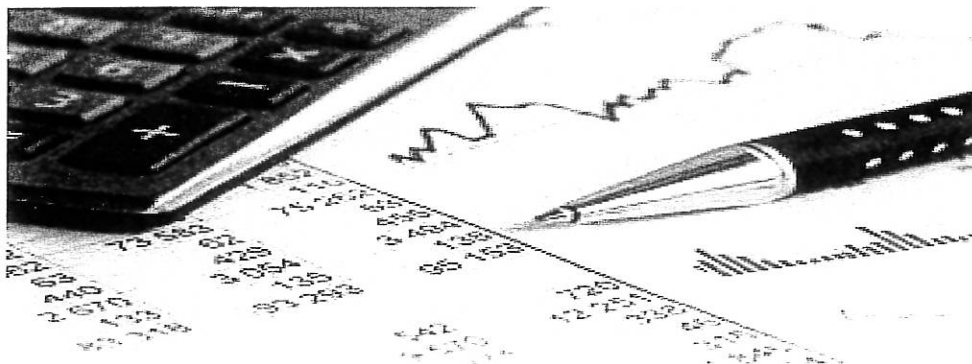


# **ANNUAL BUDGET OF GASEGONYANA LOCAL MUNICIPALITY**



## **2016/17 TO 2018/19 MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS**



## 1.1 Mayor's Speech

- Honourable Speaker of Council;
- Chief Whip of Council;
- Members of the Mayoral Committee;
- Fellow Councillors;
- Distinguished Guests;
- Municipal Manager and Senior Managers;
- Members of the Media;
- Your Excellencies and all members of traditional houses
- Fellow residents of GaSegonyana
- Comrades and Friends

We present the 2016/17 Medium-term Revenue and Expenditure Framework hot on the heels of our fifth local elections, an event that will no doubt go down as the most exciting, intense, competitive, aggressive and yet smooth and peaceful electoral cycle in the annals of the short political history of our democracy.

The ANC emerged victorious from the national electoral battles in 2014 because our people felt we remained the vehicle best equipped to lead the process towards the realisation of their aspirations and desires.

They didn't just endorse our message and extended our mandate simply because they were power hungry or merely because they were fascinated by the idea of winning an election.

They did so because they remained convinced of the superiority of our programmatic agenda, the dexterity of our skills and the tenacity of our will to lead this process.

It is this that explains why they extended our mandate and entrusted us with the responsibility to continue the transformation and development of our society because they best understand the scale of the challenges ahead.

As we embrace the third decade of freedom and democracy in our country, we do so with more fortitude to make sure that the refrain of "A good story to tell" sounds louder than in the second decade. We pledge to honour the wishes and desires of our people as expressed in elections by ossifying a democratic culture that is accountable and responsive in its outlook; effective in the delivery of social services; efficient in driving economic development; and obdurate regarding the promotion of the self-expression and self-activity of the masses of our people.

It is against this backdrop that we stand here today to spell out measures to consolidate the gains made in the past twenty two years and open up new frontiers to advance the course and plight of our people.

In the 22 years of freedom we have utilised municipal resources to improve the lives of our people. Through working together we have provided basic services that have restored human dignity in our fellow citizens. Our successes have not made us to be complacent. Through the review of our Integrated Development



The main contributors to the operating revenue are the following:

- Rates R 37 million (representing 8% of total operating revenue)
- Electricity R 84 million (representing 26% of total operating revenue)
- Water R 18 million (representing 5% of total operating revenue)
- Sanitation R 12 million (representing 3% of total operating revenue)
- Refuse Removal R 9 million (representing 2% of total operating revenue)
- Operational Grants R122 million (representing 41% of total operating revenue)

In order to support the mentioned operating revenue, the Municipality is proposing the following tariff increases:

- ♣ Assessment rates be increased by 6.6%.
- ♣ Sewerage charges be increased by 6.6%.
- ♣ Refuse removal tariff be increased by 6.6%
- ♣ Water tariff be increased with an average of 6.6% for both residential properties and non-residential properties and the details in terms of our step tariff structure is as outlined in the Budget Document;
- ♣ Electricity tariffs be increased with an average of 7.64%;

There are currently 3208 indigent households receiving free basic services in the municipality and in the coming financial year, R1.9 million will be spent on providing Free Basic Services to 3208 households.

Honourable Speaker, allow me to make a clarion call to all our people who qualify for indigents packages to come forward and register so that they also can benefit from this package.

Indigents and qualifying households will receive the following benefits:

- ♣ 6 Kilolitres of water
- ♣ 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 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.

Set out below are the budget decisions that we believe have been inspired by the masses of our people as well as the strategic direction that we have all adopted:

## **1. Water Services**

Honourable Speaker as indicated above the eradication of backlogs in the provision of water services is a key focus of our municipality and our province. It is accordingly for this reason that a significant portion of this budget has been appropriated for water services infrastructure.

We are injecting an amount of **R 69 Million** towards the upgrading of **water services reticulation** and **bulk infrastructure projects** in the following communities; **Maruping/Batlharos ; Seoding/Magojaneng ;Seven Miles; Mapoteng ;Mokalamosesane; Kagung/West derby and Ditshoswaneng.**

A further allocation of **R15 million from public donations** has been deployed for the refurbishment of our water services infrastructure in GaSegonyana.

## **2. Community Facilities**

Honourable Speaker as we endeavour to strike a balance between meeting basic community's needs, strengthening the local economy and improving social cohesion; we recognise the centrality of community facilities in nation building.

It is accordingly for this purpose that we are investing an amount of R 6.5 Million towards the upgrading of the Seven Miles community hall.

## **3. Roads**

Accessible road infrastructure is a critical component of economic growth and social development in our communities. It provides the required impetus for the quicker movement of goods, services and our people.

We are accordingly allocating an amount of **R 27 Million** towards the **upgrading of roads in GaSegonyana.**

## **4. Sanitation**

Honourable Speaker decent sanitation remains one of the services that are necessary for the dignity of our people. We are therefore uncompromising in the drive to ensure that our people have access to decent sanitation.

We will in this regard be deploying an amount of **R 9 Million** towards **improving sewage services** in our communities.

We remain strongly committed to the principles of accountability, transparency, good governance, proper financial management and effective internal control systems.

Let me make a special mention of our budget team (Desiree, Nontlantla and Confidence) led by the acting CFO Mrs. T. Jarvis for the great work of putting the budget together.

It is through our collective wisdom and unity of purpose that we can serve our communities much better.

Mr Speaker, Councillors, Citizens of Kuruman; through our individual efforts, through our collective endeavors, we will build a prosperous and united future.

I hereby table the Budget/IDP 2016/17 for adoption.

Kealeboga! Pula!

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

**Council RESOLVED:**

1. That the Council of Gasegonyana LM, 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 2016/17 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 tabled for the budget year 2016/17
3. That the General Tariffs as set out in the Tariffs Schedule with any amendments be approved for the 2016/17 financial year
4. That Council approves the Reviewed IDP as amended
5. That the capital budget and MIG project list be approved
6. That Council approves budgeted new posts
7. That council approve payments of salaries as per bargaining council letter

## 1.3 EXECUTIVE SUMMARY

### 1.3.1 INTRODUCTION AND BACKGROUND

The purpose of this document is to submit the 2016/17 Medium Term Budget for approval.

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 and 78. The 2016/17 Medium Term Budget continues to focus on ensuring financial sustainability while delivering on the programmes outlined in the Integrated Development Plan (IDP).

The Municipality's budget is split between operating revenue, operational and capital expenditure. Revenue generation is accounted by type/source of revenue whilst operational and capital expenditure is accounted for by type and by vote.

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 25% of total electricity and Conventional is 75% 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. The **inflation outlook** as set out in Circular No 79 issued on 7 March 2016 is set at **6.6%**.

As announced by NERSA and also contained in Circular 79, the bulk purchases from Eskom will increase with 7.4%.

In terms of Council's social commitment to assist the poorer communities in Gasegonyana LM, provision was also made for the supply of free basic services. The total amount budgeted for **free basic services** to our community amounts to **R1 864 Million**.

The **Capital Budget of R127 435 million for 2016/17 is 7.61% less** when compared to the 2015/16 Budget. The Capital Budget is largely driven by projects emanating from the IDP projects identified by the community.

## 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 2016/17 MTREF (classified by main revenue source):

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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	16,889	19,813	26,115	34,887	34,737	34,737	34,737	36,980	39,273	41,590
Service charges - electricity revenue	2	65,240	64,473	70,872	85,241	85,391	85,391	85,391	84,119	89,335	94,606
Service charges - water revenue	2	13,652	15,782	16,008	18,500	17,500	17,500	17,500	17,957	19,071	20,196
Service charges - sanitation revenue	2	8,784	9,175	10,433	11,100	11,500	11,500	11,500	11,833	12,566	13,308
Service charges - refuse revenue	2	5,895	6,365	6,993	8,500	8,500	8,500	8,500	9,010	9,569	10,133
Rental of facilities and equipment		1,265	1,243	1,407	1,569	1,900	1,900	1,900	1,239	1,315	1,393
Interest earned - external investments		1,714	1,401	1,693	1,500	1,500	1,500	1,500	1,590	1,689	1,788
Interest earned - outstanding debtors		637	1,285	4,080	4,280	4,780	4,780	4,780	5,268	5,595	5,925
Fines		4,814	8,339	13,999	1,805	1,811	1,811	1,811	1,304	1,384	1,466
Licences and permits		3,419	3,815	3,914	3,182	3,247	3,247	3,247	3,056	3,246	3,437
Agency services					1,872	1,872	1,872	1,872	1,984	2,107	2,231
Transfers recognised - operational		101,030	89,604	100,561	132,697	132,552	132,552	132,552	122,201	135,994	147,722
Other revenue	2	4,703	38,026	27,693	17,946	18,777	18,777	18,777	22,747	24,158	25,583
Gains on disposal of PPE		1,048	196							-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>229,091</b>	<b>259,516</b>	<b>283,769</b>	<b>323,080</b>	<b>324,067</b>	<b>324,067</b>	<b>324,067</b>	<b>319,288</b>	<b>345,300</b>	<b>369,378</b>

The total revenue budget is projected at R319 288 million in 2016/17, representing an decrease in revenue of R4 779 million on the 2015/16 Adjustment Budget of R324 067 million. The allocation for the outer two years of the MTREF period is R345 300 million and R369 378 million respectively. Revenue generated from rates and services charges forms a significant part of the revenue. Rates and services charges constitutes 50.01% of the budgeted revenue in the 2016/17 budget year.

### **1.4.3 WATER SERVICE CHARGES**

The water revenue is projected to increase from R17 500 million in the 2015/16 Adjustment Budget to R 17 957 million. The projected revenue for the two outer years of the MTREF period is R19 071 million and R20 196 million respectively. The percentage increase in the water revenue is informed by new developments taken 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

### **1.4.4 SEWER SERVICE CHARGES**

The projected income from this source of revenue grows to R11 833 million in the 2016/17 budget year and by R 12 566 million and R13 308 million respectively for the two outer years of the MTREF period

The sewerage tariffs are determined to be increased by 6.6% in the 2016/17 financial year.

The 2015/16 Budget was overstated hence the decrease in Electricity Revenue and 2.8% increase in other service charges.

### **1.4.5 OTHER REVENUE**

Other revenue reflects a increase of R3 970 million mainly as a result of the anticipated rise in sale of stands. The revenue projections for the two outer years of the MTREF period is R 24 158 million and R25 583 million respectively.

### **1.4.6 TRANSFERS RECOGNISED OPERATIONAL**

Operating grants and transfers totals R122 201 million or 38.27% of total income budget in the 2016/17 financial year and moves to R135 994 million by 2017/18.

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



The following table is a high level summary of the MTREF budget for 2016/17 to 2018/19 (classified per main type of operating expenditure):

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

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Expenditure By Type</b>	-										
Employee related costs	2	57,824	75,814	88,696	94,939	91,729	91,729	91,729	110,536	117,389	124,315
Remuneration of councillors		6,419	6,743	7,002	7,115	7,115	7,115	7,115	7,471	7,934	8,402
Debt impairment	3	10,682	(1,440)	23,704	505	505	505	505	537	570	604
Depreciation & asset impairment	2	38,292	43,157	51,578	37,639	37,639	37,639	37,639	19,846	21,077	22,320
Finance charges		4,661	2,652	3,042	2,343	2,343	2,343	2,343	2,512	2,668	2,825
Bulk purchases	2	53,847	61,139	52,315	69,419	69,419	69,419	69,419	74,556	79,178	83,850
Other materials	8								43,996	46,724	49,481
Contracted services		-	3,050	3,318	8,085	9,780	9,780	9,780	23,422	24,874	26,341
Transfers and grants		-	-	-	1,762	2,722	2,722	2,722	-	-	-
Other expenditure	4, 5	90,947	111,261	91,853	97,678	101,081	101,081	101,081	31,202	33,136	35,091
Loss on disposal of PPE		2,248		382						-	-
<b>Total Expenditure</b>		<b>264,921</b>	<b>302,377</b>	<b>321,889</b>	<b>319,486</b>	<b>322,334</b>	<b>322,334</b>	<b>322,334</b>	<b>314,078</b>	<b>333,550</b>	<b>353,230</b>

### 1.5.1 EMPLOYEE RELATED COSTS

The South African Local Government Bargaining Council recently and Trade Unions (IMATU and SAMWU), in implementing an applying the multi-year Salary and wage Collective Agreement, dated 25 August 2015, have agreed on 6% salary increase with effect from the 1 July 2016

Personnel costs for the 2016/17 financial year amounts to R110 536 million and is an equivalent to 35.19% of the total operating expenditure

Personnel costs grew by R18 807 million based on the 2015/16 Adjustment Budget of R91 729 million. The allocation for the two outer years of the MTREF period is R117 389 million and R124 315 million respectively.

### **1.5.2 REMUNERATION OF COUNCILORS**

The budget of this line item is growing by (R0 356 million) to a new budget amount of R7 471 million. The allocation for the two outer years of the MTREF period is R7 934 million and R8 402 million respectively.

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

### **1.5.3 DEPRECIATION AND ASSETS IMPAIRMENT**

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Budget appropriations in this regard total R19 846 million for the 2016/17 financial and represent 6.31% of the total operating expenditure. The indicative allocated amount for the two outer years of the MTREF period is R21 077 million and R22 320 million respectively.

### **1.5.4 FINANCE CHARGES**

Finance Charges budget is R2 512 million for the 2016/17 budget year. The allocation for the two outer years of the MTREF period is R2 658 million and R2 812 million respectively. A lease agreement is to be entered into for white and yellow fleet for the 2016/17 MTREF.

### **1.5.5 BULK PURCHASE (ELECTRICITY)**

Bulk purchases grew by 7.64% (R5 137 million) against the 2015/16 budget, to the proposed amount of R74556 million for the 2016/17 budget year. The allocation for the two outer years of the MTREF period is R79 178 million and R83 850 million respectively. Bulk purchases takes up approximately 23.78% of the operating budget for 2016/17.

Electricity contribution to the bulk costs is R2 million. As announced by NERSA and also contained in Circular 78, the bulk purchases from Eskom will increase with 7.64%.

### **1.5.6 CONTRACTED SERVICES**

Contracted Service budget is R23 422 million for the 2016/17 budget year. The allocation for the two outer years of the MTREF period is R24 874 million and R26 341 million respectively.

## 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 2016/17 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 (revenue 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

NC452 Ga-Segonyana - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	16,889	19,813	26,115	34,887	34,737	34,737	34,737	36,980	39,273	41,590
Service charges	93,572	95,795	104,305	123,341	122,891	122,891	122,891	122,919	130,540	138,242
Investment revenue	1,714	1,401	1,693	1,500	1,500	1,500	1,500	1,590	1,689	1,788
Transfers recognised - operational	101,030	89,604	100,561	132,697	132,552	132,552	132,552	122,201	135,994	147,722
Other own revenue	15,886	52,904	51,094	30,655	32,388	32,388	32,388	35,598	37,805	40,035
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>229,091</b>	<b>259,516</b>	<b>283,769</b>	<b>323,080</b>	<b>324,067</b>	<b>324,067</b>	<b>324,067</b>	<b>319,288</b>	<b>345,300</b>	<b>369,378</b>
Employee costs	57,824	75,814	88,696	94,939	91,729	91,729	91,729	110,536	117,389	124,315
Remuneration of councillors	6,419	6,743	7,002	7,115	7,115	7,115	7,115	7,471	7,934	8,402
Depreciation & asset impairment	38,292	43,157	51,578	37,639	37,639	37,639	37,639	19,846	21,077	22,320
Finance charges	4,661	2,652	3,042	2,343	2,343	2,343	2,343	2,512	2,668	2,825
Materials and bulk purchases	53,847	61,139	52,315	69,419	69,419	69,419	69,419	118,552	125,902	133,330
Transfers and grants	-	-	-	1,762	2,722	2,722	2,722	-	-	-
Other expenditure	103,878	112,871	119,256	106,268	111,366	111,366	111,366	55,160	58,580	62,036
<b>Total Expenditure</b>	<b>264,921</b>	<b>302,377</b>	<b>321,889</b>	<b>319,486</b>	<b>322,334</b>	<b>322,334</b>	<b>322,334</b>	<b>314,078</b>	<b>333,550</b>	<b>353,230</b>
<b>Surplus/(Deficit)</b>	<b>(35,830)</b>	<b>(42,861)</b>	<b>(38,120)</b>	<b>3,594</b>	<b>1,734</b>	<b>1,734</b>	<b>1,734</b>	<b>5,210</b>	<b>11,750</b>	<b>16,148</b>
Transfers recognised - capital	51,340	75,950	85,072	98,546	98,546	98,546	98,546	107,321	147,022	143,358
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>15,510</b>	<b>33,089</b>	<b>46,953</b>	<b>102,140</b>	<b>100,280</b>	<b>100,280</b>	<b>100,280</b>	<b>112,531</b>	<b>158,772</b>	<b>159,506</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>15,510</b>	<b>33,089</b>	<b>46,953</b>	<b>102,140</b>	<b>100,280</b>	<b>100,280</b>	<b>100,280</b>	<b>112,531</b>	<b>158,772</b>	<b>159,506</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>137,926</b>	<b>137,926</b>	<b>127,435</b>	<b>147,022</b>	<b>143,358</b>
Transfers recognised - capital	55,163	113,332	88,876	98,546	98,546	98,546	98,546	107,321	147,022	143,358
Public contributions & donations	-	-	5,159	38,000	38,000	38,000	38,000	15,000	-	-
Borrowing	1,644	2,316	-	-	-	-	-	1,600	-	-
Internally generated funds	1,120	5,468	3,940	3,485	1,380	1,380	1,380	3,514	-	-
<b>Total sources of capital funds</b>	<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>137,926</b>	<b>137,926</b>	<b>127,435</b>	<b>147,022</b>	<b>143,358</b>
<b>Financial position</b>										
Total current assets	56,314	63,087	67,861	41,639	55,836	55,836	55,836	92,491	112,037	136,165
Total non current assets	901,418	978,251	1,029,666	1,175,229	1,176,231	1,176,231	1,176,231	1,186,123	1,259,435	1,333,525
Total current liabilities	55,609	40,256	52,136	24,436	24,436	24,436	24,436	43,096	45,768	48,468
Total non current liabilities	56,708	57,959	57,537	25,782	25,782	25,782	25,782	19,906	21,140	22,388
Community wealth/Equity	845,416	943,123	987,854	1,166,649	1,181,848	1,181,848	1,181,848	1,215,611	1,304,563	1,398,834
<b>Cash flows</b>										
Net cash from (used) operating	65,460	116,861	92,770	97,512	101,467	101,467	101,467	116,925	163,438	164,446
Net cash from (used) investing	(59,309)	(120,676)	(98,645)	(90,908)	(98,908)	(98,908)	(98,908)	(127,435)	(147,022)	(143,358)
Net cash from (used) financing	(3,121)	(3,535)	(2,191)	(2,416)	(2,416)	(2,416)	(2,416)	(2,416)	(2,566)	(2,717)
<b>Cash/cash equivalents at the year end</b>	<b>19,894</b>	<b>12,544</b>	<b>4,478</b>	<b>5,493</b>	<b>5,161</b>	<b>5,161</b>	<b>5,161</b>	<b>621</b>	<b>14,471</b>	<b>32,843</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	19,894	12,544	631	5,493	4,478	4,478	4,478	621	14,471	32,843
Application of cash and investments	22,135	11,833	6,646	(6,714)	(7,588)	(7,588)	(7,588)	(24,746)	(26,564)	(28,403)
<b>Balance - surplus (shortfall)</b>	<b>(2,241)</b>	<b>711</b>	<b>(6,015)</b>	<b>12,207</b>	<b>12,066</b>	<b>12,066</b>	<b>12,066</b>	<b>25,367</b>	<b>41,035</b>	<b>61,245</b>
<b>Asset management</b>										
Asset register summary (WDV)	963,528	978,251	1,029,277	1,173,303	1,174,305	1,174,305	1,184,223	1,184,223	1,257,520	1,331,594
Depreciation & asset impairment	38,292	43,157	51,578	37,639	37,639	37,639	19,846	19,846	21,077	22,320
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	21,119	44,707	41,153	39,317	38,534	38,534	43,996	43,996	46,724	49,481
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	1,864	1,864	1,979	2,096
Revenue cost of free services provided	1,063	3,438	5,952	1,975	2,125	2,125	2,125	2,125	2,094	2,224
<b>Households below minimum service level</b>										
Water:	46	0	26	28	28	28	33	33	40	48
Sanitation/sewerage:	19	3	11	11	11	11	14	14	17	20
Energy:	54	-	31	33	33	33	39	39	47	57
Refuse:	58	16	33	35	35	35	42	42	51	61

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

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		9,402	10,430	12,682	15,876	15,926	15,926	14,753	15,668	16,592
Vote 2 - BUDGET & TREASURY		22,018	23,099	34,467	43,334	44,180	44,180	48,009	50,986	53,994
Vote 3 - CORPORATE SERVICES		359	–	339	308	418	418	1,405	1,492	1,580
Vote 4 - PLANNING & DEVELOPMENT		29,369	24,253	10,667	16,954	17,310	17,310	27,951	28,674	43,667
Vote 5 - HEALTH		23	33	32	31	41	41	70	74	79
Vote 6 - COMMUNITY & SOCIAL SERVICES		1,162	1,101	1,379	2,275	2,141	2,141	2,745	2,916	3,088
Vote 7 - PUBLIC SAFETY		8,940	6,852	18,275	7,099	7,164	7,164	6,703	7,119	7,539
Vote 8 - WASTE WATER MANAGEMENT		16,969	11,215	25,755	30,139	30,543	30,543	38,987	49,061	36,313
Vote 9 - ROAD TRANSPORT		5,993	7,506	22,605	22,756	22,754	22,754	27,121	40,164	38,292
Vote 10 - WATER		68,491	115,991	112,981	120,400	119,430	119,430	96,187	123,408	124,642
Vote 11 - Electricity		96,020	100,139	104,390	131,169	131,319	131,319	128,880	136,871	148,940
Vote 12 - WASTE MANAGEMENT		20,297	33,691	24,031	29,912	30,014	30,014	32,764	34,795	36,848
Vote 13 - SPORTS & RECREATION		1,344	1,106	1,239	1,373	1,373	1,373	1,031	1,095	1,159
Vote 14 - OTHER		44	49	–	–	–	–	–	–	–
Vote 15 - HOUSING		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	280,431	335,466	368,842	421,626	422,613	422,613	426,609	492,322	512,736
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		15,852	23,968	21,972	18,740	19,744	19,744	25,515	27,097	28,696
Vote 2 - BUDGET & TREASURY		19,877	28,131	37,065	27,390	29,641	29,641	40,977	43,518	46,085
Vote 3 - CORPORATE SERVICES		8,435	–	16,923	19,847	18,527	18,527	20,421	21,687	22,966
Vote 4 - PLANNING & DEVELOPMENT		12,751	29,433	18,476	13,905	14,155	14,155	12,847	13,644	14,449
Vote 5 - HEALTH		544	403	118	66	86	86	0	0	0
Vote 6 - COMMUNITY & SOCIAL SERVICES		6,640	16,727	11,357	17,709	17,484	17,484	17,108	18,168	19,240
Vote 7 - PUBLIC SAFETY		19,101	21,725	17,595	16,740	16,858	16,858	18,868	20,037	21,220
Vote 8 - WASTE WATER MANAGEMENT		12,260	12,260	18,562	5,363	5,661	5,661	5,960	6,330	6,703
Vote 9 - ROAD TRANSPORT		23,816	20,195	25,840	20,602	21,028	21,028	19,551	20,763	21,988
Vote 10 - WATER		40,699	45,600	48,443	61,746	60,182	60,182	34,901	37,064	39,251
Vote 11 - Electricity		80,816	76,746	70,332	90,871	91,701	91,701	91,879	97,576	103,333
Vote 12 - WASTE MANAGEMENT		13,433	15,525	20,795	17,372	17,833	17,833	16,528	17,553	18,588
Vote 13 - SPORTS & RECREATION		9,063	7,995	14,411	9,135	9,434	9,434	9,522	10,113	10,709
Vote 14 - OTHER		1,630	3,664	–	–	–	–	–	–	–
Vote 15 - HOUSING		3	4	–	–	–	–	–	–	–
Total Expenditure by Vote	2	264,921	302,377	321,889	319,486	322,334	322,334	314,078	333,550	353,230
Surplus/(Deficit) for the year	2	15,510	33,089	46,953	102,140	100,280	100,280	112,531	158,772	159,506

**References**

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

NC452 Ga-Segonyana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 14 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 15 - HOUSING		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	523	863	80	340	340	340	1,700	-	-
Vote 2 - BUDGET & TREASURY		10	961	-	525	155	155	155	190	-	-
Vote 3 - CORPORATE SERVICES		141	-	163	345	455	455	455	184	-	-
Vote 4 - PLANNING & DEVELOPMENT		3,487	10,019	11,308	3,010	2,050	2,050	2,050	12,031	10,027	8,000
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	324	-	265	380	380	380	50	-	-
Vote 7 - PUBLIC SAFETY		2,529	1,811	-	375	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	4,662	8,064	9,407	11,032	11,032	11,032	17,520	26,419	12,358
Vote 9 - ROAD TRANSPORT		-	22,323	19,302	31,881	25,941	25,941	25,941	26,860	33,976	38,000
Vote 10 - WATER		44,025	74,307	58,275	90,303	94,573	94,573	94,573	68,900	76,601	85,000
Vote 11 - Electricity		7,736	6,186	-	3,210	3,000	3,000	3,000	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	210	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	420	-	-	-	-	-	-
Vote 14 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 15 - HOUSING		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>137,926</b>	<b>137,926</b>	<b>127,435</b>	<b>147,022</b>	<b>143,358</b>
<b>Total Capital Expenditure - Vote</b>		<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>137,926</b>	<b>137,926</b>	<b>127,435</b>	<b>147,022</b>	<b>143,358</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>151</b>	<b>1,483</b>	<b>1,026</b>	<b>950</b>	<b>950</b>	<b>950</b>	<b>950</b>	<b>2,074</b>	<b>-</b>	<b>-</b>
Executive and council		-	523	863	80	340	340	340	1,700	-	-
Budget and treasury office		10	961	-	525	155	155	155	190	-	-
Corporate services		141	-	163	345	455	455	455	184	-	-
<b>Community and public safety</b>		<b>2,529</b>	<b>2,135</b>	<b>-</b>	<b>1,060</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>50</b>	<b>-</b>	<b>-</b>
Community and social services		-	324	-	265	380	380	380	50	-	-
Sport and recreation		-	-	-	420	-	-	-	-	-	-
Public safety		2,529	1,811	-	375	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>3,487</b>	<b>32,343</b>	<b>30,610</b>	<b>34,891</b>	<b>27,991</b>	<b>27,991</b>	<b>27,991</b>	<b>38,891</b>	<b>44,003</b>	<b>46,000</b>
Planning and development		3,487	10,019	11,308	3,010	2,050	2,050	2,050	12,031	10,027	8,000
Road transport		-	22,323	19,302	31,881	25,941	25,941	25,941	26,860	33,976	38,000
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>51,760</b>	<b>85,154</b>	<b>66,339</b>	<b>103,130</b>	<b>108,605</b>	<b>108,605</b>	<b>108,605</b>	<b>86,420</b>	<b>103,019</b>	<b>97,358</b>
Electricity		7,736	6,186	-	3,210	3,000	3,000	3,000	-	-	-
Water		44,025	74,307	58,275	90,303	94,573	94,573	94,573	68,900	76,601	85,000
Waste water management		-	4,662	8,064	9,407	11,032	11,032	11,032	17,520	26,419	12,358
Waste management		-	-	-	210	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>137,926</b>	<b>137,926</b>	<b>127,435</b>	<b>147,022</b>	<b>143,358</b>
<b>Funded by:</b>											
National Government		55,163	113,332	88,876	98,546	98,546	98,546	98,546	107,321	147,022	143,358
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	55,163	113,332	88,876	98,546	98,546	98,546	98,546	107,321	147,022	143,358
Public contributions & donations	5	-	-	5,159	38,000	38,000	38,000	38,000	15,000	-	-
Borrowing	6	1,644	2,316	-	-	-	-	-	1,600	-	-
Internally generated funds		1,120	5,468	3,940	3,485	1,380	1,380	1,380	3,514	-	-
<b>Total Capital Funding</b>	<b>7</b>	<b>57,927</b>	<b>121,115</b>	<b>97,975</b>	<b>140,031</b>	<b>137,926</b>	<b>137,926</b>	<b>137,926</b>	<b>127,435</b>	<b>147,022</b>	<b>143,358</b>

## 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 standard classification must reconcile to the appropriations by vote
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
5. Must reconcile 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 A7 Budgeted Cash Flows

NC432 Ga-Sagonyana - Table A1 Budgeted Cash Flows											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		14,772	12,414	17,045	26,165	28,165	28,165	28,165	33,282	35,345	37,431
Service charges		84,666	96,112	64,048	92,506	92,506	92,506	92,506	110,627	117,486	124,418
Other revenue		5,432	41,729	71,786	23,737	27,607	27,607	27,607	30,330	32,210	34,111
Government - operating	1	107,430	93,983	102,916	132,697	132,552	132,552	132,552	122,201	135,994	147,722
Government - capital	1	55,163	65,916	91,055	98,546	98,546	98,546	98,546	107,321	147,022	143,358
Interest		2,351	1,401	1,693	5,202	6,280	6,280	6,280	6,858	7,283	7,713
Dividends									-	-	-
Payments											
Suppliers and employees		(199,692)	(192,041)	(252,733)	(277,236)	(279,124)	(279,124)	(279,124)	(291,182)	(309,236)	(327,481)
Finance charges		(4,661)	(2,652)	(3,042)	(2,343)	(2,343)	(2,343)	(2,343)	(2,512)	(2,668)	(2,825)
Transfers and Grants	1				(1,762)	(2,722)	(2,722)	(2,722)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		65,460	116,861	92,770	97,512	101,467	101,467	101,467	116,925	163,438	164,446
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(1,201)	439	176					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables		(181)		(456)					-	-	-
Decrease (Increase) in non-current investments				(390)					-	-	-
Payments											
Capital assets		(57,927)	(121,115)	(97,975)	(90,908)	(98,908)	(98,908)	(98,908)	(127,435)	(147,022)	(143,358)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(59,309)	(120,676)	(98,645)	(90,908)	(98,908)	(98,908)	(98,908)	(127,435)	(147,022)	(143,358)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing			(1,472)						-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(3,121)	(2,063)	(2,191)	(2,416)	(2,416)	(2,416)	(2,416)	(2,416)	(2,566)	(2,717)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3,121)	(3,535)	(2,191)	(2,416)	(2,416)	(2,416)	(2,416)	(2,416)	(2,566)	(2,717)
NET INCREASE/ (DECREASE) IN CASH HELD											
		3,031	(7,350)	(8,066)	4,188	143	143	143	(12,926)	13,850	18,372
Cash/cash equivalents at the year begin:	2	16,864	19,894	12,544	1,305	5,018	5,018	5,018	13,547	621	14,471
Cash/cash equivalents at the year end:	2	19,894	12,544	4,478	5,493	5,161	5,161	5,161	621	14,471	32,843

**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



NC452 Ga-Segonyana - Table A9 Asset Management

NC-02 0a-060yara - Table A3 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	57,927	121,115	97,975	140,031	137,926	137,926	127,435	147,022	143,358
Infrastructure - Road transport		-	22,323	19,302	31,546	25,941	25,941	26,860	33,976	38,000
Infrastructure - Electricity		7,736	6,186	-	3,000	3,000	3,000	-	-	-
Infrastructure - Water		44,025	74,307	58,275	90,093	94,573	94,573	68,900	76,601	85,000
Infrastructure - Sanitation		-	4,662	8,064	9,407	11,032	11,032	17,520	26,419	12,358
Infrastructure - Other		-	3,231	-	-	-	-	2,500	-	-
Infrastructure		51,760	110,708	85,641	134,046	134,546	134,546	115,780	136,995	135,358
Community		-	-	6,294	-	-	-	6,541	7,027	5,000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	839	163	-	-	-	-	-	-
Other assets	6	6,128	9,568	5,877	5,985	3,125	3,125	5,034	3,000	3,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		39	-	-	-	255	255	80	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	22,323	19,302	31,546	25,941	25,941	26,860	33,976	38,000
Infrastructure - Road transport		-	22,323	19,302	31,546	25,941	25,941	26,860	33,976	38,000
Infrastructure - Electricity		7,736	6,186	-	3,000	3,000	3,000	-	-	-
Infrastructure - Water		44,025	74,307	58,275	90,093	94,573	94,573	68,900	76,601	85,000
Infrastructure - Sanitation		-	4,662	8,064	9,407	11,032	11,032	17,520	26,419	12,358
Infrastructure - Other		-	3,231	-	-	-	-	2,500	-	-
Infrastructure		51,760	110,708	85,641	134,046	134,546	134,546	115,780	136,995	135,358
Community		-	-	6,294	-	-	-	6,541	7,027	5,000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	839	163	-	-	-	-	-	-
Other assets	6	6,128	9,568	5,877	5,985	3,125	3,125	5,034	3,000	3,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		39	-	-	-	255	255	80	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	57,927	121,115	97,975	140,031	137,926	137,926	127,435	147,022	143,358
ASSET REGISTER SUMMARY - PPE (WDV)										
	5									
Infrastructure - Road transport		164,172	262,188	345,616	308,792	308,792	308,792	335,653	369,628	407,628
Infrastructure - Electricity		263,801	93,867	104,869	96,867	96,867	96,867	96,867	96,867	96,867
Infrastructure - Water		399,531	371,178	442,424	506,593	506,593	506,593	458,559	462,655	479,663
Infrastructure - Sanitation		75,964	135,678	8,815	156,833	156,833	156,833	174,353	200,772	213,130
Infrastructure - Other		-	-	7,088	10,041	10,041	10,041	12,541	11,320	11,320
Infrastructure		903,467	862,911	908,811	1,079,127	1,079,127	1,079,127	1,077,973	1,141,243	1,208,609
Community		-	-	4,437	1,169	1,169	1,169	7,709	14,736	19,736
Heritage assets		-	1,650	1,650	1,686	1,686	1,686	1,686	1,686	1,686
Investment properties		661	1,500	1,663	661	1,663	1,663	1,705	1,705	1,705
Other assets		58,535	111,531	112,234	89,802	89,802	89,802	94,836	97,836	99,544
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		865	658	481	858	858	858	314	314	314
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	963,528	978,251	1,029,277	1,173,303	1,174,305	1,174,305	1,184,223	1,257,520	1,331,594
EXPENDITURE OTHER ITEMS										
<u>Depreciation &amp; asset impairment</u>		38,292	43,157	51,578	37,639	37,639	37,639	19,846	21,077	22,320
<u>Repairs and Maintenance by Asset Class</u>	3	21,119	44,707	41,153	39,317	38,534	38,534	43,996	46,724	49,481
Infrastructure - Road transport		2,862	9,270	7,562	3,230	3,230	3,230	3,889	4,109	4,351
Infrastructure - Electricity		3,800	3,981	4,521	1,817	1,817	1,817	1,812	1,712	1,813
Infrastructure - Water		2,850	7,756	5,521	500	500	500	23,106	24,539	25,986
Infrastructure - Sanitation		1,650	1,413	2,570	200	200	200	500	531	562
Infrastructure - Other		291	305	1,456	17,500	17,500	17,500	3,700	3,929	4,161
Infrastructure		11,452	22,705	21,631	23,247	23,247	23,247	32,787	34,820	36,674
Community		643	300	302	3,791	3,008	3,008	591	628	665
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	9,025	21,703	19,220	12,279	12,279	12,279	10,618	11,277	11,942
TOTAL EXPENDITURE OTHER ITEMS		59,411	87,864	92,732	76,956	76,173	76,173	63,842	67,801	71,801
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		2.4%	4.6%	4.0%	3.4%	3.3%	3.3%	3.7%	3.7%	3.7%
Renewal and R&M as a % of PPE		2.0%	5.0%	4.0%	3.0%	3.0%	3.0%	4.0%	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. Donated/contributed and assets funded by finance leases to be allocated to the respective category

## **PART 2 SUPPORTING DOCUMENTATION**

### **2.1 DRAFT BUDGET PROCESS OVERVIEW**

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 key deadlines schedule for the compilation of the IDP and MTREF was submitted to Council for approval on the 28 August 2015 as required by Section 21(b) of the MFMA

Departments duly complied and submitted their Operating Budget and Capital Budget requests to the Finance Department for consolidation during February 2016. Consolidation of the departmental input received and analysis of the requests took place during March and May 2016.

## 2.2 OVERVIEW OF ALIGNMENT OF BUDGET WITH IDP

The IDP is Gasegonyana 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 6 key performance areas for local government as determined by the National Cabinet, which are:

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

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**

To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana	6,703	7,119	7,539	18,868	20,037	21,220	-	-	-
To ensure that all (100% of) all rural residential areas, with the exception of in-fills, have at least RDP level of water by the next local government elections	96,187	123,408	124,642	34,901	37,064	39,251	68,900	76,601	85,000
To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and provincial standards	38,987	49,061	36,313	5,960	6,330	6,703	17,520	26,419	12,358
To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area	27,121	40,164	38,292	19,551	20,763	21,988	26,860	33,976	38,000

## **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.

### **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. The calculation is the current assets divided by the current liabilities at no point in time should this ratio be less than 1. For the 2016/17 MTREF the ratio is expected to be 0.014

#### **iii. 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.

The collection rate of the municipality is standing at 82.6% as at 31 April 2016, there is an increase in collection rate as compared to 2014/15 financial year. The cash flow is assumed at 90% of the billing including arrears.

## 2.4 Budget related policies

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

The budget related policies such as Indigent (**Appendix A**), Debt control and Credit Collection (**Appendix C**), Asset Management (**Appendix G**), Budget and Virement (**Appendix E**) and Unclaimed Deposit Funds (**Appendix M**) policies have been reviewed and amended accordingly. The threshold for the indigent is now R3 900.

- **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 Policy (Appendix H)**

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

## **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.

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 6.6 per cent for 2016/17, 6.2 per cent for 2017/18 and 5.9 per cent for 2018/19.

The new general valuation roll must be implemented according to the MPRA 2004. However, the first R25 000 on Residential property per household will be exempted and the indigent qualifies for exemption subject to application.

Price movements of bulk purchase – electricity tariff is increased by 7.64% as approved by NERSA.

Plans and budgets of different spheres of governments have been taken into consideration when the 2016/17 budget was compiled.

The overall collection rate is 82.6% and currently the municipality collects only in Kuruman town, Wrenchville and Mothibistad

## **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



## CAPITAL REVENUE

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Vote Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework			
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funded by:</b>				
National Government	98 546	107 321	147 022	143 358
Provincial Government				
District Municipality				
Other transfers and grants				
<b>Transfers recognised - capital</b>	<b>98 546</b>	<b>107 321</b>	<b>147 022</b>	<b>143 358</b>
<b>Public contributions &amp; donations</b>	38 000	15 000		
<b>Borrowing</b>		1600		
<b>Internally generated funds</b>	1 380	3 514		
<b>Total Capital Funding</b>	<b>137 926</b>	<b>127 435</b>	<b>147 022</b>	<b>143 358</b>

### **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 2016/17 MTREF. The forecasted cash and cash equivalent for the 2016/17 MTREF is R0 621 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 face with due to declining collection rate. The ratio for the 2016/17 is 0.03% 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 2016/17 MTREF the municipality shows a surplus of R1 696mil including the depreciation and assets funded from operational budget.

### **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. The collection of the municipality for the 2016/17 is 90%. The municipality has developed an enhancement strategy to improve revenue collection.

### **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 R0 537mil which represent 0.17%.

## 2.8 EXPENDITURE ON GRANT ALLOCATIONS AND GRANT PROGRAMMES

The following grants allocated to the municipality in terms of the 2016 Division of Revenue Act have been included in the medium term budget:

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

Description R thousand	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>						
<b><u>Operating Transfers and Grants</u></b>						
National Government:	130,609	130,609	130,609	120,223	133,086	145,478
Local Government Equitable Share	109,444	109,444	109,444	117,413	130,941	143,078
Finance Management	1,675	1,675	1,675	1,810	2,145	2,400
Municipal Systems Improvement	940	940	940			
Water Services Operating Subsidy	17,500	17,500	17,500			
EPWP Incentive	1,050	1,050	1,050	1,000		
Integrated National Electrification Programme						
Provincial Government:	2,088	1,943	1,943	1,978	2,121	2,244
Sport and Recreation	2,088	1,943	1,943	1,978	2,121	2,244
<b>Total Operating Transfers and Grants</b>	<b>132,697</b>	<b>132,552</b>	<b>132,552</b>	<b>122,201</b>	<b>135,207</b>	<b>147,722</b>
<b><u>Capital Transfers and Grants</u></b>						
National Government:	98,546	98,546	98,546	107,321	147,022	143,358
Municipal Infrastructure Grant (MIG)	52,195	52,195	52,195	51,521	55,244	58,358
Regional Bulk Infrastructure	15,638	15,638	15,638			
Municipal Water Infrastructure Grant	27,713	27,713	27,713			
Integrated National Electrification Programme	3,000	3,000	3,000			
Water Services Infrastructure Grant				55,800	91,778	85,000
<b>Total Capital Transfers and Grants</b>	<b>98,546</b>	<b>98,546</b>	<b>98,546</b>	<b>107,321</b>	<b>147,022</b>	<b>143,358</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>231,243</b>	<b>231,098</b>	<b>231,098</b>	<b>229,522</b>	<b>282,229</b>	<b>291,080</b>

		28.5%	15.9%	6.6%	(3.1%)	–	19.4%	6.2%	5.9%
TOTAL SALARY, ALLOWANCES & BENEFITS	64,243	82,557	95,698	102,055	98,844	98,844	118,007	125,323	132,718
% increase		28.5%	15.9%	6.6%	(3.1%)	–	19.4%	6.2%	5.9%
TOTAL MANAGERS AND STAFF	57,824	75,814	88,696	94,939	91,729	91,729	110,536	117,389	124,315

Staff costs for the 2016/17 financial year amounts to R110 536 million and is equivalent to 35.19% of the total operating expenditure.

The packages for senior managers is budgeted at R5 705 million which constitutes 1.82% of the total employee costs

## 2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

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





### 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 2016/17 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 draft stage and will be finalized after approval of the 2016/17 budget, directly aligned and informed by the 2016/17 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 July 2012 for a period of 36 months ending June 2015. Three Interns were absorbed in February 2016. These interns are funded by National Treasury (NT) with a R100 000.00 per intern per annum





## Municipal Budget Circular for the 2016/17 MTREF

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on the date of the 2016 local government elections. Public consultations and decisions regarding tariffs and spending priorities should be focused on how these new institutions will be funded and deliver services. As elections must be held by mid-August (in terms of the requirements of section 24 of the Municipal Structures Act) these new municipalities will be responsible for delivering services for the majority of the 2016/17 financial year and over the rest of the medium term period. Preparation of these budget documents should be led by the Change Management Committee established to manage the implications of re-demarcations in each area.

The councils of the pre-election municipalities affected by the boundary change must jointly consider the budget for the new municipality to be established to ensure that all the issues are addressed e.g. budget related policies. The draft budget prepared by the Change Management Committee and agreed to by the pre-election councils should then be adopted by the newly elected council as soon as possible after it is constituted. If there are changes to be made, they must be considered during the 2016/17 adjustments budget or the 2017/18 MTREF.

Municipalities that will be merged or disestablished on the date of the local government elections must also prepare 2016/17 MTREF budgets for their existing municipality. If the election is held after 01 July then expenditure and the collection of revenue will be done in terms of this budget until the budget of the new council is adopted. The budgets that these municipalities prepare must be aligned to the budget for the new municipality described above.

If two municipalities are merging then the total of the transfers they budget to receive should be equal to the total allocated to the new municipality in the 2016 Division of Revenue Bill. Municipalities can use the proportion of funds allocated to each municipality in terms of the 2015 Division of Revenue Act as a guide to how to apportion 2016/17 MTEF allocations between the existing municipalities. For example, if municipality 1 and municipality 2 are merging to form municipality 3 and municipality 1 received an equitable share twice as large as municipality 2 in 2015/16, then municipality 1 should prepare a 2016/17 MTREF budget based on receiving 66.6 per cent of the equitable share allocation published for municipality 3 in the 2016 Division of Revenue Bill.

If the local government election date is after 01 July 2016, National Treasury will gazette how much will be transferred to each pre-election municipality for the period between 01 July 2016 and Election Day. In terms of the requirements and process set out in section 38 of the 2016 Division of Revenue Bill, this gazette will be issued within 2 weeks after the election date is announced or the Bill is enacted (whichever date is later).

The changes to municipal boundaries result in some significant changes to municipal allocations in 2016/17. To cushion the impact of these changes, all municipalities will receive at least 95 per cent of the equitable share formula allocation indicatively allocated to them in 2016/17 in the 2015 Division of Revenue Act. For merged municipalities, this guarantee will be based on the sum of the equitable share allocations to the previously separate municipalities. In cases where a municipality has been split, the guarantee is applied to an area's share of the former municipality's equitable share, based on its portion of the population in the former municipality.

The role of the Change Management Committee is critical in ensuring that budget policies for the newly demarcated municipalities are developed. The MECs for local government have issued provincial gazettes in terms of section 14 of the Municipal Structures Act, 1998 (Act No 117 of 1998)(LGMSA) detailing the transitional process for municipalities affected by re-demarcations.

Over the 2016 MTEF period, R339.6 billion will be transferred directly to local government and a further R22.9 billion has been allocated to indirect grants. Direct transfers to local government over the 2016 MTEF period account for 9.1 per cent of national government's non-interest expenditure. The total spending on local government increases to 9.8 per cent of national non-interest expenditure when indirect transfers are added.

Direct transfers to local government grow at an annual average rate of 6.8 per cent over the 2016 MTEF period. Transfers to local government tabled in the 2016 MTEF have been reduced to make funding available for other government priorities. Over the MTEF period, local government allocations decrease by R967 million. Despite these reductions, total allocations to local government still grow at an annual average rate of 6.7 per cent over the MTEF period.

Municipalities are reminded that all allocations included in the budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be located on the National Treasury website by clicking on the link below:  
<http://www.treasury.gov.za/documents/national%20budget/2016/>

### **Changes to local government allocations**

- The *local government equitable share* - the 2016 budget reduces the baseline allocation by R300 million, or 0.6 per cent, in 2016/17. In 2017/18 and 2018/19, R1.5 billion and R3 billion are added respectively to offset the rising costs of basic services. These amounts revise downwards the 2015 MTBPS medium-term projection of an additional R6 billion. This change is as a result of government's reprioritisation of expenditure.
- The *municipal demarcation transition grant* allocation – a total of R409.3 million has been allocated in 2016/17 and 2017/18 to fund the changes in municipal boundaries in affected municipalities.
- The *municipal systems improvement grant* has been reconfigured as an indirect grant from 2016/17 to help poorly performing municipalities with revenue collection, performance management and record keeping. Regional management support will also be provided to groups of municipalities facing common institutional weaknesses.
- A total of R350 million is added to the *bucket eradication programme grant* in 2016/17 to complete the eradication of bucket sanitation systems in formal residential areas. The *urban settlements development grant*, the *human settlements development grant* and the *municipal infrastructure grant* will continue to fund the upgrade of sanitation in informal settlements through various projects focused on improving these areas. An amount of R155 million is also reprioritised into the *regional bulk infrastructure grant*.
- There is also a small shift of funds from the *municipal infrastructure grant* to the *urban settlements development grant* to account for the absorption of Naledi Local Municipality (which receives the *municipal infrastructure grant*) into Mangaung Metropolitan Municipality (which receives the *urban settlements development grant*).

### **Reforms to local government infrastructure grants**

The National Treasury, in collaboration with the Department of Cooperative Governance, the Department of Planning, Monitoring and Evaluation, SALGA and the FFC, has reviewed the system of local government infrastructure grants.

Following an intergovernmental review of the local government infrastructure grant system, significant changes are being made to the way these grants are structured. The changes include:

Municipalities should consider the following practicalities when setting tariffs:

- Costs of bulk purchases and the fluctuation in the seasonal cost thereof;
- Consumption patterns to enable better demand planning and management; and
- In the event that municipalities have been under recovering costs, embark on a process to correct their tariff structures over a reasonable time period so that cost reflective tariffs are achieved.

The tariff setting process is reliant on sound baseline information such as the number of properties within the municipal area of jurisdiction, the values of these properties, the number of households identified as indigent or poor, the consumption patterns in respect of basic services and the growth patterns within the various geographic areas.

#### **4.2 Eskom bulk tariff increases**

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 9.4 per cent has been approved for the 2016/17 financial year. However NERSA has not yet approved and published guidelines on municipal electricity price increase for the 2016/17 financial year.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving financial sustainability.

### **5. Funding choices and management issues**

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are far below levels representing the cost of providing the services would negatively impact on the financial sustainability of municipalities.

#### **5.1 Employee related costs**

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities are advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

#### **5.2 Remuneration of councilors**

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2015 by the Department of Cooperative Governance.

#### **5.3 Cost containment measures**

In the 2016 State of the Nation Address by the President, the cost containment measures announced by the Minister of Finance in 2013 were re-emphasised. It was highlighted that excessive and wasteful expenditure has been reduced, but there is still more to be done to cut



## 6.2 Criteria for the rollover of conditional grant funds

The criteria published in MFMA Budget Circular No. 75 are still applicable when considering rollover requests. Municipalities must submit the required information or application to National Treasury by 31 August 2016, if not, the application will not be considered.

When considering rollover requests from municipalities, all unspent cash backed grants should be classified only as "Cash and cash equivalents". This number must also reconcile with the cash flow statements. All conditional grants must be spent in line with the conditions for which they are set for. They must not be invested.

## 6.3 Payment procedure on conditional grants

Conditional grants are paid in line with the approved payment schedule and are captured and authorised three days in advance. These payments include revised payment schedules, amended payment schedules, and withheld payments and rollovers credit payments.

## 7. The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2016/17 Budget and MTREF.

Download Version 2.8 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

### 7.1 Assistance with the compilation of budgets

If municipalities require 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 official as follows:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	<a href="mailto:Templeton.Phogole@treasury.gov.za">Templeton.Phogole@treasury.gov.za</a>
	Matjatji Mashoeshoe	012-315 6567	<a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
Free State	Vincent Malepa	012-315 5539	<a href="mailto:Vincent.Malepa@treasury.gov.za">Vincent.Malepa@treasury.gov.za</a>
	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
	Katlego Mabiletsa	012-395 6742	<a href="mailto:Katlego.Mabiletsa@treasury.gov.za">Katlego.Mabiletsa@treasury.gov.za</a>
Gauteng	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Nomxolisi Mawulana	012-315 5460	<a href="mailto:Nomxolisi.Mawulana@treasury.gov.za">Nomxolisi.Mawulana@treasury.gov.za</a>
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a>
	Johan Botha	012-315 5171	<a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
Limpopo	Una Rautenbach	012-315 5700	<a href="mailto:Una.Rautenbach@treasury.gov.za">Una.Rautenbach@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Mpumalanga	Jordan Maja	012-315 5663	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a>
	Anthony Moseki	012-315 5174	<a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
Northern Cape	Willem Voigt	012-315 5830	<a href="mailto:Willem.Voigt@treasury.gov.za">Willem.Voigt@treasury.gov.za</a>
	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
North West	Sadesh Ramjathan	012-315 5101	<a href="mailto:Sadesh.Ramjathan@treasury.gov.za">Sadesh.Ramjathan@treasury.gov.za</a>

- the budget documentation as set out in Schedule A (version 2.8) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA37) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- **schedules D, E and F specific for the entities;**
- signed budget locking certificate as found on the website;
- service level standards; and
- mSCOA implementation plan and progress to date.

Municipalities are required to send electronic versions of documents and the A1 schedule to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za).

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to [lgbigfiles@gmail.com](mailto:lgbigfiles@gmail.com). Any problems experienced in this regard can be addressed with Elsabe Rossouw at [Elsabe.Rossouw@treasury.gov.za](mailto:Elsabe.Rossouw@treasury.gov.za).

All new municipalities must submit the 2016/17 MTREF as soon as it is adopted by the newly elected council.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

***For couriered documents***

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

***For posted documents***

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 31 May 2016 to [Yasmin.coovadia@treasury.gov.za](mailto:Yasmin.coovadia@treasury.gov.za). If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to [yasmin.coovadia@gmail.com](mailto:yasmin.coovadia@gmail.com) or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with [Yasmin.Coovadia@treasury.gov.za](mailto:Yasmin.Coovadia@treasury.gov.za). Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3<sup>rd</sup> floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

## 8.2 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. All returns are to be sent to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za).

Municipalities are requested to submit returns for both the draft budget and the final adopted budget.

**Annexure A – Changes to Schedule A1 – the ‘Excel formats’**

As noted above, National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet/ Table	Amendment	Reason
1	A10	Cost of free basic services	Improve reporting of services provided including informal settlements.
2	SA1	Revenue foregone	Improve reporting on revenue foregone and cost of free basic services.
3	SA9	Provision of free basic services	To provide detailed breakdown of free basic services which links to A10.



## Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 and 67 with regards to the following issues:

1. Accounting treatment of conditional grants: Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. VAT on conditional grants: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – **VAT 419 Guide for Municipalities**. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>
3. Interest received and reclaimed VAT in respect of conditional grants: Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
  - Interest received on conditional grant funds must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions; and
  - 'Reclaimed VAT' in respect of conditional grant expenditures must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions.
4. Appropriation of conditional grants that are rolled over – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).
5. Pledging of conditional grant transfers – the 2015 Division of Revenue Bill contained a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2017/18. The process of application as set out in MFMA Circular 51 remains unchanged.
6. Separate reporting for conditional grant roll-overs – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund.
7. Payment schedule – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the primary banking details verified by National Treasury will be used for effecting transfers.
8. Conditional grant transfers/payments, the responsibilities of transferring and receiving authorities and the criteria for the rollover of conditional grants – It is important that the transfers made to municipalities' are transparent, and properly captured in the municipalities' budgets. MFMA Circular no: 67 in this regard refers. The criterion for the rollover of conditional grants is stipulated in MFMA Circular no: 51.

## MBRR issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 with regards to the following issues:

1. Budgeting for revenue and 'revenue foregone' – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition

## **2.15 Municipal Manager Quality Certificate**

NC432 Ga-Segonyalla - Supporting Table 3A1 Supporting detail to Budgeted Financial Performance

NC452 Ga-Segonyana - Supporting detail to Budgeted Financial Performance											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		17,952	22,071	32,067	36,862	36,862	36,862	36,862	39,074	41,496	43,944
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		1,063	2,258	5,952	1,975	2,125	2,125	2,125	2,094	2,224	2,355
Net Property Rates		16,889	19,813	26,115	34,887	34,737	34,737	34,737	36,980	39,273	41,590
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		65,240	65,653	70,872	85,241	85,391	85,391	85,391	85,919	91,246	96,630
less Revenue Foregone (in excess of 50 kwh per indigent household per month)			1,180								
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	1,800	1,912	2,024
Net Service charges - electricity revenue		65,240	64,473	70,872	85,241	85,391	85,391	85,391	84,119	89,335	94,606
Service charges - water revenue	6										
Total Service charges - water revenue		13,652	15,782	16,008	18,500	17,500	17,500	17,500	18,021	19,138	20,267
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)		-	-	-	-	-	-	-	64	68	72
Net Service charges - water revenue		13,652	15,782	16,008	18,500	17,500	17,500	17,500	17,957	19,071	20,196
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		8,784	9,175	10,433	11,100	11,500	11,500	11,500	11,833	12,566	13,308
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		8,784	9,175	10,433	11,100	11,500	11,500	11,500	11,833	12,566	13,308
Service charges - refuse revenue	6										
Total refuse removal revenue		5,895	6,365	6,993	8,500	8,500	8,500	8,500	9,010	9,569	10,133
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)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		5,895	6,365	6,993	8,500	8,500	8,500	8,500	9,010	9,569	10,133
Other Revenue by source											
Sale of Stands		(577)			12,000	12,000	12,000	12,000	16,000	16,992	17,995
Other Revenue		5,281	38,026	27,693	1,946	2,777	2,777	2,777	1,906	2,024	2,144
Contribution to Bulk Services					4,000	4,000	4,000	4,000	4,000	4,248	4,499
Insurance Claim									200	212	225
Faxes									155	165	174
Sundries									486	516	547
Total 'Other' Revenue	3										
	1	4,703	38,026	27,693	17,946	18,777	18,777	18,777	22,747	24,158	25,583
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	41,261	47,324	54,823	62,525	58,747	58,747	58,747	73,399	77,950	82,549
Pension and UIF Contributions		7,482	7,366	8,193	10,799	9,437	9,437	9,437	11,722	12,448	13,183
Medical Aid Contributions		2,326	3,300	3,711	4,379	4,416	4,416	4,416	4,969	5,277	5,589
Overtime		2,279	2,710	3,460	1,968	3,548	3,548	3,548	3,117	3,310	3,506
Performance Bonus						-	-	-			
Motor Vehicle Allowance		1,985	2,024	2,360	2,701	2,741	2,741	2,741	3,049	3,238	3,429
Cellphone Allowance		54	246	271	284	296	296	296	330	350	371
Housing Allowances		1,690	1,954	2,495	2,985	2,745	2,745	2,745	3,177	3,374	3,573
Other benefits and allowances		747	9,569	10,862	7,976	8,640	8,640	8,640	9,430	10,015	10,606
Payments in lieu of leave			1,219	1,538	1,205	1,041	1,041	1,041	1,285	1,365	1,445
Long service awards			111	983	116	116	116	116	59	63	66
Post-retirement benefit obligations											
Less: Employees costs capitalised to PPE	4										
	5	57,824	75,814	88,696	94,939	91,729	91,729	91,729	110,536	117,389	124,315
Total Employee related costs	1	57,824	75,814	88,696	94,939	91,729	91,729	91,729	110,536	117,389	124,315
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		38,292	43,157	51,578	37,639	37,639	37,639	37,639	19,846	21,077	22,320
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	38,292	43,157	51,578	37,639	37,639	37,639	37,639	19,846	21,077	22,320
Bulk purchases	1										
Electricity Bulk Purchases		53,847	61,139	52,315	69,419	69,419	69,419	69,419	74,556	79,178	83,850
Water Bulk Purchases											
Total bulk purchases	1	53,847	61,139	52,315	69,419	69,419	69,419	69,419	74,556	79,178	83,850
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-

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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits < 90 days											
Other current investments > 90 days											
<b>Total Call investment deposits</b>	2	-	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors		17,702	16,422	28,526	29,337	29,337	29,337	29,337	61,720	65,546	69,413
Less: Provision for debt impairment					(505)	(505)	(505)	(505)	(537)	(570)	(604)
<b>Total Consumer debtors</b>	2	17,702	16,422	28,526	28,832	28,832	28,832	28,832	61,183	64,976	68,810
<u>Debt impairment provision</u>											
Balance at the beginning of the year											
Contributions to the provision			1,440	23,704	505	505	505	505	537	570	604
Bad debts written off											
<b>Balance at end of year</b>		-	1,440	23,704	505	505	505	505	537	570	604
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		897,774	1,017,600	1,074,631	1,209,423	1,209,423	1,209,423	1,209,423	1,202,051	1,276,578	1,351,896
Leases recognised as PPE						-	-	-		-	-
Less: Accumulated depreciation			43,157	49,149	37,639	37,639	37,639	37,639	19,846	21,077	22,320
<b>Total Property, plant and equipment (PPE)</b>	2	897,774	974,443	1,025,482	1,171,784	1,171,784	1,171,784	1,171,784	1,182,204	1,255,501	1,329,576
<b>LIABILITIES</b>											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)										-	-
Current portion of long-term liabilities		2,734	3,293	3,070	2,313	2,313	2,313	2,313	3,076	3,267	3,460
<b>Total Current liabilities - Borrowing</b>		2,734	3,293	3,070	2,313	2,313	2,313	2,313	3,076	3,267	3,460
<u>Trade and other payables</u>											
Trade and other creditors		26,754	27,101	36,927	12,784	12,784	12,784	12,784	28,932	30,726	32,538
Unspent conditional transfers		22,694	6,070	7,944	5,461	5,461	5,461	5,461	6,743	7,161	7,583
VAT										-	-
<b>Total Trade and other payables</b>	2	49,448	33,171	44,871	18,245	18,245	18,245	18,245	35,675	37,886	40,122
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	27,679	24,991	22,566	25,782	25,782	25,782	25,782	19,906	21,140	22,388
Finance leases (Including PPP asset element)										-	-
<b>Total Non current liabilities - Borrowing</b>		27,679	24,991	22,566	25,782	25,782	25,782	25,782	19,906	21,140	22,388
<u>Provisions - non-current</u>											
Retirement benefits		29,029								-	-
List other major provision items											
Refuse landfill site rehabilitation											
Other			32,967	34,971						-	-
<b>Total Provisions - non-current</b>		29,029	32,967	34,971	-	-	-	-	-	-	-
<b>CHANGES IN NET ASSETS</b>											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		829,906	875,464	906,331	1,064,509	1,079,708	1,079,708	1,079,708	1,181,848	1,215,611	1,304,563

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

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all			13,433	15,525	20,795	17,372	17,833	17,833	16,528	17,553	18,588	
	To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded			956	1,852	1,020	1,271	1,073	1,073	1,638	1,740	1,842	
	To ensure the provision of at least one community facility, or closed sport and recreational facility per ward			10,184	14,850	19,030	16,966	16,043	16,043	16,249	17,257	18,275	
	To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana			19,101	21,725	17,595	16,740	16,858	16,858	18,868	20,037	21,220	
	To ensure that all (100% of) all rural residential areas, with the exception of in-fills, have at least RDP level of water by the next			40,699	45,600	48,443	61,746	60,182	60,182	34,901	37,064	39,251	
	To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and			12,260	12,260	18,562	5,363	5,661	5,661	5,960	6,330	6,703	
	To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area			23,816	20,195	25,840	20,602	21,028	21,028	19,551	20,763	21,988	
	To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections			80,816	76,746	70,332	90,871	91,701	91,701	91,879	97,576	103,333	
KPA 2: Good Governance and Public Participation	To ensure good governance in the Municipality			15,852	23,968	21,972	18,740	19,744	19,744	25,515	27,097	28,696	
KPA 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery			5,107	8,424	5,836	8,673	9,888	9,888	8,743	9,285	9,833	
	To ensure implementation of the Workplace Skills Plan			7,625	—	15,583	17,650	17,131	17,131	18,745	19,907	21,081	
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty			15,194	33,101	19,816	16,103	15,552	15,552	14,524	15,424	16,334	
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Gasegonyana Municipality			19,877	28,131	37,065	27,390	29,641	29,641	40,977	43,518	46,085	
Allocations to other priorities													
Total Expenditure				1	264,921	302,377	321,889	319,486	322,334	322,334	314,078	333,550	353,230

References

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

[illegible]

- NC452 Ga-Segonyana - Entities measureable performance objectives

[illegible]



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

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.9%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.1%	2.8%	2.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	-18.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	72.3%	65.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.0	1.6	1.3	1.7	2.3	2.3	2.3	2.1	2.4	2.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	1.6	1.3	1.7	2.3	2.3	2.3	2.1	2.4	2.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.3	0.0	0.2	0.2	0.2	0.2	0.0	0.3	0.7
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		89.9%	93.9%	61.8%	75.0%	76.6%	76.6%	76.6%	90.0%	90.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		90.0%	93.9%	62.2%	75.0%	76.6%	76.6%	76.6%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.4%	9.2%	16.0%	10.3%	10.3%	10.3%	10.3%	22.8%	22.4%	22.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		134.5%	216.1%	824.7%	232.7%	247.7%	247.7%	247.7%	4658.4%	212.3%	99.1%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)								1682557	837113	2078792
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated								0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)								257	214	187
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated								0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.2%	29.2%	31.3%	29.4%	28.3%	28.3%	28.3%	34.6%	34.0%	33.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	28.0%	31.8%	33.7%	31.6%	30.5%	30.5%		37.0%	36.3%	35.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.2%	17.2%	14.5%	12.2%	11.9%	11.9%		13.8%	13.5%	13.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.7%	17.7%	19.2%	12.4%	12.3%	12.3%	12.3%	7.0%	6.9%	6.8%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	37.0	43.7	24.0	21.9	21.9	21.9	20.7	20.0	20.1	21.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	29.1%	20.5%	34.1%	20.7%	20.8%	20.8%	20.8%	45.1%	45.1%	45.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.4	0.8	0.3	0.3	0.3	0.3	0.3	0.0	0.7	1.4

**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 SA11 Property rates summary**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Valuation:</b>	1									
Date of valuation:										
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes							
Municipal/assistant valuer appointed? (Y/N)		No	No							
Municipal partnership s38 used? (Y/N)		Yes	Yes		Yes	Yes	Yes	yes	yes	yes
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3		Yes							
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)		Yes	Yes		Yes					
Implementation time of new valuation roll (mths)										
No. of properties	5	9,631	8,893	9,612	10,444	10,444	10,444	11,071	11,713	12,392
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
<b>Valuation reductions:</b>										
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)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)	5	Yes	Yes					Yes		
Differential rates used? (Y/N)										
Limit on annual rate increase (s20)? (Y/N)		Yes	Yes					Yes		
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)		Yes	Yes					Yes		
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6	17,952	28,151	35	36,862	36,862	36,862	36,980	39,273	41,590
Rate revenue expected to collect (R'000)	6	14,823	17,562	32	28,165	28,165	28,165	33,282	35,345	37,431
Expected cash collection rate (%)		82.6%	62.4%	91.0%	76.4%	76.4%	176.4%	90.0%	90.0%	90.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)		1,063	1,133	0				2,094	2,224	2,355
Rebates, exemptions - pensioners (R'000)				0						
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
<b>Total rebates, exemptns, reductns, discs (R'000)</b>		<b>1,063</b>	<b>1,133</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,094</b>	<b>2,224</b>	<b>2,355</b>

**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 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 Monuments	Public benefit organs.	Mining Props.
<b>Budget Year 2016/17</b>																	
<b>Valuation:</b>																	
No. of properties		8,616	693	125	408	232	996										
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
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	5																
No. of successful objections	5																
No. of successful objections > 10%																	
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Fiat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
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																
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R'000)		36,980															
Rate revenue expected to collect (R'000)		33,282															
Expected cash collection rate (%)	4	90.0%															
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)		2,094															
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>																	

**References**

1. Land & Assistance Act, Restitution of Land Rights, Communal 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 SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
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			16,889,433.00	17,988,383.00	36,861,891.00	36,861,891.00	36,861,891.00	6.0%	39,073,604.00	41,496,167.45	43,944,441.33
Electricity: Basic levy			44,074,135.00	44,056,574.00	59,841,143.00	59,841,143.00	59,841,143.00	7.4%	64,269,388.00	68,254,090.06	72,281,081.37
Electricity: Consumption			21,166,165.00	22,555,026.00	25,400,000.00	25,550,000.00	25,550,000.00	-	21,650,000.00	22,992,300.00	24,348,845.70
Water: Basic levy			13,652,186.00	17,515,495.00	17,000,000.00	17,000,000.00	17,000,000.00	6.0%	18,020,000.00	19,137,240.00	20,266,337.16
Water: Consumption					1,500,000.00	500,000.00	500,000.00	-	1,000.00	1,062.00	1,124.66
Sanitation			8,783,786.00	9,215,150.00	11,100,000.00	11,500,000.00	11,500,000.00	3.0%	11,832,600.00	12,566,221.20	13,307,628.25
Refuse removal			5,895,295.00	6,375,613.00	8,500,000.00	8,500,000.00	8,500,000.00	6.0%	9,010,000.00	9,568,620.00	10,133,168.58
Other											
sub-total		-	110,461,000.00	117,706,241.00	160,203,034.00	159,753,034.00	159,753,034.00	2.3%	163,856,592.00	174,015,700.70	184,282,627.05
VAT on Services											
Total small household bill:		-	110,461,000.00	117,706,241.00	160,203,034.00	159,753,034.00	159,753,034.00	2.3%	163,856,592.00	174,015,700.70	184,282,627.05
% increase/-decrease			13.6%	6.6%	36.1%	(0.3%)	-		2.6%	6.2%	5.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
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 small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-

**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 SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment
	1	Yrs/Months							
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



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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		71,248	85,531	98,526	130,609	130,609	130,609	120,223	133,086	145,478
Local Government Equitable Share		66,467	73,591	86,992	109,444	109,444	109,444	117,413	130,941	143,078
Finance Management		1,500	1,550	1,600	1,675	1,675	1,675	1,810	2,145	2,400
Municipal Systems Improvement		800	890	934	940	940	940			
Water Services Operating Subsidy		1,481	6,500	7,000	17,500	17,500	17,500			
EPWP Incentive		1,000	1,000	1,000	1,050	1,050	1,050	1,000		
Integrated National Electrification Programme			2,000	1,000						
<b>Provincial Government:</b>		932	940	1,228	2,088	1,943	1,943	1,978	2,121	2,244
Sport and Recreation		932	940	1,228	2,088	1,943	1,943	1,978	2,121	2,244
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		7,229	1,014	-	-	-	-	-	-	-
ACIP WATER		4,419								
Blue Drop nd Green Drop		14								
1000RURAL HOUSING		1,197								
200 Rural Housing										
Kuruman Reservoir		114								
Kgotsopula Nala		1,486	1,014							
<b>Total Operating Transfers and Grants</b>	5	79,409	87,485	99,754	132,697	132,552	132,552	122,201	135,207	147,722
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		55,163	68,204	94,218	98,546	98,546	98,546	107,321	147,022	143,358
Municipal Infrastructure Grant (MIG)		55,163	52,371	51,027	52,195	52,195	52,195	51,521	55,244	58,358
Neighbourhood Development Partnership			-							
Rural Households Infrastructure			5,961	4,162						
National Bulk Infrastructure			6,329	24,858	15,638	15,638	15,638			
Municipal Water Infrastructure Grant			3,543	14,170	27,713	27,713	27,713			
Integrated National Electrification Programme					3,000	3,000	3,000			
Other capital transfers/grants [insert desc]										
Water Services Infrastructure Grant								55,800	91,778	85,000
AMOGELANG CHILDHOOD										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
ACIP WATER										
<b>Total Capital Transfers and Grants</b>	5	55,163	68,204	94,218	98,546	98,546	98,546	107,321	147,022	143,358
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		134,572	155,689	193,972	231,243	231,098	231,098	229,522	282,229	291,080

## References

- Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
- Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
- Replacement of RSC levies
- Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
- Total transfers and grants must reconcile to Budgeted Cash Flows
- Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

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

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Operating transfers and grants:</b>		1,3									
<b>National Government:</b>											
Balance unspent at beginning of the year			83	1,851							
Current year receipts			56,687	93,043	101,688	130,609	130,609	130,609	120,223	133,086	145,478
<b>Conditions met - transferred to revenue</b>			56,770	6,230	2,355	130,609	130,609	130,609	-	-	-
Conditions still to be met - transferred to liabilities				88,664	99,333				120,223	133,086	145,478
<b>Provincial Government:</b>											
Balance unspent at beginning of the year			0								
Current year receipts			932	940	1,228	2,088	2,088	2,088	1,978	2,121	2,244
<b>Conditions met - transferred to revenue</b>			932	940	-	2,088	2,088	2,088	-	-	-
Conditions still to be met - transferred to liabilities					1,228				1,978	2,121	2,244
<b>District Municipality:</b>											
Balance unspent at beginning of the year											
Current year receipts											
<b>Conditions met - transferred to revenue</b>			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>Other grant providers:</b>											
Balance unspent at beginning of the year			1,624								
Current year receipts			41,703								
<b>Conditions met - transferred to revenue</b>			43,328	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>Total operating transfers and grants revenue</b>			101,030	7,170	2,355	132,697	132,697	132,697	-	-	-
<b>Total operating transfers and grants - CTBM</b>		2	-	88,664	100,561	-	-	-	122,201	135,207	147,722
<b>Capital transfers and grants:</b>		1,3									
<b>National Government:</b>											
Balance unspent at beginning of the year			10,764	14,024							
Current year receipts			40,576	65,916	91,055	98,546	98,546	98,546	107,321	147,022	143,358
<b>Conditions met - transferred to revenue</b>			51,340	3,990	5,983	98,546	98,546	98,546	-	-	-
Conditions still to be met - transferred to liabilities				75,950	85,072				107,321	147,022	143,358
<b>Provincial Government:</b>											
Balance unspent at beginning of the year											
Current year receipts											
<b>Conditions met - transferred to revenue</b>			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>District Municipality:</b>											
Balance unspent at beginning of the year											
Current year receipts											
<b>Conditions met - transferred to revenue</b>			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>Other grant providers:</b>											
Balance unspent at beginning of the year											
Current year receipts											
<b>Conditions met - transferred to revenue</b>			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>Total capital transfers and grants revenue</b>			51,340	3,990	5,983	98,546	98,546	98,546	-	-	-
<b>Total capital transfers and grants - CTBM</b>		2	-	75,950	85,072	-	-	-	107,321	147,022	143,358
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>			152,370	11,160	8,338	231,243	231,243	231,243	-	-	-
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>			-	164,613	185,634	-	-	-	229,522	282,229	291,080

**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

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

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		3,684	6,308	4,554	4,609	4,609	4,609	5,056	5,370	5,687
Pension and UIF Contributions		1,075		541	569	569	569	528	560	593
Medical Aid Contributions								231	245	260
Motor Vehicle Allowance		1,479		1,254	1,302	1,302	1,302	1,507	1,600	1,695
Cellphone Allowance			435	652	635	635	635	149	158	168
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors	1	6,419	6,743	7,002	7,115	7,115	7,115	7,471	7,934	8,402
% Increase	4		5.1%	3.8%	1.6%	-	-	5.0%	6.2%	5.9%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	2	2,849	2,787	2,937	3,820	3,820	3,820	4,520	4,800	5,083
Pension and UIF Contributions		208	684	524	282	282	282	338	359	380
Medical Aid Contributions			205		197	197	197		-	-
Overtime			-			-	-		-	-
Performance Bonus			-			-	-		-	-
Motor Vehicle Allowance	3	332	127	590	743	743	743	671	713	755
Cellphone Allowance	3	27	123	90	69	69	69	84	89	94
Housing Allowances	3		58							
Other benefits and allowances	3	50						92	98	104
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality	4	3,467	3,962	4,141	5,091	5,091	5,091	5,705	6,059	6,416
% Increase	4		14.3%	4.5%	23.0%	-	-	12.1%	6.2%	5.9%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		35,757	44,537	51,885	58,705	54,927	54,927	68,879	73,149	77,465
Pension and UIF Contributions		5,264	6,893	7,669	10,537	9,175	9,175	11,383	12,089	12,802
Medical Aid Contributions		4,334	3,095	3,711	4,182	4,219	4,219	4,969	5,277	5,589
Overtime		2,279	2,710	3,460	1,988	3,548	3,548	3,117	3,310	3,506
Performance Bonus						-	-		-	-
Motor Vehicle Allowance	3	2,139	1,897	1,770	1,958	1,988	1,988	2,378	2,525	2,674
Cellphone Allowance	3		123	182	215	227	227	246	261	277
Housing Allowances	3	1,690	1,896	2,495	2,985	2,745	2,745	3,177	3,374	3,573
Other benefits and allowances	3	2,893	9,560	10,882	7,976	8,640	8,640	9,338	9,917	10,502
Payments in lieu of leave			1,219	1,538	1,205	1,041	1,041	1,285	1,365	1,445
Long service awards			111	983	116	116	116	59	63	66
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff	4	54,357	71,851	84,556	89,848	86,638	86,638	104,831	111,331	117,809
% Increase	4		32.2%	17.7%	6.3%	(3.6%)	-	21.0%	6.2%	5.9%
<b>Total Parent Municipality</b>		<b>64,243</b>	<b>82,557</b>	<b>95,698</b>	<b>102,055</b>	<b>98,844</b>	<b>98,844</b>	<b>118,007</b>	<b>125,323</b>	<b>132,718</b>
			28.5%	15.9%	6.6%	(3.1%)	-	19.4%	6.2%	5.9%
<b>Board Members of Entities</b>										
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	4	-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
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	4	-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
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	4	-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>64,243</b>	<b>82,557</b>	<b>95,698</b>	<b>102,055</b>	<b>98,844</b>	<b>98,844</b>	<b>118,007</b>	<b>125,323</b>	<b>132,718</b>
% Increase	4		28.5%	15.9%	6.6%	(3.1%)	-	19.4%	6.2%	5.9%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>57,824</b>	<b>75,814</b>	<b>88,696</b>	<b>94,939</b>	<b>91,729</b>	<b>91,729</b>	<b>110,536</b>	<b>117,389</b>	<b>124,315</b>

**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 SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			25		25	25		25	25		25
Board Members of municipal entities	4								-		
<b>Municipal employees</b>	5								-		
Municipal Manager and Senior Managers	3		4		4	5		5	5		5
Other Managers	7		6	6		16	16		16	16	
Professionals			128	118	10	137	129	8	169	158	11
Finance			28	28	-	34	34	-	45	45	
Spatial/town planning			7	4	3	7	4	3	11	8	3
Information Technology									3	3	
Roads									2	2	
Electricity			2	2		3	3		2	2	
Water									-		
Sanitation									-		
Refuse									-		
Other			91	84	7	93	88	5	106	98	8
Technicians			340	180	160	360	246	114	315	185	130
Finance			8	8		8	8		-		
Spatial/town planning			3	3		5	3	2	-		
Information Technology			2	2		3	3		2		2
Roads			33	25	8	39	34	5	41	35	6
Electricity			17	14	3	22	21	1	17	14	3
Water			14	11	3	14	14	-	14	13	1
Sanitation			14	13	1	16	16	-	27	26	1
Refuse			76	52	24	76	55	21	64	49	15
Other			173	52	121	177	92	85	150	48	102
Clerks (Clerical and administrative)			-			-			13	13	
Service and sales workers			8	8		8	8		16	16	
Skilled agricultural and fishery workers									-		
Craft and related trades									-		
Plant and Machine Operators									17	17	
Elementary Occupations									-		
<b>TOTAL PERSONNEL NUMBERS</b>	9		<b>511</b>	<b>312</b>	<b>199</b>	<b>551</b>	<b>399</b>	<b>152</b>	<b>576</b>	<b>405</b>	<b>171</b>
% increase						7.8%	27.9%	(23.6%)	4.5%	1.5%	12.5%
<b>Total municipal employees headcount</b>	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 to persons, Not FTE) of managers and staff only (exclude councillors)
  - managers who provide the direction of a critical technical function
  - total number of employees working on these functions

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

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>																
Vote 1 - EXECUTIVE & COUNCIL		6,224	29	259	0	4,149	100	1	5	3,169	9	21	787	14,753	15,688	16,592
Vote 2 - BUDGET & TREASURY		21,134	1,778	2,090	2,095	3,854	1,533	1,673	2,456	2,574	2,884	2,406	3,531	48,009	50,986	53,994
Vote 3 - CORPORATE SERVICES		84	44	42	256	101	23	124	22	68	12	237	393	1,405	1,492	1,580
Vote 4 - PLANNING & DEVELOPMENT		1,349	5,951	3,263	2,767	1,588	1,532	962	1,240	2,331	1,851	1,116	3,991	27,951	28,674	43,667
Vote 5 - HEALTH		14	0	3	1	7	3	1	-	6	6	0	31	70	74	79
Vote 6 - COMMUNITY & SOCIAL SERVICES		121	122	131	81	110	54	207	198	138	294	294	996	2,745	2,916	3,088
Vote 7 - PUBLIC SAFETY		904	430	956	458	854	178	447	428	716	169	583	7,119	6,703	7,539	7,539
Vote 8 - WASTE WATER MANAGEMENT		4,752	1,619	6,382	2,501	4,683	2,960	2,873	3,027	4,049	2,091	2,053	2,396	38,987	49,061	36,313
Vote 9 - ROAD TRANSPORT		1,463	775	1,405	-	49	-	3,027	3,027	3,527	1,527	3,527	8,795	27,121	40,164	38,292
Vote 10 - WATER		15,521	5,523	3,649	4,136	16,708	8,727	1,809	4,851	15,970	8,799	9,354	1,141	96,187	123,408	124,642
Vote 11 - Electricity		22,403	8,215	4,306	5,696	17,172	4,654	7,100	8,751	18,742	9,526	9,833	12,484	128,880	136,871	148,940
Vote 12 - WASTE MANAGEMENT		9,564	923	908	922	6,512	1,022	1,079	1,073	7,269	1,080	1,083	1,328	32,764	34,795	36,848
Vote 13 - SPORTS & RECREATION		130	53	67	47	101	59	76	55	99	154	47	145	1,031	1,095	1,159
Vote 14 - OTHER													-	-	-	-
Vote 15 - HOUSING													-	-	-	-
<b>Total Revenue by Vote</b>		<b>83,662</b>	<b>25,470</b>	<b>23,459</b>	<b>18,961</b>	<b>55,889</b>	<b>20,844</b>	<b>19,379</b>	<b>24,733</b>	<b>59,657</b>	<b>28,402</b>	<b>30,554</b>	<b>36,599</b>	<b>426,609</b>	<b>492,322</b>	<b>512,736</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - EXECUTIVE & COUNCIL		966	1,569	2,527	1,325	1,324	3,420	1,126	1,499	1,438	1,295	2,319	6,708	25,515	27,097	28,686
Vote 2 - BUDGET & TREASURY		2,515	2,121	3,625	2,038	2,203	4,177	3,602	2,575	3,182	2,772	3,398	8,770	40,977	43,518	46,085
Vote 3 - CORPORATE SERVICES		1,999	1,480	1,465	1,989	1,976	1,567	1,962	2,403	1,369	1,191	1,197	1,822	20,421	21,687	22,966
Vote 4 - PLANNING & DEVELOPMENT		559	805	949	1,110	611	1,593	730	1,697	1,572	764	1,709	748	12,847	13,644	14,449
Vote 5 - HEALTH		3	0	1	7	9	7	3	11	1	13	1	(56)	0	0	0
Vote 6 - COMMUNITY & SOCIAL SERVICES		1,166	1,309	1,365	925	1,647	1,757	1,226	1,702	1,407	1,498	1,556	1,549	17,108	18,168	19,240
Vote 7 - PUBLIC SAFETY		1,944	1,366	1,364	1,339	1,825	1,840	1,672	1,771	1,865	1,386	1,346	1,150	18,868	20,037	21,220
Vote 8 - WASTE WATER MANAGEMENT		232	514	555	381	330	1,004	254	602	257	259	313	1,260	5,960	6,330	6,703
Vote 9 - ROAD TRANSPORT		594	2,636	848	798	875	8,634	803	887	830	875	828	944	19,551	20,763	21,988
Vote 10 - WATER		1,178	281	291	1,906	2,761	9,889	2,316	2,896	3,659	4,335	5,145	244	34,901	37,064	39,251
Vote 11 - Electricity		6,957	8,913	8,806	5,763	5,704	8,537	4,708	4,987	8,705	9,354	10,239	9,146	91,879	97,576	103,333
Vote 12 - WASTE MANAGEMENT		1,776	1,099	1,538	997	1,127	1,585	1,158	2,155	1,183	1,976	1,108	825	16,528	17,553	18,588
Vote 13 - SPORTS & RECREATION		699	622	778	744	745	1,737	863	806	979	615	789	146	9,522	10,113	10,709
Vote 14 - OTHER													-	-	-	-
Vote 15 - HOUSING													-	-	-	-
<b>Total Expenditure by Vote</b>		<b>20,588</b>	<b>22,715</b>	<b>24,112</b>	<b>19,322</b>	<b>21,137</b>	<b>45,747</b>	<b>20,422</b>	<b>23,992</b>	<b>26,445</b>	<b>26,335</b>	<b>30,007</b>	<b>33,256</b>	<b>314,078</b>	<b>333,550</b>	<b>353,230</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>63,074</b>	<b>2,756</b>	<b>(653)</b>	<b>(362)</b>	<b>34,752</b>	<b>(24,903)</b>	<b>(1,043)</b>	<b>741</b>	<b>32,213</b>	<b>2,067</b>	<b>547</b>	<b>3,343</b>	<b>112,531</b>	<b>158,772</b>	<b>159,506</b>
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>63,074</b>	<b>2,756</b>	<b>(653)</b>	<b>(362)</b>	<b>34,752</b>	<b>(24,903)</b>	<b>(1,043)</b>	<b>741</b>	<b>32,213</b>	<b>2,067</b>	<b>547</b>	<b>3,343</b>	<b>112,531</b>	<b>158,772</b>	<b>159,506</b>

References

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

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

R thousand	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - EXECUTIVE & COUNCIL																
Vote 2 - BUDGET & TREASURY																
Vote 3 - CORPORATE SERVICES																
Vote 4 - PLANNING & DEVELOPMENT																
Vote 5 - HEALTH																
Vote 6 - COMMUNITY & SOCIAL SERVICES																
Vote 7 - PUBLIC SAFETY																
Vote 8 - WASTE WATER MANAGEMENT																
Vote 9 - ROAD TRANSPORT																
Vote 10 - WATER																
Vote 11 - Electricity																
Vote 12 - WASTE MANAGEMENT																
Vote 13 - SPORTS & RECREATION																
Vote 14 - OTHER																
Vote 15 - HOUSING																
<b>Capital multi-year expenditure sub-total</b>	2															
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - EXECUTIVE & COUNCIL																
Vote 2 - BUDGET & TREASURY				26		12		985	1	300		40	375	1,700		
Vote 3 - CORPORATE SERVICES						70		65			5		81	190		
Vote 4 - PLANNING & DEVELOPMENT		145	1,143	1,182	132	1,153	1,153	1,145	1,143	1,382	132	153	3,168	12,031	10,027	8,000
Vote 5 - HEALTH																
Vote 6 - COMMUNITY & SOCIAL SERVICES																
Vote 7 - PUBLIC SAFETY																
Vote 8 - WASTE WATER MANAGEMENT			671	5,457	1,553	1,222	2,016		112	1,222	2,016		3,251	17,520	26,419	12,358
Vote 9 - ROAD TRANSPORT	1,383		775	2,885	3,989	1,154	705	775	2,885	775	2,885	3,989	4,660	26,860	33,976	38,000
Vote 10 - WATER	4,078		7,577	8,514	3,805	4,296	4,393	7,514	5,805	4,296	8,393	8,393	1,837	68,900	76,601	85,000
Vote 11 - Electricity																
Vote 12 - WASTE MANAGEMENT																
Vote 13 - SPORTS & RECREATION																
Vote 14 - OTHER																
Vote 15 - HOUSING																
<b>Capital single-year expenditure sub-total</b>	2	5,006	10,166	18,064	9,480	7,907	8,267	10,540	9,947	7,974	13,437	12,574	13,475	127,435	147,022	143,358
<b>Total Capital Expenditure</b>	2	5,006	10,166	18,064	9,480	7,907	8,267	10,540	9,947	7,974	13,437	12,574	13,475	127,435	147,022	143,358

**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



MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>															
Property rates	545	1,337	4,613	2,030	5,257	1,376	1,053	1,384	4,613	2,030	5,257	3,187	33,282	35,345	37,431
Property rates - penalties & collection charges															
Service charges - electricity revenue	7,203	6,762	5,849	5,321	5,852	2,906	4,171	5,795	5,849	7,321	7,852	10,805	75,707	80,401	85,145
Service charges - water revenue	1,049	1,213	1,134	1,166	1,835	1,946	1,775	1,228	1,134	1,166	1,335	1,182	16,162	17,164	18,176
Service charges - sanitation revenue	837	639	1,010	943	917	816	945	849	810	943	917	1,021	10,649	11,310	11,977
Service charges - refuse revenue	584	695	634	650	499	736	617	747	734	750	599	763	8,109	8,612	9,120
Service charges - other															
Rental of facilities and equipment	101	82	99	87	87	111	70	63	99	87	87	284	1,239	1,315	1,393
Interest earned - external investments	233	221	117	96	227	0	147	26	117	96	227	84	1,590	1,889	1,788
Interest earned - outstanding debtors	370	381	437	424	404	413	418	432	437	424	404	725	5,268	5,595	5,925
Dividends received															
Fines	577	86	20	67	99	7	73	85							
Licences and permits	126	193	142	240	419	189	222	180	142	240	419	544	3,056	3,246	3,437
Agency services	84	155	115	157	258	83	195	154	115	157	258	253	1,984	2,107	2,231
Transfer receipts - operational	51,842	420	684	5,992	31,403		468		31,403				122,201	135,994	147,722
Other revenue	5,343	5,555	293	5,825	1,167	988	564	153	293	1,125	293		22,747	24,158	25,683
<b>Cash Receipts by Source</b>	<b>68,996</b>	<b>18,358</b>	<b>15,148</b>	<b>22,998</b>	<b>48,423</b>	<b>9,550</b>	<b>10,708</b>	<b>11,096</b>	<b>45,768</b>	<b>14,406</b>	<b>17,747</b>	<b>20,101</b>	<b>303,298</b>	<b>328,319</b>	<b>351,394</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	22,253	1,379	4,295	34,648	1,500		5,097	13,495	24,655				107,321	147,022	143,358
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>91,249</b>	<b>19,736</b>	<b>19,443</b>	<b>57,646</b>	<b>49,923</b>	<b>9,550</b>	<b>15,805</b>	<b>24,591</b>	<b>70,422</b>	<b>14,406</b>	<b>17,747</b>	<b>20,101</b>	<b>410,619</b>	<b>475,341</b>	<b>494,752</b>
<b>Cash Payments by Type</b>															
Employee related costs	8,714	8,925	10,041	9,789	9,372	10,705	9,512	8,003	8,789	8,372	8,706	9,609	110,536	117,389	124,315
Remuneration of councillors	564	564	564	569	607	607	607	800	589	607	607	705	7,471	7,934	8,402
Finance charges	209	209	209	209	209	209	209	209	209	209	209	209	2,512	2,668	2,825
Bulk purchases - Electricity	7,541	8,265	8,011	4,600	4,632	4,792	5,840	5,797	5,600	4,632	6,792	8,055	74,556	79,178	83,850
Bulk purchases - Water & Sewer															
Other materials	3,642	3,165	3,655	4,523	5,623	3,842	3,855	2,985	3,842	3,756	3,852	1,255	43,996	46,724	49,481
Contracted services	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,689	23,422	24,874	26,341
Transfers and grants - other municipalities															
Transfers and grants - other															
Other expenditure	1,435	1,376	2,396	2,300	2,974	5,295	2,866	2,192	2,300	2,974	2,295	2,798	31,202	33,136	35,091
<b>Cash Payments by Type</b>	<b>24,300</b>	<b>24,500</b>	<b>26,871</b>	<b>23,986</b>	<b>25,393</b>	<b>27,427</b>	<b>24,865</b>	<b>21,963</b>	<b>23,304</b>	<b>22,526</b>	<b>24,238</b>	<b>24,320</b>	<b>293,695</b>	<b>311,904</b>	<b>330,306</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	5,006	10,166	18,064	9,480	7,907	8,267	10,540	9,947	7,974	13,437	12,574	13,475	127,435	147,022	143,358
Repayment of borrowing	201	201	201	201	201	201	201	201	201	201	201	201	2,416	2,566	2,717
<b>Total Cash Payments by Type</b>	<b>30,106</b>	<b>34,667</b>	<b>45,136</b>	<b>33,667</b>	<b>33,501</b>	<b>35,896</b>	<b>35,606</b>	<b>32,112</b>	<b>31,479</b>	<b>36,164</b>	<b>37,014</b>	<b>37,996</b>	<b>423,545</b>	<b>461,491</b>	<b>476,381</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>61,141</b>	<b>(15,131)</b>	<b>(25,693)</b>	<b>23,979</b>	<b>16,422</b>	<b>(26,345)</b>	<b>(19,802)</b>	<b>(7,521)</b>	<b>38,943</b>	<b>(21,759)</b>	<b>(19,267)</b>	<b>(17,895)</b>	<b>(12,926)</b>	<b>13,850</b>	<b>18,372</b>
Cash/cash equivalents at the month/year begin:	13,547	74,688	59,557	33,864	57,843	74,265	47,920	28,118	20,597	59,541	37,783	18,516	13,547	621	14,471
Cash/cash equivalents at the month/year end:	74,688	59,557	33,864	57,843	74,265	47,920	28,118	20,597	59,541	37,783	18,516	621	621	14,471	32,843

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 - Supporting Table SA32 List of external mechanisms

External mechanism  Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Camelsa Consulting	Mths	9	Financial Statements	30 November 2016	4,500
Kgomongwe	Yrs	3	Cash in Transit	31 March 2016	1,355
Tsolangwe Waste and Security Services	Yrs	3	Rehabilitation of Landfill Site	31 March 2019	9,944

References

1. Total agreement period from commencement until end
2. Annual value

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

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			51,760	110,708	85,641	134,046	134,546	134,546	115,780	136,995	135,358
Infrastructure - Road transport			-	22,323	19,302	31,546	25,941	25,941	26,860	33,976	38,000
Roads, Pavements & Bridges				22,323	19,302	31,546	25,941	25,941	26,860	33,976	38,000
Storm water											
Infrastructure - Electricity			7,736	6,186	-	3,000	3,000	3,000	-	-	-
Generation											
Transmission & Reticulation			2,362	6,186		3,000	3,000	3,000			
Street Lighting			5,374								
Infrastructure - Water			44,025	74,307	58,275	90,093	94,573	94,573	68,900	76,601	85,000
Dams & Reservoirs			44,025								
Water purification											
Reticulation				74,307	58,275	90,093	94,573	94,573	68,900	76,601	85,000
Infrastructure - Sanitation			-	4,662	8,064	9,407	11,032	11,032	17,520	26,419	12,358
Reticulation									17,520	26,419	12,358
Sewerage purification				4,662	8,064	9,407	11,032	11,032			
Infrastructure - Other			-	3,231	-	-	-	-	2,500	-	-
Waste Management											
Transportation											
Gas											
Other				3,231					2,500		
Community			-	-	6,294	-	-	-	6,541	7,027	5,000
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls					1,135				6,541	7,027	5,000
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing											
Other					5,159						
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other											
Investment properties			-	839	163	-	-	-	-	-	-
Housing development											
Other				839	163						
Other assets			6,128	9,568	5,877	5,985	3,125	3,125	5,034	3,000	3,000
General vehicles				523		2,470			1,600		
Specialised vehicles			1,644	1,793	-	-	-	-	-	-	-
Plant & equipment			760	95					400		
Computers - hardware/equipment											
Furniture and other office equipment			1,866	1,285	1,237	3,515	3,085	3,085	3,034	3,000	3,000
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings				5,854	3,670		40	40			
Other Land			1,734								
Surplus Assets - (Investment or Inventory)											
Other			125	17	971						
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			39	-	-	-	255	255	80	-	-
Computers - software & programming			39				255	255	80		
Other (list sub-class)											
Total Capital Expenditure on new assets	1		57,927	121,115	97,975	140,031	137,926	137,926	127,435	147,022	143,358
Specialised vehicles			1,644	1,793	-	-	-	-	-	-	-
Refuse											
Fire			1,644	1,793							
Conservancy											
Ambulances											

## References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expenditure in Budgeted Capital Expenditure
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

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

NC452 Ga-Segonyana - Supporting Table SA34C repairs and maintenance expenditure by asset class					2016/17 Medium Term Revenue & Expenditure Framework					
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		11,452	22,705	21,631	23,247	23,247	23,247	32,787	34,820	36,874
Infrastructure – Road transport		2,662	9,270	7,592	3,230	3,230	3,230	3,869	4,109	4,351
Roads, Pavements & Bridges		2,362	8,980	7,592	3,030	3,030	3,030	3,657	3,884	4,113
Storm water		500	290		200	200	200	212	225	238
Infrastructure - Electricity		3,800	3,961	4,521	1,817	1,817	1,817	1,612	1,712	1,813
Generation		300	50						-	-
Transmission & Refeetation		3,300	3,611	4,521	1,567	1,567	1,567	1,362	1,446	1,532
Street Lighting		200	300		250	250	250	250	266	281
Infrastructure - Water		2,850	7,765	5,521	500	500	500	23,105	24,539	25,988
Dams & Reservoirs			150					105	113	119
Water purification		-	-						-	-
Refeetation		2,850	7,605	5,521	500	500	500	23,000	24,426	25,867
Infrastructure - Sanitation		1,650	1,413	2,570	200	200	200	500	531	562
Refeetation									-	-
Sewerage purification		1,650	1,413	2,570	200	200	200	500	531	562
Infrastructure - Other		291	305	1,456	17,500	17,500	17,500	3,700	3,929	4,161
Waste Management				1,456				3,700	3,929	4,161
Transportation									-	-
Gas									-	-
Other		291	305		17,500	17,500	17,500		-	-
Community		643	300	302	3,791	3,008	3,008	591	628	665
Parks & gardens		120	120	110	150	150	150	284	302	320
Sportsfields & stadia		100	30	25	100	100	100	74	79	83
Swimming pools			-							
Community halls		110	57	65	64	64	64	165	196	208
Libraries		3	3	5	2	2	2		-	-
Recreational facilities									-	-
Fire, safety & emergency		55	10	10	55	55	55	48	51	54
Security and policing									-	-
Buses									-	-
Clinics									-	-
Museums & Art Galleries									-	-
Cemeteries		255	60	66	160	160	160		-	-
Social rental housing									-	-
Other					3,260	2,477	2,477		-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings									-	-
Other									-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development									-	-
Other									-	-
Other assets		9,025	21,703	19,220	12,279	12,279	12,279	10,618	11,277	11,942
General vehicles		1,500	4,676	5,541	1,877	1,877	1,877	2,117	2,248	2,381
Specialised vehicles		4,466	9,287	7,674	4,567	4,567	4,567	3,175	3,372	3,571
Plant & equipment		1,169	2,147	2,025	5,145	5,145	5,145	2,604	2,765	2,928
Computers - hardware/equipment		1,254	2,676	2,412	264	264	264	2,546	2,704	2,863
Furniture and other office equipment		266	1,169	1,026	155	155	155	177	188	199
Abattoirs									-	-
Markets									-	-
Civic Land and Buildings									-	-
Other Buildings		370	569	541	270	270	270		-	-
Other Land									-	-
Surplus Assets - (Investment or Inventory)									-	-
Other			1,176						-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class									-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class									-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming									-	-
Other (list sub-class)									-	-
Total Repairs and Maintenance Expenditure	1	21,119	44,707	41,153	39,317	39,534	38,534	43,996	46,724	49,481
Specialised vehicles		4,466	9,287	7,674	4,567	4,567	4,567	3,175	3,372	3,571
Refuse									-	-
Fire									-	-
Conservancy		4,466	9,287	7,674	4,567	4,567	4,567	3,175	3,372	3,571
Ambulances									-	-
R&M as a % of PPE		2.4%	4.6%	4.0%	3.4%	3.3%	3.3%	3.7%	3.7%	3.7%
R&M as % Operating Expenditure		8.0%	14.8%	12.8%	12.3%	12.0%	12.0%	14.0%	14.0%	14.0%

**References**

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbone (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

check balance

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

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - EXECUTIVE & COUNCIL		1,700	-	-				
Vote 2 - BUDGET & TREASURY		190	-	-				
Vote 3 - CORPORATE SERVICES		184	-	-				
Vote 4 - PLANNING & DEVELOPMENT		12,031	10,027	8,000				
Vote 5 - HEALTH		-	-	-				
Vote 6 - COMMUNITY & SOCIAL SERVICES		50	-	-				
Vote 7 - PUBLIC SAFETY		-	-	-				
Vote 8 - WASTE WATER MANAGEMENT		17,520	26,419	12,358				
Vote 9 - ROAD TRANSPORT		26,860	33,976	38,000				
Vote 10 - WATER		68,900	76,601	85,000				
Vote 11 - Electricity		-	-	-				
Vote 12 - WASTE MANAGEMENT		-	-	-				
Vote 13 - SPORTS & RECREATION		-	-	-				
Vote 14 - OTHER		-	-	-				
Vote 15 - HOUSING		-	-	-				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		<b>127,435</b>	<b>147,022</b>	<b>143,358</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - EXECUTIVE & COUNCIL		25,515	27,097	28,696				
Vote 2 - BUDGET & TREASURY		40,977	43,518	46,085				
Vote 3 - CORPORATE SERVICES		20,421	21,687	22,966				
Vote 4 - PLANNING & DEVELOPMENT		12,847	13,644	14,449				
Vote 5 - HEALTH		0	0	0				
Vote 6 - COMMUNITY & SOCIAL SERVICES		17,108	18,168	19,240				
Vote 7 - PUBLIC SAFETY		18,868	20,037	21,220				
Vote 8 - WASTE WATER MANAGEMENT		5,960	6,330	6,703				
Vote 9 - ROAD TRANSPORT		19,551	20,763	21,988				
Vote 10 - WATER		34,901	37,064	39,251				
Vote 11 - Electricity		91,879	97,576	103,333				
Vote 12 - WASTE MANAGEMENT		16,528	17,553	18,588				
Vote 13 - SPORTS & RECREATION		9,522	10,113	10,709				
Vote 14 - OTHER		-	-	-				
Vote 15 - HOUSING		-	-	-				
List entity summary if applicable								
<b>Total future operational costs</b>		<b>314,078</b>	<b>333,550</b>	<b>353,230</b>	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates		36,980	39,273	41,590				
Property rates - penalties & collection charges		-	-	-				
Service charges - electricity revenue		84,119	89,335	94,606				
Service charges - water revenue		17,957	19,071	20,196				
Service charges - sanitation revenue		11,833	12,566	13,308				
Service charges - refuse revenue		9,010	9,569	10,133				
Service charges - other		-	-	-				
Rental of facilities and equipment		1,239	1,315	1,393				
Interest earned - external investments		1,590	1,689	1,788				
Interest earned - outstanding debtors		5,268	5,595	5,925				
Dividends received		-	-	-				
Fines		1,304	1,384	1,466				
Licences and permits		3,056	3,246	3,437				
Agency services		1,984	2,107	2,231				
Transfers recognised - operational		122,201	135,994	147,722				
Other revenue		22,747	24,158	25,583				
List entity summary if applicable								
<b>Total future revenue</b>		<b>319,288</b>	<b>345,300</b>	<b>369,378</b>	-	-	-	-
<b>Net Financial Implications</b>		<b>122,224</b>	<b>135,272</b>	<b>127,210</b>	-	-	-	-

**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)

**2016/17 NEW ASSETS****ORIGINAL****FINANCE****R**

Office Equipment

189,800.00

**189,800.00****CORPORATE****R**

Furniture and Fittings

4,000.00

Office Equipment

100,000.00

Software

80,000.00

**184,000.00****COUNCIL****R**

Office Equipment

100,000.00

**100,000.00****COMMUNITY****R**

Furniture and Fittings

Office Equipment

50,000.00

**50,000.00****TECHNICAL****R**

Furniture and Fittings

50,000.00

Office Equipment

40,000.00

Plant and Equipment

400,000.00

Counter Funding

2,500,000.00

**2,940,000.00****NEW FLEET****TOTAL****3,463,800.00**

Councillors Vehicle

**1,600,000.00**

**DONATIONS FROM MINES**

PROJECT DESCRIPTION	LOCATION	FUNDING SOURCE	COST ESTIMATES
Kuruman Regional Bulk Water	Bankhara	Assmang	R 15,000,000.00
<b>TOTAL</b>			<b>R 15,000,000.00</b>

**NEW ASSETS**

DESCRIPTION	FUNDING SOURCE	ORIGINAL BUDGET
Office Equipment	Surplus Cash	R 479,800.00
Furniture and Fittings	Surplus Cash	R 54,000.00
Plant and Equipment	Surplus Cash	R 400,000.00
Buildings	Surplus Cash	
Intangible Assets	Surplus Cash	R 80,000.00
Vehicles	Loan	1,600,000.00
Counter Funding	Surplus Cash	2,500,000.00
<b>TOTAL</b>		<b>R 5,113,800.00</b>

**TOTAL 2016/17 CAPITAL BUDGET**

**R 127,434,800.00**

Agreement and with effect from 01 July 2016, increase by 3%, provided that such increase shall not exceed the maximum employer contribution of R3 871.00.

5. The flat rate Home Owners Allowance, in terms of clause 10.1.1.2 of the Collective Agreement, increases by 6% to R 742. 00, with effect from 1 July 2016.

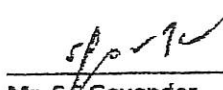
The following figures, from STATS S.A, are used to calculate the salary and related increases:

Feb 2015	March 2015	April 2015	May 2015	June 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Annual total
3.90	4.00	4.50	4.60	4.70	5.00	4.60	4.60	4.70	4.80	5.20	6.20	56.80

Total CPI for 12 months = 56.80% Divided by 12 Months  
Average CPI = 4.73% (deemed to be 5%)

Salary Increase = 5% plus 1, 00 %  
= 6 %

Yours faithfully

  
\_\_\_\_\_  
Mr. S.S. Govender  
GENERAL SECRETARY



# Government Printing Works

## Notice submission deadlines

Government Printing Works has over the last few months implemented rules for completing and submitting the electronic Adobe Forms when you, the customer, submit your notice request.

In line with these business rules, GPW has revised the notice submission deadlines for all gazettes. Please refer to the GPW website [www.gpwonline.co.za](http://www.gpwonline.co.za) to familiarise yourself with the new deadlines.

### CANCELLATIONS

Cancellation of notice submissions are accepted by GPW according to the deadlines stated in the table above. Non-compliance to these deadlines will result in your request being failed. **Please pay special attention to the different deadlines for each gazette.**

**Please note that any notices cancelled after the cancellation deadline will be published and charged at full cost.**

Requests for cancellation must be sent by the original sender of the notice and must be accompanied by the relevant notice reference number (N-) in the email body.

### AMENDMENTS TO NOTICES

take note!

With effect from 01 October, GPW will not longer accept amendments to notices. The cancellation process will need to be followed and a new notice submitted thereafter for the next available publication date.

### CUSTOMER INQUIRIES

Many of our customers request immediate feedback/confirmation of notice placement in the gazette from our Contact Centre once they have submitted their notice – While GPW deems it one of their highest priorities and responsibilities to provide customers with this requested feedback and the best service at all times, we are only able to do so once we have started processing your notice submission.

GPW has a **2-working day turnaround time for processing notices** received according to the business rules and deadline submissions.

Please keep this in mind when making inquiries about your notice submission at the Contact Centre.

### PROOF OF PAYMENTS

REMINDER

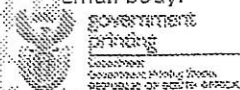
GPW reminds you that all notice submissions **MUST** be submitted with an accompanying proof of payment (PoP) or purchase order (PO). If any PoP's or PO's are received without a notice submission, it will be failed and your notice will not be processed.

When submitting your notice request to [submit@gazette@gpw.gov.za](mailto:submit@gazette@gpw.gov.za), please ensure that a purchase order (GPW Account customer) or proof of payment (non-GPW Account customer) is included with your notice submission. All documentation relating to the notice submission must be in a single email.

A reminder that documents must be attached separately in your email to GPW. (In other words, your email should have an Adobe Form plus proof of payment/purchase order – 2 separate attachments – where notice content is applicable, it should also be a 3rd separate attachment).

### REMINDER OF THE GPW BUSINESS RULES

- ☒ Single notice, single email – with proof of payment or purchase order.
- ☒ All documents must be attached separately in your email to GPW.
- ☒ 1 notice = 1 form, i.e. each notice must be on a separate form
- ☒ Please submit your notice **ONLY ONCE**.
- ☒ Requests for information, quotations and inquiries must be sent to the Contact Centre **ONLY**.
- ☒ The notice information that you send us on the form is what we publish. Please do not put any instructions in the email body.



eGazette

**GENERAL NOTICES • ALGEMENE KENNISGEWINGS****DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS****NOTICE 285 OF 2016****LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000****(ACT NO. 32 OF 2000)****LOCAL GOVERNMENT:****UPPER LIMIT OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS**

Under the powers vested in me by section 72(2A) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), I, David Douglas Des van Rooyen, Minister for Cooperative Governance and Traditional Affairs, hereby –

- (a) after consultation with the Minister of Finance, the Minister for Public Service and Administration, the MECs responsible for local government, and organised local government; and
- (b) after taking into consideration the matters as set out in Regulation 35 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, issued in terms of Government Notice No. 21 as published under Government Gazette No. 37245 of 17 January 2014,

determine the upper limits of the total remuneration packages payable to senior managers as set out in the Schedule with effect from 1 July 2016.



**MR DES VAN ROOYEN, MP**

**MINISTER FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**



**"senior manager"** means a municipal manager or acting municipal manager, appointed in terms of section 54A of the Act, and includes a manager directly accountable to a municipal manager appointed in terms of section 56 of the Act;

**"total municipal equitable share"** means the equitable share of revenue that is provided to a metropolitan, local or district municipality for the 2015/ 2016 financial year in terms of section 227(1) of the Constitution of the Republic of South Africa, 1996 to enable the municipality to provide basic services and perform the functions allocated to it;

**"total municipal income"** means the gross income in respect of a metropolitan, local or district municipality based on actual income as stated in the audited financial statements of that municipality for three consecutive years or more, and where applicable, the unaudited financial statements for the 2014/15 financial year, age-adjusted and averaged. The gross income for the municipality includes the following:

- rates on property;
- fees for services rendered by the municipality, or on its behalf by a municipal entity;
- surcharges;
- other authorised taxes;
- levies and duties;
- income from fines for traffic offences and contravention of municipal by-laws or legislation assigned to the local sphere of government;
- regional services council replacement grant for district municipalities;
- interest earned on invested funds other than national and provincial conditional grants;
- rental for the use of municipal movable or immovable property; and
- amounts received as agent for other spheres of government.

The gross income excludes the following:

- transfers and / or grants from the national fiscus and provincial fiscus; and
- all value added tax (VAT) refunds.

**"total population"** means the official statistics of the population residing in the area of jurisdiction of a metropolitan, local or district municipality, as determined by the Statistician-General for the 2011 Census, in terms of section 14(7) of the Statistics Act, 1999 (Act No. 6 of 1999);

**"upper limit"** means the applicable total remuneration package values as contained in the Notice.

#### Allocation of number of points for total municipal income

2. The number of points allocated for the total municipal income of a municipality, is as follows:

TOTAL MUNICIPAL INCOME		
From	To	Number of Points
R 0	R 12,254,381	1
R 12,254,382	R 13,123,596	2
R 13,123,597	R 14,791,247	3
R 14,791,248	R 15,880,600	4
R 15,880,601	R 18,305,041	5



TOTAL MUNICIPAL INCOME		
From	To	Number of Points
R 166,404,425	R 171,217,819	38
R 171,217,820	R 181,469,212	39
R 181,469,213	R 193,162,260	40
R 193,162,261	R 219,895,116	41
R 219,895,117	R 239,021,953	42
R 239,021,954	R 259,812,473	43
R 259,812,474	R 282,411,388	44
R 282,411,389	R 306,975,992	45
R 306,975,993	R 333,677,267	46
R 333,677,268	R 362,701,062	47
R 362,701,063	R 394,249,394	48
R 394,249,395	R 428,541,851	49
R 428,541,852	R 506,334,659	50
R 506,334,660	R 598,249,123	51
R 598,249,124	R 650,285,811	52
R 650,285,812	R 768,331,595	53
R 768,331,596	R 835,162,335	54
R 835,162,336	R 986,768,585	55
R 986,768,586	R 1,338,445,302	56
R 1,338,445,303	R 2,148,679,003	57
R 2,148,679,004	R 4,071,373,025	58
R 4,071,373,026	R 7,754,650,806	59
R 7,754,650,807	above	60

#### Allocation of number of points for total population

3. The number of points allocated for the total population of a municipality, is as follows:

TOTAL POPULATION		
From	To	Points
0	60,775	1
60,776	71,500	2
71,501	80,441	3

**Allocation of number of points for total municipal equitable share**

4. The number of points allocated for the total municipal equitable share of a municipality, is as follows:

TOTAL EQUITABLE SHARE		
From	To	Number of Points
R 0	R 19,869,259	1
R 19,869,260	R 28,429,328	2
R 28,429,329	R 37,164,196	3
R 37,164,197	R 43,616,847	4
R 43,616,848	R 53,468,993	5
R 53,468,994	R 75,723,239	6
R 75,723,240	R 119,659,867	7
R 119,659,868	R 262,915,009	8
R 262,915,010	R 1,708,547,132	9
R 1,708,547,132	above	10

**Determination of categorisation of municipality**

5. The total number of points allocated to a municipality, in terms of items 2, 3, and 4 respectively, determines the categorisation of such municipality, in accordance with the following table:

CATEGORISATION OF MUNICIPALITY		
Categorisation	From	To
1	1	26
2	27	47
3	48	60
4	61	70
5	71	78
6	79	85
7	86	91
8	92	96
9	97	98
10	99	100



MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE MINIMUM	TOTAL REMUNERATION PACKAGE MIDPOINT	TOTAL REMUNERATION PACKAGE MAXIMUM
10	R 1,841,095	R 2,330,500	R 2,819,905
9	R 1,580,000	R 1,974,999	R 2,370,000
8	R 1,364,089	R 1,673,728	R 1,983,368
7	R 1,180,193	R 1,430,538	R 1,680,881
6	R 1,035,906	R 1,233,222	R 1,430,538
5	R 919,508	R 1,081,773	R 1,244,039
4	R 835,477	R 965,869	R 1,096,262
3	R 768,305	R 878,063	R 987,820
2	R 726,954	R 816,803	R 906,651
1	R 700,116	R 777,908	R 855,698

#### Offer of remuneration on appointment

9. (1) The offer of remuneration on appointment to a senior manager will be determined by the competences, qualifications, experience and knowledge of the candidate to be appointed.

(2) A municipality must apply the criteria as set out below to determine the offer of remuneration on appointment:

TOTAL REMUNERATION PACKAGE	CRITERIA
MINIMUM	<ul style="list-style-type: none"> <li>• Relevant qualification.</li> <li>• Applicable to persons who have the relevant 5 years' experience as provided in the Regulations.</li> <li>• Applicable to persons who have acquired competent achievement level as measured against the competency framework.</li> </ul>
MIDPOINT	<ul style="list-style-type: none"> <li>• Relevant qualification.</li> <li>• Applicable to persons who have 5 to 10 years' experience as provided in the Regulations.</li> <li>• Applicable to persons who have acquired advanced competency achievement level as measured against the competency framework.</li> </ul>
MAXIMUM	<ul style="list-style-type: none"> <li>• Relevant qualification.</li> <li>• Applicable to persons who have more than 10 years' experience as provided in the Regulations.</li> <li>• Applicable to persons who have acquired demonstrated evidence of superior competency as measured against the competency framework.</li> </ul>

(3) Notwithstanding sub-item (1), if a municipality is unable to offer the relevant pay scales or afford to pay the remuneration as determined in this Notice, a lesser offer may be made by such municipality on appointment.

#### Pay progression

10. (1) A senior manager appointed after 1 July 2014 may, within the applicable remuneration band, be eligible for a salary progression only –



PROVINCE	DISTRICT CODE	MUNICIPAL CODE	NAME OF MUNICIPALITY	%
Limpopo	DC47	LIM475	Greater Tloai	8%
Mpumalanga	DC30	MP301	Albert Luthuli	8%
North West	DC39	NW392	Naledi	8%
North West	DC39	NW393	Mamusa	8%
North West	DC39	NW394	Greater Taung	8%
North West	DC39	NW397	Kagisano/Molopo	8%
Northern Cape	DC45	NC451	Joe Morolong	12%
Northern Cape	DC45	NC452	Ga-Segonyana	8%
Northern Cape	DC45	NC453	Gamagara	8%
Northern Cape	DC6	NC061	Richtersveld	12%
Northern Cape	DC6	NC062	Nama Khoi	12%
Northern Cape	DC6	NC064	Kamiesberg	12%
Northern Cape	DC6	NC065	Hantam	12%
Northern Cape	DC6	NC066	Karoo Hoogland	12%
Northern Cape	DC6	NC067	Khoi-Ma	8%
Northern Cape	DC7	NC071	Ubuntu	12%
Northern Cape	DC7	NC072	Umsobomvu	8%
Northern Cape	DC7	NC073	Emthanjeni	8%
Northern Cape	DC7	NC074	Kareeberg	12%
Northern Cape	DC7	NC075	Renosterberg	8%
Northern Cape	DC7	NC076	Thembelihle	8%
Northern Cape	DC7	NC077	Siyathemba	12%
Northern Cape	DC8	NC081	Mier	12%
Northern Cape	DC8	NC085	Tsantsabane	8%
Northern Cape	DC8	NC086	Kgatelopele	8%
Western Cape	DC1	WC011	Matzikama	12%
Western Cape	DC1	WC012	Cederberg	8%
Western Cape	DC3	WC033	Cape Agulhas	8%
Western Cape	DC3	WC034	Swellendam	8%
Western Cape	DC5	WC051	Laingsburg	8%
Western Cape	DC5	WC053	Beaufort West	8%

(2) Notwithstanding sub-item (1) and subject to compliance with the criteria as set out in this Notice, the municipal council may pay a rural allowance to a senior manager provided that the municipal council satisfies itself that the allowance is justified and affordable.

(3) A rural allowance terminates when -

- (a) the employment contract of a senior manager lapse or is terminated; and
- (b) a senior manager vacates office for any reason before the date of expiry of the employment contract, including but not limited to transfer, promotion, dismissal for misconduct, incapacity, operational requirements and retirement.



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# APPENDIX A

# GA-SEGONYANA LOCAL MUNICIPALITY

## SUBSIDY POLICY: INDIGENT HOUSEHOLDS

### 1. PREAMBLE

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

The objects of Local Government are –

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

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

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

### 2. DEFINITIONS

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

A **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.

**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

**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 R3 900 qualifies to be registered as indigent. Two state pensioners with a foster child or with two child support grants in a household do qualify.

A **pensioner** refers to individuals currently earning R1 505 or less. i.e Old age grant, disability grant, etc.

## **GA-SEGONYANA LOCAL MUNICIPALITY**

- 5.5 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 R3 900.

### **6. QUALIFICATION CRITERIA FOR THE SELECTION OF INDIGENTS**

- 6.1 Child headed households will be declared indigents upon reporting the death status of the parents at the Municipality. The following documents are required:
- 6.1.1 Certified copies of death certificates of parents or breadwinner
  - 6.1.2 Certified copies of identity documents of parents or breadwinner.
  - 5.5.2 An affidavit that states that the oldest child is responsible for other children.
  - 5.5.3 Outstanding debt as at date of death of the last parent should be written off as irrecoverable.
- 6.2 On site inspection may be performed by municipal officials
- 6.3 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.
- 6.4 If the status of an indigent change, the Financial Manager should be immediately informed by the ward councillor.
- 6.5 Misusers of the system will be deregistered and be suspended for a period of three years when incorrect information was supplied.
- 6.6 The Municipality may impose other conditions and procedures deemed necessary from time to time.
- 6.7 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.

### **7. MAXIMUM CONSUMPTION LEVELS FOR INDIGENTS**

- 7.1 To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following maximum consumption levels for indigent households per month.

Water consumption	6 kl.
Electricity consumption	50 kWh.
Refuse and sewerage	100% rebate on services and basic charge.

### **8. SUSPENSION OF SERVICES TO INDIGENT HOUSEHOLDS**

- 8.1 Services to classified indigent households must be suspended when indigents fail to pay for services consumed up and above determined levels which are not paid in full as levied on the monthly account.

## 11. 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 R3 900 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.

# APPENDIX B



# **GA-SEGONYANA LOCAL MUNICIPALITY**

# **TARIFF POLICY**



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#### **4. TARIFF POLICY PRINCIPLES**

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

4.1 Payment in Proportion to the amount consumed.

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

4.2 Full Payment of service costs.

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

4.3 Ability to pay.

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

4.4 Fairness.

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

4.5 Transparency.

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

4.6 Local determination of tariff levels.

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

4.7 Consistent tariff enforcement.

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

4.8 Ensure Local Economic Competitiveness.

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

## 5.2 Sustainability.

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

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

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

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

## 5.3 Effectiveness and Efficient usage of Resources.

Resources are scarce and must be used in the best possible way to reap the maximum Benefit for the community. However, there are no mechanisms available to ensure that Municipality's decisions will ensure effective allocation of resources. It is therefore Important that the community provide the necessary checks and balances. They can do this by participating in the budget process. In addition, performance audits should Audits should be carried out by the office of the Auditor-General. Efficiencies in Spending and resource allocation will ultimately increase the access of the poor to basic services.

## 5.4 Accountability, Transparent and Good Governance.

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

- i. Justify their expenditure decisions; and
- ii. Explain why and how the revenue necessary to sustain expenditure is raised.

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

## 5.5 Equity and Redistribution.

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

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

### 6.3 Tariff Equality for Services and Property Rates

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

### 6.4 Property Rates

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

### 6.5 Payment for Services Rendered

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

### 6.6 Local Economic Development and Competitiveness

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

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

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

### 6.7 Service Delivery Sustainability

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

The following provisions will be applicable:

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

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

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

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

## **8. TARIFF STRATEGY**

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

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

### **8.1 Recovery of Cost.**

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

### 9.3 Subsidised Services.

Subsidised services include fire fighting, approving building plans and the construction of Buildings, leasing of municipal facilities, selling of burial sites and certain town planning Functions. Subsidised services are those services the consumption of which can be Determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs of using this service were based on its real cost, nobody would be Able to afford it. In most cases not only would the consumer benefit from using the Service, but also other persons. A user charge is payable for using the service, but the Tariff is much lower than the real cost of providing the service.

### 9.4 Community Services

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

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

## **10. CATEGORIES OF USERS**

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

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

## **11. TARIFF CHARGES**

### 11.1 Property Taxation

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

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

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

#### 11.2.4 Sewerage

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

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

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

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

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

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

#### 11.2.5 Suction Services

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

Suction services during normal working hours will be:

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

#### 11.2.6 Consumer Deposits

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

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

#### 11.2.7 Prepaid

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

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



**TARIFF(RATES AND TAXES) 2015/16**

**Note:** The percentage increases are on average 6%

(rounded off where applicable) excluding electricity:- (1) Block 1 at 6% increase;  
all other electricity tariffs at 7.64%

**1. MUNICIPAL SERVICES****1.1 ASSESSMENT RATES****ZERO RATED VAT****1.1.1 Market Value**

Households	0.005619	0.005990	0.006361	0.006736
Business	0.009509	0.010136	0.010765	0.011400
Guesthouses and multiuse(i.e surgery, tuckshop etc)	0.000000	0.008018	0.008515	0.009017
Agriculture	0.000282	0.000301	0.000319	0.000338
State Owned Property	0.017392	0.018540	0.019690	0.020851
Indigent households qualify for exemption <u>but</u> only upon registration as indigents.				
Residential households qualify for R25,000.00 exemption on the value of the property.				

**1.2 ELECTRICITY TARIFFS - MONTHLY CHARGES****VAT EXCLUDED(BUT PAYABLE)****1.2.1 PROPERTIES USED FOR RESIDENTIAL PURPOSES AND SCHOOL HOSTELS**

Indigent Households with an income < R3,900.00	0 - 50	R 0.00	R 0.00	R 0.00	R 0.00
1.2.1.1 Lifeline (Cut off 400kWh and Rebate Users)	0 - 50	79c	84c	89c	94c
	51 - 350	98c	R 1.06	R 1.13	R 1.19
	351 - 600	R 1.29	R 1.39	R 1.47	R 1.56

or

1.2.1.2 Basic Charge		R 98.08	R 103.97	R 109.48	R 115.83
Usage per kWh	0 - 50	79c	84c	89c	94c
	51 - 350	98c	R 1.06	R 1.13	R 1.19
Usage per kWh	351 - 600	R 1.34	R 1.44	R 1.53	R 1.62
	>600	R 1.40	R 1.51	R 1.60	R 1.70
Prepaid per kWh usage					
Indigent Households with an income < R3,680.00	0 - 50	R 0.00	R 0.00	R 0.00	R 0.00
	0 - 50	79c	84c	89c	94c
	51 - 350	98c	R 1.06	R 1.13	R 1.19
	351 - 600	R 1.34	R 1.44	R 1.53	R 1.62
Prepaid per kWh usage(>600)	>600	R 1.40	R 1.51	R 1.60	R 1.70

**1.2.2 BUSINESSES (1-39kWh)**

Basic Charge	R 449.25	R 478.90	R 506.68	R 536.06
Usage per kWh	R 1.18	R 1.27	R 1.35	R 1.43
or				
Prepaid per kWh usage	R 1.67	R 1.80	R 1.91	R 2.02

**1.2.3 GUEST HOUSES AND MUTLIUSE (SURGERY, TUCKSHOP ETC)**

Basic Charge	R 0.00	R 288.12	R 305.98	R 324.04
Usage per kWh	R 0.00	R 1.22	R 1.30	R 1.37
or				
Prepaid per kWh usage	R 0.00	R 1.50	R 1.59	R 1.69

**1.2.4 BULK USERS (40-69KVA)**

Basic Charge	R 604.33	R 644.22	R 684.16	R 724.52
Usage per KVA	R 179.36	R 196.22	R 208.39	R 220.68
Usage per kWh	84c	90c	96c	R 1.02
OR AFTER PEAK HOURS				
Basic Charge	R 604.33	R 650.50	R 690.83	R 731.59
Usage per KVA	R 179.36	R 193.06	R 205.03	R 217.13
Usage per kWh	84c	90c	96c	R 1.02

NOTE: A minimum KVA charge is payable based on 40 KVA/Month

## TARIFF SCHEDULE 2016/17 FINANCIAL YEAR

	2015/16	2016/17	2017/18	2018/19
1.3.4 ALL OTHER PROPERTIES NOT DEFINED ABOVE (BUSINESS AND GOVERNMENT BUILDINGS)				
Basic Charge	R 48.86	R 52.08	R 55.31	R 58.58
Per kiloliter usage	R 14.12	R 15.05	R 15.98	R 16.92
Bulk water purchases (Commercial)	R 33.03	R 35.21	R 37.39	R 39.60
1.3.5 SEWER WATER IRRIGATION	R 165.75	R 176.69	R 187.64	R 198.71
Filling of swimmingpool + VAT	R 378.79	R 403.79	R 428.83	R 454.13
Swimming pool draining	R 491.49	R 523.93	R 556.41	R 589.24
1.3.6 First Eye (Water)				
Per Liter		R 5.00	R 5.31	R 5.62
1.4. DOMESTIC REFUSE - MONTHLY CHARGES				
VAT EXCLUDED				
1.4.1 Residential -1 x removal/week				
R0 - R3 900	R 0.00	R 0.00	R 0.00	R 0.00
> R3 900	R 0.00	R 93.13	R 98.90	R 104.74
1.4.3 GARDEN (RESIDENTIAL) REFUSE				
1. Removal (with 14 days notice)	R 239.50	R 255.31	R 271.14	R 287.13
(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)				
1.4.4 BUSINESSES				
Per holder 1 to 5 x removals per week	R 179.52	R 191.37	R 203.23	R 215.22
AVAILABILITY CHARGES(RESIDENTIAL AND BUSINESS)				
1 x removal per week	R 136.54	R 145.55	R 154.58	R 163.70
2 x removal per week	R 243.09	R 259.14	R 275.20	R 291.44
3 x or more removals per week	R 361.68	R 385.55	R 409.46	R 433.61
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 Landfillsite				
Per truck		R 2 000.00	R 2 124.00	R 2 249.32
<u>NOTE:</u>				
The Community Service Department provides the information for the quantity removals per week and on which the tariff is established.				
1.5. SEWERAGE SERVICES - MONTHLY CHARGES				
VAT EXCLUDED(BUT PAYABLE)				
1.5.1 Basic charge: All consumers excluding rebate consumers	R 67.69	R 72.16	R 76.63	R 81.15
1.5.2 ADDITIONAL CHARGES ( i.e.number of toilets)				
1.5.2.1 RESIDENTIAL (Including Businesses on Residential Properties, Flats)				
1 Toilet	R 46.36	R 49.42	R 52.48	R 55.58
2 Toilets	R 92.72	R 98.84	R 104.96	R 111.16
3 Toilets and more	R 108.13	R 115.27	R 122.42	R 129.64
20% Rebate Consumers fixed	R 61.99	R 66.08	R 70.18	R 74.32
40% Rebate Consumers fixed	R 55.86	R 59.55	R 63.24	R 66.97

2015/16	2016/17	2017/18	2018/19
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Per page	R 3.27	R 3.49	R 3.71	R 3.92
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### 1.13.1 VAT EXCLUDED(BUT PAYABLE)

1.13.2 Administration cost per record per month	R 40.02	R 42.66	R 45.31	R 47.98
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Telephone notice	R 55.97	R 59.66	R 63.36	R 67.10
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Telephone notice	R 55.97	R 59.66	R 63.36	R 67.10
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Written final notice	R 87.97	R 93.77	R 99.59	R 105.46
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Re-connection of services - Households	R 422.93	R 450.84	R 478.79	R 507.04
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1.14	Re-connection of services -Businesses	R 704.88	R 751.40	R 797.99	R 845.07
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Final notice posted or delivered	R 87.97	R 93.77	R 99.59	R 105.46
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Summons: Revenue stamp

Sheriff fees

Advertisements

1.15	Judgement notice to debtor	R 87.97	R 93.77	R 99.59	R 105.46
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## 2.1 MUNICIPAL BUILDINGS

### 2.1.1 TOWN HALL AND CIVIC CENTRE:

Morning until 12:00	R 2 636.20	R 2 810.19	R 2 984.42	R 3 160.50
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12:00 until 18:00	R 2 636.20	R 2 810.19	R 2 984.42	R 3 160.50
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18:00 until 24:00	R 2 636.20	R 2 810.19	R 2 984.42	R 3 160.50
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Whole day and evening until 24:00	R 2 636.20	R 2 810.19	R 2 984.42	R 3 160.50
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Kitchen amenities	R 883.87	R 942.21	R 1 000.62	R 1 059.66
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Deposit	R 3 520.07	R 3 752.40	R 3 985.04	R 4 220.16
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Entertainment events - 2 x Deposit	R 7 040.14	R 7 504.79	R 7 970.09	R 8 440.32
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10% Discount where there is an entrance fee for Charitable occasions.

## TARIFF SCHEDULE 2016/17 FINANCIAL YEAR

		2015/16	2016/17	2017/18	2018/19
2.3					
2.3.1	GRAVE YARD				
	VAT INCLUDED - LEVIES PER OCCASION				
2.3.2	A 50% rebate is allowed for state pensioners, medical disabled persons and households who <u>only</u> receive a child grant.				
2.3.3	Graves at no charge is delegated to Municipal Manager for approval and report back to Council.				
2.3.4	A rebate of R50,00 is allowed for private persons who dig graves themselves.				
2.3.4.1	GRAVES FEES				
2.3.4.2	RESIDENTS OF GA-SEGONYANA				
	Applicable in accordance with the following set conditions namely, proof of income of household must be submitted with reservation and payment of grave and death certificate to establish age of the deceased.				
2.3.4.3	Income R0 - R3,900	R 123.19	R 131.32	R 139.46	R 147.68
	6 - 13 years of age	R 197.05	R 210.05	R 223.08	R 236.24
	14 years and older	R 246.37	R 262.63	R 278.91	R 295.37
	Double graves	R 362.31	R 386.22	R 410.17	R 434.37
	Deeper gaves	R 333.32	R 355.32	R 377.35	R 399.62
2.3.4.4	Income R3,901 - R5,000:	R 246.37	R 262.63	R 278.91	R 295.37
	6 - 13 years of age	R 333.32	R 355.32	R 377.35	R 399.62
	14 years and older	R 405.77	R 432.55	R 459.37	R 486.47
	Double graves	R 579.69	R 617.95	R 656.27	R 694.99
	Deeper gaves	R 347.85	R 370.80	R 393.79	R 417.03
2.3.4.5	Income R5,001 - R6,500:	R 333.32	R 355.32	R 377.35	R 399.62
	6 - 13 years of age	R 449.22	R 478.87	R 508.56	R 538.57
	14 years and older	R 579.69	R 617.95	R 656.27	R 694.99
	Double graves	R 1 086.93	R 1 158.66	R 1 230.50	R 1 303.10
	Deeper gaves	R 869.51	R 926.90	R 984.37	R 1 042.44
2.3.4.6	Income R6,501 - R8,500:	R 362.31	R 386.22	R 410.17	R 434.37
	6 - 13 years of age	R 579.69	R 617.95	R 656.27	R 694.99
	14 years and older	R 652.19	R 695.23	R 738.33	R 781.90
	Double graves	R 1 159.38	R 1 235.90	R 1 312.53	R 1 389.97
	Deeper gaves	R 942.00	R 1 004.18	R 1 066.43	R 1 129.35
2.3.4.7	Income R8,501 and higher:	R 579.69	R 617.95	R 656.27	R 694.99
	6 - 13 years of age	R 652.19	R 695.23	R 738.33	R 781.90
	14 years and older	R 768.13	R 818.83	R 869.60	R 920.91
	Double graves	R 1 449.25	R 1 544.91	R 1 640.69	R 1 737.49
	Deeper gaves	R 1 014.50	R 1 081.46	R 1 148.51	R 1 216.27
	Berm system and build out of graves	R 3 449.21	R 3 676.86	R 3 904.83	R 4 135.21
2.3.4.9	NON-RESIDENTS	R 898.55	R 957.85	R 1 017.24	R 1 077.26
	13 years and older	R 1 188.37	R 1 266.81	R 1 345.35	R 1 424.72
	Double graves	R 1 478.19	R 1 575.75	R 1 673.45	R 1 772.18
2.3.4.9	Berm system and build out of graves	R 4 608.60	R 4 912.76	R 5 217.35	R 5 525.18

## TARIFF SCHEDULE 2016/17 FINANCIAL YEAR

	2015/16	2016/17	2017/18	2018/19
<b>2.11 HAWKERS LICENCES</b>				
<b>VAT INCLUDED</b>				
Sidewalks	R 52.80	R 56.28	R 59.77	R 63.30
Those who need services	R 3 590.40	R 3 827.37	R 4 064.66	R 4 304.48
<b>Administration fees:</b>				
Trade licences	R 158.40	R 168.85	R 179.32	R 189.90
Hawkers licences	R 52.80	R 56.28	R 59.77	R 63.30
Established businesses (New)	R 264.00	R 281.42	R 298.87	R 316.51
<b>2.12 ILLEGAL LOGGING AT TUCKSHOPS &amp; SHOPS</b>				
<b>VAT INCLUDED</b>				
Penalty	R 3 520.07	R 3 752.40	R 3 985.04	R 4 220.16
<b>2.13 LIBRARY</b>				
<b>VAT INCLUDED</b>				
Identity ticket replacement due to misplacement	R 52.69	R 56.17	R 59.65	R 63.17
Admin Levy books outstanding after 4 weeks	R 43.40	R 46.27	R 49.13	R 52.03
User Fees for non Ga-Segonyana Residents	R 170.60	R 181.86	R 193.13	R 204.53
<b>2.14 ADVERTISING SIGNS AND HOARDINGS</b>				
<b>2.14.1 Advertising signs</b>				
Cost per square meter	R 111.94	R 119.32	R 126.72	R 134.20
Minimum charge	R 1 119.36	R 1 193.24	R 1 267.22	R 1 341.98
Guest house Board-Single sided	R 447.74	R 477.30	R 506.89	R 536.79
Guest house Board-double sided	R 626.84	R 668.21	R 709.64	R 751.51
<b>2.14.2 BANNERS</b>				
Deposit	R 716.39	R 763.67	R 811.02	R 858.87
Fees per week	R 430.95	R 459.40	R 487.88	R 516.66
<b>2.14.3 POSTERS</b>				
(i) Application per poster - non profit organisation	R 11.19	R 11.93	R 12.67	R 13.42
<b>No commercial advertising and logos of sponsors will appear on posters</b>				
(ii) Application for religious, sporting and cultural events, commercial	R 55.97	R 59.66	R 63.36	R 67.10
Minimum charge per week	R 111.94	R 119.32	R 126.72	R 134.20
(iii) Application per candidate	R 1 119.36	R 1 193.24	R 1 267.22	R 1 341.98
(iv) Application per registered political party and independents	R 1 119.36	R 1 193.24	R 1 267.22	R 1 341.98
<b>Fully refundable on removal</b>				
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 1 119.36	R 1 193.24	R 1 267.22	R 1 341.98
Advertising signs displayed on municipal property	R 1 679.04	R 1 789.86	R 1 900.83	R 2 012.98
Advertising fee per month	R 190.29	R 202.85	R 215.43	R 228.14

**3.2 BUILDING AND OTHER PLANS COPIES  
VAT INCLUDED****3.2.1 Black and White**

Size A0	R 465.22	R 495.93	R 526.67	R 557.75
Size A1	R 310.15	R 330.62	R 351.12	R 371.83
A2	R 263.63	R 281.03	R 298.45	R 316.06

**3.2.2 Colour**

Size A0	R 697.81	R 743.86	R 789.98	R 836.59
Size A1	R 527.26	R 562.06	R 596.91	R 632.13
A2	R 356.66	R 380.20	R 403.78	R 427.60

**3.3 BUILDING PLAN APPROVAL - VAT INCLUDED  
VAT INCLUDED****3.3.1 Residential and Agricultural stands**

Cost per square metre	R 17.53	R 18.69	R 19.85	R 21.02
Minimum charge	R 883.87	R 942.21	R 1 000.62	R 1 059.66
Maximum charge	R 14 948.57	R 15 935.18	R 16 923.16	R 17 921.63

Penalty: Cost per m<sup>2</sup> + 50% to a minimum of R10,000.00**3.3.2 Business and Industrial stands**

Cost per square metre	R 35.22	R 37.54	R 39.87	R 42.22
Minimum charge	R 3 520.07	R 3 752.40	R 3 985.04	R 4 220.16

Penalty: Cost per m<sup>2</sup> + 50% to a minimum of R20,000.00**3.3.3 Government buildings and churches**

Cost per square metre	R 0.00	R 100.00	R 106.20	R 112.47
Minimum charge	R 0.00	R 5 000.00	R 5 310.00	R 5 623.29

Penalty: Cost per m<sup>2</sup> + 50% to a minimum of R50,000.00**3.4 BUILDING DEPOSITS  
VAT EXCLUDED(BUT PAYABLE)**

3.4.1 Residential: 0 - 80 square metre	R 1 054.46	R 1 124.06	R 1 193.75	R 1 264.18
80+ square metre	R 1 752.27	R 1 867.92	R 1 983.73	R 2 100.77

3.4.2 Businesses	R 5 272.34	R 5 620.32	R 5 968.78	R 6 320.94
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**3.4.3 INTERNAL ALTERATIONS**

(i) Residential: 0 - 80 square metre	R 1 159.91	R 1 236.46	R 1 313.13	R 1 390.60
80+ square metre	R 1 927.52	R 2 054.73	R 2 182.13	R 2 310.87

(ii) Business	R 5 799.55	R 6 182.32	R 6 565.62	R 6 953.00
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**3.5 LAND USE MANAGEMENT FEES  
VAT EXCLUDED(BUT PAYABLE)****3.5.1 Category 1 Applications MPT**

Township establishment	R 1 753.00	R 1 868.70	R 1 984.56	R 2 101.65
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 1 753.00	R 1 868.70	R 1 984.56	R 2 101.65
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Removal, amendment or suspension of a restrictive conditions, s against title of the land	R 3 168.00	R 3 377.09	R 3 586.47	R 3 798.07
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Permanent closure of any public place or road	R 2 112.00	R 2 251.39	R 2 390.98	R 2 532.05
---	------------	------------	------------	------------

Amendment or cancellation in whole or in part of a general plan	R 2 112.00	R 2 251.39	R 2 390.98	R 2 532.05
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Subdivision/ Consolidation of any land other than the subdivision category 2 applications per additional portion after 5. the per erf tariff per erf in additional	R 3 168.00	R 3 377.09	R 3 586.47	R 3 798.07
--	------------	------------	------------	------------

Any consent or approval required in terms of a condition of title, or condition of an existing scheme or land use scheme	R 2 636.00	R 2 809.98	R 2 984.19	R 3 160.26
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**3.5.2 Category 2 Applications (Authorised officials)**

Application to occupational practice, relaxation of building line: amendment of site development plan	R 3 168.00	R 3 377.09	R 3 586.47	R 3 798.07
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Subdivision/ consolidation of any land where subdivision is expressed	R 2 640.00	R 2 814.24	R 2 988.72	R 3 165.06
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## TARIFF SCHEDULE 2016/17 FINANCIAL YEAR

2015/16      2016/17      2017/18      2018/19

## 3.5.3 Other tariffs as per specific need

Hard Copy of SDF	R 1 584.00	R 1 688.54	R 1 793.23	R 1 899.03
Hard Copy of Land Use Regulations	R 317.00	R 337.92	R 358.87	R 380.05
Customised product compilation fee (DVD, CD of documents)	R 211.00	R 224.93	R 238.87	R 252.96

## 3.5.4 PENALTY

Application cost + 50%				
Minimum	R 17 584.72	R 18 745.31	R 19 907.52	R 21 082.07
Maximum	R 52 769.69	R 56 252.49	R 59 740.15	R 63 264.82

3.6 APPLICATION FOR HOME ENTERPRISE  
VAT EXCLUDED(BUT PAYABLE)

Application fee	R 186.07	R 198.35	R 210.65	R 223.07
Departures land use restrictions on stands				
< 500 square metre	R 186.07	R 198.35	R 210.65	R 223.07
501 - 750 square metre	R 279.10	R 297.52	R 315.97	R 334.61
> 750 square metre	R 279.10	R 297.52	R 315.97	R 334.61

3.7 CERTIFICATE PER ISSUE  
VAT EXCLUDED(BUT PAYABLE)

Valuation	R 217.11	R 231.44	R 245.79	R 260.29
Clearance	R 310.15	R 330.62	R 351.12	R 371.83
Zoning	R 186.07	R 198.35	R 210.65	R 223.07

## 3.8 HIRING OF MACHINES( If machine used less than an hour still pay full price)

Grader per hour	R 806.36	R 859.58	R 912.88	R 966.74
TLB per hour	R 496.22	R 528.97	R 561.76	R 594.91
Front end loader	R 775.32	R 826.49	R 877.73	R 929.51
Water truck	R 465.17	R 495.87	R 526.61	R 557.68

## 3.9 CONTRIBUTION TO BULK SERVICES

## Payments to be made prior to approval of business plans

Cost per square metre	
Residential low cost	
Non subsidised household	
Business	
Industrial	

## 3.9.1 Water

Intermediate LOS	R 2 336.08	R 2 490.26	R 2 644.66	R 2 800.70
Low	R 5 030.41	R 5 362.42	R 5 694.89	R 6 030.89
Medium	R 9 821.28	R 10 469.48	R 11 118.59	R 11 774.58
High	R 18 864.60	R 20 109.66	R 21 356.46	R 22 616.49

## 3.9.2 Sanitation

Low	R 6 467.68	R 6 894.55	R 7 322.01	R 7 754.01
Medium	R 10 588.04	R 11 286.85	R 11 986.63	R 12 693.84
High	R 15 378.90	R 16 393.90	R 17 410.33	R 18 437.54

## 3.9.3 Electricity

LOS	R 4 790.86	R 5 107.06	R 5 423.70	R 5 743.69
Low	R 9 581.72	R 10 214.12	R 10 847.39	R 11 487.39
Medium	R 19 163.44	R 20 428.23	R 21 694.78	R 22 974.77
High	R 28 745.16	R 30 642.35	R 32 542.17	R 34 462.16



# APPENDIX C

## **GA-SEGONYANA MUNICIPALITY**

# **POLICY: CREDIT CONTROL AND DEBT COLLECTION**

### **1. PREAMBLE**

- 1.1 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.
- 1.2 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.
- 1.2.1. 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.
- 1.2.2. 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.

### **2. RESPONSIBLE AUTHORITY**

- 2.1 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.
- 2.2 The delegated officials to assist the Council accomplish its responsibilities are the Municipal Manager, Financial Manager and officials appointed in the Debt Collection Section.

#### **2.3 Municipal Manager**

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

#### **2.4 Ward Committees**

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

#### 2.9.1 Consumer Services Accounts

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

#### 2.9.2 Assessment Rates Accounts

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

### 3. **PURPOSE OF CREDIT CONTROL POLICY**

- 3.1 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.
- 3.2 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.
- 3.3 Provide for the termination of services or for restrictions on the provision of services when payments are overdue.
- 3.4 Provide for matters relating to the unauthorised consumption of services, theft and damages.
- 3.5 Provide for credit control and debt collection procedures and mechanisms.
- 3.6 Provide for any collection charges on the payment of overdue accounts.
- 3.7 Provide for the extension of time for payment on overdue amounts.
- 3.8 Provide for interest on overdue accounts.

### 4. Credit control Procedures

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

#### Arrears

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

#### 4.2 Action after failure to pay

- 4.2.1 If a debtor fails by the demand date –

## 5.1 Policy

### 5.1.1 Assessment Rates

The Financial Manager may/can arrange that the property owner pay the outstanding amount in eleven equal consecutive monthly instalments payable in full by 30 June each year or yearly in one instalment payable by 30 September of the year wherein the new assessment rates became taxable and payable. Interest should be charged from the 1<sup>st</sup> of October (applying to yearly instalments).

### 5.1.2 Consumer services and other debtors

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

### 5.1.3 Interest must be charged on the arrears debt mentioned in 5.1.1 and 5.1.2 at a rate of 1% above prime rate per year.

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

## 5.2 Dedicated reserve

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

## 5.3 Working Capital Reserve

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

## 5.4 Continuous default

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

## 5.5 Extended repayment periods – Consumer accounts

### 5.5.1 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.

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

## 7. **PROCEDURE OF FINAL RESORT**

The following will facilitate this concept:

### 7.1 Consumer Services

- 7.1.1 A Pre-Cut-off List must be compiled within 5 working days after due date of payment (15<sup>th</sup> of each month).
- 7.1.2 A Cut-Off List must be compiled within 14 working days after Pre-Cut-Off List's due date.
- 7.1.3 Services will be disconnected without any further notice.
- 7.1.4 Services may not be resumed before arrangements have been made for payment of an additional deposit, arrears outstanding and reconnection fee as stipulated in the written notice.
- 7.1.5 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.
- 7.1.6 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.
- 7.1.7 In the event of cheques being returned by the Council's Bankers, the procedures are:
- 7.1.8 The person concerned will be informed by telephone/in writing of the in default of payment.
  - 7.1.8.1 The services must immediately be discontinued if the person involved does not, within 24 hours, effect cash payment or provide a bank guaranteed cheque for the amount involved.
  - 7.1.8.2 The person involved must be blacklisted for a period of 6 months and no cheques must be accepted from him/her.
- 7.1.9 If a conventional water and/or electricity consumer fails to pay their account on the prescribed due date, the conventional meter(s) will be replaced with a pre-paid meter at the cost of the consumer concerned. The criteria are the following:
  - 7.1.10.1 The name of the consumer of water and/or electricity appeared twice on a cut-off list.

Section 10 of the Systems Act reads as follows:

“A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from the staff member’s salary after this period”

Employees of the Municipality shall be subject to disciplinary hearings, as per the Municipal Systems Act (no 32 of 2 000), Schedule 2 S10, if they are found to be in arrears.

Payment of arrear amounts by staff may be extended to a maximum of 24 months (not for everyone) in exceptional circumstances in order to deal with previous arrears and within the prescripts of the Basic Conditions of Employment Act. Thereafter no further arrears may be accumulated.

In order to ensure timeous, assured payment of employee accounts, all employees residing within Ga-Segonyana Local Municipality shall be subjected to an automatic deduction instituted against their salaries.

### 8.3 Credit Control and debt collection of councillor accounts.

The Local Government Laws Amendment Act (no 51 of 2002) states that:

“Municipal Councillors may not be in arrears to the municipality for rates and services for a period longer than 3 months”

Section 124(b) of the Municipal Finance Management Act (No 56 of 2003) reads as follows:

“The notes to the financial statements of a municipality must include particulars of any arrears owed by individual councillors to the municipality for rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councillor...”

In order to ensure timeous, assured payment of councillor accounts, all councillors shall be subject to an automatic deduction instituted against their councillor allowance payments on a monthly basis.

### 8.4 Building Plans deposit

- 8.4.1 Any outstanding arrears of the owner for services, sundry and rates accounts will be deducted first before the building plan deposit is released.

### 8.5 Impairment of Trade Receivables

- 8.5.1 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.

#### 8.5.2 Debtors are graded on the following basis:

- 8.5.2.1 Grade A: No provision. Customer account payments are up to date. There is no balance in arrears.
- 8.5.2.2 Grade B: 100% of balance outstanding in excess of 90 days: Customers with a payment history but with balances outstanding in excess of 90 days. The balance outstanding in excess of 90 days is provided for in full.

# APPENDIX D



# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **PROPERTY RATES POLICY**

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- 2.4 **“Annually”** means once every financial year;
- 2.5 **“Category”**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
  - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.6 **“Child-headed household”** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.7 **“Definitions, words and expressions”** as used in the Act are applicable to this policy document where ever it is used;
- 2.8 **“Land reform beneficiary”**, in relation to a property, means a person who -
- (a) acquired the property through -
    - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
    - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
  - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.9 **“Land tenure right”** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.10 **“Municipality”** means the Local Municipality of Ga-Segonyana;
- 2.11 **“Newly Rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
  - (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 2.12 **“Owner”-**
- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;

- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

2.16 **“Residential property”** means improved property that:-

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

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

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

2.18 **“state trust land”** means land owned by the state-

#### **4. SCOPE OF THE POLICY**

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

#### **5. APPLICATION OF THE POLICY**

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

#### **6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

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

(a) Trading services

- i. Water
- ii. Electricity

(b) Economic services

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

(c) Community and subsidised services

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

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

#### **7. CATEGORIES OF PROPERTY**

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

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business properties;

## 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 2016/17 financial year the maximum reduction is determined as R25 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R10 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.
  - (c) Public Service Infrastructure  
Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.
  - (d) Right registered against a property  
Any right registered against a property as defined in clause 2.14(b) of this policy is exempted from paying rates.
- 11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.
- 11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-
- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No.



laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

(j) *Charitable institutions*

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

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

## **12. REDUCTIONS**

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
- 12.1.1 Partial or total destruction of a property.
- 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of clause 12.1:-
- 12.2.1 The owner referred to in clause 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 12.1.1 and 12.1.2. For the 2014/2015 financial year the maximum reduction is determined as 80%.

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

### **13.2 Categories of owners**

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

#### **(a) Indigent owners**

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

#### **(b) Child headed families**

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

#### **(c) Retired and Disabled Persons Rate Rebate**

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-

rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

- 14.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 14.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 14.5 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 14.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.7 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 14.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **15. ACCOUNTS TO BE FURNISHED**

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
  - (i) the amount due for rates payable,
  - (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

17.2.6 Social economic factors of the relevant community;

17.2.7 Different categories of property;

17.2.8 The amount of the proposed special rating;

17.2.9 Details regarding the implementation of the special rating;

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

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

17.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.

17.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7 of this policy.

17.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.

17.7 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

## **18. FREQUENCY OF VALUATION**

18.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.

18.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.

18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

- 20.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

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

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

**22. REGULAR REVIEW PROCESSES**

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

**23. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES**

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

# APPENDIX E



# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **BUDGET AND VIREMENTS POLICY**

## **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 the 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 PRINCEPLES**

The municipality shall not budget for a 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.

- c) The Chief Financial Officer, GM: BTO, Manager Budget, Financial Managers and Senior Managers undertake the technical preparation 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) Measureable 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, it 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

- (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) 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)(l) 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.

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



- 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**

- 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 the 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.

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

# APPENDIX F

# **GA-SEGONYANA LOCAL MUNICIPALITY**

## **BULK SERVICES CONTRIBUTION POLICY: WATER, SANITATION AND ELECTRICITY**





## 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





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

### **3. JUST ADMINISTRATIVE ACTION**

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



4.6. For both the water and sewerage services, the unit contribution for typical commercial and industrial developments and residential developments which are not individually metered are calculated on the basis of a fee per set unit of gross lettable area and the policy provides for the calculation, where necessary, of a connection fee based on actual peak demand, in the case of potentially extraordinarily high capacity users.

4.7. With regard to electricity, again the demand model enables the increase in peak demand resulting from developments to be determined over the planning period and said increase to be reflected as a proportion of current capital spend. Contributions are calculated to recover the amount arrived at.

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

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

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

## **5. WATER SERVICE**

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

5.2. Applying the methodology in paragraph 4, an amount equivalent to 46% of the current expenditure for bulk water infrastructure must be recovered



pay a bulk contribution calculated on the basis of the expected peak demand for that development over the planning period.

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

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

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

## **6. SANITATION SERVICE**

- 6.1. The municipality's demand model predicts an increase in peak flow between 2010 and 2030 from 8 MI per day to 22.9 MI per day. This increase represents 66% of the 2030 capacity and will need capital input of R 137 million. (November 2010 feasibility study)
- 6.2. It is recognised that approximately 40% of the increase in demand will be due to construction of new dwellings and an amount of ±R55 million should be recovered from these developments.
- 6.3. Expected peak sewage flow per residential type is directly proportional to peak water consumption.

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



- 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 m<sup>2</sup> of bulk or 100 m<sup>2</sup> 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;

# APPENDIX G

# GA-SEGONYANYA LOCAL MUNICIPALITY



## **Asset Management Policy**



# **1. INTRODUCTION**

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

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

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

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

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

## **2. OBJECTIVE**

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

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

**“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.

- (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:

**“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

- 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



- 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).

## **10.4 Agricultural Assets**

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

## **10.5 Assets Treated as Inventory**

Any land or buildings owned or acquired by the Municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the Municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the Municipality's statement of position.

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

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

# **11. CAPITALISATION CRITERIA**

## **11.1 PPE and Intangible Assets**

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

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



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.

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

The following may be indicators that an asset is impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

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

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

## **15. REVALUATION OF ITEMS OF PPE**

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

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

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

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

## **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:



Revenue arising from the following transactions and events:

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

#### **19.4 Capital Replacement Reserve**

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

## **20. ALIENATION OF ASSETS**

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

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

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

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

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:



## 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

## 26. TRANSFER OF ASSETS

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

The document should also include:

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

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

## 27. PHYSICAL SECURITY OF ASSETS

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

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

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

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

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

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

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

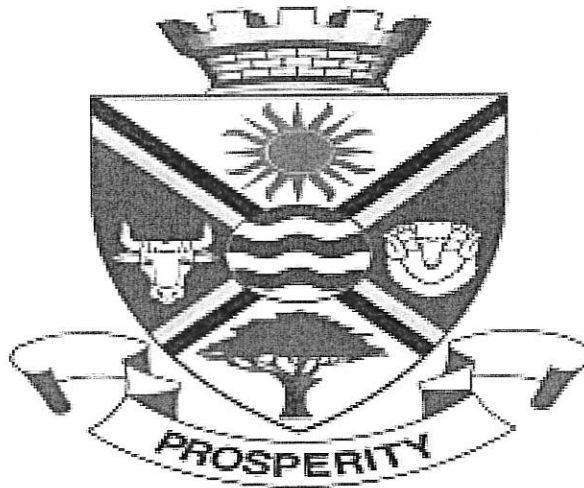
## 29. SHORT TITLE

This policy shall be called the Asset Management Policy of the **Ga-Segonyana Municipality**.

Abattoirs	100	Other fire fighting equipment	15
Asphalt plant	100	Ambulances	5-10
Cable stations	100	Fire hoses	5
Caravan Parks	100	Emergency lights	5
Bioscope	100		
Compacting stations	100	<b>MOTOR VEHICLES</b>	
Hostels for public / tourists	100	Fire engines	20
Hostels for employees	100	Buses	15
Housing schemes	100	Motor vehicles	5-7
Kilns	100	Motorcycles	3
Laboratories	100	Trucks and light delivery vehicles	5-7
Perimeter protection	20		
Storage containers	20-30		
Markets	100		
Nurseries	100	<b>AIRCRAFT</b>	15
Office buildings	60-100	<b>WATERCRAFT</b>	15
Old age homes	100		
Quarries	100		
Tip sites	100	<b>PLANT AND EQUIPMENT</b>	
Training centres	100	Graders	10-15
Transport facilities	100	Tractors	10-15
Workshops and depots	100	Mechanical horses	10-15
		Farm equipment	5
<b>OFFICE EQUIPMENT</b>		Lawn mowers	2
Computer hardware	3-5	Compressors	5
Computer software	3-5	Laboratory equipment	5
Office machines	3-5	Radio equipment	5
Air conditioners	5-7	Firearms	5
		Telecommunication equipment	5
<b>FURNITURE AND FITTINGS</b>		General	5
Chairs	3-15	Cable cars	15
Tables and desks	3-15	Irrigation systems	15
Cabinets and cupboards	3-15	Cremators	15
Sundry	3-15	Lathes	15
		Machining equipment	15
<b>BINS AND CONTAINERS</b>		Conveyors	15
Household refuse bins	5	Feeders	15
Bulk refuse containers	10-20	Tippers	15
		Pulverising mills	15

# APPENDIX H

**GA-SEGONYANA MUNICIPALITY**



**SUPPLY CHAIN  
MANAGEMENT POLICY**

**MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY  
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003**

Reviewed by Council on .....



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Ga-Segonyana Local Municipality  
Supply Chain Management Policy

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## Definitions

1. In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

**“competitive bidding process”** means a competitive bidding process referred to in paragraph 12(1)(d) of this policy;

**“competitive bid”** means a bid in terms of a competitive bidding process;

**“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;

**“in the service of the state”** means to be –

(a) a member of –

- (i) any municipal council;
- (ii) any provincial legislature; or
- (iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(e) a member of the accounting authority of any national or provincial public entity; or

(f) an employee of parliament or provincial legislature;

**“long term contract”** means a contract with a duration period exceeding one year;

**“list of accredited prospective providers”** means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

**“municipality”** means Ga-Segonyana Local Municipality

**“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);

**CHAPTER 1**  
**IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

**Supply Chain Management Policy**

- 2. (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –**
- (a) gives effect to –
    - (i) Section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective
  - (c) complies with –
    - (i) the Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
  - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This policy applies when the municipality –**
- (a) procures goods or services;
  - (b) disposes goods no longer needed;
  - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies: 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.

Ga-Segonyana Local Municipality  
Supply Chain Management Policy

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- (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, favoritism 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) Section 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an Accounting Officer in terms of subparagraph (1).**
  - (3) The Accounting Officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;**
  - (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.**

#### Sub-delegations

- 5.
  - (1) The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this policy.**
  - (2) The power to make a final award –**
    - (a) above R10 million (Vat included) may not be sub-delegated by the accounting officer;

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- (i) a manager referred to in subparagraph (2)(c)(iii); or
  - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

**Oversight role of Council**

6. (1) The council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must –
- (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
  - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report **to the council, who must then submit the report to the accounting officer of the parent municipality for submission to the council**

## CHAPTER 2

### SUPPLY CHAIN MANAGEMENT SYSTEM

#### Format of supply chain management system

9. This Policy provides systems for –
- (i) demand management;
  - (ii) acquisition management;
  - (iii) logistics management;
  - (iv) disposal management;
  - (v) risk management; and
  - (vi) performance management.

#### *Part 1: Demand management*

#### System of demand management

10. (1) **The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.**
- (2) **The demand management system must –**
- (a) include timely planning and management processes to ensure that all goods and services required by **the municipality** 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.



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- (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-**
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
  - (b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than **R3 000**;
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction between **R3, 000.00 and R30 000**; or
    - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200, 000.00
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.**

**General preconditions for consideration of written quotations or bids**

**13.** A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has furnished that provider's –
  - (i) full name;
  - (ii) identification number or company or other registration number; and
  - (iii) tax reference number and VAT registration number, if any;
- (b) has authorised the **municipality** obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

**Written or verbal quotations**

- 15.** The conditions for the procurement of goods or services through written or verbal quotations, are as follows:
- (a) Quotation must be obtained from ONE provider 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) to the extent feasible, providers must be requested to submit such quotations in writing;
  - (c) if it is not possible to obtain one quotation, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
  - (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
  - (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

**Formal written price quotations**

- 16. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:**
- (a) quotations must be obtained in writing from at least THREE different providers whose names appear on the list of accredited prospective providers of the **municipality**;
  - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
  - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
  - (d) the accounting officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.**

### **Process for competitive bidding**

19. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 20
- (b) Public invitation of bids as detailed in paragraph 21;
- (c) Site meetings or briefing sessions as detailed in paragraph 21;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 22;
- (e) Evaluation of bids as detailed in paragraph 27;
- (f) Award of contracts as detailed in paragraph 28;
- (g) Administration of contracts
  - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
  - (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

### **Bid documentation for competitive bids**

20. 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;

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- (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
  - (ii) a statement that bids may only be submitted on the bid documentation provided by the **municipality**; and
  - (ii) date, time and venue of any proposed site meetings or briefing sessions.;
- (2) **The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.**
- (3) **Bids submitted must be sealed.**
- (4) **Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.**

**Procedure for handling, opening and recording of bids**

**22.** 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.
- (a) 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;
- (b) 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

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2. The validity period is calculated from bid closure date and bids shall remain in force and binding until the end of the final day of that period;
3. The responsible official for the bid must take all possible steps to ensure the bids are evaluated and adjudicated within the validity period;
4. This period of validity may be extended, provided that the original validity period has not expired. The period of extension must be agreed to by both the municipality and the bidder within a reasonable period, but may not exceed a further period of ninety (90) days;
5. The responsible official must ensure that all bidders (responsive or non-responsive) are given an opportunity to extend the validity period to ensure that bids are valid throughout the evaluation period or until the award is finalised;
6. All bidders (responsive and non-responsive) must inform the municipality in writing whether they agree to extend the validity period or not before the expiry date of the original validity period;
7. The responsible official must ensure that it is clearly indicated in the letter to request extension of the validity period that failure by the bidder to respond would lead thereto that the bidder refuses to extend the validity period and be deemed to have withdrawn the bid from the evaluation processes;
8. A bidder must indicate in the extension document whether he/she is willing to proceed with the bid at a tendered amount, or any conditions as set out in the offer, after the original validity has expired;

**Submission of Bids**

26. Bids must be submitted in accordance with the invitation to bid –

- (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 28, 29 and 30 of this Policy; and
  - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

#### **Bid specification committees**

- 28. (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;



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- (2) **A bid evaluation committee must as far as possible be composed of-**
- (a) officials from departments requiring the goods or services; and
  - (b) at least one supply chain management practitioner of the **municipality**.

**Bid adjudication committees**

**30. (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, if such an expert exists.

**(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**

3. The period of the extension of the contract may not exceed a period of more than six (06) months.

#### **Accommodation**

##### **3.2. Procurement of accommodation services -**

1. The municipality may request quotation from only one service provider for accommodation, where the municipal official has to stay overnight outside the jurisdiction of the municipality.

#### **Procurement of banking services**

##### **33. (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 21(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

#### **Procurement of IT related goods or services**

34. (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.

- (2) **Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.**

#### **Proudly SA Campaign**

**37. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:**

- **Firstly – suppliers and businesses within the municipality or district;**
- **Secondly – suppliers and businesses within the relevant province;**
- **Thirdly – suppliers and businesses within the Republic.**

#### **Appointment of consultants**

**38. (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.**

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- (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

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- (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the **municipality** or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
  - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
  - (i) has abused the supply chain management system of the **municipality** or has committed any improper conduct in relation to such system;
  - (ii) has been convicted for fraud or corruption during the past five years;
  - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

*Part 3: Logistics, Disposal, Risk and Performance Management*

**Logistics management**

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- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - (iii) selling the asset; or
  - (iv) destroying the asset.
- (3) **The accounting officer must ensure that –**
- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
  - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
  - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
  - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
  - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
  - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

**Risk management**

44. (1) **The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:**
- (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;

#### **Prohibition on awards to persons in the service of the state**

47. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
- (a) who is in the service of the state;
  - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
  - (c) a person who is an advisor or consultant contracted with the **municipality**.

#### **Awards to close family members of persons in the service of the state**

48. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
  - (b) the capacity in which that person is in the service of the state; and
  - (c) the amount of the award.

#### **Ethical standards**

49. (1) A code of ethical standards as set out in the “*National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management*” 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.



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- (4) **The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.**
- (5) **A breach of the code of ethics must be dealt with as follows -**
- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
  - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
  - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

**Inducements, rewards, gifts and favours to [municipalities / municipal entities], officials and other role players**

50. (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.**

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- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
  - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) **A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –**
- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
  - (b) no response is forthcoming within 60 days.
- (5) **If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.**
- (6) **This paragraph must not be read as affecting a person's rights to approach a court at any time.**

**Contracts providing for compensation based on turnover**

**54.** If a service provider acts on behalf of a **municipality** to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the **municipality** must stipulate –

- (a) a cap on the compensation payable to the service provider; and
- (c) that such compensation must be performance based.

**Commencement**

**55.** This Policy takes effect from the date in which it is adopted by the Council.

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80/20 Preference point system [(for acquisition of services, works or goods up to a Rand value of R1million) (all applicable taxes included)]

$$P_s = 80 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where

$P_s$  = Points scored for comparative price of bid or offer under consideration

$P_t$  = Comparative price of bid or offer under consideration

$P_{min}$  = Comparative price of lowest acceptable bid or offer.

Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (80/20)
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

90/10 Preference point system [(for acquisition of services, works or goods with a Rand value above R1million) (all applicable taxes included)]

$$P_s = 90 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where

$P_s$  = Points scored for comparative price of bid or offer under consideration

$P_t$  = Comparative price of bid or offer under consideration

# APPENDIX I

# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **REVIEWED TRAVEL AND SUBSISTENCE POLICY**

- **MM** – Municipal Manager
- **SARS** – South African Revenue Services
- **SALGA** – South African Local Government Association
- **BTO** – Budget and Treasury Office
- **Partner** – By partner the policy refers to somebody who is married in terms of civil or Traditional Marriage.

## **6. Subsistence and travel allowance**

### **6.1 Privately Owned Vehicle and Subsistence allowance**

- 6.1.1 A subsistence allowance does not cover any personal recreation such as alcoholic beverages, private telephone calls, visits to a cinema, theatre, nightclubs or sightseeing.
- 6.1.2 For privately owned vehicle claimant shall be paid at the current SARS tariffs per kilometer to be implemented from 1 July of each financial year.
- 6.1.3 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.

The following expenses incurred must be paid for by the claimant and reclaimed back from the Municipality:

6.6.1 Toll fees

6.6.2 Parking fees

## **6.6 Traveling to Foreign Countries**

6.6.1 The cost of accommodation for international travel may not exceed **US \$ 400 per day**.

6.6.2 If a councilor or official is travelling to a country where a currency is lessor or equal to the rand, the claim will be paid according to the rand, as per the 6.4.5 in the S&T policy.

6.6.3 If a councilor or official is travelling to a country with a currency that is more than the rand, the claim will be paid in terms of the US dollar.

6.6.4 If a councilor or official is travelling to a country with a currency that is more than the US dollar, the claim will be paid in terms of the currency of that country.

## **7. Capacity Building and Workshops arranged by Municipality**

7.1 All officials and Councilors traveling for capacity building or workshop purposes are entitled to accommodation and daily expenses in paragraph 6.4 and 6.7 respectively.

## **8. Traveling by flight**

When traveling alone, councilors and staff members will be allowed to use the services of a flight, subject to the availability of funds.

8.1 If more than one person is traveling, a private car or a municipal car will be used.

8.2 Only the economy class can be used for both the local and international flights.

8.3 For international flights, payment will be done subject to a council resolution.

8.4 Prior arrangements to obtain a rental car will be made.

## **9. Councilors Traveling Allowance**

The traveling allowance to Councilors shall be as follows:

9.1 A fixed allowance based on a percentage of the salary of the full-time Councilors concerned as determined in terms of the regulations, which percentage may not exceed 25%; or

9.2 An allowance in respect of kilometers traveled during the performance of official functions on behalf of the Municipality not exceeding the applicable tariffs prescribed by the Department of Transport of the use of privately owned vehicle.

9.3 In addition the other allowances referred to in subparagraph (9.1 and 9.2) a further allowance regarding kilometers traveled in respect of the performance of official functions on behalf of the Municipality outside the jurisdiction of the District not exceeding the applicable tariffs prescribed by the Department of Transport for use private vehicles.



- 13.7 The travel and subsistence claim forms shall be processed as follows by the Budget and Treasury Office.
- 13.8 All claims for payment must reach the Budget and Treasury Office before 13:00 of the day preceding the claim payment day or else the payment shall be delayed to the next claim payment day.
- 13.9 All payment (as much as possible) shall be done electronically into individual account.
- 13.10 It is the sole duty of individual claimant to ensure that the completed claim form reaches the Budget and Treasury office timeously.

#### **14 Delegated Powers**

The following powers are delegated in terms of this policy:

- 14.1 All the travel and subsistence claims forms to be finally approved by the Municipal Manager, Acting Municipal Manager, HOD or Senior Managers.
- 14.2 All the travel and subsistence claim forms of Councilors to be approved by the Speaker
- 14.3 All the travel and subsistence claim forms of officials to be approved by their respective HOD or Assistant HOD.
- 14.4 **In the absence of an HOD the Assistant manager will have signing powers. A manager from other Department may not sign for another Department.**

#### **15 Status of the Policy**

- 15.1 This policy shall be effective **after approval by council.**
- 15.2 All applicable legislation, bargaining council agreement and Salga guidelines override this policy.
- 15.3 It is the responsibility of the Municipal Manager to bring the conflict between this policy and applicable legislation to the attention of the council and propose changes to eliminate such conflict.

#### **16. Review of the Policy**

This policy will be reviewed as and when required.

# APPENDIX J

# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **FUNDING AND RESERVES POLICY**

## **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**

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.

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.

H	=Increase attributed to tariff Increase above macro inflation target	%	%	%
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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**



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.

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**

# APPENDIX K

# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **BORROWING POLICY**

## 1. INTRODUCTION

In terms of Chapter 6 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), (The "Act") the Municipality may incur long- and short-term Borrowing, subject to certain conditions.

The Municipality sometimes need additional bridging funding for over short-term periods and to finance long-term projects (capital projects).

This Borrowing Policy provides for the Municipality to obtain short- and long-term Borrowing and set out all conditions under which the Municipality will be entitled to obtain such Borrowing.

**All employees of the Municipality should adhere to this policy.**

## 2. POLICY FRAMEWORK

This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term Borrowing, to ensure sufficient management of Borrowing. The policy includes the following:

- Objectives of the policy
- Due diligence
- Delegations
- Management and Internal Control Procedures
- Borrowing Management
- Types of Borrowing
- Securities for Borrowing
- Approval procedures
- Cost of Borrowing
- Competitive selection of bids
- Types of Borrowing and financing sources
- Commission and discounts
- Forbidden activities
- Reporting and monitoring of requirements
- Review of the policy

## 3. OBJECTIVES

The objectives of this policy are to ensure optimal performance with the lowest possible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.

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

### **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.



with particulars of-

- (i) The essential repayment terms, including the anticipated Borrowing repayment schedule; and
- (ii) The anticipated total cost in connection with such Borrowing over the repayment period."

### **7.5.3. Security**

"48 (3) A council resolution authorising the provision of security in terms of subsection (2) (a) –

- (a) must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and
- (b) if so, must indicate the manner in which the availability of the asset or right for the provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the Municipality, deal with the asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the Municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be."

### **7.6. Cost of Borrowing**

The Municipality must guard that the cost of long-term Borrowing do not rise to such a level that it have a remarkable negative effect on taxes or other municipal charges such as maintenance. The maximum percentage of the operating budget for the repayment of Borrowing must be calculated in the Municipality's long-term budget with thorough consideration of the needs identified in the Integrated Development Plan, the cost of new or replacement of existing infrastructure and equipment and other administrative needs.

### **7.7. Competitive Bidding**

The Municipal Manager should adhere to the process as per Supply Chain policy when considering the biddings received. For purposes of marking in terms of costs, the expected interest Borrowing over the full term of the proposed Borrowing agreement calculated and used as the basis for the 80/20 and 90/10 allocations.

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 portfolio.

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.

# APPENDIX L

# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **CASH MANAGEMENT AND INVESTMENT POLICY**

## **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.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **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.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

The Municipal Manager may delegate the duties of debt management as per paragraph 5 of this policy.

### **7.6. CASH FLOW BUDGET**

In order to ensure that the municipality has sufficient cash available to comply with the municipality's commitments to its lenders, creditors, statutory payments and any other commitments, it is necessary to annually compile and submit to Council, as part of the budget documentation, a cash-flow projection for the budget year by revenue-source, broken down per month.

### **7.7. WORKING CAPITAL MANAGEMENT**

The Municipal Manager must take all reasonable steps to ensure that the municipality obtains maximum performance on its assets and for this purpose the working capital of the municipality must as far as possible be managed to the maximum benefit of the municipality.

An acceptable level for the Working Capital Reserve is 2:1 or better and the Municipal Manager must take all reasonable steps to ensure that the level is being maintained. In calculating the level, outstanding debtors for a period longer than 90 days as well as any unutilised conditional grants and allocations must be deducted from the current assets and liabilities and inventories must be brought into account at the lower of cost and net 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.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **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.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **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.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

- No investments may be made other than be denominated in Rand and which is not indexed to, or affected by, any fluctuations in the value of the Rand against any foreign currency.

### **8.12. REPORTING**

The Municipal Manager must, in addition to the reporting in paragraph 7.7 above, within 10 working days of the end of each month submit to the Mayor a report describing in detail the investment portfolio of the municipality as at the end of the month.

The report referred to above must contain at least a statement, prepared in compliance with generally accepted municipal accounting principles, as amended from time to time, that gives the

- Beginning market value of each investment for the month
- Additions and changes to the investment portfolio for the month
- Ending market value of each investment for the month
- Fully accrued interest/yield for the month including interest/yield capitalised or paid out

The Municipal Manager, in making investments, must remind the relevant institutions of the institutions' legal reporting responsibilities in terms of Section 13 (3) and 13 (4) of the Local Government: Municipal Finance Management Act, 2003 and must get a certificate from the institutions that the institutions will comply with the Act. A single certificate per institution for any current and future investments may be obtained and must be kept on the municipality's investment file.

The Municipal Manager may delegate the duties of reporting as per paragraph 5 of this policy.

## **9. REVIEW OF THE POLICY**

This Cash Management and Investment Policy is the sole policy governing cash management and investments in the municipality. Any reviews to this policy must be approved by the Municipal Council.

The Mayor must submit any proposed changes to this policy to the Council as part of the annual review of policies submitted with the budget documentation.

Whenever the Minister of Finance or the National Treasury or the Auditor-General requires changes to the policy by means of legislation or requests it should be reviewed promptly in accordance with such requirements, giving full details of the reasons for the revision.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

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

## **CASH MANAGEMENT AND INVESTMENT POLICY**

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

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **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.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

- 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**

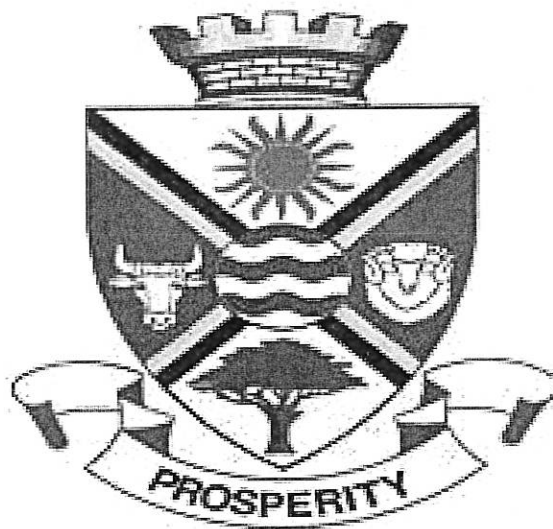
The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms



# APPENDIX M



# **GA-SEGONYANA MUNICIPALITY**



## **FINAL UNCLAIMED DEPOSIT POLICY**

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**MR G.E NTEFANG  
MUNICIPAL MANAGER**

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**CLLR. T. ANTHONY  
MAYOR**



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### 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.