National Archives of South Africa Act, 1996;
  vi. National Small Business Act;
  vii. Construction Industry Development Board Act, 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 or other services 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.

c) water services provided by a water service provide such as water boards or other state owned entity appointment by municipality.

3. Amendment of the supply chain management policy

(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.

4. Delegation of supply chain management powers and duties

(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.

5. Sub delegations

(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 Director Financial Services;

a bid adjudication committee comprises of:

i. Director Financial Services;
ii. Director Technical and Infrastructure Services
iii. Director Community Services
iv. Director Corporate Services

(c) not exceeding R2 million (VAT included) may be sub delegated but only to -

i. the Director Financial Services;
ii. a Director -directly accountable to the Director Financial Services or a

a bid adjudication committee comprises of:

i. Director Financial Services;
ii. Director Technical and Infrastructure Services
iii. Director Community Services
iv. Director Corporate Services

(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 Director Financial Services ;
ii. a Director ; or
iii. a bid adjudication committee of which the Director Financial Services or a director 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 Director Financial Services or a director 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.

6. Oversight role of council

(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 -

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.

7. Supply chain management unit

(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.

8. Training of supply chain management officials

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

9. Format of supply chain management systems

This Policy provides systems for -

(ii) demand management;
(iii) acquisition management;
(iv) logistics management;
(v) disposal management;
(vi) risk management; and
(vii) performance management.
(viii) asset management

Part 1: Demand management

10. System of demand management

(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. Also refer to National Treasury MFMA Circular 62.

Part 2: Acquisition management

11. System of acquisition management

(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 is applied in accordance with the Revised Preferential Procurement Policy Regulations of **20 January 2017, (Implementation Guide- Preferential Procurement Regulations, 2017 Pertaining To The Preferential Procurement Policy Framework Act, Act No. 5 Of 2000)**

(f) that any Treasury guidelines on acquisition management are properly taken into account.

(g) that verification of bids in access of R10 million is adhered to,

Prior to advertisement:

Verification by the Director Financial Services

The senior manager responsible for a vote must submit to the Director Financial Services:

i. proof that budgetary provision exists for the procurement of the goods/services and / or infrastructure projects;
ii. any ancillary budgetary implications related to the bid;
iii. 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 Director Financial Services 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) that publication of awards in respect of advertised competitive bids (above the threshold value of R 200 000) is adhered to

The following information on the successful bids must be placed on the municipal website:

i. Contract number and description of goods, services or infrastructure projects
ii. Names of the successful bidders and the B-BBEE level of contribution claimed;

iii. Brand names and dates for completion of contracts.

(2) Tenders to be evaluated on functionality

i. Clear indication must be given in bid documents if bids will be evaluated on functionality.
ii. Evaluation criteria must be objective.
iii. The bid document must specify the evaluation criteria for measuring functionality.
iv. 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.
v. Minimum qualifying score for each tender may not be so low that it may jeopardise the quality of the of the required goods and or services and it may not be so high that it is unreasonably restrictive.
vi. A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender document is not acceptable tender.
vii. Points scored for for functionality must be rounded off to the nearest two decimal places.
viii. Bidders achieving the minimum qualifying score must be evaluated further in terms of points for price and the preference points system.

(3) Pre –evaluation

i. 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.

ii. 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.

(4) Appointment of a functionality committee

i. The functionality committee is an ad-hoc committee appointed per bid.
ii. It should consist out of a cross functional team
iii. To be included as well:
    - A SCM Practitioner;
    - The end-user;
    - Technical experts;
    - Members of the Bid Evaluation- and Adjudication committees;
    - Director Financial Services or a person with knowledge of the available budget from the Director Financial Services' 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.
    - 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.

NOTE: There cannot be two (2) technical evaluation processes, only one done by a duly appointed functionality committee.

(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.

12. Range of procurement processes

(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-
   (ii) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 (all taxes included);
   (iii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R 10 000(all taxes included); or
   (iv) 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.

13. General preconditions for consideration of written quotations or bids

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) 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.

14. Lists of accredited prospective providers

(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.

(4) Utilization of web based national central supplier database, the CSD will Therefore be fully effective from 1st July 2016

The transitional period for local government is from 1 April 2016 to 30 June 2016. The CSD will therefore be fully effective for municipalities and municipal entities from 1 July 2016.

15. Petty cash purchases

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.

16. Written or verbal quotations

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.

17. Formal written price quotations -

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.

18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality ;
The revised PPPFA prescripts are applicable, e.g. Point system and Status level verification certificates (score cards) must be applied in the adjudication process. Please refer to paragraph (19) 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.

19. Competitive bids

a) 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.

b) 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.

80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million

The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes:

80/20

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points scored for price of bid under consideration
Pt = Rand value of bid under consideration
Pmin = Rand value of lowest acceptable bid

B-BBEE Status Level of Contributor	Number of points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non compliant Contributor	0

90/10 preference point system for acquisition of goods or services for Rand value equal to or above R50 million

The following formula must be used to calculate the points out of 90 for price in respect of a tender with a Rand value equal to or above a Rand value of R50 million, inclusive of all applicable taxes:

90/10

$$Ps = 90\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points scored for price of bid under consideration
Pt = Rand value of bid under consideration
Pmin = Rand value of lowest acceptable bid

B-BBEE Status Level of Contributor	Number of points
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
Non compliant Contributor	0

i. 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.
ii. 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.

20. Process for competitive bidding

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
h) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
i) Proper recording keeping.

21. Bid documentation for competitive bids

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

22. Public invitation for competitive bids

(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.

23. Procedure for handling, opening and recording of bids

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.

24. Negotiations with preferred bidder

(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) The accounting officer may –

i. negotiate a market-related price with the bidder scoring highest points or cancel the tender;

ii. if the bidder does not agree to a market-related price, negotiate a market-related price with the bidder scoring the second highest points or cancel the tender;
iii. if the bidder scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the bidder scoring the third highest points or cancel the tender,
iv. if a market-related price is not agreed as envisaged in the paragraph (2)(iii), the municipality must cancel the tender.

(2) Minutes of such negotiations must be kept for record purposes.

25. Two-stage bidding process

(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.

26. Committee system for competitive bids

(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.

27. **Bid specification committees**

(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) Prequalification criteria for preferential procurement

The municipality may decides to apply pre-qualifying criteria to advance certain designated groups, the municipality when applying this must specify as a bid condition that only one or more of the following bidders may respond-

a) a bidder having a stipulated minimum B-BBEE status level of contributor;
b) an EME or QSE
c) a bidder subcontracting a minimum of 30% to-
   i. an EME or QSE which is at least 51% owned by black people;
   ii. an EME or QSE which is at least 51% owned by black people who are youth;
   iii. an EME or QSE which is at least 51% owned by black people with disabilities;
   iv. an EME or QSE which is at least 51% owned by black people who are women;
   v. an EME or QSE which is at least 51% owned by black people living in rural or undeveloped areas or townships;
   vi. an EME or QSE which is at least 51% owned by black people who are military veterans;
   vii. a cooperative which is at least 51% owned by black people
   viii. an EME or QSE.
d) A tender that fails to meet any pre-qualifying criteria stipulated in the bid documents will be considered unacceptable bid.

(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.

28. Bid evaluation committees

(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.

(3) 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

29. Bid adjudication committees

(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 for 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

(9) 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 defendable in a court of law.

30. **Procurement of banking services**

(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):

31. **Procurement of IT related goods or services**

(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.

32. Procurement of goods and services under contracts secured by other organs of state

(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.

33. Procurement of goods necessitating special safety arrangements

(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.

34. Proudly SA Campaign

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.

35. Appointment of consultants

(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.

36. Deviation from, and ratification of minor breaches of, procurement processes

(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.

37. Management of expansion or variation of orders against the original contract

(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%
Electrical and telecom cable products	90%

Note: Other designated sectors may be added by dti in future.
When inviting bids/quotations where local content is applicable, municipalities must indicate this in the bid advertisement. The MBD 6.2, SABS Specification SATS 1286:2011, and dti Guidance on the calculations of local content [available on dti's official website http://www.thedti.gov.za] should also be included in the bid documents/quotations.
The supplier has to proof that the product he offers does indeed comply with the stipulated thresholds. In order to do this there are three annexures which the supplier has to fill in and submit together with the bid document/quotation. These forms are also available on the dti Guidance on the calculations of Local content. It is advisable that municipalities attach the Guidance document to the bid documents/quotations in order to assist the suppliers to fill in the bid documents.
A two stage evaluation process may be followed
First stage

- calculate if the bidder adheres to the local content percentage requirement

Second stage:

- Only the bidders who comply with the local content percentage requirement will be evaluated further.

39. Unsolicited bids

(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.

40. Combating of abuse of supply chain management system

(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.

(3) The accounting officer (who may delegate the task to the CFO) must, as part of complying with section 62(1)(d) of the MFMA set up and maintain a register of Unauthorised, Irregular, Fruitless and Wasteful Expenditures. The aim with the register is also to serve as a tool for recording all unauthorised, irregular, fruitless and wasteful expenditures and for tracking progress in dealing with the consequences flowing from such expenditures until all the issues that gave rise to the expenditures are properly resolved in accordance with the legal framework. Please also consult National Treasury MFMA Circular 68 dated 10 May 2013 in this regard.

Part 3: Logistics, Disposal, Risk and Performance Management

41. Logistics management

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.

42. Disposal management

(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.

43. Risk management

(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.

44. Performance management

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

45. Prohibition on awards to persons whose tax matters are not in order

(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 o f subparagraph (1) be presumed to be in order.

46. Prohibition on awards to persons in the service of the state

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.

47. **Awards to close family members of persons in the service of the state**

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.

48. **Ethical standards**

(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.

49. Inducements, rewards, gifts and favours to municipalities, officials and other role players

(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.

50. Sponsorships

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.

51. Objections and complaints

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.

52. Resolution of disputes, objections, complaints and queries

(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.

53. Contracts providing for compensation based on turnover-

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.

54. Commencement

Approved by Council on 2017/05/30

Approved by Accounting Officer on 2017/ 05/ 29

This Policy takes effect on 2017/ 07/01

ANNEXURE I

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

Whoaretravelling 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 o f2003 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 accomodation.

The following legistion 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 interms 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 rate per kilomere as determined by the National Department of Transport from time to time.

6.1.3 All officials of Ga-segonyana Municipality that qualifies for car allowance must use their private vehicles and claim for the kilometers travelled as per private tariffs for all official trips travelled outside Ga-segonyana boundaries. A log sheet should be kept for claiming kilometers travelled within the boundaries of the Ga-segonyana local Municipality.

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 **R1 000.00 per night (and R1500.00 for Mayor, Speaker and MM and their protocol drivers) (**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 **R1500.00 and (R1 800 for Mayor, Speaker and Municipal Manager and their protocol drivers)** will be paid.

6.3.5 **Subsistence allowance will be paid in terms of the prescribed SARS tarrifs, 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 an overnight allowance of **R650** 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 tarrifs 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 tarrifs 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 by supporting valid proof of expenditure:

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 Flight travel will only be limited to the official duties of the Councillor or official. Travel for studies is specifically excluded under official duties. Officials and Councillos are to use road transport for such.

8.4 For international flights, payment will be done subject to a council resolution.

8.5 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 Councillor.

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 ***municipality.***

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 from his/ her salary in that month in full **WITHOUT any form of consulation with the affected Councillor or official.**

10.4 All suspicions of fraudulent claims and wasteful expenses related to this policy must be investigated and appropriate sanctions be carried out.

11. Claims for Traditional leaders.

11.1. Traditional leaders who are sitting in the Ga-segonyana Local Municipality Council will only claim for council meetings attended.

12 Claims Procedures

12. The following procedures are to be followed in all the travel and subsistence claims:
12.1. The official travel and subsistence claim form of the municipality to be completed by the claimant.
12.2. The necessary supporting documentation must be attached to the claim form.
12.3. 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 cliams. In the event of Exco members, the claims will be authorized by the Mayor or his delegated official. Such delegation should be in writing.
12.4. In the event of the physical absence of either the Speaker or the Mayor an electronic authorization may be obtained via email, sms or whatsapp text which must be attached to the claim form prior to any payment being made.
12.5. All travel and subsistence form to be finally approved by the Municipal Manager/, /Head of Department or **delegated officials.**
12.6. On return from the trip OFFICIALS only are required to report back to their respective Head of Departments within a week of returnin from the travel. Failure to submit this report will result in a misconduct and future travel by the official will only be paid in arrears on the return from the trip.

13.5 The Municipal Managers claim forms will be 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. It should be noted that payment days are Tuesdays and Thursdays, therefore claims to be paid by Tuesdays must be handed in by Monday or Friday and claims to be paid by Thursday must be handed in by Tuesday and Wednesday.

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 **compliant** and **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 any other delegated official.
14.2. All the travel and subsistence claim forms of ordinary and Sec 79 Councilors to be approved by the Speaker.
14.3. All the travel and subsistence claim forms of Exco Councilors to be approved by the Mayor or his delegate.
14.4. All the travel and subsistence claim forms of officials to be approved by their respective HOD or delegated officials.
14.5. **In the absence of an HOD the delegated official will have signing powers. A manager from another 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 at least once annually as per the Municipal Budget Reporting Regulations.

GA-SEGONYANA MUNICIPALITY

FINAL UNCLAIMED DEPOSIT POLICY

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1. DEFINITION

"Council" means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.

"Creditor" means a person to whom money is owed to by the municipality.

"Customer" means any person compromising:

resident of the municipality;

ratepayer of the municipality;

any civic organization involved in the municipality; and/or

any visitor or other people who make use of services or facilities provided by the municipality.

"Primary bank account" means a bank account referred to in section 8(1) of the Municipal Finance Management Act.

"Register" means the official register kept to receipt all unclaimed deposits.

"Municipality" means the Ga-Segonyana Local Municipality established in terms of Section 155 of the Constitution.

2. INTRODUCTION

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipal primary bank account or payable which cannot be identified nor are claimed by any creditor of the municipality. Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

(i) Monies deposited into the municipal primary bank account without any
(ii) reference or documentary proof.
(iii) Amounts/deposits payable to consumers or creditors which were either not claimed or banked.
(iv) Creditors/consumers are unaware of their legal right to the monies.
(v) Creditors/consumers direct deposits are untraceable
(vi) Deposits paid for utilization of facilities not claimed by customer.

3. OBJECTIVE

The objectives of the policy are to:

(i) To provide a framework on how to deal with unknown or unclaimed monies in the municipal bank account.
(ii) To reduce the liability of the municipal bank account

4. LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, Act 56 of 2003.

5. IDENTIFICATION OF UNCLAIMED DEPOSITS

(I) An unclaimed direct deposit is any amount of money legally paid into the municipal primary bank account without any reference or documentary proof on how the monies should be allocated and that remains unclaimed for a period of six (6) months.
(II) Unclaimed monies are any amount of money legally paid by customer as security for municipal services for the use of facilities which are not claimed within a period of six (6) months.

6. REGISTER OF UNCLAIMED MONEY

(i) After all processes are exhausted to identify the unallocated monies and the period as mentioned in paragraph 5 has expired all unclaimed monies will be receipted in a register kept by the municipality.
(ii) The register will be maintained and updated regularly and be kept for a period of six(6) months
(iii) After the unclaimed monies are deposited in the register any person can claim the monies from date the monies were deposited or become unclaimed subject to that documentary proof is provided by the cashier to claim the monies.
(iv) The value of unclaimed monies and/or direct deposits for a period before or within six (6) months will be recognized as a liability in the financial statements of the municipality.
(v) The value of unclaimed monies and/or direct deposits for a period before or within six (6) months will be recognized as Other Income for the municipality in the financial statements of the municipality.

7. UNCLAIMED MONEY TO BE PAID AS PUBLIC REVENUE

Should unclaimed monies not be claimed within a period of six (6) months the monies will be written off from the register and be receipted as Other Income in that Financial year

The following process must be followed before any monies are receipted as revenue:

(i) The register will be advertised in the media in terms of section 21A of the Systems Act, Act 32 of 2000 that it will lie open for public inspection.
(ii) Such register must lie open for a period of four (4) months in the municipal website.
(iii) The register to be advertised on two (2) local papers, two(2) times in the period of four (4) months in which the unclaimed deposit related to.\the register will be made available for inspection of the main municipal buildings.
(iv) The prescribed form must be made available for inspection of the main municipal buildings.
(v) The prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor.
(vi) After the four (4) months period a report will be submitted to Council on the unclaimed monies to be written off from the register and be transfer to Other Income of the municipality.

8. REVIEW

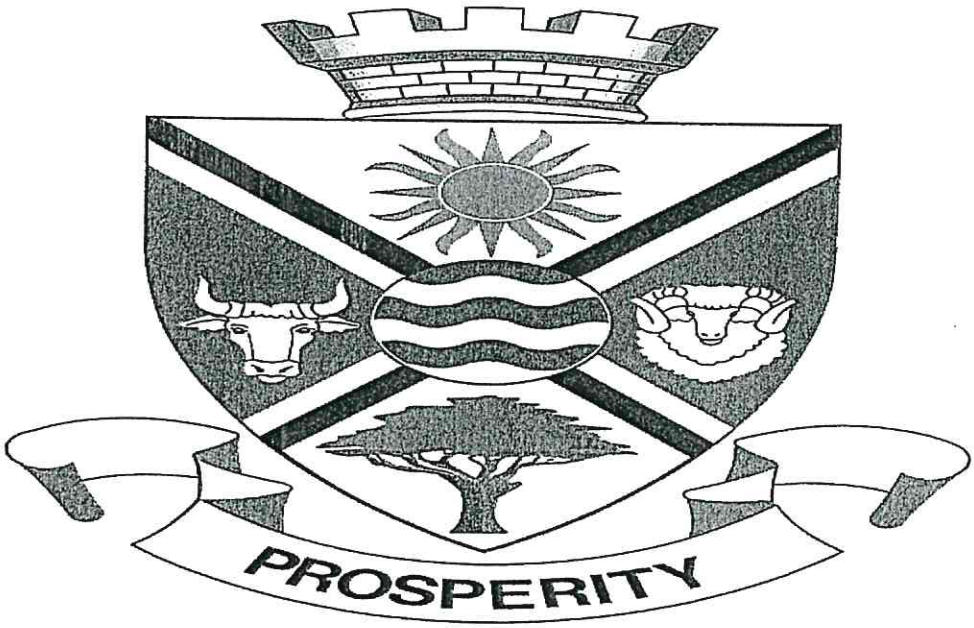
This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and the operating requirements of the municipality.

9. TITLE OF THE POLICY

This policy shall be called the Unclaimed Deposits Policy of the Ga-segonyana Local Municipality

ANNEXURE J

GA-SEGONYANA
LOCAL MUNICIPALITY



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 Subsides 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

ANNEXURE K

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LOCAL MUNICIPALITY

BORROWING POLICY

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1. INTRODUCTION

In terms of Chapter 6 of the Munisipal 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 posible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.

4. DUE DELIGENCE

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 implimentation of this policy;
- developing of a relevant system for delegation which will ensure administrative as well as operational effictiveness; and
- appropriate controles on balancing of the managment 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 par.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 financers 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 officier 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 officier 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 the proposed Borrowing, including the amount fo the proposed Borrowing, the purposes for which the Borrowing is to be incurred and particular of any security to be provided; and
(ii) invited the public, the National Treasury and the relevant proincial treasury to submit written comments or representations to the coucil in respect of the proposed Borrowing; and
(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 anticiapted 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 availabiltiy 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 minicipal 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 riht is not necessary for prividing the minimum level of basic municipal services is binding on the Municipality until the secured det 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

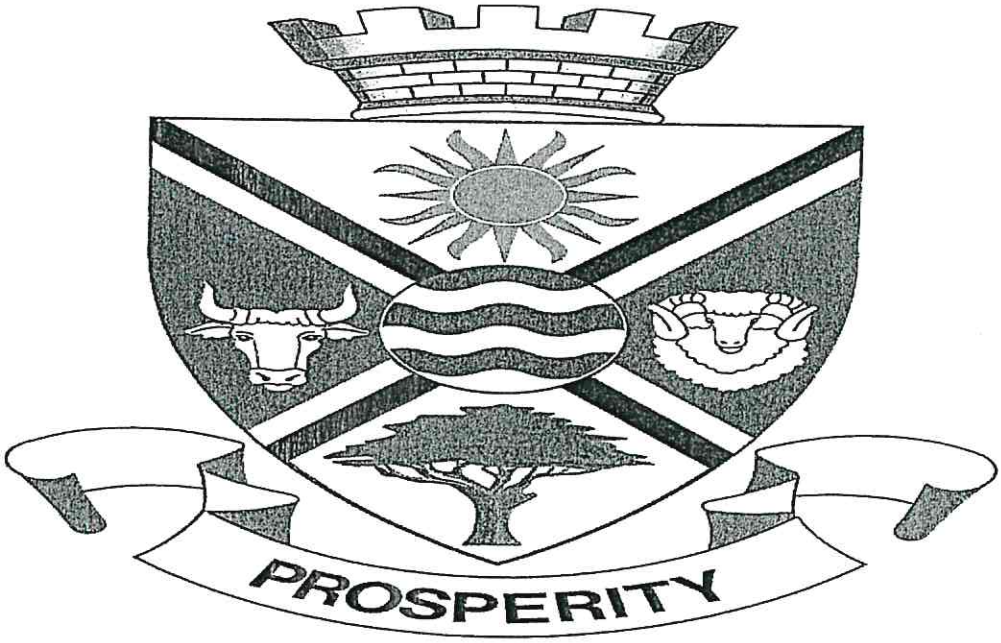
This Borrowing Policy is the only policy of the Municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

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.

ANNEXURE L

GA-SEGONYANA
LOCAL MUNICIPALITY



CASH MANAGEMENT AND INVESTMENT POLICY

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CASH MANAGEMENT AND INVESTMENT POLICY

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 thorough section 81 of the Municipal Finance Management Act 56 of 2003, 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.

7.3.1. Payment of salaries will be remitted by EFT to all councilors and officials of the municipality on the date determined and agreed with labour unions as per the collective agreements, this will include all back payments that usually comes through as a result of gazettes for the determination of councilors upper limits and remuneration of senior management. Payment will only be affected once the MEC for Local Government in the province has agreed to such a concurrence in writing.

7.3.2. Threshold for payments will be as made as per the below transactional delegations limits:

7.3.2.1. All payments above R200 000 must be authorized by the Chief Financial Officer. Any deviation from this will result in irregular expenditure and will be subjected to a financial misconduct by a person making the payment and the official giving such an instruction as per the financial misconduct regulations issued by the National Treasury. Payments above R200 000 may NOT be delegated to any official, exception applies to salaries and salary related third party payments.

7.3.2.2. All payments below R200 000 must be authorized by the Chief Financial Officer, however may be delegated to Unit Managers in the Budget and Treasury Office or any other official as may be delegated. Any deviation from this will result in irregular expenditure and will be subjected to a financial misconduct by a person making the payment and the official giving such an instruction as per the financial misconduct regulations issued by the National Treasury

7.3.3. Payment of service providers and suppliers must only be made once all the Supply Chain Processes have been completed, i.e. all three quotations must be attached, an order generated, valid tax status verified through CSD, relevant MBD documents completed and submitted on file, SLA in place, a relevant SCM checklist fully completed and in place. Any payment made in contravention of the above due to whatever circumstances must be approved by the Chief Financial Officer. Any deviation from this will be regarded as irregular expenditure and MFMA Section 172 will apply and prosecution through the Financial Misconduct Board will ensue.

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.

Payments will be made twice weekly on Tuesdays and Thursdays or as may be determined from time to time by the Chief Financial Officer depending on availability of cash resources and practicality. Requests for payments must be submitted to the Budget and Treasury Office by 13:00 on the day before payment date. Requests received late will only be processed at the next payment date, i.e. If payments for Tuesday are received on Tuesdays, they will be deferred to Thursday and if payments meant for Thursday are received on Thursday, they will be deferred to the next Tuesday.

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

CASH MANAGEMENT AND INVESTMENT POLICY

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. COMMISIONS 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 capitilised 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.

CASH MANAGEMENT AND INVESTMENT POLICY

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 make EFT withdrawals from 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 though 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.

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.)

ANNEXURE M

GA-SEGONYANA MUNICIPALITY

FINAL UNCLAIMED DEPOSIT POLICY

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1. DEFINITION

"Council" means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.

"Creditor" means a person to whom money is owed to by the municipality.

"Customer" means any person compromising:

resident of the municipality;

ratepayer of the municipality;

any civic organization involved in the municipality; and/or

any visitor or other people who make use of services or facilities provided by the municipality.

"Primary bank account" means a bank account referred to in section 8(1) of the Municipal Finance Management Act.

"Register" means the official register kept to receipt all unclaimed deposits.

"Municipality" means the Ga-Segonyana Local Municipality established in terms of Section 155 of the Constitution.

2. INTRODUCTION

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipal primary bank account or payable which cannot be identified nor are claimed by any creditor of the municipality. Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

(i) Monies deposited into the municipal primary bank account without any
(ii) reference or documentary proof.
(iii) Amounts/deposits payable to consumers or creditors which were either not claimed or banked.
(iv) Creditors/consumers are unaware of their legal right to the monies.
(v) Creditors/consumers direct deposits are untraceable
(vi) Deposits paid for utilization of facilities not claimed by customer.

3. OBJECTIVE

The objectives of the policy are to:

(i) To provide a framework on how to deal with unknown or unclaimed monies in the municipal bank account.
(ii) To reduce the liability of the municipal bank account

4. LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, Act 56 of 2003.

5. IDENTIFICATION OF UNCLAIMED DEPOSITS

(I) An unclaimed direct deposit is any amount of money legally paid into the municipal primary bank account without any reference or documentary proof on how the monies should be allocated and that remains unclaimed for a period of six (6) months.
(II) Unclaimed monies are any amount of money legally paid by customer as security for municipal services for the use of facilities which are not claimed within a period of six (6) months.

6. REGISTER OF UNCLAIMED MONEY

(i) After all processes are exhausted to identify the unallocated monies and the period as mentioned in paragraph 5 has expired all unclaimed monies will be receipted in a register kept by the municipality.
(ii) The register will be maintained and updated regularly and be kept for a period of six(6) months
(iii) After the unclaimed monies are deposited in the register any person can claim the monies from date the monies were deposited or become unclaimed subject to that documentary proof is provided by the cashier to claim the monies.
(iv) The value of unclaimed monies and/or direct deposits for a period before or within six (6) months will be recognized as a liability in the financial statements of the municipality.
(v) The value of unclaimed monies and/or direct deposits for a period before or within six (6) months will be recognized as Other Income for the municipality in the financial statements of the municipality.

7. UNCLAIMED MONEY TO BE PAID AS PUBLIC REVENUE

Should unclaimed monies not be claimed within a period of six (6) months the monies will be written off from the register and be receipted as Other Income in that Financial year

The following process must be followed before any monies are receipted as revenue:

(i) The register will be advertised in the media in terms of section 21A of the Systems Act, Act 32 of 2000 that it will lie open for public inspection.
(ii) Such register must lie open for a period of four (4) months in the municipal website.
(iii) The register to be advertised on two (2) local papers, two(2) times in the period of four (4) months in which the unclaimed deposit related to. \the register will be made available for inspection of the main municipal buildings.
(iv) The prescribed form must be made available for inspection of the main municipal buildings.
(v) The prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor.
(vi) After the four (4) months period a report will be submitted to Council on the unclaimed monies to be written off from the register and be transfer to Other Income of the municipality.

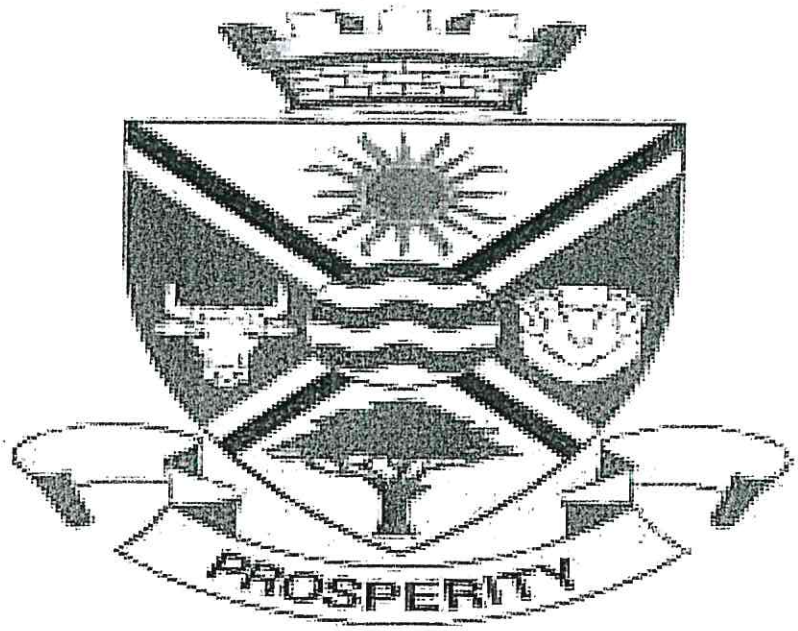
8. REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and the operating requirements of the municipality.

9. TITLE OF THE POLICY

This policy shall be called the Unclaimed Deposits Policy of the Ga-segonyana Local Municipality

ANNEXURE N



GA-SEGONYANAL LOCAL MUNICIPALITY

DRAFT DISTRIBUTION LOSSES POLICY V.1

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PART A: ELECTRICITY LOSSES

1. Scope

1.1. The scope of this policy is to identify and describe electrical losses that are experienced on a distribution system and to find ways to keep these losses to a minimum.

2. Objective

2.1. The objective of the municipality must be to minimize these losses that occur to a minimum, as these losses can have a huge financial impact as the municipality have to pay for electricity that cannot be billed to consumers

3. Types of Losses

The Municipality have two types of losses that can occur in the distribution of electricity.

3.1. Technical Losses

These losses occur due to heat dissipation when electricity flows through the system conductors which consists of either copper or aluminum. The municipality will work on an estimation of 10%

technical losses.

3.2. Non-Technical Losses

3.2.1. These losses occur due to theft (illegal connections, meter tampering) and incorrect metering.

3.2.2. These losses will be calculated by assessing the outflow and inflow of electricity units measured in KWH and KVA.

4. Control and Monitoring

4.1. The municipality must have the intention to keep the losses of electricity below a certain percentage of the total electricity purchased from Eskom.

4.2. To keep the technical losses to a minimum a computer program monitors the control of the distribution system to keep an even flow of electricity through the system.

4.3. To keep the non-technical losses to a minimum the metering of electricity must be monitored sufficiently. The billing system must be used to detect possible cases of illegal connections.

4.4. If theft is detected the electricity supply to the premises will be disconnected and a maintenance and repair fee will be charges. An attempt will also be made to determine the units stolen and to recover the cost from the consumer.

5. Reporting

5.1. The total losses that a municipality may incur for electricity must be made public in the annual

financial statements of the municipality.

PART B: WATER LOSSES

1. Scope

1.1. Ga-Segonyana local municipality generates it water from bore holes, to distribute to community.

1.2 During the distribution of water, the municipality may occur some distribution losses.

2. Objective

2.1. The objective of the municipality must be to minimize these losses that occur to a minimum, i.e. at least below 10%.

3. Types of Losses

3.1. The most common losses the Municipality have face are"

- Unmetered water connections at residents (new developments).
- Open spaces and sport fields that is unmetered.
- Undetected underground water leaks.
- Pipe bursts.
- Unaccounted municipal own use of water.

3.2. Technical Losses

Water losses at the point of origin (boreholes) will be measured at 10% of the total water losses of the municipality.

3.3. Non-Technical Losses

These losses as described under types of losses will be calculated at KL generated at point of origin.

4. Control and Monitoring

4.1. The municipality must have the intention to keep the losses of water to below a certain percentage of the total water generation.

4.2. To keep the losses to a minimum the metering of water must be monitored sufficiently. The billing system must be used to detect possible cases of illegal connections.

4.3. If theft is detected the water supply to the premises will be disconnected and a fine will be given.

5. Reporting

5.1. The total losses that a municipality may incur for water must be made public in the annual financial statements of the municipality.

6. REVIEW&IMPLEMENTATION PROCESS

6.1. This policy will stay into effect from 1 July 2016;

6.2. This policy will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION: MANAGER: INCOME

APPROVAL BY COUNCIL:

ANNEXURE O

GA-SEGONYANA LOCAL MUNICIPALITY

INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT POLICY

ADOPTED ON: .....

VERSION CONTROL					
POLICY OWNER:		Ga-Segonyana Local Municipality Supply Chain Management Unit			
POLICY EFFECTIVE DATE:		01 JULY 2017			
Version	**Date**	**Revision**	**Section**	**Page**	**Reason for change**
1.		V2	All	All	New Policy(Annual Review)
2.					

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1. Scope

1.1. This is the Ga-Segonyana Local Municipality`s Policy in accordance to the Standard for Infrastructure Procurement and Delivery Management (SIPDM) with the provisions of the regulatory frameworks for delivery management, procurement and supply chain management.

1.2. The scope includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

a) the storage of goods and equipment following their delivery to the Ga-Segonyana Local Municipality which are stored and issued to contractors or to employees;
b) the disposal or letting of land;
c) the conclusion of any form of land availability agreement;
d) the leasing or rental of moveable assets; and
e) public private partnerships.

2. Terms, Definitions and Abbreviations

2.1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act, no 56 of 2003, has the same meaning as in the Act, and –

2.1.1. **"Authorised Person"**	the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order
2.1.2. **"Accounting Officer"**	in relation to a Municipality means the Municipal Manager as described in Section 60 of the Local Government: Municipal Finance Management Act, no 56 of 2003 as well as Section 82 of the Municipal Structures Act, no 117 of 1998.
2.1.3. **"Conflict of Interest"**	any situation in which: a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially, b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee
2.1.4. **"Contract Manager"**	person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view
2.1.5. **"Family Member"**	a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

2.1.6. **"Framework Agreement"**	an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged
2.1.7. **"Gate"**	a control point at the end of a process where a decision is required before proceeding to the next process or activity
2.1.8. **"Gateway Review"**	an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based
2.1.9. **"Gratification"**	an inducement to perform an improper act
2.1.10. **"Infrastructure Delivery"**	the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure
2.1.11. **"Infrastructure Procurement"**	the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure
2.1.12. **"Maintenance"**	the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function
2.1.13. **"Operation"**	combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use
2.1.14. **"Order"**	an instruction to provide goods, services or any combination thereof under a framework agreement
2.1.15. **"Organ of State"**	an organ of state as defined in section 239 of the Constitution of the Republic of South Africa
2.1.16. **"Procurement Document"**	documentation used to initiate or conclude (or both) a contract or the issuing of an order
2.1.17. **"Principal"**	a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)
2.1.18. **"Standard"**	the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury
2.1.19. **"Working Day"**	any day of a week on which is not a Sunday, Saturday or public holiday

2.2. Abbreviations

For the purposes of this document, the following abbreviations apply:

2.2.1. CIDB:	Construction Industry Development Board
2.2.2. SARS:	South African Revenue Services
2.2.3. SCM	Supply Chain Management
2.2.4. SIPDM	Standard for Infrastructure Procurement and Delivery Management

3. General requirements

3.1. Delegations

3.1.1. The Ga-Segonyana Local Municipality Council hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

a) discharge the supply chain management responsibilities conferred on Accounting Officers in terms of Chapter 8 of the Local Government Municipal Finance Management Act of 2003 and this document;
b) maximise administrative and operational efficiency in the implementation of this document;
c) 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) comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2. No departure shall be made from the provisions of this Policy without the approval of the Municipal Manager of the Ga-Segonyana Local Municipality.

3.1.3. The Municipal Manager shall for oversight purposes:

a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy, to the Council of the Ga-Segonyana Local Municipality;
b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council;
c) within 10 days of the end of each quarter, submit a report on the implementation of the Policy to the Mayor; and
d) make the reports public in accordance with Section 21A of the Municipal Systems Act of 2000.

3.2. Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1. Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management, unless this Policy prescribes otherwise.

3.3. Supervision of the infrastructure delivery management unit

3.3.1. The Infrastructure Delivery Management Unit shall be directly supervised by the Chief Financial Officer as delegated in terms of Section 82 of the MFMA.

3.4. Objections and complaints

3.4.1. Persons aggrieved by decisions or actions taken in the implementation of this Policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

3.5. Resolution of disputes, objections, complaints and queries

3.5.1. The Accounting Officer shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the municipal entity and other persons regarding:

a) any decisions or actions taken in the implementation of the supply chain management system;
b) any matter arising from a contract awarded within the Ga-Segonyana Local Municipality Municipality's infrastructure delivery management system; or
c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2. The designated person shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3. The person appointed in terms of 3.5.1 shall:

a) strive to resolve promptly all disputes, objections, complaints or queries received; and
b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

3.5.4. A dispute, objection, complaint or query may be referred to the Provincial Treasury if:

a) the dispute, objection, complaint or query is not resolved within 60 days; or
b) no response is forthcoming within 60 days.

3.5.5. 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.

4. Control framework for infrastructure delivery management

4.1. Assignment of responsibilities for approving or accepting end of stage deliverables

4.1.1. The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

4.2. General

4.2.1. Prefeasibility and feasibility reports shall be required as end-of-stage deliverables for stages 3 and 4, respectively, where a major capital project is required for where the total project capital expenditure exceeds R50 million (including VAT), or where the expenditure per year for a minimum of three years exceeds R10 million per annum (including VAT).

4.2.2. Stages 3 and 4 may be omitted for the following:

a) a building project with or without related site works; or

b) a process-based, somewhat repetitive or relatively standardised project where the risk of failing to achieve time, cost and quality objectives is relatively low.

4.2.3. Stages 3 to 9 may be omitted where the required work does not involve the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure.

4.2.4. Stages 5 and 6 may be omitted if sufficient information to proceed to stage 7 is contained in the stage 4 deliverable.

4.2.5. The infrastructure plan (stage 1), which is informed by demand management requirements as set out in 6.2, initiation reports (stage 0), decisions made during stages 3 and 4 and work in progress in stages 5 to 9, and the procurement strategy (stage 2) shall be reviewed and updated at least once a year.

4.2.6. The approval of the infrastructure plan and the securing of the necessary budget shall be obtained prior to advancing to stage 3. All subsequent stages shall only be proceeded with if the necessary budget is in place.

4.2.7. A stage shall only be complete when the deliverable has been approved or accepted by the person or persons designated in the institutional arrangements to do so.

4.2.8. Activities associated with stages 5 to 9 may be undertaken in parallel or series, provided that each stage is completed in sequence.

4.2.9. The level of detail contained in a deliverable associated with the end of each stage shall be sufficient to enable informed decisions to be made to proceed to the next stage. In the case of stages 3 to 6, such detail shall, in addition, be sufficient to form the basis of the scope of work for taking the package forward in terms of the selected contracting strategy.

4.2.10. The approvals or acceptances at each gate shall be retained for record purposes for a period of not less than five years of such acceptance or approval in a secured environment, unless otherwise determined in terms of the National Archives and Record Services of South Africa Act.

4.3. Gateway reviews

4.3.1. Gateway reviews for major capital projects above the threshold of R 50 million.

4.3.1.1. The Municipal Manager shall appoint a gateway review team for major capital projects.

4.3.1.2. A gateway review team shall comprise not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with various aspects of the subject matter of the deliverable at the end of the stage under review.

4.3.1.3. Such a team shall be led by a person who has at least six years postgraduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act.

4.3.1.4. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.3.1.5. The Provincial Treasury shall be notified of a proposed gateway review for a major capital project, three weeks prior to the conducting of such a review.

4.3.1.6. Such notification shall be accompanied by a brief outline of the proposed project or package, the names and qualifications of the reviewers and the timeframes for the review.

4.3.1.7. The Provincial Treasury may nominate additional persons to serve on the review team.

4.3.1.8. The gateway review team shall base its findings primarily on:

4.3.1.8.1. the information contained in the end-of-stage deliverables;

4.3.1.8.2. supplementary documentation, if any, provided by key staff obtained during an interview process; and

4.3.1.8.3. interviews with key staff members and stakeholders.

4.3.2. The gateway review team shall issue a report at the conclusion of a gateway review, which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

4.3.3. The relevant Provincial Treasury may at any stage call for a gateway review

Table 1: Stages, end-of-stage deliverables and responsibilities for approving or accepting end-of-stage deliverables in the control framework for the management of infrastructure delivery

No	Name of Stage	End-of-Stage Deliverable	Person assigned the responsibility for approving or accepting end-of-stage deliverables
0	Project initiation	An initiation report which outlines the high-level business case together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope	Technical Manager/ Project Management Unit manager recommend The Head of Planning and Development accepts the initiation report
1	Infrastructure planning	An infrastructure plan which identifies and prioritises projects and packages against a forecasted budget over a period of at least five years	The Municipal Manager recommend and the Council approves
2	Strategic resourcing	A delivery and/or procurement strategy which, for a portfolio of projects, identifies the delivery strategy in respect of each project or package and, where needs are met through own procurement system, a procurement strategy	The Head of Planning and Development / Project Management Unit Manager / Technical Manager recommend and CFO approves
3	Pre-feasibility	A prefeasibility report which determines whether or not it is worthwhile to proceed to the feasibility stage	The Head of Planning and Development / Project Management Unit Manager / Technical Manager recommend and CFO accepts
	Preparation and briefing	A strategic brief which defines project objectives, needs, acceptance criteria and client priorities and aspirations, and which sets out the basis for the development of the concept report for one or more packages	The Head of Planning and Development / Project Management Unit Manager / Technical Manager recommend and CFO accepts
4	Feasibility	A feasibility report which presents sufficient information to determine whether or not the project should be implemented	The Head of Planning and Development / Project Management Unit Manager / Technical Manager recommend and CFO accepts

Commented [N1]: Note to Municipality:
The positions indicated is only recommended and Municipality must change in accordance to positions on their organogram

No	Name of Stage		End-of-Stage Deliverable	Person assigned the responsibility for approving or accepting end-of-stage deliverables
	Concept and viability		A concept report which establishes the detailed brief, scope, scale, form and control budget, and sets out the integrated concept for one or more packages	The Head of Planning and Development / Project Management Unit Manager / Technical Manager recommend and CFO accepts
5	Design development		A design development report which develops in detail the approved concept to finalise the design and definition criteria, sets out the integrated developed design, and contains the cost plan and schedule for one or more packages	The Head of Planning and Development / Project Management Unit Manager / Professional Service Provider recommend and Technical Manager / CFO accept
6	Design documentation	6A Production information	Production information which provides the detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where the constructor is able to build directly from the information prepared) or the production of manufacturing and installation information for construction	The Head of Planning and Development / Project Management Unit Manager / Professional Service Provider recommend and Technical Manager / CFO accept
		6B Manufacture, fabrication and construction information	Manufacture, fabrication and construction information produced by or on behalf of the constructor, based on the production information provided for a package which enables manufacture, fabrication or construction to take place	The Head of Planning and Development / Project Management Unit Manager / Professional Service Provider recommend and Technical Manager / CFO accept
7	Works		Completed works which are capable of being occupied or used	Project Management Unit Manager / Professional Service Provider recommend and Technical Manager / CFO accept
8	Handover		Works which have been taken over by the user or owner complete with record information	Project Management Unit Manager / Professional Service Provider recommend and Technical Manager / CFO / End User accept
9	Package completion		Works with notified defects corrected, final account settled and the close out report issued	Project Management Unit Manager / Professional Service Provider recommend and Technical Manager

Commented [N1]: Note to Municipality:
The positions indicated is only recommended and Municipality must change in accordance to positions on their organogram

No	Name of Stage	End-of-Stage Deliverable	Person assigned the responsibility for approving or accepting end-of-stage deliverables
			/ CFO accept

Commented [N1]: Note to Municipality:
The positions indicated is only recommended and Municipality must change in accordance to positions on their organogram

5. Control framework for infrastructure procurement

5.1. The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold of R200 000 shall be as stated in Table 2.

5.2. The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure, of R200 000, shall be as follows:

a) The Procurement Documentation (Procurement Documentation Committee) or the Manager: SCM shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
b) The Municipal Manager or delegated Head of Department may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

5.3. The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6. Infrastructure delivery management requirements

6.1. Institutional arrangements

6.1.1. Committee system for procurement

6.1.1.1. General

6.1.1.1.1. A committee system comprising the

(Infrastructure procurement) Documentation Committee (The same officials in the Goods and Services Bid Specification Committee plus technical representation),

(Infrastructure procurement) Evaluation Committee (The same officials in the Goods and Services Bid Evaluation Committee plus technical representation) and

(Infrastructure procurement) Adjudication Committee (The same officials in the Goods and Services Bid Adjudication Committee)

shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements projected to cost in excess of R200 000.

6.1.1.1.2. The indicated committees for infrastructure procurement to consider all the relevant aspects of the SIPDM

6.1.1.1.3. The 7 day period for quotation advertisement shall be applicable to projects with the value of R30 000 up to R 200 000.

6.1.1.1.4. The Accounting Officer may consider applying the requirements of the committee system to a lower threshold.

6.1.1.1.5. The Evaluation Committee, shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

6.1.1.1.6. The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.7. No person who is a political officer bearer, a public office bearer including any Councillor of a municipality, a political advisor or a person appointed in terms of Section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a Documentation Committee, Evaluation or Adjudication Committee.

6.1.1.1.8. Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.9. Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2. **Procurement Documentation Committee**

6.1.1.2.1. The Municipal Manager shall appoint in writing:

(a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance to clause 4.2.2.1 of the standard; and
(b) the members of the procurement documentation committee

6.1.1.2.2. The approval of procurement documents at Procurement Gate 3 or Framework Agreement Gate 2 shall be based on the contents of a procurement documentation review report.

6.1.1.2.3. Where the procurement relates to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure, such a report shall be prepared by one or more persons who participated in the review and who are registered as:

(a) professional architect or professional senior architectural technologist in terms of the Architectural Profession Act or a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
(b) a professional engineer or professional engineering technologist in terms of the Engineering Profession Act; or
(c) a professional quantity surveyor in terms of the Quantity Surveying Professions Act.

6.1.1.2.4. The Procurement Documentation Committee shall comprise out of at least the SCM manager / CFO, Technical Manager, Built Discipline registered person)

6.1.1.2.5. The chairperson shall be an employee of the Ga-Segonyana Local Municipalitywith requisite skills.

6.1.1.2.6. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.7. No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	The Head of Planning and Development / Project Management Unit Manager / Technical Manager recommend and CFO accepts
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	The Head of Planning and Development / Project Management Unit Manager / Technical Manager recommend and CFO approves
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement Documentation Committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Procurement Documentation Committee
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Evaluation Committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the Bid Evaluation Committee and refer back to Bid Evaluation Committee for reconsideration or make recommendation for award	Adjudication Committee
5	Award contract	5.3	Award contract	Formally accept the tender offer in writing and	Municipal Manger

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
		PG7		issue the contractor with a signed copy of the contract	
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	CFO / Supply Chain
		6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	Municipal Manager
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Municipal Manager
6	Administer contracts and confirm compliance requirements	6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	Municipal Manager
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for at award of an inflation, or the time for completion contract or the issuing of an order by more than 20% and 30%, respectively.	Approve amount of time and cost overruns above the threshold	Municipal Manager
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Municipal Manager
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	Municipal Manager

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

		Key action	Person assigned responsibility to perform key action
FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Recommended by the Technical Manager and confirmed by the CFO
FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Documentation Committee chairperson approve
FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	CFO
FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	CFO

6.1.1.3. Evaluation Committee

6.1.1.3.1. The Municipal Manager shall appoint in writing:

a) the persons to prepare the evaluation and, where applicable, the quality evaluations; and
b) the members of the Evaluation Committee.

6.1.1.3.2. The Evaluation Committee shall comprise not less than three people. The chairperson shall be a senior manager/ director of the Ga-Segonyana Local Municipality with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery.

6.1.1.3.3. The evaluation report shall be prepared by one or more persons who are conversant with the nature and subject matter of the procurement documents or the framework contract, and who are registered as:

c) a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act;

Commented [j2]: The municipality without professionals to make use of consultants (it is for the draft report and not to evaluate)

d) a professional engineer or professional engineering technologist in terms of the Engineering Profession Act;
e) a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
f) a professional project manager or a professional construction manager in terms of the Project and Construction Management Professions Act; or a professional quantity surveyor in terms of the Quantity Surveying Profession Act.

6.1.1.3.4. The Evaluation Committee shall review the technical evaluation reports and due diligence and as a minimum verify the following in respect of the submitted tenderers:

a) the capability and capacity of a tenderer to perform the contract;
b) the tenderer's tax and municipal rates and taxes compliance status;
c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
d) the Compulsory Declaration has been completed; and
e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.5. No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the Procurement Documentation Committee or a family member or associate of such a member, may be considered by the Bid Evaluation Committee.

6.1.1.3.6. The chairperson of the Bid Evaluation Committee shall promptly notify the Municipal Manager of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4. Adjudication Committee /BID ADJUCATION

6.1.1.4.1. The Adjudication Committee must consist of at least four senior managers of the municipality which must include –

Commented [j3]: Depending on the capacity of the municipality – can use four senior "officials"

a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
b) at least one senior supply chain management practitioner who is an official of the municipality; and
c) a technical expert in the relevant field who is an official, if such an expert exists.

6.1.1.4.2. 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.

6.1.1.4.3. No member of the Evaluation Committee may serve on the Adjudication Committee. A member of an Evaluation Committee may, however, participate in the deliberations of a Adjudication Committee as a technical advisor or a subject matter expert.

6.1.1.4.4. The Adjudication Committee shall:

a) consider the report and recommendations of the Bid Evaluation Committee and:
   1) verify that the procurement process which was followed complies with the provisions of this document;
   2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
   3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and

4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and

5) refer the report back to the Bid Evaluation Committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation;

6) or alternatively make a recommendation to the Municipal Manager to award if the value exceeds R10 million.

6.1.1.4.5. The Adjudication Committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action, which should be taken.

6.1.1.4.6. The Adjudication Committee shall consider the merits of an unsolicited offer and make a recommendation to the Municipal Manager.

6.1.1.4.7. The Adjudication Committee shall report to the Municipal Manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the Bid Evaluation Committee, giving reasons for making such a recommendation.

6.1.1.4.8. The Adjudication Committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

a) made a misrepresentation or submitted false documents in competing for the contract or order; or
b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.9. The Adjudication Committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper Conduct in relation to such system. The National Treasury and the Provincial Treasury shall be informed where such tenderers are disregarded.

6.1.2. Actions of an authorised person relating to the award of a contract or an order

6.1.2.1. **Award of a contract**

6.1.2.1.1. The Municipal Manager shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the Adjudication Committee and either:

a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
b) decide not to proceed or to start afresh with the process.

6.1.2.1.2. The Municipal Manager shall immediately notify the Adjudication Committee if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and the Provincial Treasury, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

6.1.2.2. **Issuing of an order**

6.1.2.2.1. The Municipal Manager shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the Evaluation Committee as relevant, and either:

a) authorise the issuing of an order; or
b) decide not to proceed or to start afresh with the process.

6.1.2.2.2. The person responsible for authorising an order shall, prior to authorising the issuing of an order:

a) confirm that the required goods or services, or any combination thereof, are within the scope of work associated with the relevant framework contract; and
b) consider the recommendations of the evaluation report where competition amongst framework contracts takes place or a significant proportion of the total of the prices is negotiated, based on the financial parameter contained in the framework contract, and either

6.1.3. Conduct of those engaged in infrastructure delivery

6.1.3.1. General requirements

6.1.3.1.1. All personnel and agents of the Ga-Segonyana Local Municipality shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

a) behave equitably, honestly and transparently;
b) discharge duties and obligations timeously and with integrity;
c) comply with all applicable legislation and associated regulations;
d) satisfy all relevant requirements established in procurement documents;
e) avoid conflicts of interest; and
f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2. All personnel and agents engaged in Ga-Segonyana Local Municipality Municipality's infrastructure delivery management system shall:

a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
e) ensure that resources are administered responsibly;
f) fair and impartial in the performance of their functions;
g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
h) not abuse the power vested in them;
i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
j) assist the Ga-Segonyana Local Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
l) not make false or misleading entries in reports or accounting systems; and keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.
m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise

6.1.3.1.3. An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2. Conflicts of interest

6.1.3.2.1. The employees and agents of the Ga-Segonyana Local Municipality who are connected in any way to procurement and delivery management activities which are subject to this Policy, shall:

a) disclose in writing to the employee of the Ga-Segonyana Local Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
b) not participate in any activities that might lead to the disclosure of the Ga-Segonyana Local Municipality proprietary information.

6.1.3.2.2. The employees and agents of the Ga-Segonyana Local Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3. Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in the Ga-Segonyana Local Municipality Municipality's interest to do so, submit a tender for work associated with such documents provided that:

a) the Ga-Segonyana Local Municipality states in the tender data that such an agent is a potential tenderer;
b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
c) the Procurement Documentation Committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3. Evaluation of submissions received from respondents and tenderers

6.1.3.3.1. The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

a) not have any conflict between their duties as an employee or an agent and their private interest;
b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to the Ga-Segonyana Local Municipality.

6.1.3.3.2. The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of the Ga-Segonyana Local Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3.3. the Ga-Segonyana Local Municipality personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.1.3.4. Non-disclosure agreements

6.1.3.4.1. Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect the Ga-Segonyana Local Municipality Municipality's confidential information and interests.

6.1.3.5. Gratifications, hospitality and gifts

6.1.3.5.1. The employees and agents of the Ga-Segonyana Local Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a

commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2. The employees and agents of the Ga-Segonyana Local Municipality as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

a) money, loans, equity, personal favours, benefits or services;
b) overseas trips; or
c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3. The employees and agents of the Ga-Segonyana Local Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4. All employees and agents of the Ga-Segonyana Local Municipality may for the purpose of fostering inter-personal business relations accept the following:

a) meals and entertainment, but excluding the cost of transport and accommodation;
b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc.
c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature.

6.1.3.5.5. Gifts listed in a) to d) or gifts in kind which have an intrinsic value greater than R350 may not be accepted.

6.1.3.5.6. Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.7. Employees and agents of the Ga-Segonyana Local Municipality shall without delay report to the Municipal Manager any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6. **Reporting of breaches**

6.1.3.6.1. Employees and agents of the Ga-Segonyana Local Municipality shall promptly report to the Municipal Manager any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4. **Measures to prevent abuse of the infrastructure delivery system**

6.1.4.1. The Municipal Manager shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this Policy against an employee or an agent, a contractor or other role player and, where justified:

a) take steps against an employee or role player and inform the National Treasury and the Provincial Treasury of those steps;
b) report to the South African Police Service any conduct that may constitute a criminal offence;
c) lodge complaints with the Construction Industry Development Board or any other relevant statutory Council where a breach of such Council's code of conduct or rules of conduct are considered to have been breached; cancel a contract if:

1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5. Awards to persons in the service of the state

6.1.5.1. Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

a) a member of any municipal Council, any provincial legislature, or the National Assembly or the National Council of Provinces;
b) a member of the board of directors of any municipal entity;
c) an official of any municipality or municipal entity;
d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
e) an executive member of the accounting authority of any national or provincial public entity; or
f) an employee of Parliament or a provincial legislature.

6.1.5.2. The notes to the annual financial statements of the Ga-Segonyana Local Municipality shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6. Collusive tendering

6.1.6.1. Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7. Placing of contractors under restrictions

6.1.7.1. If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
c) had their contract terminated for reasons within their control without reasonable cause;
d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards the Ga-Segonyana Local Municipality; or

f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of the Ga-Segonyana Local Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

6.1.7.2. The Manager SCM shall prepare a report on the matter and make a recommendation to the Municipal Manager for placing the contractor or any of its principals under restrictions from doing business with the Ga-Segonyana Local Municipality.

6.1.7.3. The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to [name of municipality or municipal entity for a period of time.

6.1.7.4. The Manager SCM shall:

6.1.7.4.1. record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of the Ga-Segonyana Local Municipality who are engaged in procurement processes; and

6.1.7.4.2. notify the National Treasury and the Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8. Complaints

6.1.8.1. All complaints regarding the Ga-Segonyana Local Municipality Municipality's infrastructure delivery management system shall be addressed to the Municipal Manager. Such complaints shall be in writing.

6.1.8.2. The Chief Financial Officer shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the Municipal Manager who will decide on what action to take.

6.2. Acquisition management

6.2.1. Unsolicited proposal

6.2.1.1. The Ga-Segonyana Local Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for the Ga-Segonyana Local Municipality;
d) the offer is in writing and clearly sets out the proposed cost;
e) the person who made the offer is the sole provider of the goods or service; and
f) The Municipal Manager finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2. The Municipal Manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the Adjudication Committee if:

a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential

benefits for the Ga-Segonyana Local Municipality and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;

b) the Ga-Segonyana Local Municipality' has obtained comments and recommendations on the offer from the National Treasury and the Provincial Treasury;
c) the Adjudication Committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and the Provincial Treasury; and
d) the provisions of 6.2.1.3 are complied with.

6.2.1.3. The Municipal Manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Provincial Treasury and Auditor-General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2. **Tax and rates compliance**

6.2.2.1. SARS tax clearance

6.2.2.1.1. No contract may be awarded or order issued unless a tenderer or contractor is registered on the Central Supplier Database (CSD) and in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2. In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

6.2.2.1.3. No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of the Ga-Segonyana Local Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to SC Manager / Official or Accountant.

6.2.2.1.4. that it intends challenging its tax compliance status with SARS,

b) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
c) before authorising a further payment due to a non-compliant contractor who has failed to
d) remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.2. **Municipal rates and taxes**

6.2.2.2.1. No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.2.2.2. No award may be considered to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are outstanding for more than 30 days, if the value of the award will exceed R 10 million.

6.2.3. **Declarations of interest**

6.2.3.1. Tenderers and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

a) are an employee of the Ga-Segonyana Local Municipality or in the employ of the state; or
b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4. **Invitations to submit expressions of interest or tender offers**

6.2.4.1. All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Ga-Segonyana Local Municipality Municipality's website and on the National Treasury eTender Publication Portal.

6.2.4.2. Advertisements relating to construction works, which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000, shall also be advertised, on the CIDB website.

6.2.4.3. Where deemed appropriate by the Chairperson of the Procurement Documentation Committee or the Manager: SCM, an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person.

6.2.4.4. Such advertisements shall be advertised for a period of at least 14 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Municipal Manager.

6.2.4.5. The Manager SCM or delegated official shall place all Advertisements.

6.2.4.6. Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5. **Publication of submissions received and the award of contracts**

6.2.5.1. The Manager: SCM or delegated official shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender, where the estimated value of the contract exceeds R200 000 (including VAT) on the municipality's website.

6.2.5.2. The following information must be published:

6.2.5.2.1. the names of all tenderers that made submissions to that advertisement, and

6.2.5.2.2. if practical or applicable, the total of the prices and the preferences claimed.

6.2.5.3. Such information shall remain on the website for at least 30 days.

6.2.5.4. The Manager SCM or delegated official shall publish within 7 working days of the award of a contract the following on the Ga-Segonyana Local Municipality Municipality's website:

a) the contract number;
b) contract title;
c) brief description of the goods, services or works;
d) the total of the prices, if practical;
e) the names of successful tenderers and their B-BBEE status level of contribution;
f) duration of the contract; and
g) brand names, if applicable.

6.2.5.5. The Manager SCM or delegated official shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury e-Tender Publication Portal regarding the successful and unsuccessful tenders.

6.2.5.6. The Manager SCM or delegated official shall, within 7 working days of the award, submit details pertaining to the award of contracts relating to construction works, which are subject to the Construction Industry Development Regulations, issued in terms of the Construction Industry Development Act of 2000,in addition to the requirements of 6.2.5.3, place a notification on the CIDB website..

6.2.6. **Disposal committee**

6.2.6.1. The Municipal Manager shall appoint in writing, should a disposal need arise, the members of the disposal committee to decide on how best to undertake disposals.

6.2.6.2. The disposal panel shall comprise not less than three people.

6.2.6.3. The chairperson shall be an employee of the Ga-Segonyana Local Municipality

6.2.6.4. The disposal committee shall make recommendations to the Municipal Manager who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, and decide not to proceed or to start afresh with the process.

6.2.6.4.1. A disposal committee shall decide how best to undertake disposals relating to the demolition or dismantling of infrastructure or parts thereof, and the disposal of unwanted, redundant or surplus materials, plant and equipment.

6.2.6.4.2. Disposals shall be proceeded with only after the feasibility and desirability of using one or more of the following alternative disposal strategies have been considered:

a) transfer to another organ of state, business unit or a charitable organisation at market-related value or free of charge;
b) recycling or re-use of component materials; or
c) disposal by means of dumping at an authorised dump site, burning or demolition.

6.2.6.4.3. The reasons for adopting a disposal strategy shall be recorded prior to proceeding with such disposal.

6.2.7. **Reporting of infrastructure delivery management information**

6.2.7.1. The Manager: SCM or delegated official shall submit any reports required in terms of the standard to the National Treasury or the Provincial Treasury.

7. Infrastructure procurement

7.1. Usage of procurement procedures

a) The Ga-Segonyana Local Municipality shall apply any relevant procurement procedures provided for in the standard

7.2. Procurement documents

7.2.1. The standard forms of contract as stipulated in table 10 of the Standard of Infrastructure Procurement and Delivery Management may be used.

7.2.2. The Ga-Segonyana Local Municipality has pre-approved templates for (Agreements and contract data) of procurement, documents shall be utilised to obviate the need for legal review prior to the awarding of a contract.

7.2.3. All modifications to the standard templates shall be approved by Municipal Manager prior to being issued for tender purposes.

7.2.4. Disputes arising from the performance of a contract shall be finally settled in a South African court of law.

7.2.5. The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

a) consultancy services; and
b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

7.3. Developmental Procurement

7.3.1. The primary beneficiaries will be included in the Preferential Procurement Policy and will include at least the following:

7.3.1.1. Local emerging contractors / service providers and suppliers from previously disadvantaged individuals/communities who will be assisted with targeted contract opportunities to propel them to new heights.

7.3.1.2. Contractors must be registered with the CIDB to qualify for participation.

7.3.1.3. Specific goals as per the Ga-Segonyana Local Municipality municipality's internal guideline/ policy will be applicable.

7.4. Payment of contractors

The Ga-Segonyana Local Municipality shall settle all undisputed accounts within 30 days of invoice or statement as provided for in the contract.

7.5. Approval to utilise specific procurement procedures

7.5.1. Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

a) The Municipal Manager shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
b) The Municipal Manager shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
c) the Procurement Documentation Committee or Manager: SCM shall authorise the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure.

7.5.2. The person authorised to pursue a negotiated procedure in an emergency is Chief Financial Officer

7.6. Receipt and safeguarding of submissions

7.6.1. A dedicated and clearly marked tender box shall be made available to receive all submissions made.

7.6.2. The tender box shall be fitted with two locks and the keys kept separately by two SCM Practitioners.

7.6.3. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.7. Opening of submissions

7.7.1. Submissions shall be opened by an opening panel comprising two people nominated by the Manager: SCM who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.7.2. The opening panel shall open the tender box at the stipulated closing time and:

a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
b) return submissions unopened and suitably annotated where:

1) submissions are received late, unless otherwise permitted in terms of the submission data;
2) submissions were submitted by a method other than the stated method,
3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and
4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions.

c) record in the register submissions that were returned unopened;
d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
e) record in the register the name of any submissions that is returned with the reasons for doing so;
f) record the names of the tenderer's representatives that attend the public opening;
g) sign the entries into the register; and
h) stamp each returnable document in each tender submission.

7.7.3. Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3h).

7.7.4. Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5. Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.8. Use of another organ of state's framework agreement

7.8.1. The Ga-Segonyana Local Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so.

7.8.2. The Municipal Manager shall make the necessary application to that organ of state to do so.

7.9. Insurances

7.9.1. Contractors shall be required to take out all insurances required in terms of the contract.

7.9.2. The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Municipal Manager.

7.9.3. Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5million electrical, mechanical and engineering: R3 million architectural: R5 million other R3 million

7.9.4. The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by the CFO

7.9.5. SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.9.6. Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the in relation to the nature of the service that they provide.

7.9.7. The Ga-Segonyana Local Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.8. Where payment is to be made in multiple currencies, either the contractor or the Ga-Segonyana Local Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.10. Written reasons for actions taken

7.10.1. Written reasons for actions taken shall be provided by a Project Manager

7.10.2. The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, as to why a tenderer was not considered for the award of a contract or not awarded a contract shall be framed around the clauses in:

:

a) SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
b) SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling for expressions of interest;

7.10.3. Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.11. Request for access to information

7.11.1. Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the "requestor" should be referred to the Ga-Segonyana Local Municipality Municipality's Information Manual which establishes the procedures to be followed and the criteria that have to be met for the "requester" to request access to records in the possession or under the control of the Ga-Segonyana Local Municipality Municipality's.

7.11.2. Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use.

7.11.3. Access to a bill of quantities and rates should be provided in terms of the Act.

8. SHORT TITLE

8.1. This policy is called the INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT POLICY of the Ga-Segonyana Local Municipality Local Municipality.

ANNEXURE P

GA-SEGONYANYA
LOCAL MUNICIPALITY

COST CONTAINMENT POLICY

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1. **DEFINITIONS**

"*consultant*" means a professional person, individual partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.

"*cost containment*" the measures implemented to curtail spending in terms of this policy.

"*municipality*" Ga-Segonyana Local Municipality

2. **PURPOSE**

The purpose of the policy is to regulate spending and to implement cost containment measures at Ga-Segonyana Local Municipality.

3. **OBJECTIVES OF THE POLICY**

The objectives of this policy are to:

3.1 To ensure that the resources of the municipality are used effectively, efficiently and economically;

3.2 To implement cost containment measures.

4. **SCOPE OF THE POLICY**

This policy will apply to all:

4.1 Councilors'; and

4.2 Municipal employees.

5. **LEGISLATIVE FRAMEWORK**

This policy must be read in conjunction with the -

5.1 The Municipal Finance Management Act, Circular 82, published on 7 December 2016;

5.2 Municipal Cost Containment Regulations, 2018; and

5.3 Travelling and subsistence policy.

6. POLICY PRINCIPLES

6.1 This policy will apply to the procurement of the following goods and/or services:

(i) Use of consultants
(ii) Vehicles used for political office–bearers
(iii) Travel and subsistence
(iv) Domestic accommodation
(v) Credit cards
(vi) Sponsorships, events and catering
(vii) Communication
(viii) Conferences, meetings and study tours
(ix) Any other related expenditure items

7. USE OF CONSULTANTS

7.1 Consultants may only be appointed after an assessment of the needs and requirements has been conducted to support the requirement of the use of consultants.

7.2 The assessment referred to in 7.1 must confirm that the municipality does not have requisite skills or resources in its full time employ to perform the function that the consultant will carry out.

7.3 When consultants are appointed the following should be included in the Service Level Agreements:

(i) Consultants should be appointed on a time and cost basis that has specific start and end dates;
(ii) Consultants must be appointed on an output-specific, specifying deliverables and the associated remuneration;
(iii) Ensure that cost ceilings are included to specify the contract price as well travel and subsistence disbursements and whether the contract price is inclusive or exclusive of travel and subsistence; and
(iv) All engagements with consultants should be undertaken in accordance with the municipality's supply chain management policy.

7.4 Consultancy reduction plans should be developed.

7.5 All contracts with consultants must include a retention fee or a penalty clause for poor performance.

7.6 The specifications and performance of the service provider must be used as a monitoring tool for the work that is to be undertaken and performance must be appropriately recorded and monitored.

(a) **VEHICLES USED FOR POLITICAL OFFICE-BEARERS**

8.1 The threshold limit for vehicle purchases relating to official use by political office–bearers may not exceed seven hundred thousand rand (R700 000) or 70% of the total annual remuneration package for the different grades, whichever is greater. Consideration must also be made with regard to the Upper Limit Gazette of Political Office Bearers as determined by the Minister of Cooperative Governance and Traditional Affairs from time to time.

8.2 The procurement of vehicles must be undertaken using the national government transversal mechanism.

8.3 If any other procurement process is used, the cost may not exceed the threshold set out in 8.1.

8.4 Before deciding on another procurement process as in 8.2, the Senior Manager responsible for fleet management and technical services must in consultation with the Chief Financial Officer provide the council with information relating to the following criteria that must be considered:

a Status of current vehicles
b Affordability
c Extent of service delivery
d Terrain for effective usage of vehicle
e Any other policy of council

8.5 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometers.

8.6 Notwithstanding 8.5, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometers only in instances where the vehicle experiences serious mechanical problems and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

9. **TRAVEL & SUBSISTENCE**

9.1 An accounting officer:

(i) May only approve the purchase of economy class tickets for officials where the flying time for a flight is five (5) hours or less; and

(ii) For flights that exceed five (5) hours of flying time, may purchase business class tickets *only* for accounting officers, and persons reporting directly to accounting officers.

9.2 Notwithstanding 9.1, an accounting officer may approve the purchase business class tickets for officials with disabilities.

9.3 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.

9.4 Officials of the municipality must:

(i) Utilize the municipal fleet, where viable, before incurring costs to hire vehicles;
(ii) Make use of a shuttle service if the cost of such a service provider is lower than:
- the cost of hiring a vehicle;
- the cost of kilometers claimable by the employee; and
- the cost of parking.

(iii) not hire vehicles from a category higher than Group B; and
(iv) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

9.5 The municipality must use the negotiated rates for flights and accommodation as communicated by National Treasury, from time to time, or any other cheaper flight or accommodation that is available.

10. DOMESTIC ACCOMMODATION

10.1 An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by National Treasury, from time to time, and the travel and subsistence policy of the municipality.

11. CREDIT CARDS

11.1 An accounting officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office-bearer.

11.2 Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials and public office bearers must use their personal credit cards or cash, and will request reimbursement from the municipality in terms of the travel and subsistence policy and petty cash policy.

12. SPONSORSHIPS, EVENTS & CATERING

12.1 The municipality may not incur catering expenses for meetings that are only attended by persons in the employ of the municipality, unless prior written approval is obtained from the accounting officer.

12.2 Catering expenses may be incurred by the accounting officer for the following, if they exceed five (5) hours:

(i) Hosting of meetings;
(ii) Conferences;
(iii) Workshops;
(iv) Courses;
(v) Forums;
(vi) Recruitment interviews; and
(vii) Council proceedings

12.3 Entertainment allowances of officials may not exceed two thousand rand (R2 000,00) per person per financial year, unless otherwise approved by the accounting officer.

12.4 Expenses may not be incurred on alcoholic beverages.

12.5 Social functions, team building exercises, year-end functions, sporting events, budget speech dinners and other functions that have a social element must not be financed from the municipal budget or by any supplier or sponsor such as but not limited to:

- staff year-end functions
- staff wellness functions
- attendance of sporting events by municipal officials

12.6 Expenditure may not be incurred on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials.

12.7 Expenditure may be incurred to host farewell functions in recognition of officials who retire after serving the municipality for ten (10) or more years, or retire on grounds of ill health, the expenditure should not exceed the limits of the petty cash usage as per the petty cash policy of the municipality.

13. COMMUNICATION

13.1 All municipal related events must, as far as possible, be advertised on the municipal website, instead of advertising in magazines or newspapers.

13.2 Publications such as internal newsletters must be designed internally and be published quarterly in an electronic media format and on the municipal website/intranet.

13.3 Newspapers and other related publications for the use of officials must be discontinued on the expiry of existing contracts or supply orders.

13.4 The acquisition of mobile communication services must be done by using the transversal term contracts that have been arranged by the National Treasury.

13.5 Allowances for officials for private calls is limited to R50,00 per official.

13.6 Provision of diaries be limited to secretaries and electronic diaries be kept by directorates.

14. CONFERENCES, MEETINGS & STUDY TOURS

14.1 Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.

14.2 The benchmark costs may not exceed an amount determined by National Treasury.

14.3 When considering applications from officials to conferences or events within and outside the borders of South Africa, the accounting officer must take the following into account:

(i) The official's role and responsibilities and the anticipated benefits of the conference or event;

(ii) Whether the conference or event will address the relevant concerns of the municipality;
(iii) The appropriate number of officials to attend the conference or event, not exceeding three officials; and
(iv) Availability of funds to meet expenses related to the conference or event.

14.4 The amount referred to in 14.2 above excludes costs related to travel, accommodation and related expenses, but includes:

(i) Conference or event registration expenses; and
(ii) Any other expense incurred in relation to the conference or event.

14.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.

14.6 Attendance of conferences will be limited to one (1) per annum with a maximum of two (2) delegates.

14.7 Meetings and planning sessions that entail the use of municipal funds must, as far as practically possible, be held in-house.

14.8 Municipal offices and facilities must be utilized for conferences, meetings and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.

14.9 The municipality must take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

15. OTHER RELATED EXPENDITURE ITEMS

15.1 All commodities, services and products covered by a transversal contract by the National Treasury must be procured through that transversal contract before approaching the market, in order to benefit from savings and lower prices or rates that have already been negotiated.

15.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during the election periods.

16. ENFORCEMENT PROCEDURES

16.1 Failure to implement or comply with this policy may result in any official of the municipality or political office bearer that has authorized or incurred any expenditure contrary to those stipulated herein being held liable for financial misconduct as set out in Chapter 15 of the MFMA.

17. DISCLOSURES OF COST CONTAINMENT MEASURES

17.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.

17.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings, on the implementation of the cost containment measures must be submitted to the municipal council for review and resolution. The municipal council can refer such reports to an appropriate council committee for further recommendations and actions.

17.3 Such reports must be copied to the National Treasury and relevant provincial treasuries within seven calendar days after the report is submitted to municipal council.

18. IMPLEMENTATION & REVIEW PROCESS

18.1 This policy will be reviewed at least annually or when required by way of a council resolution, or when an update is issued by National Treasury.

19. CONSEQUENCES FOR NON-ADHERENCE TO THE COST CONTAINMENT MEASURES

19.1 Any person must report an allegation of non-compliance to the cost containment policy to the accounting officer of the municipality.

19.2 The accounting officer must investigate the allegations and if frivolous, speculative or unfounded, terminate the investigations.

19.3 If the accounting officer determines the allegations are founded, a full investigation must be conducted by the disciplinary board.

19.4 After completion of a full investigation, the disciplinary board must compile a report on the investigations and submit a report to the accounting officer on:

- Findings and recommendations; and/or
- Whether disciplinary steps should be taken against the alleged transgressor.

19.5 The accounting officer must table the report with recommendations to the municipal council.

19.6 Subject to the outcome of the council decision the accounting officer must implement the recommendations.

20. **SHORT TITLE**

20.1 This policy shall be called the Cost Containment Policy of the Ga-Segonyana Local Municipality.