

THABAZIMBI LOCAL MUNICIPALITY (NP 361)



FINAL BUDGET 2010/11-2012/2013

31 MAY 2010

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B. GLOSSARY

Adjustments budget – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations- Money received from Provincial and National Treasury.

Budget- The financial plan of a municipality

Budget related policy- Policy of a municipality affecting or affected by the budget. Examples include tariff policy, rates policy and credit control and debt collection policy.

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

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

Cash-flow statement- a statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

CPI- Domestic Consumer Price Index

DMTN- Domestic Medium Term Note

DORA- Division of Revenue Bill. Annual legislation which shows the allocations from national and provincial government.

Equitable share- a general grant paid to municipalities. It is pre-dominantly targeted to assist municipalities with the costs of free basic services.

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

IDP- Integrate Development Plan. The main strategic planning document of a municipality.

KPI- Key performance Indicators

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

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

MYPD- Multi Year Price Determination

NT- National Treasury

Operating expenditure- spending on the day to day expense of a municipality such as general expenses, salaries and wages and repairs and maintenance.

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

Vote- One of the main segments into which a budget is divided, usually at departmental level.

1. COUNCIL RESOLUTION

2010/11 FINANCIAL YEAR BUDGET

(FINANCE)

PURPOSE

The purpose of this item is for to Council to approve the 2010/11 MTREF (Budget) as required by section 24 of MFMA, 65 of 2003

BACKGROUND

Municipalities are required in terms of section 24 of the MFMA 56 of 2003 to approve annual budgets at least 30 days before the commencement of the next financial year.

RESOVED

THAT

1. In terms of section 24 of the MFMA 56 of 2003, the annual budget of the municipality for the financial year 2010/11 be approved as set out in the following tables;
 - Budgeted financial performance (revenue and expenditure by standard classification)
 - Budgeted financial performance (revenue and expenditure by municipal vote)
 - Budgeted financial performance (revenue and expenditure by type)
2. The financial position, cash flow, cash backed reserve/accumulated surplus, asset management and basic service delivery targets be adopted as set out in the following tables;
 - Budgeted financial position
 - Budgeted cash flows
 - Asset management
3. In terms of section 75A of the Municipal Systems Act 32 of 2000, the tariffs for property rates, electricity, water, sanitation as well as waste services be approved with effect from 01 July 2010
4. In terms of section 75A of the Municipal Systems Act 32 of 2000, the tariffs for other services be approved with effect from 01 July 2010
5. The rates policy of Thabazimbi Local Municipality for property rates be approved with effect from 01 July 2010
6. All other attached policies of Thabazimbi Local Municipality be approved

2. EXECUTIVE SUMMARY

The preparation of the 2010/2011 municipality's Medium Term Revenue and Expenditure Framework (MTREF) was an extremely challenging one as various factors, with considerable potential impacts on core service delivery cost and revenue components influenced the outcome of the municipality's MTREF.

The municipality took a conservative economic approach in the preparation for the 2010/2011 MTREF period. Factors supporting this included lower revenue collection, higher interest rates on long term Council debt repayments and lower interest rates on investments, resulting in reduced interest earnings.

The challenge to produce a sustainable, affordable budget necessitated reductions to certain budget provisions, such as particular anticipated capital projects as well as reduction in travelling and subsistence and purchases of furniture and other equipment.

The MTREF – based revenue and expenditure projections assumed inflation-linked annual adjustments of 6.5%; 6.5% and 7.8% respectively for the 3 –year budget period of 2010/11, 2011/12 and 2012/13.

Further key parameters applied to the municipality's financial framework included the following for 2010/11 financial year:

- Revenue/tariff increases
 - Rates 9%
 - Electricity 19%
 - Water 16.3%
 - Sanitation 9%
 - Refuse 9%
- Salaries and wages adjustments 8.5%
- General expenses 5.6%
- Repairs and maintenance 8.5%

Total revenue for the 2010/11 financial year amounts to R215 million, which represents an increase of R39 million, 27% over 2009/10.

Debt finance has been avoided for the 2010/11 financial year so as not to strain the rate payers from the effects of debt repayments and exorbitant interest rates prevailing and forecast. This implies that we have resorted rely on Capital Allocations from Government to fulfill the municipality's capital objectives.

Primary budget revenue and expenditure categories reflect budget increases:

- Assessment rates 29%
- Electricity 42%
- Water 57%
- Sanitation 46%
- Refuse 45%

Percentage growth on expenditure categories (year on year):

- Staff costs 16.5%
- General expenses 21%
- Repairs and maintenance 4.7%

The budget has been prepared in terms of guidelines from the Budget Steering Committee and further guidelines as contained in National Treasury Circular 51 (February 2010).

The municipality is guided by the IDP. The IDP sets out an agenda for the municipality's development and integration. It also sets out linkages between infrastructure development and the environment needed to build social cohesion and sustainable economic development. The IDP identifies twelve strategic objectives or developmental landscapes are clearly defined in the IDP document.

As part of the public participation process, the community was given an opportunity to provide comments on the budget and the IDP. The main issues identified by the communities and various stakeholders were taken into consideration when compiling this document.

The following policies were reviewed and/or compiled as part of the budget process:

- Tariff policy
- Indigents policy
- Credit control policy
- Rates policy
- Supply chain management policy
- Accounting policy
- Virement policy
- Inventory management policy

- Provision of doubtful debts and debts write off policy
- Investment policy
- Budget process policy

3. ANNUAL BUDGET TABLES

Description	2006/07	2007/08	2008/09	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R million	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Financial Performance										
Property rates	18	19	21	21	21	21	21	27	29	31
Service charges	34	35	39	55	55	55	55	90	96	104
Investment revenue	1	1	3	0	1	1	1	1	1	1
Transfers recognized	21	23	29	38	39	39	39	49	55	60
Other own revenue	8	6	17	33	22	22	22	12	21	19
Total Revenue	82	83	109	149	139	139	139	179	202	214
Employee costs	33	37	42	53	50	50	50	59	68	73
Remuneration of councilors	4	4	5	5	5	5	5	5	5	6
Depreciation & asset impairment	–	–	–	13	13	13	13	16	17	18
Finance charges	3	2	2	2	2	2	2	1	1	1
Materials and bulk purchases	17	20	23	30	30	30	30	32	34	36
Grants and subsidies	–	–	–	–	–	–	–	–	–	–
Other expenditure	15	18	27	45	38	38	38	63	68	75
	71	82	98	149	139	139	139	175	193	210
Surplus/(Deficit)	11	1	10	0	0	0	0	4	9	5
Transfers recognized - capital	–	–	–	–	–	–	–	–	–	–
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–	–
	11	1	10	0	0	0	0	4	9	5
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	11	1	10	0	0	0	0	4	9	5
Capital expenditure & funds sources										
Capital expenditure	20	15	26	33	33	33	33	49	52	56
Capital transfers recognized	14	15	23	27	27	27	27	34	45	45
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	6	–	3	6	6,199	6	6	15	8	11
Total sources of capital funds	20	15	26	33	33	33	33	49	52	56
Financial position										
Total current assets	31	57	71	40	28	28	28	81	87	92
Total noncurrent assets	38	16	13	61	67	67	67	63	69	74
Total current liabilities	23	37	27	20	14	14	14	17	17	17
Total noncurrent liabilities	19	16	8	15	15	15	15	7	6	6
Community wealth	27	20	48	66	66	66	66	120	132	144
Cash flows										
Net cash from (used) operating	18	41	45	26	30	30	30	70	64	65
Net cash from (used) investing	(21)	(18)	(16)	(0)	(6)	(6)	(6)	(61)	(65)	(69)
Net cash from (used)	2	(1)	(8)	(1)	(1)	(1)	(1)	(2)	(1)	(1)

financing										
Cash/cash equivalents at the year end	(9)	13	10	16	15	15	15	8	5	0
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	14	15	15	21	20	20	20	17	18	19
Application of cash and investments	13	13	2	17	16	16	16	5	0	(1)
Balance - surplus (shortfall)	1	2	13	4	4	4	4	12	18	20
<u>Asset management</u>										
Asset register summary (WDV)	15	14	8	56	62	62	74	74	99	127
Depreciation & asset impairment	-	-	-	13	13	13	-	17	18	-
Renewal of existing assets	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	5	5	6	6	6	6	6	6	7	7
<u>Basic services</u>										
Cost of free basic services provided	7	7	8	8	8	8	8	9	9	10
<u>Households < national min. service</u>										
Water:	-	72	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	8,046	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	12,478	-	-	-	-	-	-	-	-

Table 1: Budget Summary

Standard Classification Description	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Revenue - Standard</u>									
Executive & Council	45,106	48,830	44,241	43,580	56,189	56,189	71,469	82,763	85,790
Budget & Treasury Office	5,624	6,938	8,917	1,831	4,552	4,552	6,484	6,905	7,444
Corporate Services	1,086	646	590	1,520	1,465	1,465	2,127	2,265	2,442
Planning & Development	478	655	356	5,051	803	803	838	893	962
Health				-	-	-	-	-	-
Community & Social Services	234	247	190	5,845	297	297	393	5,162	5,456
Housing	-			-	-	-	-	-	-
Public Safety	3,839	2,943	18,485	10,843	2,370	2,370	3,960	4,217	4,547
Sport and Recreation			15	4,882	16	16	-	-	-
Environmental Protection				-	-	-	-	-	-
Waste Management	4,900	4,185	4,651	6,543	4,520	4,520	14,354	15,288	16,480
Waste Water Management	5,040	5,584	5,462	4,033	9,686	9,686	13,646	14,533	15,667
Road Transport	51	25	-	20,182	30	30	61	65	70
Water	10,395	9,057	14,202	19,667	25,947	25,947	30,903	32,911	35,478
Electricity	5,609								

		3,901	11,615	24,837	33,468	33,468	34,828	37,092	39,985
Total Revenue - Standard	82,361 =	83,010	108,724	148,813	139,343	139,343	179,063	202,094	214,321
<u>Expenditure - Standard</u>									
Executive & Council	33,196	34,005	36,546	97,877	23,188	23,188	37,313	39,727	42,855
Budget & Treasury Office	3,835	2,893	4,316	5,102	11,066	11,066	21,838	23,258	25,265
Corporate Services	-	290	5,001	691	13,720	13,720	15,576	16,575	17,899
Planning & Development	2,197	1,904	3,752	837	4,292	4,292	5,152	5,486	5,915
Health	1,172	-	-	-	-	-	5	5	6
Community & Social Services	1,616	2,784	3,414	208	3,542	3,542	5,206	5,544	7,476
Housing	-	-	-	-	-	-	-	-	-
Public Safety	5,831	6,049	2,220	2,968	8,429	8,429	14,057	14,970	16,138
Sport and Recreation	3,062	2,780	6,020	17	-	-	4,426	4,713	5,082
Environmental Protection	-	-	-	-	4,077	4,077	-	-	-
Waste Management	3,376	3,036	3,366	85	395	395	4,886	5,193	5,622
Waste Water Management	3,579	2,295	3,377	10,107	3,513	3,513	3,698	3,938	4,245
Road Transport	-	-	1,061	-	22,096	22,096	18,243	19,311	21,099
Water	9,442	8,672	12,289	20,106	19,057	19,057	17,537	18,664	20,151
Electricity	3,874	17,557	17,025	10,738	25,505	25,505	27,435	35,339	37,887
Total Expenditure - Standard	71,181	82,264	98,386	148,737	138,879	138,879	175,371	192,722	209,640
Surplus/(Deficit) for the year	11,181	746	10,338	76	464	464	3,692	9,372	4,681

Table 2: Budgeted Financial Performance (Revenue & Expenditure by Standard Classification)

Vote Description	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Revenue by Vote</u>									
001 Political Office Bearers	45,106	48,830	44,597	67,911	56,189	56,189	71,469	82,763	85,790
002 Municipal Manager	-	-	-	-	-	-	-	-	-
003 Budget and Treasury	5,624	6,938	8,917	4,889	4,552	4,552	6,484	6,905	7,444
004 Planning and Development	478	655	-	803	803	803	838	893	962
005 Technical Services	21,096	18,567	47,998	62,444	69,132	69,132	79,438	84,602	91,201
006 Corporate Services	1,086	646	590	1,465	1,465	1,465	2,127	2,265	2,442
007 Community and Social Services	8,972	7,375	6,622	11,303	7,203	7,203	18,707	24,666	26,482
Total Revenue by Vote	82,361	83,010	108,724	148,813	139,343	139,343	179,063	202,094	214,321
<u>Expenditure by Vote to be appropriated</u>									
001 Political Office Bearers	21,644	21,111	18,692	32,694	30,303	30,303	33,366	35,534	38,306

002 Municipal Manager	–	–	2,362	2,598	3,292	3,292	3,947	4,192	4,550
003 Budget and Treasury	4,094	2,862	4,356	3,701	11,016	11,016	21,838	23,259	25,074
004 Planning and Development	2,197	1,884	3,787	2,173	–	–	5,152	5,487	5,915
005 Technical Services	28,447	40,747	49,118	78,189	70,513	70,513	72,854	83,501	90,449
006 Corporate Services	704	391	5,047	2,445	6,813	6,813	16,326	17,377	18,756
007 Community and Social Services	14,094	15,269	15,025	26,937	16,941	16,941	21,889	23,373	26,591
Total Expenditure by Vote	71,180	82,264	98,386	148,737	138,879	138,879	175,371	192,722	209,640
Surplus/(Deficit) for the year	11,181	746	10,338	76	464	464	3,692	9,372	4,681

Table 3: Budgeted Financial Performance (Revenue & Expenditure by Municipal Vote)

Description	2006/07	2007/08	2008/09	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue By Source										
Property rates	15,759	16,036	17,393	18,645	18,645	18,645	18,645	24,031	25,593	27,590
Property rates - penalties & collection charges	2,235	2,554	3,465	2,800	2,800	2,800	2,800	3,230	3,440	3,708
Service charges - electricity revenue	16,241	16,350	18,608	22,144	22,144	22,144	22,144	31,633	33,689	36,317
Service charges - water revenue	8,287	8,608	9,294	19,488	19,488	19,488	19,488	30,566	32,553	35,092
Service charges - sanitation revenue	5,040	5,584	6,462	9,366	9,366	9,366	9,366	13,646	14,533	15,667
Service charges - refuse	4,900	4,185	4,651	4,493	4,498	4,498	4,498	14,324	15,255	16,445
Service charges - other				–	–	–	–	–	–	–
Rental of facilities and equipment	590	646	1,681	1,518	1,518	1,518	1,518	1,787	1,903	2,051
Interest earned - external investments	1,112	1,294	2,801	380	1,082	1,082	1,082	804	856	923
Interest earned - outstanding debtors	1,700	1,780	4,050	3,800	3,800	3,800	3,800	4,800	5,112	5,511
Dividends received				–	–	–	–	–	–	–
Fines	167	154	166	132	157	157	157	234	249	268
Licenses and permits	1,610	1,581	1,545	2,236	1,736	1,736	1,736	2,571	2,738	2,952
Agency services	257	295	286	265	265	265	265	300	320	344
Transfers recognized	21,162	22,875	28,575	38,145	38,913	38,913	38,913	48,850	54,763	59,985
Other revenue	3,301	1,067	9,746	25,271	14,801	14,801	14,801	2,087	10,877	7,238
Gains on disposal of PPE				130	130	130	130	200	213	230
Total Revenue	82,361	83,010	108,724	148,813	139,343	139,343	139,343	179,063	202,094	214,321
Expenditure By Type										
Employee related						50,385	50,385		67,683	72,963

costs	32,634	37,473	41,508	53,352	50,385			58,681		
Remuneration of councillors	4,183	4,288	4,645	5,389	5,389	5,389	5,389	4,872	5,188	5,593
Debt impairment			-	-	-	-	-	-	-	-
Depreciation & asset impairment	-	-	-	13,081	13,081	13,081	13,081	16,257	17,081	18,413
Finance charges	2,539	2,482	2,186	2,441	2,441	2,441	2,441	1,095	908	724
Bulk purchases	16,712	20,172	23,420	29,843	29,843	29,843	29,843	31,773	33,838	36,478
Other materials			-	-	-	-	-	-	-	-
Contracted services	292	1,144	1,357	8,600	9,110	9,110	9,110	2,500	2,663	2,870
Grants and subsidies	-	-	-	-	-	-	-	-	-	-
Other expenditure	14,821	16,705	25,269	36,031	28,630	28,630	28,630	60,194	65,361	72,599
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Expenditure	71,181	82,264	98,386	148,737	138,879	138,879	138,879	175,371	192,722	209,640
Surplus/(Deficit)	11,181	746	10,338	76	464	464	464	3,692	9,372	4,681
Transfers recognised - capital										
Contributions						-	-	-	-	-
Contributed assets				-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	11,181	746	10,338	76	464	464	464	3,692	9,372	4,681
Taxation				-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	11,181	746	10,338	76	464	464	464	3,692	9,372	4,681
Attributable to minorities				-	-	-	-	-	-	-
Surplus/(Deficit) attributable to THABAZIMBI LOCAL MUNICIPALITY	11,181	746	10,338	76	464	464	464	3,692	9,372	4,681
Share of surplus/ (deficit) of associate				-	-	-	-	-	-	-
Surplus/(Deficit) for the year	11,181	746	10,338	76	464	464	464	3,692	9,372	4,681

Table 4: Budgeted Financial Performance (Revenue & Expenditure)

Vote Description	2006/07	2007/08	2008/09	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Capital expenditure -</u>										

<u>Municipal</u>										
<u>Vote</u>										
<u>Multi-Year</u>										
<u>expenditure</u>										
<u>to be</u>										
<u>appropriated</u>										
001										
Political Office										
Bearers	400	6	-	-	-	-	-	-	-	-
002										
Municipal										
Manager	-	92	-	-	-	-	-	3,150	3,367	3,600
003										
Budget and										
Treasury	-	48	-	-	-	-	-	150	160	171
004										
Planning and										
Development	45	-	58	4,344	4,344	4,344	4,344	-	-	-
005										
Technical										
Services	18,952	10,871	17,438	24,092	27,050	27,050	27,050	33,989	36,334	38,841
006										
Corporate										
Services	151	105	790	800	800	800	800	2,500	2,673	2,857
007										
Community										
and Social										
Services	604	4,326	7,554	3,818	860	860	860	9,250	9,888	10,571
Capital Multi-										
year										
expenditure										
sub-total	20,152	15,449	25,840	33,054	33,054	33,054	33,054	49,039	52,422	56,039
<u>Single Year</u>										
<u>expenditure</u>										
<u>to be</u>										
<u>appropriated</u>										
Capital										
single-year										
expenditure										
sub-total	-	-	-	-	-	-	-	-	-	-
Total Capital										
Expenditure	20,152	15,449	25,840	33,054	33,054	33,054	33,054	49,039	52,422	56,039
<u>Capital</u>										
<u>Expenditure -</u>										
<u>Standard</u>										
Executive										
& Council	400	98						3,150	3,367	3,600
Budget &										
Treasury										
Office	-	48						150	160	171
Corporate										
Services	151	105	790	800	800	800	800	3,250	3,474	3,714
Planning &										
Development	45	-	58	4,344	4,344	4,344	4,344	-	-	-
Health										
Community										
& Social										
Services	604	4,326	7,554	3,818	860	860	860	7,400	7,911	8,456
Housing										
Public										
Safety										
Sport and										
Recreation								100	107	114

Environmental Protection									–	–
Waste Management	–	–						2,500	2,673	2,857
Water Management	3,625	–	884						–	–
Road Transport	4,204	10,715	13,296	24,092	27,050	27,050	27,050	21,815	23,320	24,929
Water	11,123	–	1,494					3,255	3,480	3,720
Electricity	–	156	1,763					7,419	7,930	8,478
Total Capital Expenditure - Standard	20,152	15,448	25,840	33,054	33,054	33,054	33,054	49,039	52,422	56,039
Funded by:								–		
National Government	12,703	14,661	20,464	25,855	25,855	25,855	25,855	28,892	34,749	42,252
Provincial Government								–	–	–
District Municipality								–	–	–
Other Grants & Subsidies	1,710	788	2,650	1,000	1,000	1,000	1,000	5,000	10,000	3,000
Total Capital transfers recognised	14,413	15,449	23,114	26,855	26,855	26,855	26,855	33,892	44,749	45,252
Public contributions & donations										
Borrowing Internally generated funds	5,739	–	2,726	6,199	6,199	6,199	6,199	15,147	7,673	10,787
Total Capital Funding	20,152	15,449	25,840	33,054	33,054	33,054	33,054	49,039	52,422	56,039

Table 5: Budgeted Capital Expenditure by vote, standard classification & funding

Description	2006/07	2007/08	2008/09	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
ASSETS										
Current assets										
Cash	22	293	–	1,450	(751)	(751)	(751)	1,526	1,625	1,730

Call investment deposits	–	24,775	14,595	14,711	15,413	15,413	15,413	10,835	11,539	12,289
Consumer debtors	27,375	26,777	49,686	22,267	11,800	11,800	11,800	62,330	66,382	70,697
Other debtors	2,109	3,523	2,710	–	–	–	–	2,710	2,886	3,074
Current portion of long-term receivables	–	–	–	–	–	–	–	–	–	–
Inventory	1,459	1,540	3,620	1,500	1,500	1,500	1,500	3,856	4,106	4,373
Total current assets	30,965	56,908	70,612	39,928	27,962	27,962	27,962	81,256	86,538	92,163
Non current assets										
Long-term receivables	274	–	–	–	–	–	–	–	–	–
Investments	22,831	2,044	4,383	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investment property	–	–	–	–	–	–	–	15,905	15,905	15,905
Investment in Associate	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	14,682	13,987	8,408	55,796	61,841	61,841	61,841	41,985	47,689	53,588
Agricultural	–	–	–	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–	–	–	–
Intangible	–	–	–	–	–	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	–	–	–	–
Total non current assets	37,788	16,032	12,791	60,796	66,841	66,841	66,841	62,889	68,593	74,493
TOTAL ASSETS	68,753	72,939	83,403	100,724	94,803	94,803	94,803	144,146	155,131	166,656
LIABILITIES										
Current liabilities										
Bank overdraft	8,566	11,865	4,109	–	–	–	–	–	–	–
Borrowing	–	1,948	8,148	2,800	2,800	2,800	2,800	1,435	1,320	1,254
Consumer deposits	2,624	2,649	2,145	3,600	3,600	3,600	3,600	2,284	2,433	2,591
Trade and other payables	7,991	15,198	7,286	8,382	2,461	2,461	2,461	7,760	6,703	6,167
Current portion of long-term liabilities	–	–	–	–	–	–	–	–	–	–
Provisions	3,904	5,056	5,056	5,500	5,500	5,500	5,500	5,908	6,292	6,701
Total current liabilities	23,085	36,716	26,745	20,282	14,361	14,361	14,361	17,387	16,748	16,713
Non current liabilities										
Borrowing	18,939	16,184	8,408	14,852	14,852	14,852	14,852	6,765	6,224	5,726
Provisions	–	–	–	–	–	–	–	–	–	–
Total non current liabilities	18,939	16,184	8,408	14,852	14,852	14,852	14,852	6,765	6,224	5,726
TOTAL LIABILITIES	42,024	52,900	35,153	35,134	29,213	29,213	29,213	24,152	22,972	22,439

NET ASSETS	26,729	20,039	48,250	65,590	65,590	65,590	65,590	119,994	132,160	144,217
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	18,759	12,334	37,232	58,578	58,578	58,578	58,578	113,613	122,985	127,666
Reserves	7,970	7,705	11,017	7,012	7,012	7,012	7,012	6,381	9,175	16,551
Minorities' interests										
TOTAL COMMUNITY WEALTH/EQUITY	26,729	20,039	48,250	65,590	65,590	65,590	65,590	119,994	132,160	144,217

Table 6: Budgeted Financial Position

Description	2006/07	2007/08	2008/09	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	35,759	41,905	41,431	74,110	74,110	74,110	74,110	27,261	29,274	30,045
Government - operating	29,134	44,967	30,808	24,752	25,720	25,720	25,720	47,438	50,940	52,282
Government - capital			21,956	20,384	20,384	20,384	20,384	33,892	36,394	37,353
Interest	1,112	5,294	2,801	2,912	2,912	2,912	2,912	804	863	886
Dividends										
Payments										
Suppliers and employees	(45,315)	(48,945)	(50,306)	(93,854)	(90,185)	(90,185)	(90,185)	(38,339)	(52,618)	(53,974)
Finance charges	(2,482)	(2,539)	(1,576)	(2,600)	(2,600)	(2,600)	(2,600)	(1,095)	(1,176)	(1,207)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	18,208	40,683	45,114	25,704	30,341	30,341	30,341	69,962	63,677	65,384
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other	-	-	-	-	-	-	-	-	-	-

non-current receivables Decrease (increase) in non-current investments	(939)	(2,992)	(2,338)	(116)	(116)	(116)	(116)	(12,000)	(12,886)	(13,225)
Payments Capital assets	(20,152)	(15,164)	(13,652)	–	(6,136)	(6,136)	(6,136)	(49,039)	(52,422)	(56,039)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(21,091)	(18,155)	(15,990)	(116)	(6,252)	(6,252)	(6,252)	(61,039)	(65,308)	(69,265)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			–	–	–	–	–	–	–	–
Borrowing long term/refinancing			–	–	–	–	–	–	–	–
Increase in consumer deposits	245	25	(503)	26	26	26	26	27	29	30
Payments										
Repayment of borrowing	1,641	(806)	(7,776)	(1,508)	(1,508)	(1,508)	(1,508)	(1,568)	(1,452)	(1,327)
NET CASH FROM/(USED) FINANCING ACTIVITIES	1,886	(782)	(8,280)	(1,482)	(1,482)	(1,482)	(1,482)	(1,541)	(1,423)	(1,297)
NET INCREASE/(DECREASE) IN CASH HELD	(996)	21,746	20,844	24,106	22,607	22,607	22,607	7,382	(3,054)	(5,177)
Cash/cash equivalents at the year begin:	(7,547)	(8,543)	(10,358)	(7,945)	(7,945)	(7,945)	(7,945)	950	8,332	5,278
Cash/cash equivalents at the year end:	(8,543)	13,202	10,486	16,161	14,662	14,662	14,662	8,332	5,278	101

Table 7: Budgeted Cash flows

Description	2006/07	2007/08	2008/09	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Cash and investments available</u>										
Cash/cash	(8,543)	13,202	10,486			14,662	14,662			

equivalents at the year end				16,161	14,662			8,332	5,278	101
Call investment deposits - >90 days	(0)	0	(0)	-	-	-	-	4,028	7,886	13,918
Non current assets - Investments	22,831	2,044	4,383	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash and investments available:	14,288	15,247	14,868	21,161	19,662	19,662	19,662	17,360	18,164	19,018
<u>Application of cash and investments</u>										
Unspent conditional transfers	-	-	-	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	(5,740)	(4,811)	(14,701)	(826)	(1,684)	(1,684)	(1,684)	(2,811)	(7,097)	(8,252)
Other provisions										
Long term investments committed	18,939	18,132	16,556	17,652	17,652	17,652	17,652	8,199	7,543	6,980
Reserves to be backed by cash/investments										
Total Application of cash and investments:	13,198	13,321	1,855	16,826	15,968	15,968	15,968	5,388	447	(1,272)
Surplus(shortfall)	1,089	1,926	13,013	4,335	3,694	3,694	3,694	11,972	17,717	20,291

Table 8: Cash backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CAPITAL EXPENDITURE									

Capital Multi-year expenditure sub-total	20,152	15,449	25,840	33,054	33,054	33,054	49,039	52,422	56,039
<u>Comprises:</u>									
New assets	15,344	23,941	32,254	32,254	32,254	–	46,539	49,750	53,182
Infrastructure - Water & Sanitation	–	2,379	6,092	6,092	6,092	–	4,755	5,083	5,434
Infrastructure - Electricity	156	1,763	–	–	–	–	7,419	7,930	8,478
Infrastructure - Road Transport	10,715	12,188	18,000	20,958	20,958	–	21,815	23,320	24,929
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	10,871	16,329	24,092	27,050	27,050	–	33,989	36,334	38,841
Community	4,326	7,554	3,818	860	860	–	9,250	9,888	10,571
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	147	58	4,344	4,344	4,344	–	3,300	3,528	3,771
Intangibles	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Renewal of existing assets	–	–	–	–	–	–	–	–	–
Infrastructure - Water & Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Electricity	–	–	–	–	–	–	–	–	–
Infrastructure - Road Transport	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	–	–	–	–	–	–	–	–	–
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Total Capital expenditure by Asset Class/Sub-class									
Infrastructure - Water & Sanitation	–	2,379	6,092	6,092	6,092	–	4,755	5,083	5,434
Infrastructure - Electricity	156	1,763	–	–	–	–	7,419	7,930	8,478
Infrastructure - Road Transport	10,715	12,188	18,000	20,958	20,958	–	21,815	23,320	24,929
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	10,871	16,329	24,092	27,050	27,050	–	33,989	36,334	38,841
Community	4,326	7,554	3,818	860	860	–	9,250	9,888	10,571
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	147	58	4,344	4,344	4,344	–	3,300	3,528	3,771
Intangibles	–	–	–	–	–	–	–	–	–

	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
CAPITAL EXPENDITURE	15,344	23,941	32,254	32,254	32,254	-	46,539	49,750	53,182
ASSET REGISTER SUMMARY (WDV) <u>Property, Plant & Equipment</u>									
Infrastructure - Water & Sanitation	31,540	33,287	34,316	34,316	34,316	34,316	39,071	44,154	49,588
Infrastructure - Electricity	21,833	22,441	24,204	24,204	24,204	24,204	31,622	39,553	48,030
Infrastructure - Road Transport	68,406	77,749	80,207	104,299	107,257	107,257	129,072	152,392	177,322
Infrastructure - Other	(129,764)	(145,623)	(164,854)	(130,882)	(144,475)	(144,475)	(197,331)	(224,816)	(253,053)
Infrastructure	(7,984)	(12,146)	(26,127)	31,937	21,302	21,302	2,434	11,283	21,886
Community Heritage assets	6,157	7,343	14,897	18,715	15,757	15,757	25,007	34,895	45,466
Investment properties	-	-	-	-	-	-	15,905	15,905	15,905
Other assets	16,510	18,790	19,638	5,144	24,782	24,782	30,582	36,783	43,411
Intangibles	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
	14,682	13,987	8,408	55,796	61,841	61,841	73,928	98,865	126,667
EXPENDITURE other items									
Depreciation & asset impairment	-	-	-	13,081	13,081	13,081	-	17,081	18,413
Repairs and maintenance	5,040	5,417	5,793	6,169	6,169	6,169	6,169	6,533	6,918
	5,040	5,417	5,793	19,250	19,250	19,250	6,169	23,614	25,332
REPAIRS & MAINTENANCE by Asset Category									
Infrastructure - Water & Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Road Transport	-	-	-	-	-	-	-	-	-
Infrastructure - Other	5,040	5,417	5,793	6,169	6,169	6,169	6,169	6,533	6,918
Infrastructure	5,040	5,417	5,793	6,169	6,169	6,169	6,169	6,533	6,918
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total repairs & maintenance	5,040	5,417	5,793	6,169	6,169	6,169	6,169	6,533	6,918
% of capital exp on renewal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<i>of assets</i>									
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	34.3%	38.7%	68.9%	11.1%	10.0%	10.0%	14.7%	13.7%	12.9%
Renewal and R&M as a % of PPE	34.0%	39.0%	69.0%	11.0%	10.0%	10.0%	8.0%	7.0%	5.0%

Table 9: Asset management

Description	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Household service targets (000)									
<u>Water:</u>									
Piped water inside dwelling		10624							
Piped water inside yard (but not in dwelling)		6281							
Using public tap (at least min.service level)		5064							
Other water supply (at least min.service level)		1865							
sub-total	0	23834	0	0	0	0	0	0	0
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply		72							
sub-total	0	72	0	0	0	0	0	0	0
Total number of households	0	23906	0	0	0	0	0	0	0
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)		16646							
Flush toilet (with septic tank)		99							
Chemical toilet		44							
Pit latrine (ventilated or not)		5210							
Other toilet provisions - list type separately		772							
sub-total	0	22771	0	0	0	0	0	0	0
Bucket latrine									
Other toilet provisions (list; < min.service level)									
No toilet provisions		8046							
sub-total	0	8046	0	0	0	0	0	0	0
Total number of households	0	30817	0	0	0	0	0	0	0
<u>Energy:</u>									
Electricity (at least minimum service level)									
Electricity - prepaid (min.service level)									
sub-total	0	0	0	0	0	0	0	0	0
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
sub-total	0	0	0	0	0	0	0	0	0
Total number of households	0	0	0	0	0	0	0	0	0
<u>Refuse:</u>									

Removed at least once a week (min.service)		11393							
Removed at least once a week (< min.service)		3166							
Removed less frequently than once a week									
Using communal refuse dump		551							
Using own refuse dump		6532							
Other rubbish disposal									
No rubbish disposal		2229							
<i>sub-total</i>	0	12478	0	0	0	0	0	0	0
Total number of households	0	23871	0	0	0	0	0	0	0
<u>Households receiving Free Basic Service</u>									
Property rates									
Water									
Sanitation									
Electricity									
Refuse									
<u>Free service level provided</u>									
Property rates (R'000 value threshold)	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Electricity (kw per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	–	–	–	–	–	–	–	–	–
<u>Cost of free basic services provided (R'000)</u>									
Housing									
Property rates									
Water	835	893	955	1,022	1,022	1,022	1,093	1,164	1,255
Sanitation	2,522	2,697	2,885	3,086	3,086	3,086	3,300	3,515	3,789
Electricity/other energy	1,135	1,214	1,298	1,388	1,388	1,388	1,485	1,582	1,705
Refuse	2,270	2,428	2,596	2,777	2,777	2,777	2,970	3,163	3,410
Housing									
Other									
Total FBS provided (total social package)	6,762	7,232	7,735	8,273	8,273	8,273	8,848	9,290	9,755

Table 10: Basic Service Delivery Measurement

4. OVERVIEW OF ANNUAL BUDGET PROCESS

a. Budget process overview

In terms of Section 24 of the MFMA, council must at least 30 days before the start of the financial year consider approval of the annual budget. Section 53, requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazzetted on 17 April 2009, states that the Mayor of a 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.

The budget process for the 2010/11 MTREF period commenced with Strategic Session of the Mayoral Committee and the Executive Management Team in August 2009. This session dealt with the past performance trends of the operating and capital budgets in recent years, identified budget realities going forward and set out the criteria and basis of the Municipality's Budget Prioritization Process, which methodology represents a continuation of the approach commenced with for the 2009/10 financial year and which was to be used in the appropriation of financial resources amongst municipal functions during the 2010/11 budget cycle.

Service departments submitted their budget proposals for consideration to the Portfolio Committees during September 2009.

The Executive Management and the Budget Steering Committee considered and debated various iterations of the MTREF forecasting model to ensure a sustainable future product, between October 2009 and February 2010.

A forecasted three year budget (MTREF Model) was submitted to the Mayor for endorsement in January 2010.

The draft operating and capital budgets, based on the parameters and assumptions set out in the MTREF model, are tabled at the council meeting in February 2010. The budget, IDP and tariff proposals will be published for comment and consultation as part of the public participation process during March 2010.

Comments from the above process will be submitted to the Budget Steering Committee and the Mayor before council considers the Budget for adoption in May 2010.

b. Process used to integrate the review of the IDP and preparation of the Budget

The municipality's IDP is its principal strategic planning instrument, which guides and informs its ongoing planning, management and development actions. The IDP represents the municipality's commitment to the exercise of its executive authority (except in cases where is in conflict with national or provincial legislation, in which case such legislation prevails) and is effectively the local

government's blueprint by which it strives to realize its vision for Thabazimbi Municipality over the short-medium-and long term.

c. Process for consultation with the community and key stakeholders

The fourth annual review of the five year plan of the municipality commenced when council adopted the Process Plan for the IDP and budget at its meeting in August 2009. The Process Plan set the framework for further engagements with various stakeholders to ensure tabling of the 2010/11 IDP and Budget by the end of March 2010.

The municipality's consultation process on its draft IDP review and budget, where various community organizations and representatives have come forward to give input on the strategic focus areas and challenges facing the municipality, was held from August to October 2009.

Public awareness of the process was attained with extensive advertising both in the print media, regional and locally as well as invitations to ward forums informing communities of their need to participate in the process.

d. Schedule of KEY Deadlines relating to budget process [MFMA s 21(1)(b)]

Month	Financial year 2008/2009	Financial year 2009/2010	Financial year 2010/2011
July 2009	Complete final financial transactions for the year	Monthly financial report for June 2009 including expenditure on staff benefits and results of cashflow for 2008/2009	<ul style="list-style-type: none"> - Drafting of IDP Framework Plan and submit to Local Municipalities for process to be followed - Complete Budget Process and Financial Management Calendar
August 2009	Complete Annual Financial Statements for the 2008/2010 financial year and submit it to Auditor-General	Monthly financial report for July 2009	<ul style="list-style-type: none"> - Table budget process and financial calendar to Council. - Phase 1 IDP: Analysis phase – Assessment of performance and changing needs

Month	Financial year 2008/2009	Financial year 2009/2010	Financial year 2010/2011
September 2009	Complete Annual Report	Monthly financial report for August 2009	<ul style="list-style-type: none"> - Update policies, priorities, objectives and determine revenue for next three years - Determine allocations to Local Municipalities - Arrange Lekgotla to determine priorities for next year - Review strategies in terms of Phase 2 of the IDP
October 2009	Auditing of Financial Statements and Performance Audit by office of the Auditor- General	<ul style="list-style-type: none"> - Monthly financial report for September 2009, including expenditure on staff remuneration and cashflow report. - Report of Executive Mayor on implementation of budget and financial state of affairs of the municipality 	<ul style="list-style-type: none"> - Determine allocations to Local Municipalities, review projects and align it with Council's priorities - Phase 3 of the IDP
November 2009	Receive and discuss management letter from Auditors with Auditor-General	Monthly financial report for October 2009	<ul style="list-style-type: none"> - Engage with national and provincial departments to share plans on national expenditure frameworks - Complete phase 4 of IDP-integration - Complete departmental budgets
December 2009	Receive final audit report. Comment on	Monthly financial report for November 2009	Consolidation of departmental budgets and plans

Month	Financial year 2008/2009	Financial year 2009/2010	Financial year 2010/2011
	audit report.		
January 2010	Table Annual report, audited Financial Statements, Audit Report and comments thereon to Council. Make public Annual Report in terms of section 127(5) of the MFMA.	<ul style="list-style-type: none"> - Monthly financial report including expenditure on staff remuneration and cashflow statement. - Report of Executive Mayor on implementation of budget and financial state of affairs of the municipality. <p>Mid-year assessment on:</p> <ul style="list-style-type: none"> - Service delivery performance against targets and performance indicators and budget implementation plan. - Reports on assessment to National and Provincial Treasury. - Monthly financial report 	<ul style="list-style-type: none"> - Finalise draft budget and table to Executive Mayor - Draft IDP to be completed
February 2010	Forward comments of Council on audit report and possible action plans in terms of the audit report	Monthly financial report for January 2010	<ul style="list-style-type: none"> - Executive Mayor tables draft budget and operational plans to Council. - Inform Local Municipalities on allocation to them in terms of section 37(2) of the MFMA

Month	Financial year 2008/2009	Financial year 2009/2010	Financial year 2010/2011
	to the Auditor-General, MEC for Finance and MEC for Local Government and Housing.		
March 2010	Mayoral Committee consider the Annual Report and submit oversight to Council. Report	Monthly financial report for February 2010	Consultation on draft budget with stakeholders as follows: <ul style="list-style-type: none"> - National Treasury - Provincial Treasury - Local Municipalities - Levy payers
April 2010	Oversight report publicise for comments in terms of Section 129(3) of the MFMA.	<ul style="list-style-type: none"> - Monthly financial report for March 2010 including expenditure on staff benefits and results of cashflow for 3rd quarter. - Report of Executive Mayor on implementation of budget and financial state of affairs of Council 	Council approves budget and IDP for next financial year
May 2010	-	Monthly financial report for April 2010	<ul style="list-style-type: none"> - Publish budget - Complete service delivery and budget implementation plan and table to Executive Mayor 28 days after budget has been approved
June 2010	-	Monthly financial report for May 2010	Complete performance contract of section 57 employees, table to council and submit to MEC

Table 11: IDP and Budget Time Schedule

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

a. The vision of the Municipality

The Municipality's long term vision:

To be the leading Municipality that offers quality services to the broader community in the most Economic, Affordable, Equitable and Sustainable manner.

b. The 5-Year IDP and strategic Focus Areas

On 1 July 2007, the Municipality implemented a new five-year Integrated Development Plan (IDP) for the period July 2007 to June 2012 to inform and guide the current elected public representatives' in their term of office. The annually reviewed IDP outlines the intent of the municipality in terms of the eight strategic focus areas, which it has agreed are required to overcome the challenges it is facing, achieve its vision, and implement its other strategic considerations.

These eight strategic focus areas form part the five year IDP and function as internal strategic levers to facilitate shared growth and development and enhance urban efficiency and institutional effectiveness. The way in which the municipality's vision is supported by the eight strategic focus areas is shown in the figure below:

STRATEGIC FOCUS AREAS:

- Water and Sanitation
- Land and Housing
- Electricity
- Local Economic Development
- Transport, Roads and Storm water
- Institutional Development
- Waste Management, Health and Environment
- Community Participation and Communication

- Disaster Management
- Social Development
- Safety and Security
- Sport, Art & Culture

The complete Integrated Development Plan is attached as Annexure 11.

6. MEASURABLE PERFORMANCE OBJECTIVES

Description of financial indicator	Basis of calculation	2006/07	2007/08	2008/09	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Borrowing Management</u>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	27.5%	22.2%	10.1%	14.7%	15.7%	15.7%	15.7%	4.7%	4.0%	3.4%
Credit Rating		TBA	TBA	TBA	TBA	TBA	TBA	TBA			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.3%	4.0%	10.1%	2.7%	2.8%	2.8%	2.8%	1.5%	1.2%	1.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. grants & contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	157.2%	264.0%	72.9%	53.6%	44.5%	44.5%	44.5%	20.1%	17.4%	15.6%
Gearing	Long Term Borrowing/ Funds & Reserves	237.6%	210.0%	76.3%	211.8%	211.8%	211.8%	211.8%	106.0%	67.8%	34.6%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.3	1.5	2.6	2.0	1.9	1.9	1.9	4.7	5.2	5.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.5	2.6	2.0	1.9	1.9	1.9	4.7	5.2	5.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.7	0.5	0.8	1.0	1.0	1.0	0.7	0.8	0.8
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		61.2%	73.4%	56.5%	56.5%	56.5%	56.5%	77.7%	21.9%	20.7%
Outstanding Debtors	Total Outstanding Debtors to Annual	36.1%	36.5%	48.2%	15.0%	8.5%	8.5%	8.5%	36.3%	34.3%	34.4%

to Revenue	Revenue										
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Funding of Provisions											
Provisions not funded - %	Unfunded Provns./Total Provisions										
Other Indicators											
Electricity Distribution Losses (2)	% Value (units purchased and generated less units sold)/units purchased and generated	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Water Distribution Losses (2)	% Value (units purchased and own source less units sold)/Total units purchased and own source	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.6%	45.1%	38.2%	35.9%	36.2%	36.2%	36.2%	32.8%	33.5%	34.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	39.6%	45.1%	38.2%	39.5%	42.2%	42.2%		35.1%	33.8%	34.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.1%	6.5%	5.3%	4.1%	4.4%	4.4%		4.4%	3.6%	3.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.1%	3.0%	2.0%	10.4%	11.1%	11.1%	11.1%	9.7%	8.9%	8.9%
IDP regulation financial viability indicators	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.0	5.7	18.1	25.0	25.0	25.0	42.3	56.2	66.6	69.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	55.6%	56.1%	85.1%	28.4%	15.0%	15.0%	15.0%	54.6%	54.6%	53.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(1.6)	2.2	1.5	1.7	1.6	1.6	1.6	0.8	0.5	0.0

Table 12: Measurable Performance Objectives

b. Measurable Performance objectives and indicators

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

The Municipality's measurable performance objectives as reflected in Support Table SA7 are attached as Annexure 2.

7. OVERVIEW OF BUDGET RELATED POLICIES

Revenue Framework

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

In addition, NT Circular 42 stipulates that the budget is to be managed in a full accrual manner, reflecting a transparent budget and accounting system approach.

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

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

1. Revenue related policies

Tariff Policy

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

The Tariff Policy is attached as annexure 7.

Credit Control and Debt Collection Policy

This policy has been formulated in terms of section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000. This policy, in Annexure 8, is aligned to the Indigency Policy as per Annexure 3.

2. Budget related policies

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

Supply Chain Management Policy

Section 111 of the MFMA requires each municipality to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. The supply chain management policy of the municipality is attached as Annexure 10.

Rates policy

The rates policy that has been approved by Council is attached as Annexure 6 and is in accordance with Section 3 of the MPRA.

Cash management and investment policy

The cash management and investment policy which deals with the management of the municipality's surplus cash resources and the investment thereof is attached as Annexure 11.

Asset control policy

The objective of the Asset Control Policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant and Equipment. The Assets Control Policy is attached as Annexure 12.

Virement Policy

The 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 municipality's system of delegations. The virement policy is attached as Annexure 13.

8. OVERVIEW OF BUDGET ASSUMPTIONS

The MTREF Model, which enables economic forecasts and the eventual medium term fiscal framework, was compiled under harsh economic conditions. Budgetary constraints and economic challenges meant that the municipality had to apply a combination of cost-saving interventions and higher than Headline CPI revenue increases to ensure an affordable, credible and sustainable budget over the 2010/11 MTREF.

The biggest challenge this year more so than previous years, is that the municipality needs to do more within its existing resource base. This was reiterated in the National Treasury Budget Circular 51 for the 2010/11 MTREF.

The municipality faced the following challenges in preparing the 2010/11 MTREF:

1. The higher interest payments as a result of an accelerated capital program and higher interest rates. In addition, the higher capital expenditure rate increased depreciation charges on the municipality's operating budget beyond levels previously estimated.
2. The accelerated capital investment rate also impacted on projected cash flow levels.
3. Lower interest earnings due to lower investment balances and lower interest rates on interest earned. Lower interest rates resulted in reduced interest earnings on investments (lower than projected levels and cash balances versus fixed debt servicing obligations).
4. Changes with regard to new accounting treatment of depreciation were modeled with effect from 2010/11 financial year. Depreciation on property, plant and equipment as well as for bad debts were fully provided for within the MTREF.
5. Lower than planned revenue collection rates are currently achieved, which in turn required a reassessment of previously modeled rates of revenue for future years. The collection ratios of major revenue sources were consequently adjusted downwards to reflect realistic and sustainable flows over the 3 year MTREF period.

The combined effect of the above-listed fiscal and financial factors and the consequential impact on departmental budgets resulted in a small surplus being realized overall.

Specific budget amendments/restrictions incorporated in the MTREF included, among others, the following:

- General expenses
- Vacancy provision reduction
- Travelling and subsistence provision
- Furniture, equipment and computer equipment provisions' reduction

The above reductions were applied in a differentiated manner to services, thereby giving effect to the Budget Prioritization Model and in acknowledgement of the relative contributions of services to Council's core strategies of the IDP and other informants to formulating medium term operations and programs.

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

- A differentiated approach to consideration of budgetary amendments across services, thereby giving effect to the strategic intent of the Budgetary Prioritisation Model
- Further specific considerations to inform budgetary amendments or allocations were
 - Services which promote external service delivery
 - Services responsible for improvement to residents' quality of living environment
 - Services responsible for hard infrastructure-based economic growth
 - Services responsible for revenue collection
- The limited financial resources available for additional allocations meant that few new projects or initiatives were to receive such budgetary allocations.

Financial modeling

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

- Higher than headline CPI revenue increases, to the extent that they affect and support Council's operational activities of relevant services
- A 100% capital expenditure implementation rate was assumed, based on current spending patterns.

- Credible collection rates based on collection achievements to date, incorporating improved success anticipated on selected revenue items.
- Higher than nationally projected inflation provisions for repairs and maintenance, to attain nationally benchmarked levels on this expenditure item, and ensure the preservation of Thabazimbi Local Municipality's infrastructure.

Key Financial Indicators in the MTREF

Headline Consumer Price Index (CPI)

Headline CPI projected over the MTREF is an average of CPI forecasts from various financial institutions and the Bureau of Economic Research (BER). The graph below illustrates the CPI projections adopted by the Municipality over the MTREF.

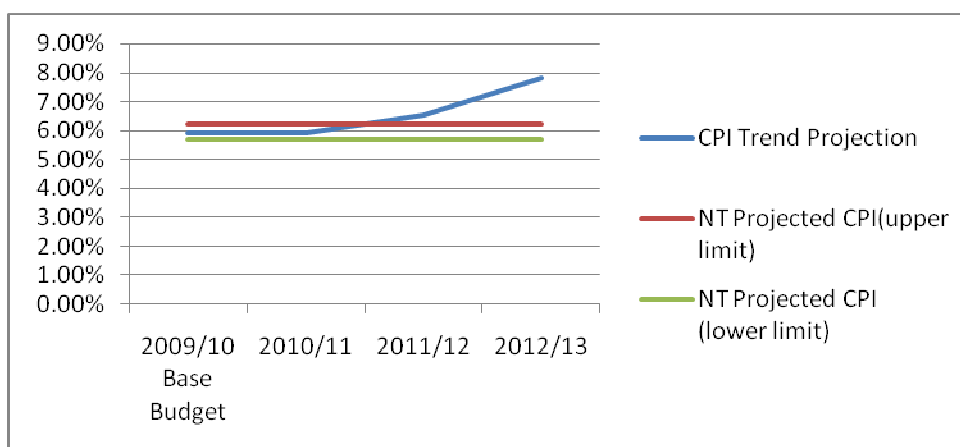


Figure 1: CPI Projections adopted over the MTREF

The CPI increase for 2009/10 budget was set at 5.9%, almost equivalent to the inflation target range. CPI projection over the 2010 MTREF is also 5.9% for 2010/11, 6.5% for the 2011/12 and 7.8% for the 2012/13 year thereby ensuring conservatism as the last two years are outside the National Treasury's Forecasted CPI of between 5.7% and 6.2% over the MTREF.

EXPENDITURE FRAMEWORK

Salaries, wages and related costs

The salaries increases were modeled as follows:

	BASE BUDGET 2009/10 (%)	2010/11 (%)	2011/12 (%)	2012/13 (%)
Salary increases	13	6.5	4.5	5.8
Add: Increments	2	2	2	2

Table 13: Parameters applied to staff budget

The promulgation of the Salary and Wage Collective Agreement by the South African Local Government Bargaining Council (SALGBC) provided the general salary increase adjustment guidelines for the period 2009/10 to 2011/12. In 2009/10 a salary increase of 13% (10.5% increase + 2.5% non pensionable allowance) was effected as per regulation. The average salary increase over the MTREF was calculated using the methodology as prescribed in the regulation.

General expenses

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

Repairs and maintenance

The National Treasury Municipal Budget Circular 51 for the 2010/11 MTREF stated, amongst other, that municipalities must “secure the health of their asset base (especially the municipality’s revenue generating assets) by increasing spending on repairs and maintenance”. The Thabazimbi Municipality has identified this as an important budget requirement and accordingly increased the investment in repairs and maintenance above CPI at an extra 1% above CPI.

REVENUE FRAMEWORK

Revenue growth parameters: Rates and trading services

To ensure an effective, efficient and well-run city, tariff increases are inevitable. The individual tariff increase proposals will be considered against the backdrop of the overall package of tariffs approach adopted in compiling and evaluating the affordability of the tariffs and charges that make up the total municipal account.

The graph below depicts the revenue parameters projected for the 2010/11 MTREF period.

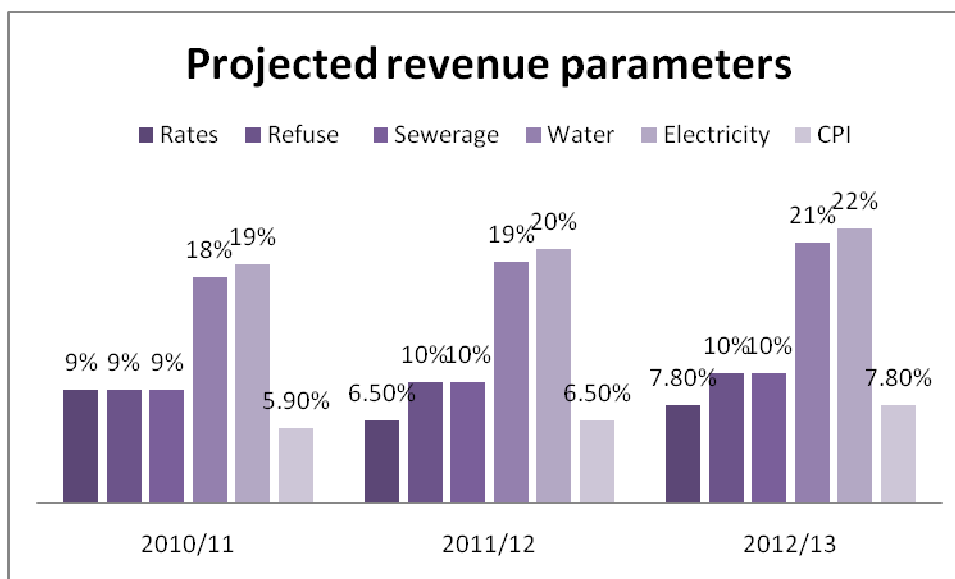


Figure 2: Projected revenue parameters

The current financial predicament further impacted on the combination of revenue parameter increases required to ensure an affordable, balanced and sustainable budget over the 2010/11 MTREF. After considering various scenario outcomes, the following revenue parameter increases were factored into the MTREF model for 2010/11:

- Rates:** With the backdrop of the current economic climate and other cost pressures negatively impacting the budget, the rates revenue increase was modeled at 9%. This increase was necessitated by the need to achieve an affordable and balanced rates budget without impeding on service delivery.
- Electricity:** The initial Electricity revenue parameter was based on the draft Eskom Multi Year Price Determination (MYPD) that proposed an annual increase of 35% over the period 2010/11-2012/13. To ensure affordability to the Thabazimbi Municipality consumers the municipality's parameter increases were set at 18%, 17% lower than the Eskom proposed increase. As a result the utility will not be able to fund all infrastructure needs in 2010/11 and a number of projects will therefore be postponed to future years.
- Refuse removal:** This revenue parameter was modeled at 9%, the increase being as a result of the impact of the higher disposal tariff and to ensure adequate service delivery levels in future.
- Water and sanitation:** The revenue parameter adjustment for water and sanitation was modeled at 18% and 9% respectively for the 2010/11 MTREF. Even though the revenue parameter increase is greater than the CPI, it afforded water and sanitation with limited scope for new initiatives. It thus meant that certain projects were delayed for implementation in future years.

Collection rate

In accordance with relevant legislation and national directives, the Thabazimbi Municipality's projected revenue recovery rates are based on realistic and sustainable trends.

The total collection rate for 2010/11 is projected at an average of 80% and is based on a combination of actual collection rates achieved to date, and the estimated outcomes for the current financial year.

National Grants

Equitable share

The Constitution provides that each sphere of government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. The equitable division of revenue takes into account the functions assigned to each sphere under the Constitution and the capacity of each government to pay for these functions through won receipts and revenues.

The local government equitable share allocations supplement municipalities' own revenue sources for the provision of basic services to poor household within their areas of jurisdiction. The equitable share per municipality is calculated using the equation as set out below.

$\text{Grant} = BS + D + I - R \pm C$
Where:
<i>BS</i> is the basic services component
<i>D</i> is the development component
<i>I</i> is the institutional support component
<i>R</i> is the revenue raising capacity component
<i>C</i> is a correction and stabilization component

Table 14: Equitable share equation

The annual Division of Revenue Act (DORA) publishes the equitable share allocations. The following indicative allocations, as published in the 2010/11 Division of Revenue Bill, were modeled:

2010/11 – R45million

2011/12 – R51million

2012/13 – R56million

Interest rates

The interest projection over the 2010/11 MTREF placed further pressure on the Municipality's budget. The negative relationship between interest earnings and loan servicing impacted on the budget significantly over the MTREF period.

Depreciation

Depreciation on new capital expenditure is calculated at a varying rate ranging between 3 and 50 years, depending on the nature of the asset. Actual depreciation was modeled on existing assets.

9. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

1. 2009/10 and 2010/11 to 2012/13 projected financial performance

1.1 Operating budget

The operating budget increased from R165 734 000 in 2009/10 to R214 945 000 in 2010/11, R231 530 000 in 2011/12 and R249 483 000 in 2012/13 respectively.

This growth trend is mainly attributable to:

- Higher than inflation increases to major expenditure components, such as the staff budget (salary level increases) and a rising interest payable commitment, coupled by a corresponding increase in forecast revenue as recommended by the respective authorities.

1.2 Capital budget

1.3 The capital budget increased from R33 054 000 in 2009/10 to R49 039 000 in 2010/11, R52 422 000 and R56 039 000 in 2012 and 2013 respectively. This is basically a result of the increase in the need for deliver extended service delivery to the community.

2. Medium term outlook

Operating budget

The ensuing table reflects the increases in the operating budget in the medium term:

	2010/2011 R	2011/12 R	2012/13 R
Operating budget	165 734 000	214 945 000	249 483 000

Table 15: Medium Term Operating Budget

Capital budget

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

	2010/2011 R	2011/12 R	2012/13 R
Capital budget	49 039 000	52 422 000	56 039 000
Funded as follows:			
National grant funding	28 892 000	34 749 000	42 252 000
Other grant funding	5 000 000	10 000 000	3 000 000
Other funding	15 147 000	7 673 000	10 787 000
Total	49 039 000	52 422 000	56 039 000

Table 16: Medium term capital budget and funding sources

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

National Grant

- Municipal infrastructural projects to support roads network as well as waste water treatment facilities.
- Investment in public facilities such as the Regorogile and Northam Sports Centre

Department of Mines and Energy Grant

- To support electrification of settlements and facilitate achievement of the

Municipal funds

- To finance other social and developmental projects such financing feasibility studies for erection of institutional buildings.

3. Sources of Funding

Rates, tariffs and other charges

Property tax rates

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

A rates policy was reviewed by the Budget Steering Committee. This committee was established to, among other things; oversee the Total Municipal Account Modeling process, whereby the impact of all Council charges on a household is assessed for affordability. The proposed average rates increase is 9%.

Property tax rates are based on values indicated on the General Valuation Roll 2007. The roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions, and new buildings (improvements) through supplementary valuation rolls.

Rebates are granted to certain categories of property usage and/or property owner and these are not expected to change per category. The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 7.

Water and sanitation

The proposed water and sanitation tariffs for 2010/11 are consistent with National Policy on the Provision of free basic services, the National Strategic Framework for water and sanitation and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Services framework. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

It is proposed that basic water tariff be increased by 29% while purified water to domestic consumers will be increased by 16% up-to 80kl and 17% thereafter. Another set of tariff has been proposed i.e. purified water to trade and industry ranging from R7.88/kl- R12.87/kl up-to 120kl and R16.34/kl thereafter.

Electricity

The proposed revisions to the tariffs have been formulated in accordance with the municipality's Tariff and Rates Policy and comply with section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

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

Guidelines for the municipal electricity tariff increase in July 2010 were issued by NERSA as being 15.33%. However, the bulk purchases increase to the municipality is budgeted to be 19% to R0.73/kWh up from R0.61/kWh.

It is anticipated that NERSA will again impose an inflation linked increase on the tariff applicable to the smaller domestic consumers.

Solid waste management

The solid waste Tariffs are levied to recover costs of services provided directly to consumers and include collection fees, clearance of illegal dumping on private properties, and other ad hoc services. It is proposed that collection tariffs be increased by 9% while all deposits payable must still equal two months' consumption charge.

Tariffs and Charges Book

Council is permitted to levy rates, tariffs, fees and charges in accordance with the Local Government: Municipal Property Rates Act, the Local Government: Municipal Systems Act, No 32 of 2000, Section 75A and the Municipal Finance Management Act, No 56 of 2003, 17 (a)(ii)

The Tariffs and Charges book is attached as Annexure 5 and contains all levies, rates and service charges determined for all functions or services performed by the municipality for which a charge is made.

All levies, rates, and service charges are determined in compliance with:

Local Government Municipal Property Rates Act 2004

Municipal Finance Management Act 56 of 2003

Local Government Municipal Systems Act 32 of 2000

4. Investments

(a) Monetary Investment Particulars by type

Investment type R thousand	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
- Securities - National Government Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits – Bank	15,298	24,775	16,122	14,711	15,413	15,413	10,835	11,539	12,289
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit	-	-	-	-	-	-	-	-	-
– Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	7,533	2,044	2,856	5,000	5,000	5,000	5,000	5,000	5,000
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-
Total:	22,831	26,819	18,978	19,711	20,413	20,413	15,835	16,539	17,289

Table 17: Investment Particulars by type (SA15)

(b) Monetary Investments by maturity date

Investments by Maturity	Ref	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realized
Name of institution & investment ID	1	Yrs/Months			Rand thousand	
Parent municipality						
SANLAM(MONEY MARKET)	48610327	30 days	30 Day Money Market	31 August 2010	5,000	254
SANLAM(MONEY MARKET)	50888081	30 days	30 Day Money Market	31 August 2010	758	39
SANLAM (FUND SHARE)	U0063338998	30 Days	Fixed deposit account		1,950	99
OLD MUTUAL	13543332	30 days	30 Day Money Market	31 August 2010	8,126	413
Municipality sub-total					15,835	804
Entities						
N/A	-	-	-	-	-	-
Entities sub-total					-	-
Total investments and interest					15,835	804

Table 17a: Monetary investments by maturity date (Support Table A16)

5. Long-term investments and loans

The municipality does not intend to raise any borrowings in the current budget year hence the current running debt will continue to be reduced until fully repaid before another borrowing can be proposed. Emphasis will therefore be placed on other modes of budgetary finance. Below is a table reflecting the current status of the municipality with regard to long term borrowings.

Supporting Table: SA 17: Borrowing

Borrowing - Categorised by type R thousand	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Parent municipality									
Long-Term Loans (annuity/reducing balance)	18,939	18,132	16,556	17,652	17,652	17,652	8,199	7,543	6,980
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	18,939	18,132	16,556	17,652	17,652	17,652	8,199	7,543	6,980
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	18,939	18,132	16,556	17,652	17,652	17,652	8,199	7,543	6,980

Table 18: Borrowing (SA18)

6. Cash backed accumulated surplus

Cash backed accumulated surpluses are used to provide working capital and to temporarily fund capital expenditure in advance of capital allocations from National government and other capital funding structures. Operational cash flow deficits and surpluses are forecasted and managed on a daily basis within available cash resources and banking facilities.

All statutory funds and reserves, including unspent grants, are fully cash backed. Non-statutory reserves, including the Insurance fund are also fully cash backed. Long term provisions are fully backed to the extent that actual expenditure is anticipated for the budget year.

7. Grant allocations

National Allocations

The table below reflects the grant allocations in terms of the 2010 Division of Revenue Bill that have been included in this medium term budget:

Description R thousand	2010/11 Medium Term Revenue & Expenditure Framework		
	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
RECEIPTS:			
-			
National Allocations:	47,398	53,216	58,338
Equitable share	45,148	50,926	56,038
Municipal Systems Improvement	750	790	800
Finance Management	1,500	1,500	1,500

Table 19: National Allocations

Other allocations

The table below reflects the forecast reimbursements from both Provincial Government and the District.

Description	2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
RECEIPTS:			
Provincial Government:	500	533	567
Local Government SETA	500	533	567
District Municipality:	952	1,014	1,080
<i>Fire reimbursement subsidy</i>	952	1,014	1,080

Table 20: Provincial and District Reimbursements

10. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Description R thousand	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
EXPENDITURE:									
<u>Operating expenditure</u>									
National Allocations:	21,026	22,654	27,751	36,826	37,594	37,594	47,398	53,216	58,338
Equitable share	19,792	21,420	26,516	35,341	36,109	36,109	45,148	50,926	56,038
Municipal Systems Improvement	734	734	735	735	735	735	750	790	800
Finance Management	500	500	500	750	750	750	1,500	1,500	1,500
Provincial Government:	–	–	464	734	734	734	500	533	567
Local Government SETA	–	–	464	734	734	734	500	533	567
District Municipality:	136	221	360	585	585	585	952	1,014	1,080
Fire reimbursement subsidy	136	221	360	585	585	585	952	1,014	1,080
Other grant providers:	–	–	–	–	–	–	–	–	–
Total expenditure:	21,162	22,875	28,575	38,145	38,913	38,913	48,850	54,763	59,985
<u>Capital expenditure</u>									
National Allocations:	12,703	14,661	20,464	25,855	25,855	25,855	28,892	34,749	42,252
Municipal Infrastructure (MIG)	12,703	14,661	20,464	25,855	25,855	25,855	28,892	34,749	42,252
Provincial Government:	–	–	–	–	–	–	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
Other grant providers:	1,710	788	2,650	1,000	1,000	1,000	5,000	10,000	3,000
Department of Mines and Energy	1,710	788	2,650	1,000	1,000	1,000	5,000	10,000	3,000
Total capital expenditure	14,413	15,449	23,114	26,855	26,855	26,855	33,892	44,749	45,252
TOTAL EXPENDITURE	35,575	38,324	51,689	65,000	65,768	65,768	82,742	99,512	105,237

Table 21: Expenditure on allocations and grant programs

11. COUNCILLOR S' REMUNERATION AND EMPLOYEE BENEFITS

Disclosure of Salaries, Allowances & Benefits .	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.			2.	3.
<u>Councillors'</u>						
Speaker	297,473		131,255	–	–	428,728
Chief Whip	294,546		123,728	–	–	418,274
Executive Mayor	392,729		161,365	–	–	554,094
Deputy Executive Mayor	–			–	–	–
Executive Committee	306,556		145,840	–	–	452,395
Total for all other councillors	1,732,224		817,218	–	–	2,549,442
Total Councillors' remuneration	3,023,527	–	1,379,406	–	–	4,402,933
<u>Senior Managers of the Municipality</u>						
Municipal Manager (MM)	814,727	17,266	163,072	–	–	995,064
Chief Finance Officer	592,908		151,032	–	–	743,940
Manager Corporate Services	607,600	150,938	138,012	–	–	896,550
Manager Planning and Economic Development	584,592	–	241,021	–	–	825,614
Manager Community Services	509,950	–	138,013	–	–	647,963
Manager Technical Services	609,663	–	217,119	–	–	826,782
<i>List of each official with packages >= senior manager</i>						
Head: Internal Audit & Performance Management	–	–	–	–	–	–
Head: Geographical Information & Policy	–	–	–	–	–	–
Head Office of Intergovernmental & Governance Relations	–	–	–	–	–	–
Total Senior Managers of the Municipality	3,719,440	168,203	1,048,269	–	–	4,935,912
<u>A Heading for Each Entity</u>						
List each member of board by designation						
Chief Executive Officer (CEO)	–	–	–	–	–	–
Total for municipal entities	–	–	–	–	–	–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	6,742,968	168,203	2,427,675	–	–	9,338,845

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

Summary of Employee and Councilors remuneration R thousand	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Councilors' (Political Office Bearers plus Other)</u>									
Salary	4,183	4,288	4,645	4,056	4,056	4,056	3,024	3,281	3,559
Pension Contributions									
Medical Aid Contributions									
Motor vehicle and cell phone	–	–	–	1,334	1,334	1,334	1,379	1,497	1,624
Housing allowance									
Sub Total – Councillors	4,183	4,288	4,645	5,389	5,389	5,389	4,403	4,777	5,183
% increase		2.5%	8.3%	16.0%	–	–	(18.3%)	8.5%	8.5%
<u>Senior Managers of the Municipality</u>									
Salary	2,856	2,322	2,490	3,708	3,708	3,708	4,284	4,648	5,043
Pension Contributions	–	–	–	816	816	816	134	145	157
Medical Aid Contributions	–	–	–	1	1	1	35	37	41
Motor vehicle and cell phone	–	–	–	484	484	484	590	640	695
Performance Bonus	–	–	–	53	53	53	–	–	–
Other benefits or allowances	–	–	–	457	457	457	83	90	98
In-kind benefits									
Sub Total - Senior Managers of Municipality	2,856	2,322	2,490	5,519	5,519	5,519	5,125	5,561	6,034
% increase		(18.7%)	7.3%	121.6%	–	–	(7.1%)	8.5%	8.5%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	21,003	25,346	28,228	30,694	30,694	30,694	34,469	37,398	40,577
Pension Contributions	3,440	4,063	4,525	6,728	6,728	6,728	7,408	8,038	8,721
Medical Aid Contributions	1,153	1,454	1,619	1,741	1,741	1,741	2,908	3,155	3,423
Motor vehicle and cell phone	–	–	–	1,531	1,531	1,531	3,200	3,472	3,767
Housing allowance	–	–	–	187	187	187	177	193	209
Overtime	–	–	–	1,853	1,853	1,853	1,170	1,270	1,378
Other benefits or allowances	–	–	–	5,099	5,099	5,099	4,063	4,408	4,783
Sub Total - Other Municipal Staff	25,595	30,863	34,372	47,833	47,833	47,833	53,395	57,934	62,858
% increase		20.6%	11.4%	39.2%	–	–	11.6%	8.5%	8.5%
Total Parent Municipality	32,634	37,473	41,508	58,741	58,741	58,741	62,923	68,272	74,075
COUNCILLOR ALLOWANCES, EMPLOYEE REMUNERATION & ENTITY REMUNERATION	32,634	37,473	41,508	58,741	58,741	58,741	62,923	68,272	74,075
% increase		14.8%	10.8%	41.5%	–	–	7.1%	8.5%	8.5%
Total managers and staff	28,450	33,185	36,862	53,351	53,351	53,351	58,520	63,495	68,892

Table 23: Councilors and employee benefits

12. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS

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

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

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

The SDBIP gives effect to the Integrated Development Plan and the budget of the municipality. It is an expression of the objective of the municipality in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2010 to 30 June 2011. It includes the service delivery targets and performance indicators for each quarter which should be linked to the performance agreements of senior management. It therefore facilitates oversight over financial and non-financial performance of the municipality and allows the Municipal Manager to monitor the performance of the Departmental Managers, the Mayor/Council to monitor the performance of the Municipal Manager, the community to monitor the performance of the municipality as a whole.

The SDBIP for the 2010/11 financial year will be approved by the mayor in June 2010 following approval of the Budget.

13. RECONCILIATION OF IDP STRATEGIC OBJECTIVES AND CAPITAL BUDGET

Strategic Objective	Goal Code	2006/07	2007/08	2008/09	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
Development of human capital	A	151	105	790	800	800	800	2,500	2,673	2,857
Effective communication	B	36	9	–	–	–	–	284	303	324
Forward planning	C	296	73	–	–	–	–	2,331	2,492	2,664
Management of infrastructure and services	D	18,952	10,871	17,438	24,092	27,050	27,050	33,989	36,334	38,841
Integrated management and governance systems	E	68	17	–	–	–	–	536	572	612
Economic growth	F	45	–	58	4,344	4,344	4,344	–	–	–
Financial viability and accountability	G	–	48	–	–	–	–	150	160	171
Community Involvement	H	453	3,245	5,666	2,864	645	645	6,938	7,416	7,928
Promotion of community health	I	151	1,082	1,889	955	215	215	2,313	2,472	2,643
Total capital expenditure		20,152	15,449	25,840	33,054	33,054	33,054	49,039	52,422	56,039

Table 24: Reconciliation of IDP strategic objectives and budget capex

14. LEGISLATION COMPLIANCE STATUS

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

- **Budget and treasury office**

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

- **Budgeting**

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

- **Financial reporting**

Full compliance with regards to monthly, quarterly and annual reporting to the Mayor, Council, Provincial and National Treasuries.

- **Annual report**

The annual report is prepared in accordance with the MFMA and National Treasury requirements.

- **Internship Program**

The Thabazimbi Municipality in participating in the MFMA Internship Program has employed a number of interns undergoing training in the treasury department.

15. NATIONAL TREASURY DIRECTIVES

Key issues addressed in National Treasury Circular 51: Municipal Budget Circular for the MTREF – refer Annexure 21

1. Municipalities' role in employment creation

Underemployment, precarious employment (in the informal sector) and unemployment will continue to grow, putting further pressure on wage levels that are under stress, give cost of living increases and inflation generally. Hence, the percentage of the population living in poverty will continue to increase faster than the population finding employment at a living wage.

The Economic and Human Development Department has initiated a Cost of Doing Business Survey focusing on administrative and business interface efficiency. This work will build on the investment constraints study done previously.

A major challenge has been to facilitate and encourage semi and unskilled labour absorptive growth. With financial services being the major driver of the city economy its high end skills employer and does not create jobs at scale necessary to address employment challenges.

Expanded Public Work Program (EPWP):

The creation of short term job opportunities through the EPWP is identified as one of the Strategic Priorities in the Thabazimbi Local Municipality's Integrated Development Plan (IDP).

A corporate job opportunity target is set for the medium term cycle and revised annually. This target is proportionately distributed through implementing line departments to ensure service delivery and capital projects create EPWP jobs wherever appropriate.

The Municipality is fully participating in the EPWP and has entered into a Memorandum of Agreement (MOA) with the National EPWP unit committing to an annual job creation target as part of the EPWP Incentive Grant Scheme.

The maximization of labour intensive methods is driven through the SCM processes within the Municipality. Job creation targets are specified in tender documents where possible to regulate the use of temporary labour.

An EPWP policy is currently being developed to drive implementation and compliance of the program within the Municipality. This is supported by the development and implementation of a policy on the Recruitment and Selection of Community Workers for temporary work for all council programs and projects. Through this initiative, it is aimed o provide the low and un-skilled labour with a fair access to community based work and to ensure that local communities are protected from both corruption and nepotism in accessing of job opportunities.

2. Procurement reforms and fighting corruption

Corruption

The Municipality has recently centralized the procurement department which operates in accordance its Supply Chain Management (SCM) policies. In addition to these policies and procedures, the Municipality verifies the HDI status of vendors. The HDI status is used as part of

the scoring when awarding to vendors, over and above the scoring of price and functionality (functionality is determined by the requisitioning department).

Compliance

The Municipality's SCM policy (available on the Municipality's website) is drafted in accordance with legislation. The supply chain processes are linked to this policy and each process is followed and monitored through regular internal, external and audits. The SCM department does not specify nor dictate to the requisitioning line department as to what the specifications of any product are. The SCM function is an independent enabler in the process to ensure fairness and transparency.

3 Eskom bulk tariff increases

Implementation of Inclining Block Tariff (IBT)

NERSA conceded that implementation challenges exist for municipalities and agreed:-

- The industry is not expected to implement IBT during the 2010/2011 financial year.
- The 4 (four) block structure of the IBT and the energy rates per block detailed in the Media statement of 24 February 2010 are 'mere guidelines and municipalities may deviate from it'.

Eskom tariffs to municipalities and the "clawback" practice:

NERSA agreed to discuss the "clawback" practice whereby Eskom recovers its expected 12 month revenue stream from municipal bulk purchases over a 9(nine) month period [1 July to 31 March]. It is expected that this would result in an average increase of 29% to municipalities with effect from 1 July 2010 compared with the 24.8% increase to other Eskom customers with effect from 1 April 2010.

4. Water tariffs must be cost reflective

The Municipality's water tariffs are cost reflective to the extent that the current cost of water is covered by current revenue (taking due cognisance of the cross-subsidization from sanitation at the moment). The water tariffs do not, however, allow for the cost of future infrastructure, as no or minimal provision is made for reserves for funding future projects. Changes to the pricing strategy, i.e. to spread the impact on consumers over a period of time, will be dependent on the overall approach of the Municipality on "taxation in advance of need" (i.e. effectively CRR vs. EFF), against the background of cash backing/funding availability, if such is to be implemented by 2014.

The water tariffs are already structured to protect basic levels of service and to encourage efficient and sustainable consumption.

5. Implementation of the Municipal Property Rates Act

The ratios prescribed in the regulations have been complied with.

6. Providing clean water and managing waste water

1. Drinking water quality regulation

Blue Drop Status

The Department of Water Affairs initiated the drinking water quality (DWQ) regulation program in 2005 with the objective of ensuring the improvement of tap water quality by means of compliance monitoring. The introduction of the regulation initiative saw the monitoring performance improving to 100% by early 2008. However this improvement did not necessarily instill public confidence due to negative reporting on water quality at that stage. This phenomenon triggered the initiation of an incentive based regulation program termed **Blue Drop Certification**, which commenced on 11 September 2008.

Thabazimbi Municipality, having participated for the first time since inception of the Blue Drop Certification Program, obtained a score of 54.3%, slightly below the Limpopo Provincial Blue Drop Score of 54.95%. This is, however far below the national Blue Drop score 70.75%.

We consider this result as fair and encouraging given that the Assessors did erroneously omitted certain vital information in their assessment of Thabazimbi Municipality's Water Treatment Works (WTW). We therefore anticipate the score to rise significantly in the 2011 Blue Drop Certification Assessment.

2. Green Drop Status

A national roll out of both the Green Drop Assessment and the first order assessment of Municipal Waste Water Treatment Plants was inaugurated between August 2008 and September 2009 to provide a scientific and verifiable status of the Municipal Waste Water Treatment Works.

Due to the fact that information was not probably disseminated between the Department of Water Affairs District Office and Thabazimbi Municipality, the municipality was not assessed for 2010 Green Drop Status. However, a service provider has just been appointed by the municipality together necessary information for the 2011 Green Drop Assessment by the Department of Water Affairs. In addition as an expression of interest to participate, Thabazimbi Municipality, we have also registered our Waste Water Treatment Works on the DWA database. We are also conducting feasibility studies for upgrading/construction of Thabazimbi and Northam WWTW.

We are also confident that the 2011 assessment results for Green Drop Status will be impressive.

16. CAPITAL EXPENDITURE DETAILS

Project Name	Department	Approved 2010/11	2011/12	2012/13	Total budget	Funding source
Basic Service Delivery Projects						
Rooiberg Electrification of informal settlements	Technical Services	363,000	388,047	414,822	1,165,869	INEP
Regorogile electrification of RDP houses Ext. 3	Technical Services	3,317,000	3,545,873	3,790,538	10,653,411	INEP
Appiesdoorn (Regorogile Ext. 9) Electrification of Informal Settlement	Technical Services	1,320,000	1,411,080	1,508,445	4,239,525	INEP
Northam, Regorogile ext. 6,7&9 intallation of Highmast street lights	Technical Services	2,500,000	2,672,500	2,856,903	8,029,403	MIG
Northam extentions and Rooiberg upgrading of sports facilities	Technical Services	2,000,000	2,138,000	2,285,522	6,423,522	MIG
Regorogile ext. 4 paving of internal streets	Technical Services	14,350,000	15,340,150	16,398,620	46,088,770	MIG
Rooiberg development of new cemeteries	Technical Services	2,155,062	2,303,761	2,462,721	6,921,544	MIG
Rooiberg upgrading of internal roads	Technical Services	6,000,000	6,414,000	6,856,566	19,270,566	MIG
PMU fees	Technical Services	1,444,600	1,544,277	1,650,833	4,639,710	MIG
Regorogile multi purpose centre	Technical Services	1,458,690	1,559,340	1,666,934	4,684,964	MIG
Regorogile ext. 5 paving of internal streets	Technical Services	428,248	457,797	489,385	1,375,430	TLM
Northam ext. 7 construction of water & sewer reticulation	Technical Services	5,600,000	5,986,400	6,399,462	17,985,862	ANGLO
Replacement of residential metres & valves in the main line	Technical Services	900,000	962,100	1,028,485	2,890,585	TLM
Regorogile ext.5&9 conversion of prepaid metering system	Technical Services	1,909,000	2,040,721	2,181,531	6,131,252	TLM
Sub Total		43,745,600	46,764,046	49,990,766	140,500,412	
Local Economic Development Projects						
Good Governance and Public Participation						
Software, Hardware / Website Maitanance	Corporate Services	850,000	908,650	971,347	2,729,997	TLM
Server for E-mail, Internet, Backup System	Corporate Services	850,000	908,650	971,347	2,729,997	TLM
Ugrading of the Municipal Chamber	Corporate Services	350,000	374,150	399,966	1,124,116	TLM
Sub Total			2,191,450			

		2,050,000		2,342,660	6,584,110	
Financial Viability						
Office furniture for CFO and secretary	Budget and Treasury	150,000	160,350	171,414	481,764	TLM
Sub Total		150,000	160,350	171,414	481,764	
Municipal Transformation and Organisational Development						
Erection of new civic centre	Municipal Manager	5,150,000	5,505,350	5,885,219	16,540,569	TRE A
Mayoral Vehicle	Council	500,000	-	-	500,000	TLM
Office furniture for Manager for Community Services	Social Services	100,000	106,900	114,276	321,176	TLM
Office furniture for licensing office	Social Services	200,000	213,800	228,552	642,352	TLM
Speed Control Machine	Social Services	500,000	534,500	571,381	1,605,881	TLM
Road Marking Machine	Social Services	100,000	106,900	114,276	321,176	TLM
Traffic contravention machine	Social Services	50,000	53,450	57,138	160,588	TLM
Security Bakkie	Social Services	150,000	160,350	171,414	481,764	TLM
Construction of new licensing office	Social Services	3,000,000	-	-	3,000,000	TLM
Security Design	Social Services	100,000	106,900	114,276	321,176	TLM
Fire fighting agent	Social Services	50,000	53,450	57,138	160,588	TLM
LDV(2) 4X4	Social Services	300,000	320,700	342,828		TLM
Refuse removal truck	Social Services	1,800,000	1,924,200	2,056,970		TLM
Portable radios	Social Services	50,000	53,450	57,138	160,588	WDM
Chain saw	Social Services	50,000	53,450	57,138	160,588	WDM
Fire brakes	Social Services	250,000				WDM
Sub Total		12,350,000	9,193,400	9,827,745	24,376,447	
GRAND TOTAL		58,295,600	58,309,246	62,332,584	171,942,733	

Table 25: Capital Expenditure Details

NB: The above projects include those funded by AngloPlats and Other funders for the value of R9 257 097. The municipality is optimistic that finance will be obtained although no legally binding agreements are still to be established. We therefore have accounted for such funding off balance sheet but included it in our list of projects as part of indication of service delivery on a overall basis.

17. OTHER SUPPORTING DOCUMENTS

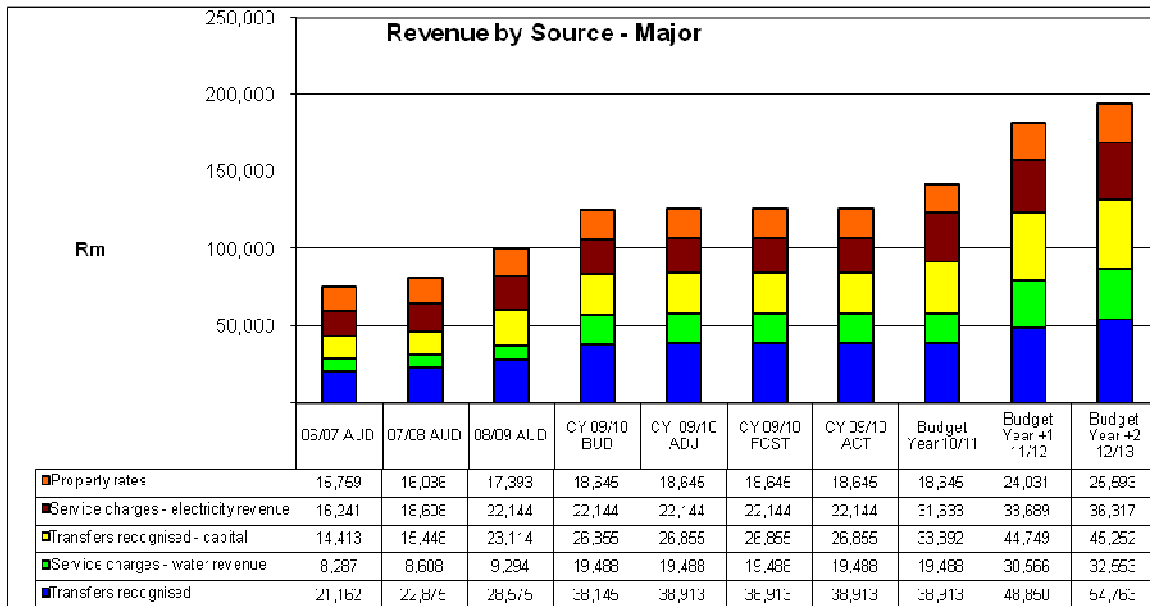


Figure 3: Revenue by Major Source

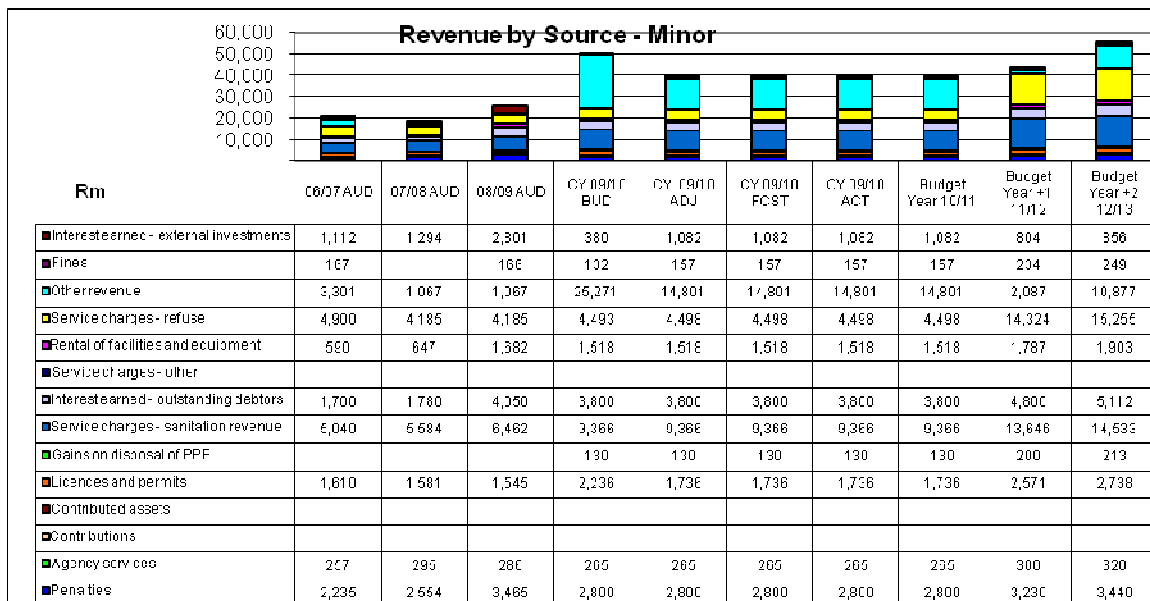


Figure 4: Revenue by minor source

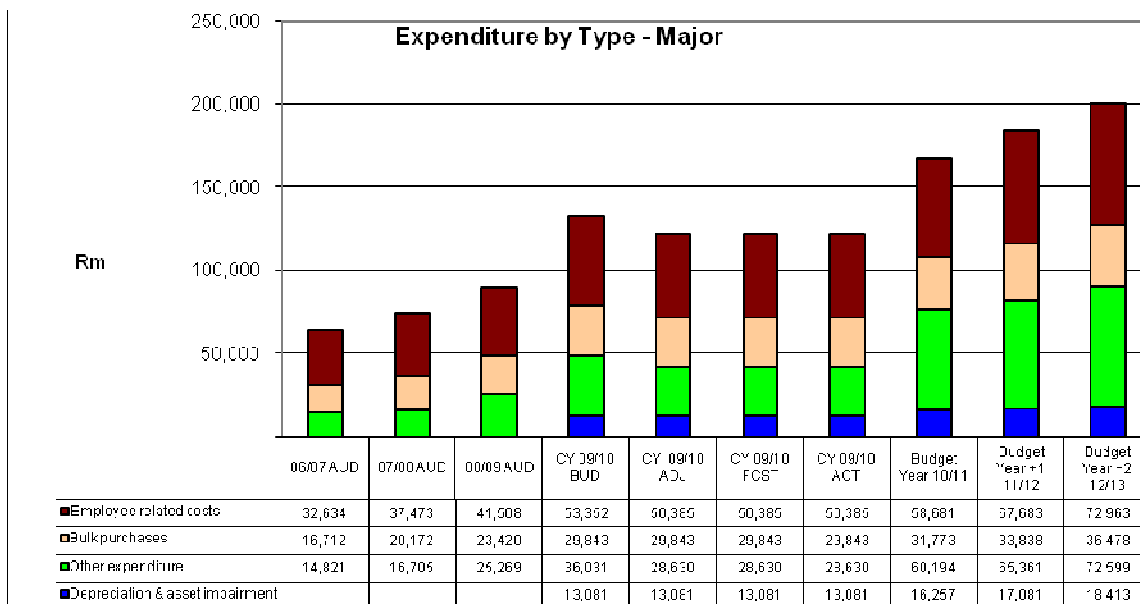


Figure 5: Operating Expenditure by major type

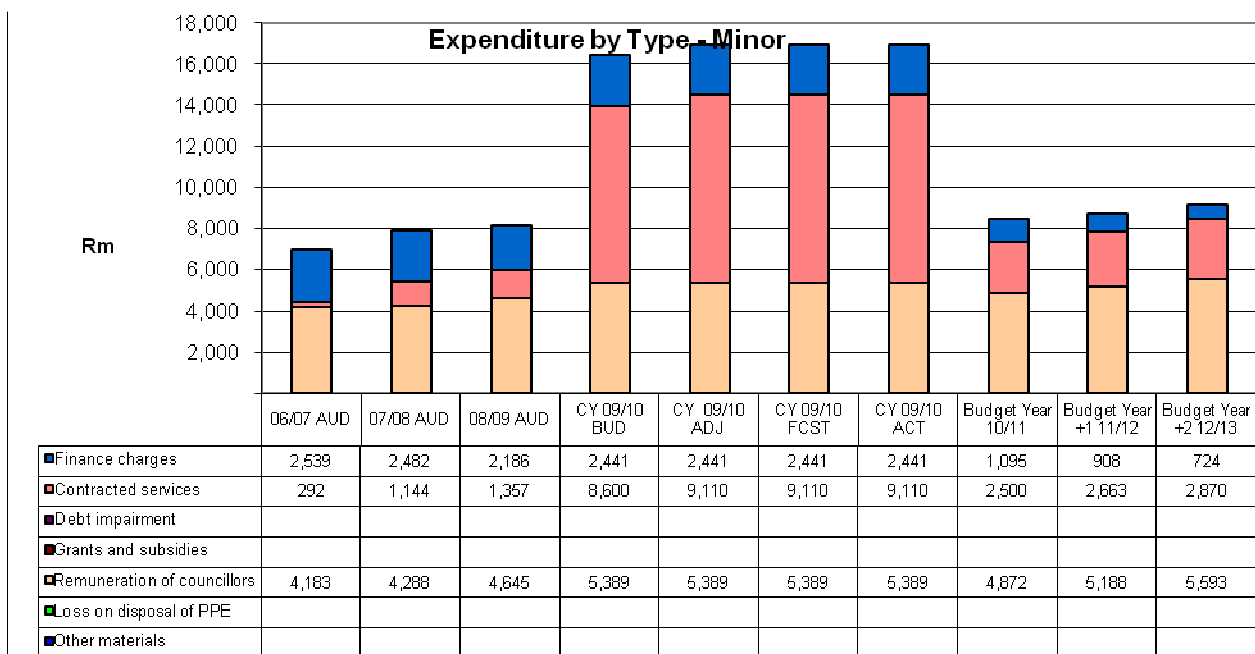


Figure 6: Operating Expenditure by minor type

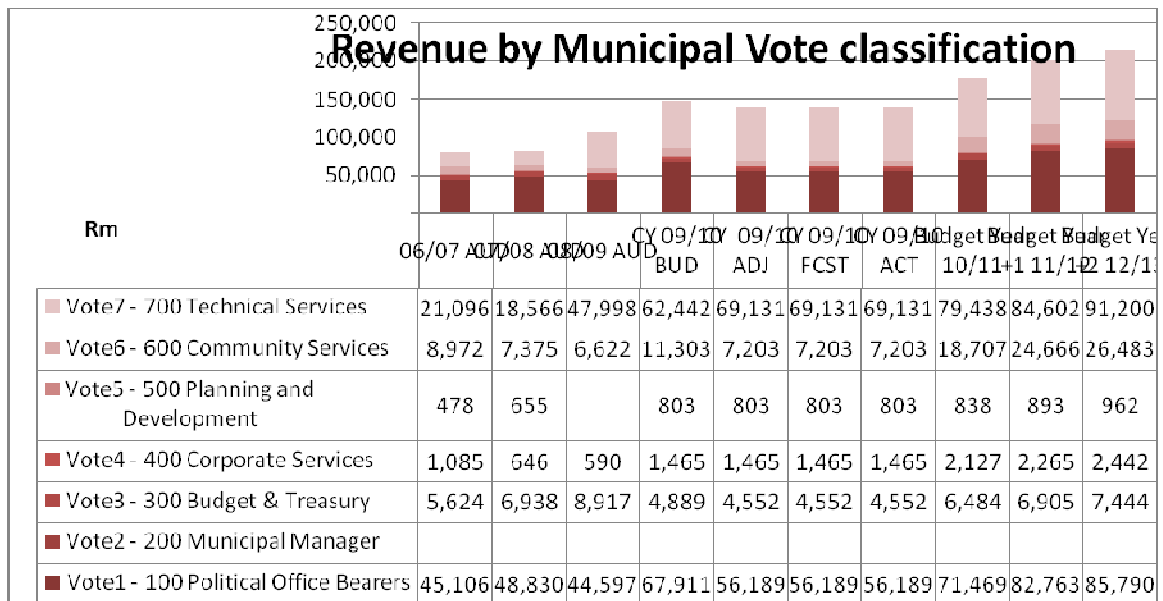


Figure 7: Revenue by municipal vote classification

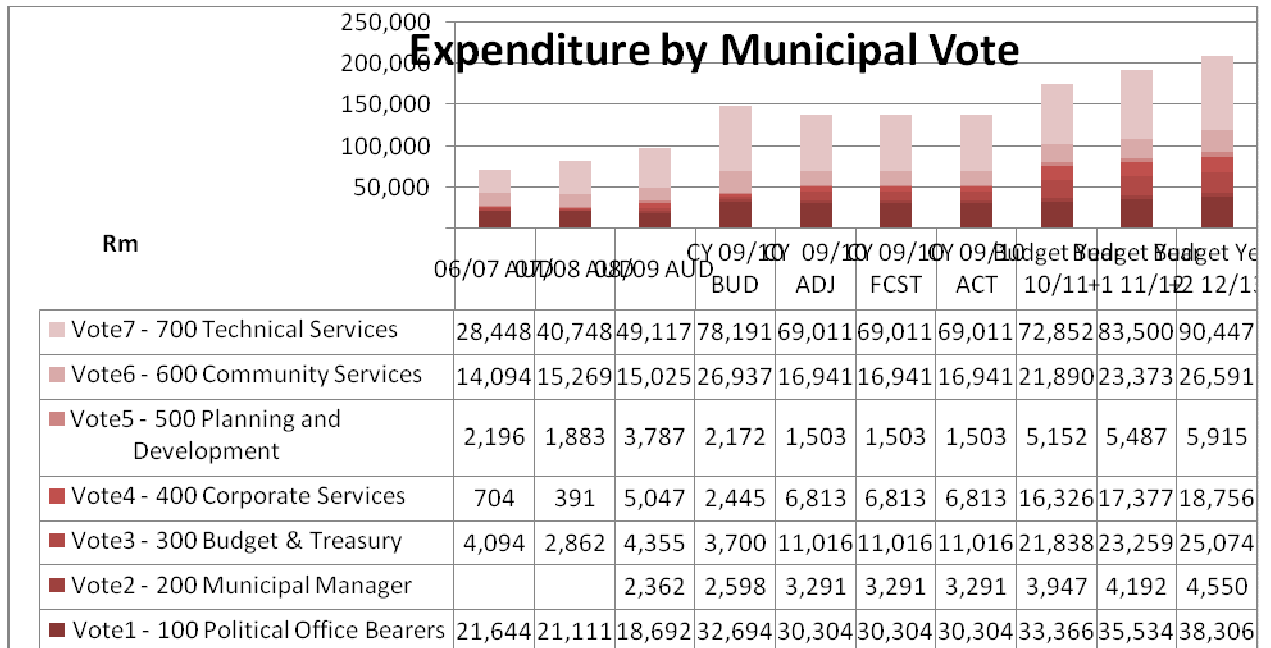


Figure 8: Expenditure by municipal vote classification

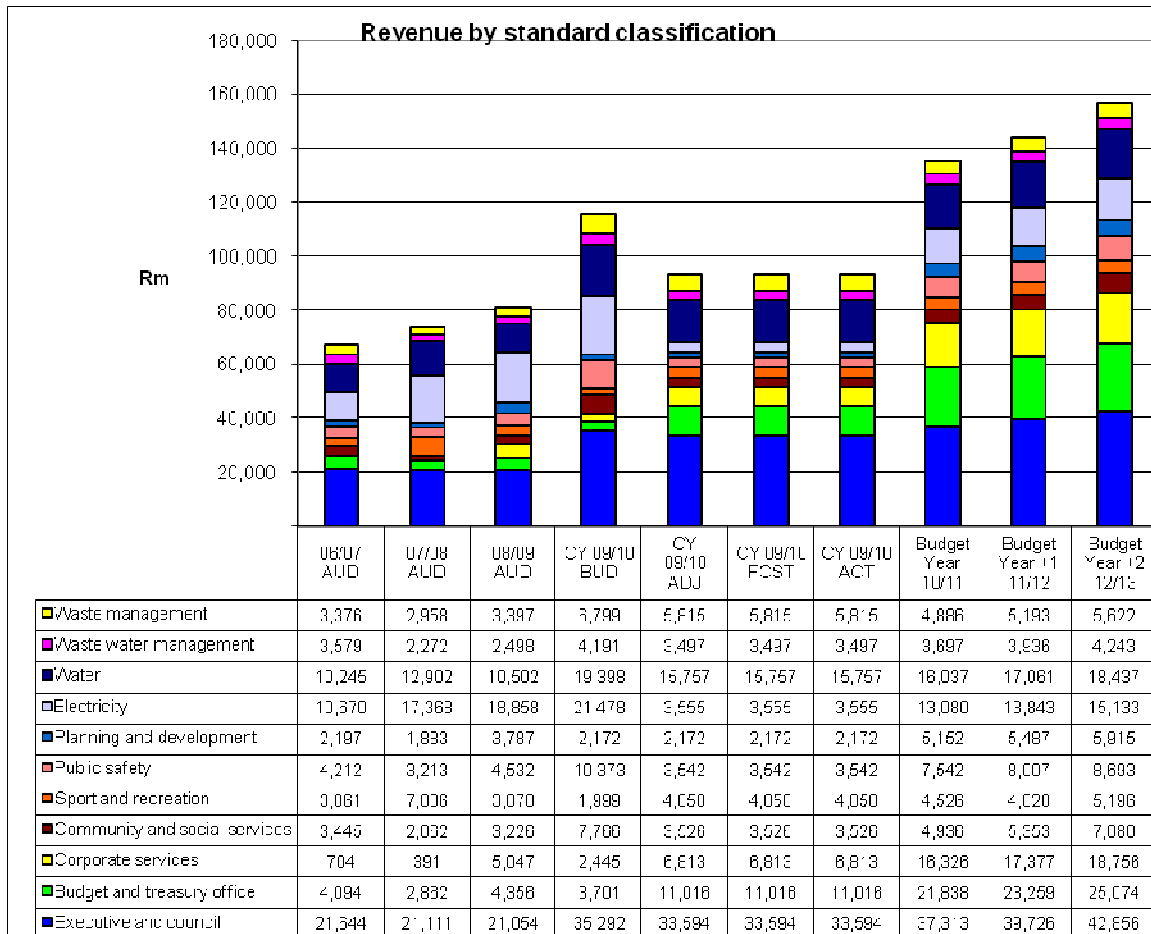


Figure 9: Revenue by standard classification

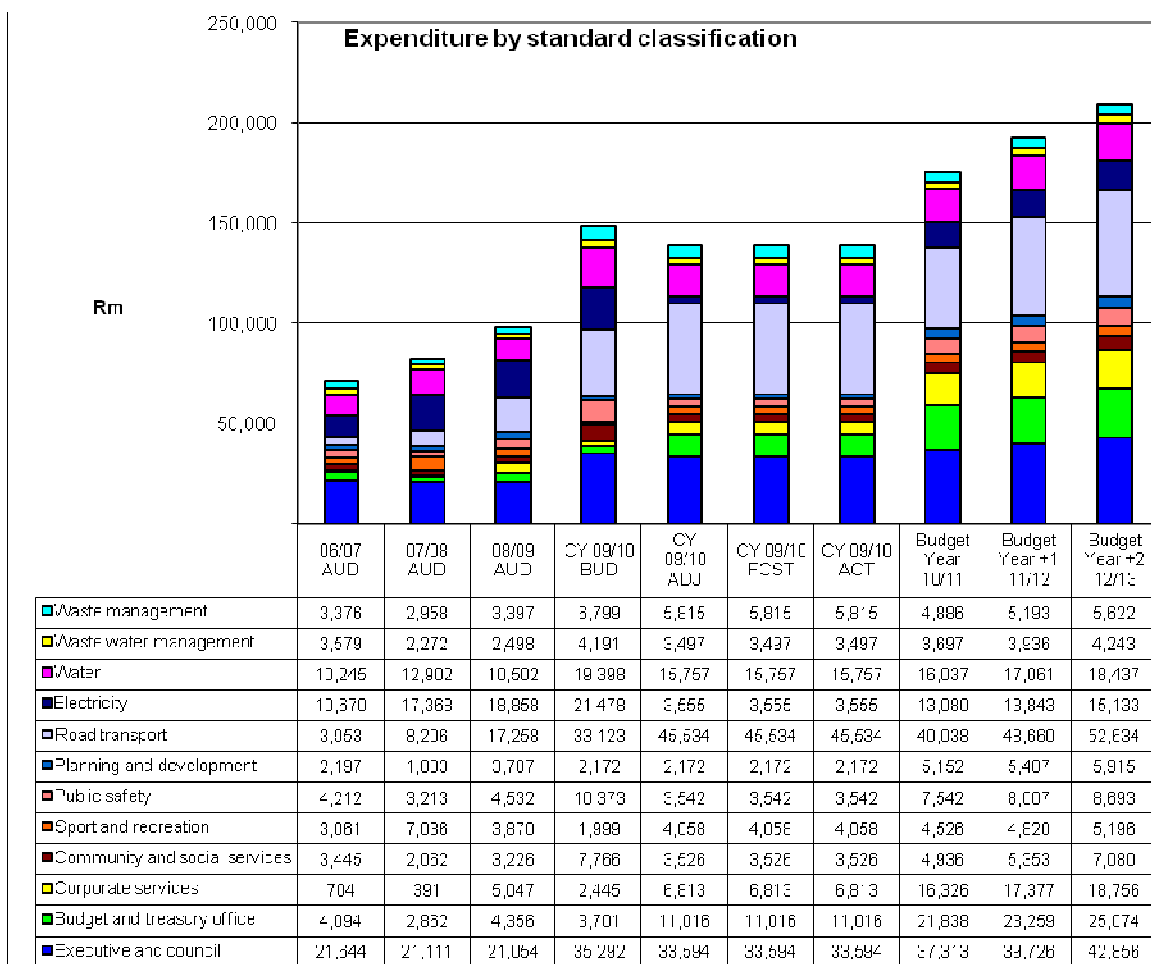


Figure 10: Expenditure by standard classification

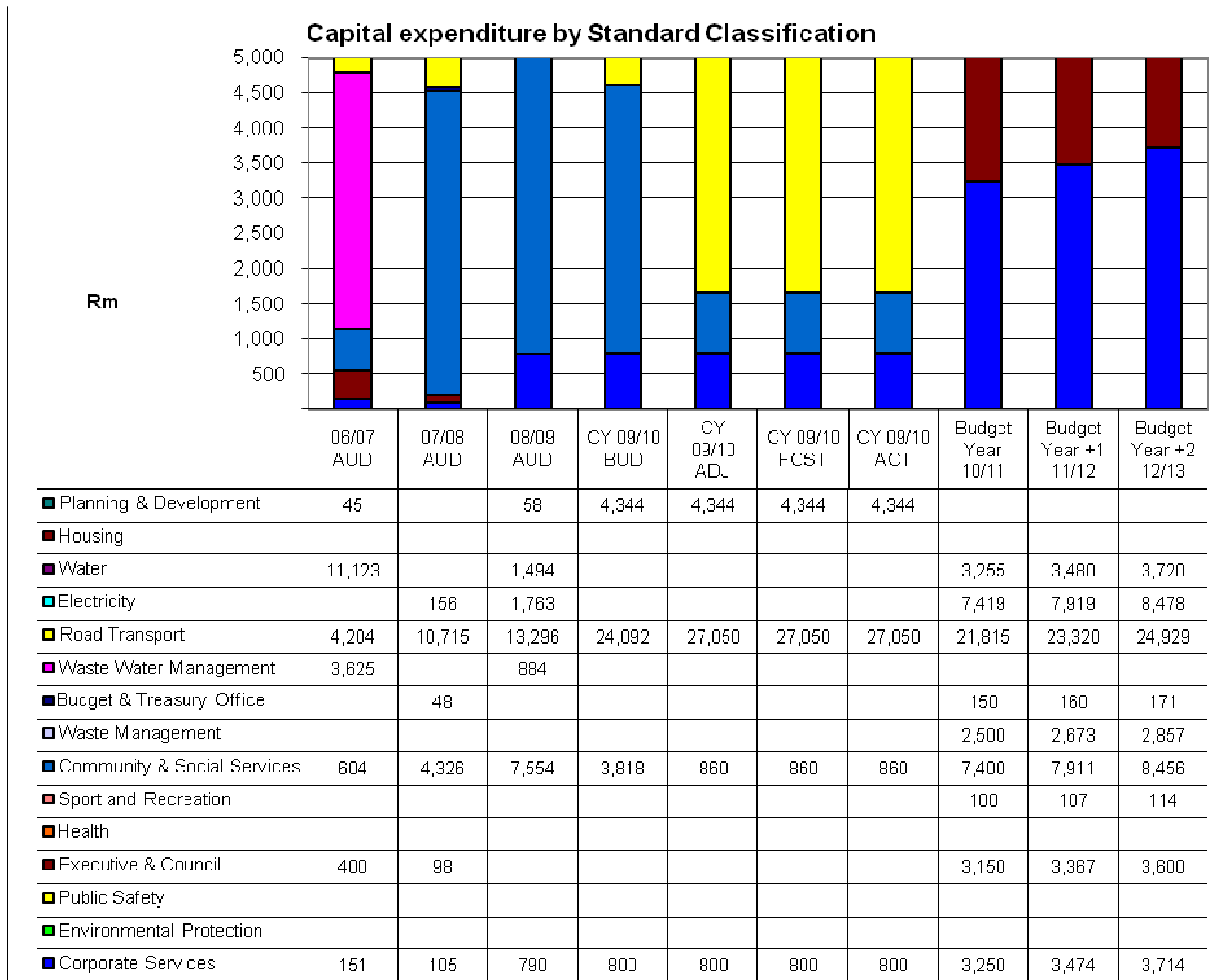


Figure 11: Capital expenditure by standard classification

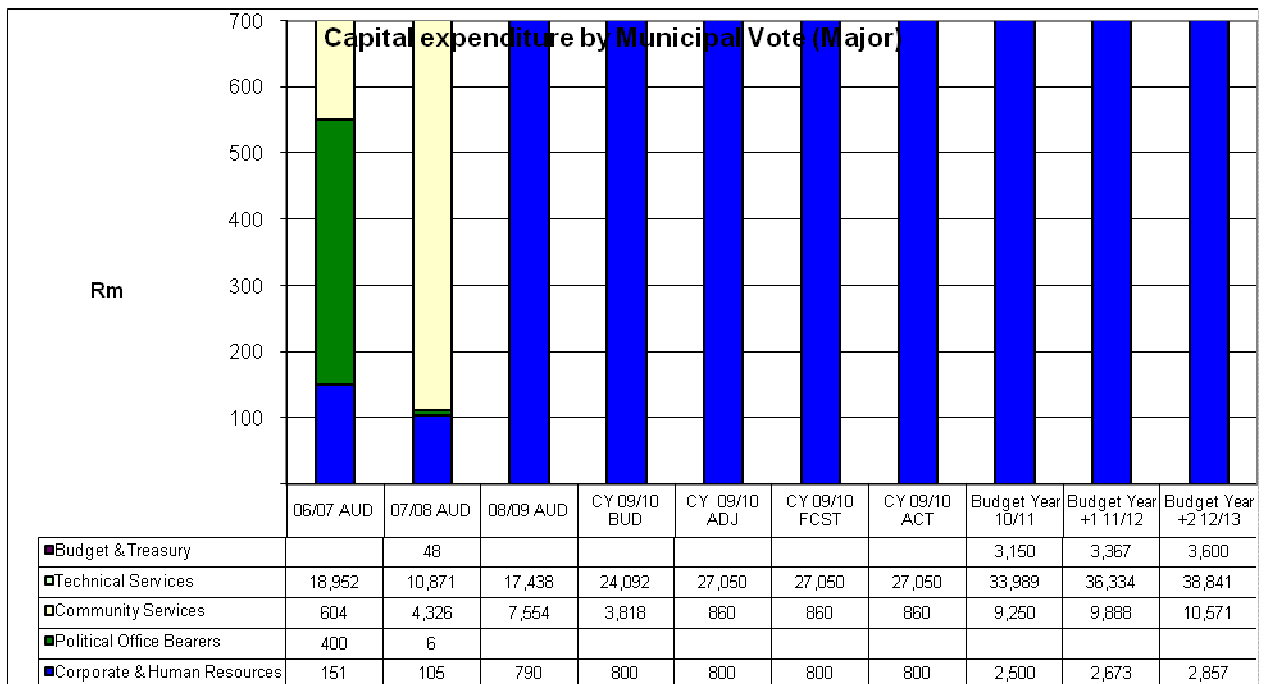


Figure 12: Capital expenditure by municipal vote-major

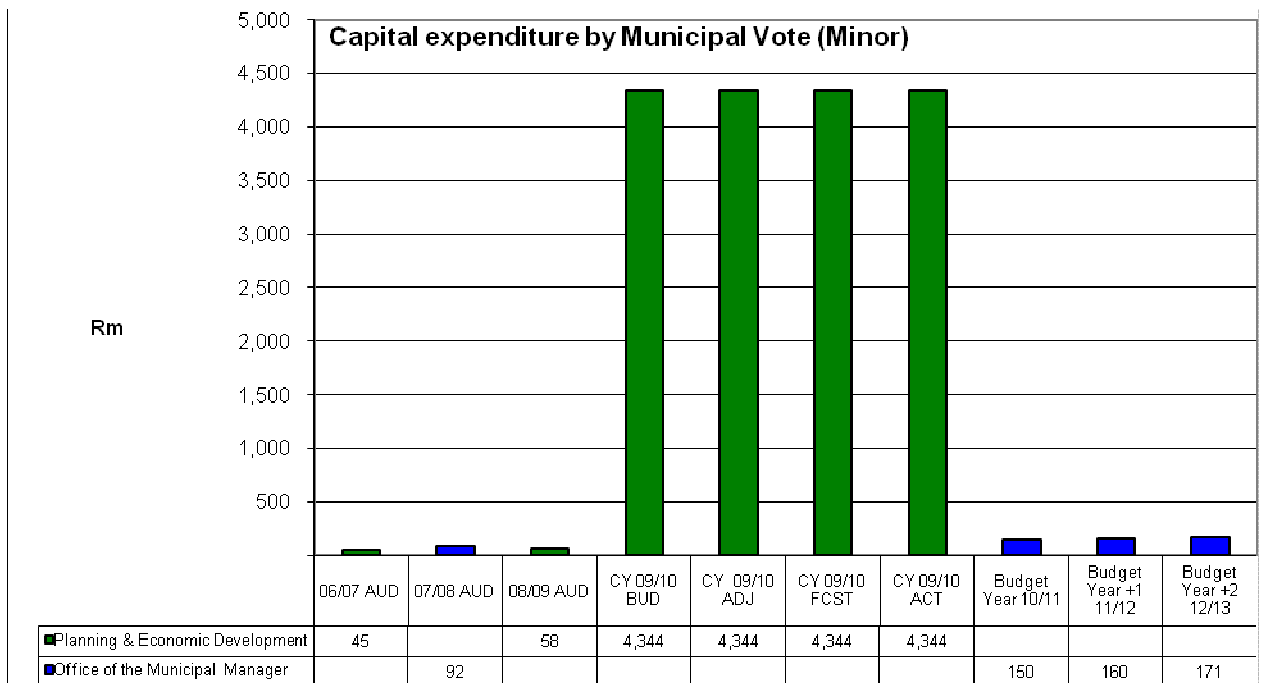


Figure 13: Capital expenditure by municipal vote-minor

**2008/09 MTREF (3 year total)
Capital expenditure program per vote**

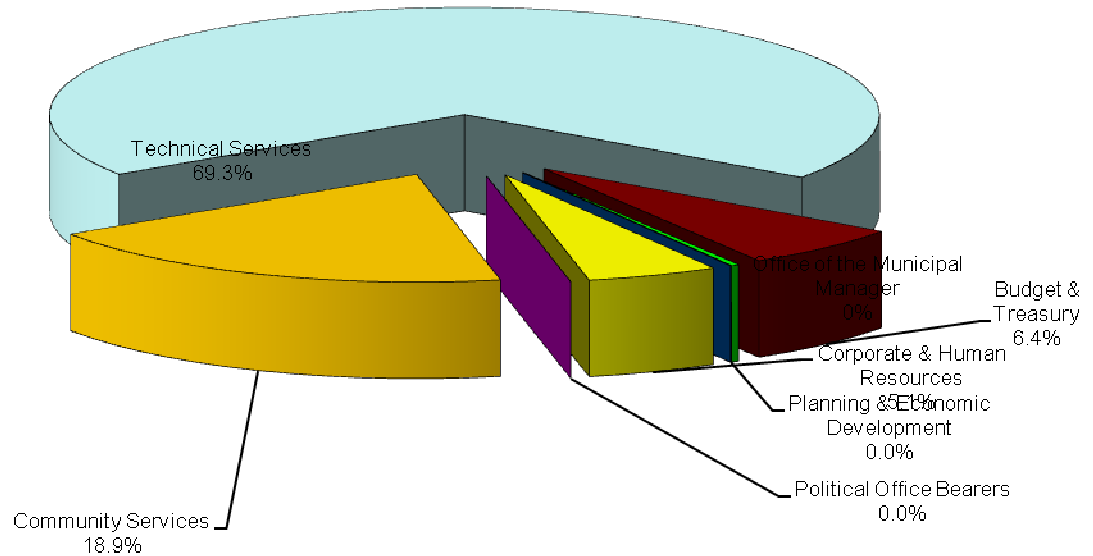


Figure 14: Capital expenditure program

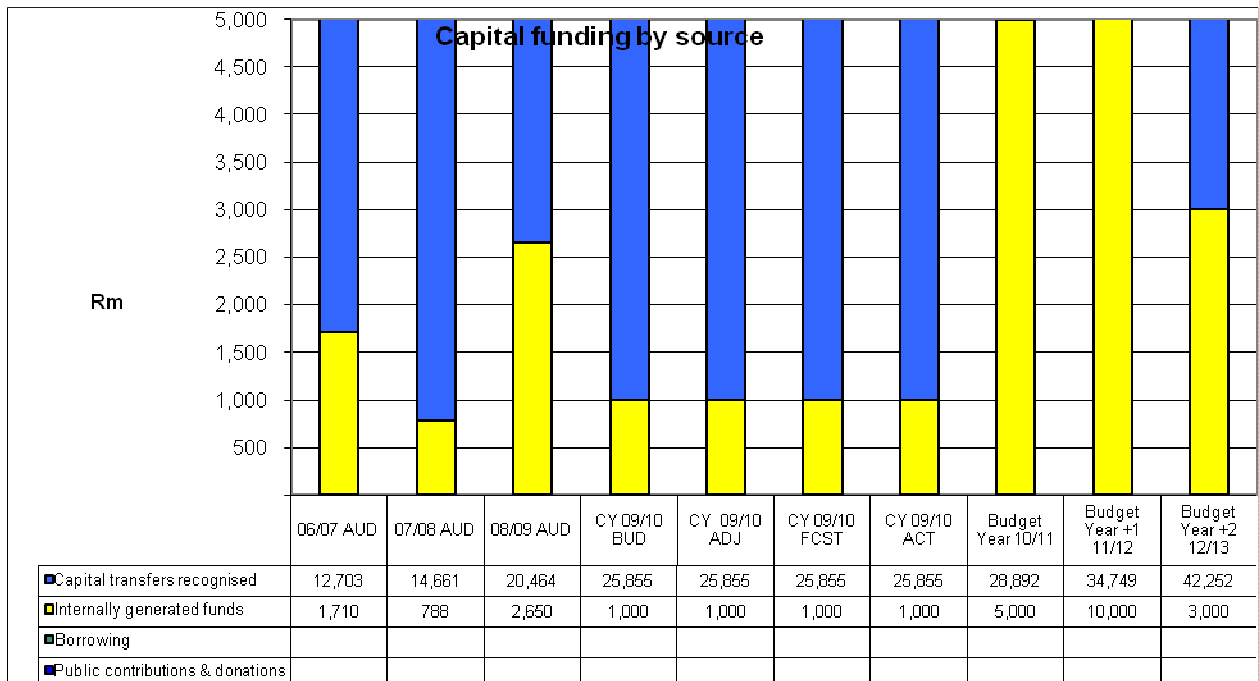


Figure 15: Capital funding by source

8. ANNEXURES



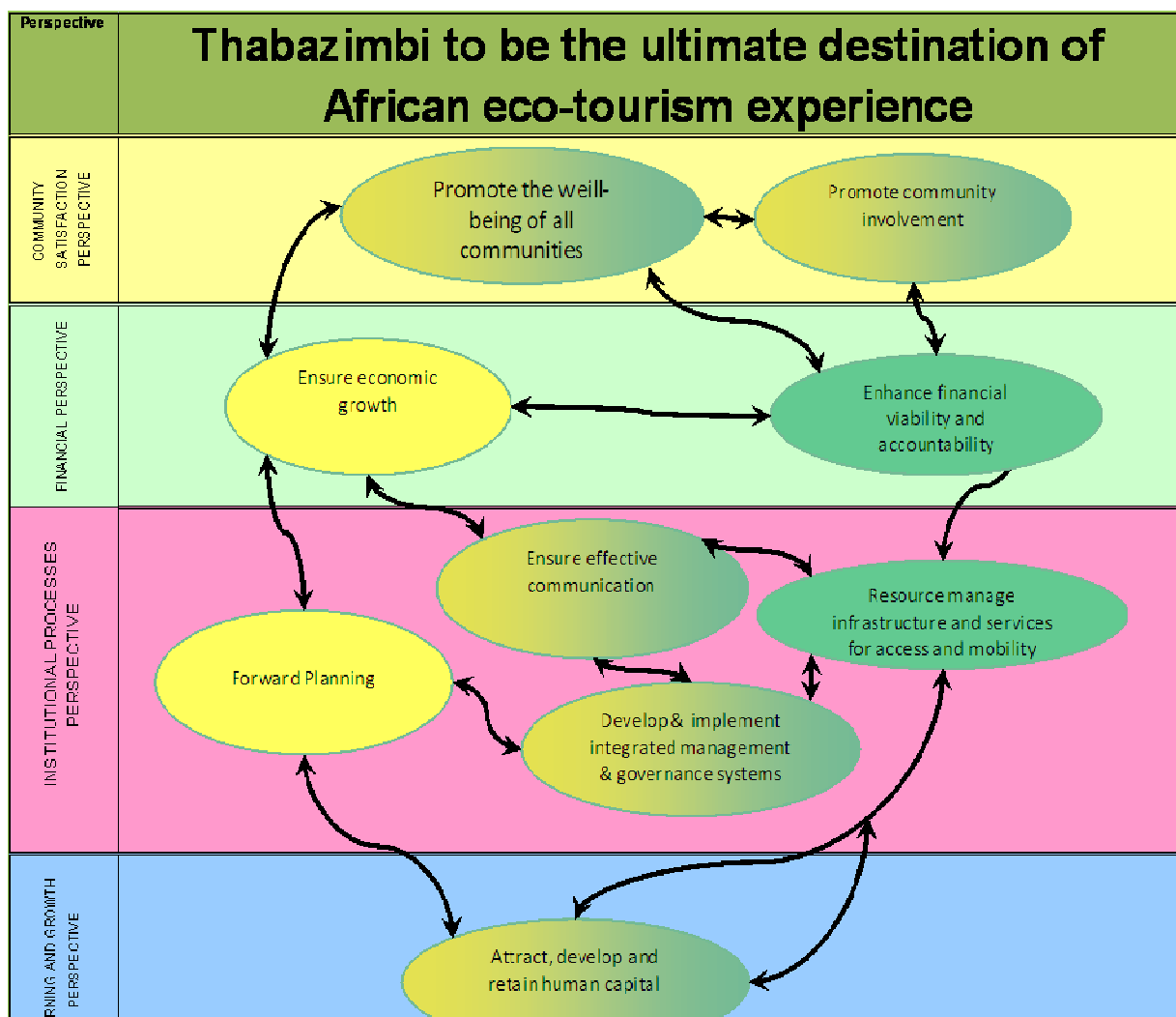
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Introduction	<p>The development, implementation and monitoring of a Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA).</p> <p>In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.”</p> <p>As the budget gives effect to the strategic priorities of the municipality it is important to supplement the budget and the IDP with a management and implementation plan.</p> <p>The SDBIP serves as the commitment by the Municipality, which includes the administration, council and community, whereby the intended objectives and projected achievements are expressed in order to ensure that desired outcomes over the long term are achieved and these are implemented by the administration over the next twelve months.</p> <p>The SDBIP provides the basis for measuring performance in service delivery against quarterly targets and implementing the budget based on monthly projections.</p> <p>Circular 13 further suggests that “the SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community.”</p> <p>The purpose of the SDBIP is to monitor the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality.</p> <p>In the interests of good governance and better accountability, the SDBIP should therefore determine and be aligned with the performance agreements of the municipal manager and senior managers.</p> <p>The development, implementation and monitoring of a Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA).</p> <p>In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.”</p>
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<p>Legislation</p>	<p>According to the Municipal Finance Act (MFMA) the definition of a SDBIP is: 'service delivery and budget implementation plan' means a detailed plan approved by the mayor of a municipality in terms of section 53 (1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate- (a) projections for each month of- (i) revenue to be collected, by source; and (ii) operational and capital expenditure, by vote; (b) service delivery targets and performance indicators for each quarter; Section 53 of the MFMA stipulates that the Mayor should approve the SDBIP within 28 days after the approval of the budget. The Mayor must also ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after their approval.</p> <p>The following National Treasury prescriptions as minimum requirements that must form part of the SDBIP are applicable to the Municipality :</p> <ul style="list-style-type: none"> (1) Monthly projections of revenue to be collected by source (2) Monthly projections of expenditure (operating and capital) and revenue for each vote * (3) Quarterly projections of service delivery targets and performance indicators for each vote <p>* Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"> a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned
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<p>Methodology and Content</p>	<p>National Treasury directives are clear on the contents and methodology to derive at the SDBIP. As a first step, the IDP objectives need to be quantified and related into key performance indicators. The budget is aligned to the objectives, projects and activities to enable the SDBIP to serve as monitoring tool for service delivery.</p> <p>The SDBIP is describes as a layered plan. The top layer deals with consolidated service delivery targets and time frames. Top Management is held accountable for the implementation of the consolidated projects and Key Performance Indicators. From the consolidated information, top management is expected to develop the next level of detail by breaking up outputs into smaller outputs and then linking and assigning responsibility to middle-level and junior managers.</p> <p>Circular 13 highlights the following 5 necessary components to be presented in the SDBIP:</p> <ol style="list-style-type: none"> 1. Monthly projections of revenue to be collected for each source 2. Monthly projections of expenditure (operating and capital) and revenue for each vote 3. Quarterly projections of service delivery targets and performance indicators for each vote 4. Ward information for expenditure and service delivery 5. Detailed capital works plan broken down by ward over three years <p>The Thabazimbi Municipality has incorporated these components into their SDBIP, but for the purposes of the draft SDBIP, as the draft budget has not been tabled and the revenue and expenditure information is not readily available yet, only the quarterly performance indicators with quarterly targets per functional area and vote number are indicate in the draft SDBIP. The other components will be concluded after the final budget has been adopted.</p> <p>The SDBIP of the Thabazimbi Municipality consists of Strategic Objectives derived from the IDP that are aligned with the strategic intent of the organisation. Strategic indicators with targets are set to measure the objectives. The Municipal Manager takes responsibility for the Strategic Indicators and Objectives which will form part of his Performance Agreement and Plan. Projects and activities are aligned to the indicators with quarterly targets, time-frame and budget assigned to each.</p> <p>The Strategic Indicators give rise to the Institutional Indicators for which the Directors will take responsibility. These indicators will form part of the Performance Agreements and Plans of Senior Managers (Directors). Indicators are assigned quarterly targets and responsibilities to monitor performance.</p> <p>Derived from this, the next layer is developed, whereby the details with responsibilities for the next level of management is outlined and forms part of the Lower SDBIP. This lower SDBIP is a management tool for the S57 Managers and need not be made public and is a separate document for each internal department.</p> <p>The SDBIP serves as a management, implementation and monitoring tool that will assist the Mayor, Councilors, Municipal Manager and Directors in delivering services to the community</p>
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<p>Vision and Mission</p>	<p>The strategic vision of the organisation sets the long term goal the Municipality wants to achieve. Thabazimbi Municipality's vision reads as follows:</p> <p style="text-align: center;">"Thabazimbi to be the ultimate destination of African eco-tourism experience"</p> <p>The strategic Mission Speaks about how the vision of the organisation will be achieved. Thabazimbi mission is as follows:</p> <p style="text-align: center;">"To optimise the natural resources within our boundaries for service delivery by developing partnership with all stakeholders"</p>
<p>Strategy map</p>	<p>The Strategy Map depicts the Strategic Objectives on how Thabazimbi Municipality will be able to achieve their vision. These objectives were positioned in terms of the Balanced Scorecard Perspectives being: Learning and Growth; Institutional Processes; Financial results and Community Satisfaction. All operational outputs (projects, initiatives and process) as contained within the SDBIP are aligned to the attainment of one or more of these objectives.</p>



Votes and Operational objectives	Municipal Manager Office (Vote 200)	To lead, direct and manage a motivated and inspired Administration and account to the Thabazimbi Municipal Council as Accounting Officer for long term Municipal sustainability to achieve a good creditor rating within the requirements of the relevant legislation and whereas the following sections within the department i.e. Legal, Youth, Disabled and Women Desk, Communication, IGR and Internal Auditing is managed for integration, marginalised poverty alleviation, efficient, economic and effective communications and service delivery. To ensure a 100% credible IDP with total integration with the budget and performance management system.
	Finance (Vote 300)	To secure sound and sustainable management of the financial affairs of Thabazimbi Municipality by managing the budget and treasury office and advising and if necessary assisting the accounting officer and other directors of their duties and delegation contained in the MFMA. Ensuring that the Municipality is 100% financially viable when it comes to Cost Coverage and to manage the Grant Revenue of the municipality so that no grant funding is forfeited.
	Community Services (Vote 600)	To co-ordinate Sports Arts and culture, Safety and security, Environmental and Waste management, as well as Social development programmes.
	Technical Services (Vote 700)	To ensure that the service delivery requirements for waste removal, roads and transport are met for universal access to basic services. To monitor and facilitate where possible the provision of water and sanitation services by Waterberg District Municipality. To monitor infrastructure projects and ensure 100% MIG allocations are spent
	Corporate Services (Vote)	Efficient and effective human resources and information technology provision and management and the provision of high quality customer orientated administrative and systems. Ensuring 100% compliance to the Skills Development Employment Equity Plan
	Planning and Economic Development (Vote 500)	To direct the Thabazimbi Municipality's resources for advanced economic development and investment growth through appropriate town and infrastructure planning where an environment is created for all residents to have sustainable income. To ensure that all developments take place according to the Spatial Development Framework and that the community's needs are addressed

Strategic Indicators (Office of the MM) - Vote no: N/A

KPA	Strategic Objective	Programme	Strategic Indicator	Status	Annual	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending
						Sep/10	Dec/10	Mar/11	Jun/11
						Projected Target	Projected Target	Projected Target	Projected Target
				2009/2010	Projected Target 10/11				
TOD	Forward Planning	Planning and Development	# of IDP queries from DLGH the municipality addressed/# of queries raised against the IDP as %	80%	100%	100%	100%	100%	100%
TOD	Forward Planning	Organisational Performance Management	# of PM reports submitted/# of PM reports required	100%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Skills Development and Training	% municipality's budget actually spent on implementing the workplace skills plan	1%	1%	n/a	n/a	n/a	1%
TOD	Attract, develop and retain human capital:	Human Resource Management	# of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	5	6	n/a	n/a	n/a	6
TOD	Attract, develop and retain human capital:	Human Resource Management	% of critical vacancies identified filled with suitable qualified candidates (according to skills	100%	100%	100%	100%	100%	100%

			development plan)						
TOD	Attract, develop and retain human capital:	Human Resource Management	% of budgeted vacancies filled in the municipality organogram	76%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Human Resource Management	% staff turn over rate (voluntary)	0.3%	0%	0%	0%	0%	0%
TOD	Attract, develop and retain human capital:	Human Resource Management	# of section 57 employment contracts signed/ total # of section 57 managers contract developed as %	100%	100%	100%	100%	100%	100%
BSD	To promote community involvement	Indigent	% of indigents with access to free basic services	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Revenue Management	R-value investments	R 15,069,00 0.00	R 15,069,000. 00	n/a	n/a	n/a	R 15,069,000. 00
FV	Enhance financial viability and accountability:	Revenue Management	R-value monthly fixed operating expenditure	R 216,000.0 0	R 216,000.00	n/a	n/a	n/a	R 216,000.00
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% personnel costs (r-value salaries budget including benefits / r-value total operating budget)	40%	40%	40%	40%	40%	40%
FV	Enhance financial viability and	Financial Management and Reporting	% budget variance on capital expenditure	3%	5%	5%	5%	5%	5%

	accountability:								
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% budget variance on operational expenditure	10%	10%	10%	10%	10%	10%
GGPP	Develop & implement integrated management & governance systems	Special Programmes	R-Value budget spent on youth programmes/ R-Value total youth budget as %	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% compliance to three year audit plan	60%	100%	70%	80%	90%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% issues raised in last AG report addressed	90%	100%	95%	98%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% management decisions implemented (# decisions implemented / # management decisions taken as %)	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% council resolutions implemented	100%	100%	100%	100%	100%	100%

Performance Indicators - CFO - Vote no: N/A

KPA	Strategic Objective	Programme	Institutional Indicator	Status	Annual	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending
						Sep/10	Dec/10	Mar/11	Jun/11
				2009/2010	Projected Target 10/11	Projected Target	Projected Target	Projected Target	Projected Target
TOD	Forward Planning	Organisational Performance Management	# Quarterly departmental performance reports completed within one week of end of quarter	4	4	1	2	3	4
TOD	Forward Planning	Organisational Performance Management	Total # monthly departmental reports submitted	12	12	3	6	9	12
TOD	Attract, develop and retain human capital:	Human Resource Management	% of OHS committee recommendations implemented	60%	New target	100%	100%	100%	100%
BSD	Promote the welfare of the community	Free Basic Services	% spent on free basic services	85%	90%			85%	88%
LED	Enhance financial viability and accountability:	Revenue Management	Annual revenue actually received for services	39 700 536.00	39 700 536.00	9,925,134	19,850,268	29,775,402	39 700 536.00
FV	Enhance financial viability and accountability:	Revenue Management	% rates and services billed, not recovered	88%	90%	90%	90%	90%	90%
FV	Enhance financial viability and accountability:	Revenue Management	% revenue received (Actual R-value revenue / total projected revenue)	32%	70%	40%	50%	60%	70%
FV	Enhance financial viability and accountability:	Revenue Management	R-value cost to provide free Property rates (R'000 value threshold)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
FV	Enhance financial viability and accountability:	Revenue Management	R-value revenue to provide free property rates (R15 000 threshold rebate)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided

FV	Enhance financial viability and accountability:	Revenue Management	R-value revenue to provide free Property rates (other exemptions, reductions and rebates)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
FV	Enhance financial viability and accountability:	Revenue Management	% revenue generated through services (R-value revenue from services / R-value total revenue)	42%	42%	n/a	n/a	n/a	42%
FV	Enhance financial viability and accountability:	Revenue Management	R-value billed revenue / R-value billed revenue actually received as %	88%	90%	90%	90%	90%	90%
FV	Enhance financial viability and accountability:	Revenue Management	% actual income from property rates (R-value actual income for property rates / Total projected income for property rates)	80%	95	80%	85%	90%	95%
FV	Enhance financial viability and accountability:	Revenue Management	% Revenue from grants	89%	84%	n/a	n/a	n/a	84%
FV	Enhance financial viability and accountability:	Revenue Management	% LEDF spent	100%	100%	25%	25%	25%	25%
FV	Enhance financial viability and accountability:	Revenue Management	% MIG spent	76%	100%	n/a	n/a	n/a	100%
FV	Enhance financial viability and accountability:	Revenue Management	R-value income from agency services	-R 1,164,327.48	-R 1,164,327.48	-R 291,081.87	-R 582,163.74	-R 873,245.61	-R 1,164,327.48
FV	Enhance financial viability and accountability:	Revenue Management	Total r-value actual income from fee, fines, licenses and permits	R 2,112,519.64	R 2,112,519.64	R 528,129.91	R 1,056,259.82	R 1,584,389.73	R 2,112,519.64
FV	Enhance financial viability and accountability:	Revenue Management	% of daily cash banking/ Total cash collected.	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and	Revenue Management	R-value daily cash collected / amount recorded in the	100%	100%	100%	100%	100%	100%

	accountability:		system as %						
FV	Enhance financial viability and accountability:	Revenue Management	% deposits allocated to correct account	90%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Revenue Management	Total # of monthly cash reconciliation reports done.	12	12	3	6	9	12
FV	Enhance financial viability and accountability:	Revenue Management	% equitable share received	100%	100%	33%	66%	n/a	100%
FV	Enhance financial viability and accountability:	Debt management	Average % payment rate for municipal area	88%	95%	90%	92%	93%	95%
FV	Enhance financial viability and accountability:	Debt management	R-value total debts written off annually	R 0	R 1,000,000	n/a	n/a	n/a	R 1,000,000
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% Statutory payments made within prescribed timeframes	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% of Creditors paid within 30 days	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% variance from annual Budget process plan	10%	10%	10%	10%	10%	10%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% of capital budget spent	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	Average days between system close, month end and supply of financial reconciled information for reporting after receiving revenue	7 days	7 days	7 days	7 days	7 days	7 days

			journals						
FV	Enhance financial viability and accountability:	Financial Management and Reporting	Average # of days for control accounts reconciliation after month end	7 days	7 days	7 days	7 days	7 days	7 days
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% of salary transfers within determined time frames	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% actual payment of deduction of pension and other third party payments within time frames	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	R-value Salaries budget (including benefits)	R 58,735,313	R 58,735,313	R 14,683,828	R 29,367,657	R 44,051,485	R 58,735,313
FV	Enhance financial viability and accountability:	Financial Management and Reporting	Expenditure variance as % of YTD Budget	10%	10%	10%	10%	10%	10%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% of departmental budget spent	90%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% of departmental budget spent	90%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	Financial statements for FY submitted to the Auditor-General by 31 August (as per MFMA)	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	Auditor-General audited your financial statements for previous FY	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Supply Chain Management	# of SCM reports submitted to council and national treasury	4	4	1	1	1	1

FV	Enhance financial viability and accountability:	Asset Management	% GRAP compliance (asset register)	60%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Asset Management	% Financial reporting on asset register management within time frame	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Asset Management	% of assets insured as approved by the CFO.	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Asset Management	# disposals as approved by Council	6	15	n/a	n/a	n/a	15
FV	Enhance financial viability and accountability:	Asset Management	% Allocation of premiums to votes by 30 Sept every year	n/a	100%	100%	n/a	n/a	n/a
FV	Enhance financial viability and accountability:	Asset Management	% of claims received submitted to insurance broker within 7 days from receipt of all relevant documents	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Asset Management	# of monthly meetings held with insurance broker per quarter	12	12	12	3	6	9
FV	Enhance financial viability and accountability:	Asset Management	# claims submitted to broker / total # claims received as %	100%	100%	100%	100%	100%	100%
GGP	Develop & implement integrated management & governance systems	Internal Audit	% departmental meeting resolutions implemented	100%	100%	100%	100%	100%	100%
GGP	Develop & implement integrated management & governance systems	Internal Audit	% issues raised in last AG report addressed in the department	90%	100%	95%	98%	n/a	n/a

GGP	Develop & implement integrated management & governance systems	Internal Audit	% Addressing of risks identified during risk base audit plan	20%	100%	100%	100%	100%	100%
GGP	Develop & implement integrated management & governance systems	Administration	% response time on complaints at switchboard within 2-days	100%	100%	100%	100%	100%	100%
GGP	Develop & implement integrated management & governance systems	Administration	% management decisions related to finance department implemented within timeframes (# decisions implemented / # management decisions taken as %)	100%	100%	100%	100%	100%	100%
GGP	Develop & implement integrated management & governance systems	Administration	% council resolutions related to finance department implemented within timeframes	100%	100%	100%	100%	100%	100%
GGP	Develop & implement integrated management & governance systems	Administration	% Council resolutions implemented by finance not linked with SDBIP	10%	10%	10%	10%	10%	10%

Performance Indicators - SOC/COM Services - Vote no: to be availed

KPA	Strategic Objective	Programme	Institutional Indicator	Status	Annual	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending
						Sep/10	Dec/10	Mar/11	Jun/11
						2009/2010	Projected Target 10/11	Projected Target	Projected Target
TOD	Forward Planning	Organisational Performance Management	# Quarterly departmental performance reports completed within one week of end of	4	4	1	2	3	4

			quarter						
TOD	Forward Planning	Organisational Performance Management	Total # monthly departmental reports submitted	12	12	3	6	9	12
TOD	Attract, develop and retain human capital:	Human Resource Management	% of OHS committee recommendations implemented	60%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Waste Management	% compliance to NEMA	100%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Waste Management	% of by law infringements cases reported and attended to	100%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Libraries	% issues addressed in Library Audit Report	100%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Libraries	% achievement of quarterly library action plan	100%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Libraries	% issues raised by library users addressed per quarter	100%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Traffic Management	Rand value received for fines issued / R value of fines issued (%)	25%	25%	25%	25%	25%	25%
BSD	Promote the welfare of the community	Traffic Management	Total r-value generated by the registration of vehicles, issuing of learners and drivers licences	930,638	3,722,550	930,638	930,638	930,638	930,638
BSD	Promote the welfare of the community	Traffic Management	Compliance of SABS code (O216, O47) for road worthy testing to keep A Grade status	0%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Traffic Management	Compliance to K53 system to keep to A Grade status	0%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Sports and recreation	Number of sports, arts and culture events arranged	1	1	1	n/a	n/a	n/a

BSD	Promote the welfare of the community	Disaster Management	% of disaster cases reported and attended to	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Sports Facilities	# of district SAC initiatives participated in	10	10	10	n/a	n/a	n/a
BSD	Resource manages infrastructure and services for access and mobility	Sports Facilities	Number of sporting codes identified / number of sport clubs established as percentage	10	10	10	n/a	n/a	n/a
BSD	Resource manages infrastructure and services for access and mobility	Sports Facilities	Number of inspections of SAC facilities held	96	96	24	24	24	24
BSD	Resource manages infrastructure and services for access and mobility	Cemeteries	# ha of cemeteries	5ha	5 hectores	n/a	n/a	n/a	5ha
BSD	Resource manages infrastructure and services for access and mobility	Cemeteries	# cemeteries with amenities / total # cemeteries as %	50%	50%	n/a	n/a	n/a	50%
BSD	Resource manages infrastructure and services for access and mobility	Cemeteries	% cemeteries maintained monthly	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Parks	% budget for maintenance of gardens spent	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and	Fianancial Management and Reporting	Expenditure variance as % of YTD Budget	10%	10%	10%	10%	10%	10%

	accountability:								
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% of departmental budget spent	90%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% departmental meeting resolutions implemented	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% issues raised in last AG report addressed in the department	90%	100%	95%	98%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% management decisions related to community services department implemented within timeframes (# decisions implemented / # management decisions taken as %)	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% council resolutions related to community department implemented within timeframes	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% Council resolutions implemented by community services not linked with SDBIP	10%	10%	10%	10%	10%	10%

Performance Indicators - CORP Services - Vote no: to be availed

KPA	Strategic Objective	Programme	Institutional Indicator	Status 2009/2010	Annual	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending
						Sep/09	Dec/09	Mar/10	Jun/10
					Projecte d Target 10/11	Projecte d Target	Projecte d Target	Projected Target	Projecte d Target
TOD	Forward Planning	Organisational Performance Management	Total # monthly departmental reports submitted	12	12	3	6	9	12
TOD	Attract, develop and retain human capital:	Skills Development and Training	% employees trained per annum	30%	70%	45%	55%	60%	70%
TOD	Attract, develop and retain human capital:	Skills Development and Training	% training budget spent	100%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Skills Development and Training	% skills levy rebate actually spent on training	100%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Skills Development and Training	% compliance to Skills Development Plan	100%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Human Resource Management	% compliance to employment equity plan	10%	30%	10%	15%	20%	30%
TOD	Attract, develop and retain human capital:	Human Resource Management	% of advertised posts vacant for more than three months during the financial year	38%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Human Resource Management	% job descriptions for new posts	50%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Human Resource Management	% job Descriptions signed for all staff	50%	100%	100%	100%	100%	100%

TOD	Attract, develop and retain human capital:	Human Resource Management	% of OHS committee recommendations implemented	60%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Human Resource Management	R-Value spent in OHS training	R 35,000.00	R 38,000.00	n/a		R 38,000.00	
TOD	Attract, develop and retain human capital:	Human Resource Management	# of employees went for medical examination	167	294	73	146	219	294
TOD	Attract, develop and retain human capital:	Human Resource Management	% staff with adequate OHS training	7%	5%	n/a	n/a	5%	n/a
TOD	Attract, develop and retain human capital:	Human Resource Management	% of EAP cases successfully attended to	100%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Human Resource Management	# of EAP awareness campaigns conducted	12	12	3	6	9	12
TOD	Attract, develop and retain human capital:	Human Resource Management	% compliance with Performance Regulations for S57 Managers	100%	100%	100%	100%	100%	100%
TOD	Attract, develop and retain human capital:	Human Resource Management	# formal Individual performance review on periodic basis (Twice annually)	2	2	1	n/a	1	n/a
BSD	Promote the welfare of the community	Security Services	Number of vandalism cases investigated and resolved within 2 days of reporting / # cases reported as percentage	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	Expenditure variance as % of YTD Budget	10%	10%	10%	10%	10%	10%
GGPP	Develop & implement integrated management &	Intergovernmental Relations	% departmental meeting resolutions implemented	100%	100%	100%	100%	100%	100%

	governance systems								
GGPP	Promote community involvement	Public Participation and Ward Committees	% functional ward committees	40%	100%	100%	100%	100%	100%
GGPP	Promote community involvement	Public Participation and Ward Committees	% ward committee participation in Council and community activities	40%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	CDW's	% times CDW utilised to communicate with community	60%	100%	70%	80%	90%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% issues raised in last AG report addressed in the department	90%	100%	95%	98%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% Addressing of risks identified during risk base audit plan	20%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Policies and By-laws	# by laws submitted to province for promulgation	0	10	n/a	10	n/a	n/a
GGPP	Develop & implement integrated management & governance systems	Policies and By-laws	# by laws submitted to province for promulgation	0	5	n/a	n/a	n/a	5
GGPP	Develop & implement integrated management & governance systems	Policies and By-laws	% policies reviewed	33%	66%	n/a	n/a	n/a	60%

GGPP	Develop & implement integrated management & governance systems	Legal Services	% briefs on new legislation and regulations compiled within 2 weeks of publication of new legislation and regulations (# briefs on new legislation and regulations compiled within 2 weeks of publication of new legislation and regulations / # publication of new legislation and regulations received	0%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Legal Services	# disciplinary cases resolved within 3 months / total # disciplinary cases per quarter as %	50%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Legal Services	% compliance to disciplinary procedures (# of employees disciplined according to the disciplinary procedure / # employees disciplined)	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Legal Services	% of employee grievances finalised within 1 month of grievance lodged	0%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Legal Services	Number of cases addressed / number of people who violated code of conduct as a percentage	100%	100%	100%	100%	100%	100%
GGPP	Ensure effective communication	Information and Communication Technology	% uptime of internet services	95%	100%	100%	100%	100%	100%
GGPP	Ensure effective communication	Information and Communication Technology	% uptime of IT Server	100%	100%	100%	100%	100%	100%

GGPP	Ensure effective communication	Information and Communication Technology	% of computer systems and servers with anti-virus	100%	100%	100%	100%	100%	100%
GGPP	Ensure effective communication	Information and Communication Technology	% website update submitted to SITA	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Council Services	% functionality of Council	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Council Services	% Council meetings held	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Council Services	% of Council Agenda packets available 48 hours before Council meetings	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Council Services	% Council Minutes completed within 5 working days after meetings	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Council Services	Number of days taken to have Exco meeting minutes ready for review after meeting concluded	5	5	5	5	5	5
GGPP	Develop & implement integrated management & governance systems	Council Services	Percentage Functionality of Finance, Economic Development and Planning Portfolio Committee	100%	100%	100%	100%	100%	100%

GGPP	Develop & implement integrated management & governance systems	Council Services	Percentage Functionality of Transformation and Administration Portfolio Committee	0%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Council Services	Percentage Community Services and Special Projects Portfolio Committee meetings held	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Council Services	Percentage Functionality of Infrastructure and Planning Portfolio Committee	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Fleet Management	% compliance to service intervals of fleet vehicles	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Fleet Management	R-value spent on maintenance on the fleet vehicles per quarter	R 1,200,000.00	R 1,200,000.00	R 300,000.00	R 600,000.00	R 900,000.00	R 1,200,000.00
GGPP	Develop & implement integrated management & governance systems	Fleet Management	% utilisation of the allocated budgeted funds for addressing departmental fleet needs (= degree of efficiency of fleet management)	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Fleet Management	Amount of petrol and diesel used per quarter	759000	500000	125000	250000	375000	500000
GGPP	Develop & implement integrated management & governance systems	Fleet Management	% time fleet vehicles in use	100%	100%	100%	100%	100%	100%

GGPP	Develop & implement integrated management & governance systems	Administration	% departments complying to file plan	0%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% response time on complaints at switchboard within 2-days	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% management decisions related to corporate department implemented within timeframes (# decisions implemented / # management decisions taken as %)	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% council resolutions related to corporate department implemented within timeframes	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% Council resolutions implemented by corporate not linked with SDBIP	10%	10%	10%	10%	10%	10%

Performance Indicators - TECH Services - Vote no: to be availed

KPA	Strategic Objective	Programme	Institutional Indicator	Status 2009/2010	Annual	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending
						Sep/09	Dec/09	Mar/10	Jun/10
					Projected Target 10/11	Projected Target	Projected Target	Projected Target	Projected Target

TOD	Forward Planning	Organisational Performance Management	# Quarterly departmental performance reports completed within one week of end of quarter	4	4	1	2	3	4
TOD	Forward Planning	Organisational Performance Management	Total # monthly departmental reports submitted	12	12	3	6	9	12
TOD	Attract, develop and retain human capital:	Human Resource Management	% of OHS committee recommendations implemented	60%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Environmental Management	% water samples from water treatment works complying to SANS standards	65%	100%	75%	85%	95%	100%
BSD	Promote the welfare of the community	Environmental Management	% referred water - borne cases investigated by EHP's within 2 days	100%	100%	100%	100%	100%	100%
BSD	Promote the welfare of the community	Basic Services - Sanitation	% sewer disposal works monitored for compliance monthly	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Sanitation	% Sewer blockages reported attended to within 48 hours	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Sanitation	% of affluent generated, purified	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Sanitation	R-value revenue to provide free Sanitation	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Sanitation	R-value cost to provide R-value free Sanitation (kilolitres per household per month)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided

BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Sanitation	R-value cost to provide free Sanitation (Rand per household per month)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	% of new water connections installed within 7 days of application	88%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	R-value cost to provide free Water (kilolitres per household per month)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	R-value revenue to provide free Water	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	Total # households with to water inside dwelling	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	Total # households with piped water inside yard (but not in dwelling)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	Total # households using public taps (at least min.service level)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	Total # households with other water supply (at least min.service level)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided

BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Water	Total # households using public taps (< min.service level)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	R-value cost to provide free Electricity (kwh per household per month)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	R-value revenue to provide free Electricity/other energy	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	% public lighting in good working order	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	% functionality of Energy Forum	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	# of MVA upgrade in the existing substation	20	n/a	20	40	60	100
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	Total # households receiving free basic Electricity/other energy (50kwh per household per month)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	Total # households with Electricity (at least min.service level)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided

BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	Total # households with Electricity - prepaid (min.service level)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	Total # households with Electricity (< min.service level)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	Total # households with Electricity - prepaid (< min. service level)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Electricity	Total # households with other energy sources	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Housing	R-value revenue to provide free Municipal Housing - rental rebates	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Housing	R-value revenue to provide free Housing - top structure subsidies	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Housing	# of housing meeting attended with developers	12	12	3	6	9	12
BSD	Resource manages infrastructure and services for access and mobility	Housing	% provincial housing meetings attended	100%	100%	100%	100%	100%	100%

BSD	Resource manages infrastructure and services for access and mobility	Housing	% completion of the housing demand database	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Housing	R-value cost to provide free Refuse (average litres per week)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	R-value revenue to provide free Refuse	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Total # households receiving free basic Refuse (removed at least once a week)	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Number of households with access to basic waste removal services	4800	5500	4800	5000	5300	5500
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Percentage compliance to By-laws on waste	n/a	100%	n/a	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Total # households receiving refuse removed at least once a week	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Total # households receiving refuse removed less frequently than once a week	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided

BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Total # households using communal refuse dump	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Total # households using own refuse dump	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Total # households using other rubbish disposal	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Basic Services - Waste removal	Total # households with no rubbish disposal	to be provided	to be provided	to be provided	to be provided	to be provided	to be provided
BSD	Resource manages infrastructure and services for access and mobility	Community facilities	R-value spent on upgrading, maintenance and rehabilitation of community facilities / R-value budget for upgrading, maintenance and rehabilitation of community facilities %	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Project Management	% projects completed within time, budget and quality	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Municipal Infrastructure Grant	% infrastructure projects that are EPWP	100%	100%	100%	100%	100%	100%

BSD	Resource manages infrastructure and services for access and mobility	Community facilities	% maintenance budget for water spent within the township and CBD (reticulation) (R-value budget allocated for water maintenance / R-value water maintenance budget spent) (include minor infrastructure maintenance)	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% water pipe leaks/pipe breaks fixed within 48 hours of reporting	92%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% of hydrants serviced per annum	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% water related enquiries attended to within 24-hours	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% pump stations serviced per month	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% of manholes repaired per annum	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% of sewer lines riddled per annum against the received report	100%	100%	100%	100%	100%	100%

BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% of new sewer connections installed within 7 working days from application	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% of sewer lines replaced per annum	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	R-Value budget for Apollo (high mast lights)	R 100,000.00	R 150,000.00	R 37,500.00	R 75,000.00	R 112,500.00	R 150,000.00
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% Roads projects finalised within time, budget and quality	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	% capital budget spent on new road projects / budget for roads	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Maintenance of Municipal Assets	R-Value budget for upgrading	R 15,000,000	R 20,000,000	n/a	n/a	R 10,000,000	R 10,000,000
BSD	Resource manages infrastructure and services for access and mobility	Municipal Infrastructure Grant	R-value MIG allocation	100%	100%	100%	100%	100%	100%
BSD	Resource manages infrastructure and services for access and mobility	Municipal Infrastructure Grant	R-value MIG utilised	100%	100%	100%	100%	100%	100%

FV	Ensure economic growth	LED	% of capital projects that are EPWP projects	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% correlation of project progress and project expenditure	100%	100%	100%	100%	100%	100%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	Expenditure variance as % of YTD Budget	10%	10%	10%	10%	10%	10%
FV	Enhance financial viability and accountability:	Financial Management and Reporting	% of departmental budget spent	90%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Intergovernmental Relations	% departmental meeting resolutions implemented	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% issues raised in last AG report addressed in the department	90%	100%	95%	98%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% Addressing of risks identified during risk base audit plan	20%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% response time on complaints at switchboard within 2-days	100%	100%	100%	100%	100%	100%

GGPP	Develop & implement integrated management & governance systems	Administration	% management decisions related to technical department implemented within timeframes (# decisions implemented / # management decisions taken as %)	100%	100%	25%	25%	25%	25%
GGPP	Develop & implement integrated management & governance systems	Administration	% council resolutions related to technical department implemented within timeframes	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% Council resolutions implemented by technical not linked with SDBIP	10%	10%	10%	10%	10%	10%

Performance Indicators - PED - Vote no: to be availed

KPA	Strategic Objective	Programme	Institutional Indicator	Status 2009/2010	Annual	Qtr Ending Sep/09	Qtr Ending Dec/09	Qtr Ending Mar/10	Qtr Ending Jun/10
					Projecte d Target 10/11	Projecte d Target	Projecte d Target	Projecte d Target	Projecte d Target
						Projecte d Target	Projecte d Target	Projecte d Target	Projecte d Target
TOD	Forward Planning	Planning and Development	# development projects for FY 2010/2011 taking place in the municipality growth points/nodal points/# of development projects planned for FY 2010/2011 as %	100%	100%	100%	100%	100%	100%

TOD	Forward Planning	Planning and Development	# of IDP infrastructure projects implemented within the PEGDP growth point/nodes/# of IDP infrastructure projects as %	100%	100%	100%	100%	100%	100%
TOD	Forward Planning	Planning and Development	Number land use application approved / Total number of land use applications received as %	80%	90%	82%	85%	88%	90%
TOD	Forward Planning	Planning and Development	# of town planning contravention attended to/# of Town Planning contraventions as %	60%	80%	65%	70%	75%	80%
TOD	Forward Planning	Planning and Development	# of application processed/# of application for subdivision received as %	100%	100%	100%	100%	100%	100%
TOD	Forward Planning	Planning and Development	# of building plans processed /# of building plans received as %	100%	100%	100%	100%	100%	100%
TOD	Forward Planning	Planning and Development	# of infrastructure projects happening in the growth points/# of infrastructure projects under implementation as %	100%	100%	100%	100%	100%	100%
TOD	Forward Planning	Planning and Development	# of building inspection conducted within two days after a request/# building inspections applications submitted as %	100%	100%	100%	100%	100%	100%
TOD	Forward Planning	Organisational Performance Management	# Quarterly departmental performance reports completed within one week of end of quarter	4	4	1	2	3	4
TOD	Forward Planning	Organisational Performance Management	Total # monthly departmental reports submitted	12	12	3	6	9	12

LED	Ensure economic growth	LED	% alignment of the Local LED strategy with District Municipality LED Strategies	100%	100%	100%	100%	100%	100%
LED	Ensure economic growth	LED	% Alignment of LED Strategy with PGDS, EPWP, ASGISA; PPP; NSDP;	100%	100%	100%	100%	100%	100%
LED	Ensure economic growth	LED	# of institutions invited to provide information in the SMME support workshop	4	4	2	4	4	4
FV	Enhance financial viability and accountability:	Expenditure	Expenditure variance as % of YTD Budget	10%	10%	10%	10%	10%	10%
FV	Enhance financial viability and accountability:	Expenditure	% of departmental budget spent	90%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Intergovernmental Relations	% departmental meeting resolutions implemented	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Intergovernmental Relations	% issues raised in last AG report addressed in the department	90%	100%	95%	98%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Internal Audit	% Addressing of risks identified during risk base audit plan	20%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Intergovernmental Relations	% response time on complaints at switchboard within 2-days	100%	100%	100%	100%	100%	100%

GGPP	Develop & implement integrated management & governance systems	Administration	% management decisions related to strategic department implemented within timeframes (# decisions implemented / # management decisions taken as %)	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% council resolutions related to strategic department implemented within timeframes	100%	100%	100%	100%	100%	100%
GGPP	Develop & implement integrated management & governance systems	Administration	% Council resolutions implemented by planning not linked with SDBIP	10%	10%	10%	10%	10%	10%

THABAZIMBI LOCAL MUNICIPALITY



INDIGENCY MANAGEMENT POLICY

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PART 1 OBJECTIVE

Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for basic municipal services. The municipality therefore adopts this indigency management policy to ensure that these households have access to at least such basic municipal services, and is guided in the formulation of this policy by the national government's policy in this regard.

PART 2 FREE BASIC SERVICES

All households shall receive free of charge the first 6 kl of water and the first 50 kWh of electricity consumed per household per month.

PART 3 WHO QUALIFIES FOR FURTHER INDIGENT SUPPORT

Households where verified total gross monthly income of all occupants over 18 years of age does not exceed such amount as the council may from time to time determine, may qualify for a subsidy on property rates and service charges for sewerage and refuse removal.

For a household to qualify for subsidies on non-metered service charges, the qualifying indigent must be the full-time occupant of the property concerned, and if also the owner of the property concerned, may not own any other property, whether in or out of the municipal area.

For a household to qualify for a rebate on property rates, the qualifying indigent must be both the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.

Indigency relief shall apply for a period not extending beyond the financial year in which the particular household qualifies as indigent. An application for further relief must be made anew before the start of each financial year.

To qualify as an indigent, the relevant property owner or accountholder must personally complete and sign the application form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies. The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that applications for indigency relief may be made.

PART 4 APPLICATION OF THE POLICY

The subsidies on property rates and non-metered service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs. The quantum of the relief granted will be determined by considerations of affordability in the context of each budget.

In respect of sewerage charges and charges for household refuse removal, the relief granted shall not exceed a rebate of 50% on the monthly amount billed for the service concerned.

In respect of property rates, the rebate shall not exceed 100% of the rates based on the rateable value up to R30 000 and 75% of the rates based on the rateable value above R30 000.

PART 5 NON-COMPLIANCE OF HOUSEHOLDS QUALIFYING AS INDIGENT

When a property owner or accountholder who qualifies as an indigent and receives indigency relief in terms of this policy, subsequently fails to comply with any arrangements or conditions materially relevant to the receipt of such indigency relief, such person will forfeit his or her status as a qualifying indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.

The onus is on each qualifying indigent to advise the municipal manager of such failure to comply.

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

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

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

If a qualifying indigent is found to have provided fraudulent information to the municipality in regard to any material condition for qualification as an indigent, such person shall immediately cease so to qualify, and shall be liable to repay to the municipality with immediate effect all indigency relief received from the date of such fraudulent application. Moreover, such person may not again be considered for indigency relief for a period extending for 5 (five) years beyond the financial year in which the misdemeanour is detected.

Indigency relief will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.

PART 6 REPORTING REQUIREMENTS

The municipal manager shall report on a monthly basis to the mayor and executive committee, for the month concerned and by municipal ward:

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

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

ANNEXURE 3

THABAZIMBI
LOCAL MUNICIPALITY



BUDGET PROCESS POLICY

1. **Objective**

The objective of this policy is to set out the budgeting principles and procedures which the municipality will follow in preparing each annual budget, as well as the responsibilities of various officials and office bearers in compiling such a budget.

2. **Compliance with Legal Provisions**

In the process of preparing the budget, the Municipality, its Mayor, political office bearers, Municipal Manager, Chief Financial Officer and other officials shall comply with all relevant legal requirements, including in particular:

2.1. the provisions of Chapter 4 (Sections 15 to 33) of the Local Government: Municipal Finance Management Act, 2003 (“the MFMA”), as well as Sections 42, 43, 52, 53, 54,55, 68, 69, 70, 71, 72, 75, 80, 81 and 83 thereof; and

2.2. the Municipal Budget and Reporting Regulations (“the Regulations”) published in terms of Section 168 of the MFMA under General Notice 393 of 2009; and

2.3. all relevant budget-related circulars and notices issued by the National Treasury.

3. **Budget Steering Committee**

3.1. The Mayor of the Municipality shall establish a Budget Steering Committee as required by Regulation 4 of the Regulations.

- 3.2. The function of the Budget Steering Committee is to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 and elsewhere in the MFMA.

4. **Role of Mayor**

- 4.1. As provided in Section 21(1) of the MFMA, the Mayor is responsible for :

4.1.1. Co-ordinating the process for preparing the annual budget and for reviewing the Integrated Development Plan (“IDP”) and budget related-policies;

4.1.2. Tabling in the council a time schedule outlining key deadlines, as contemplated in section 7 of this policy.

- 4.2. In addition, as provided in Section 21(2) of the MFMA, for purposes of preparing the budget, the Mayor is required to:

4.2.1. Take into account the Municipality’s IDP;

4.2.2. Take all reasonable steps to ensure that the Municipality revises the IDP;

4.2.3. Take into account the national budget, the provincial budget, the national government’s fiscal and macro-economic policy, the Annual Division of Revenue Act and any agreements reached in the budget forum;

- 4.2.4. Consult the relevant district municipality, if applicable, and local municipalities within the district, the provincial treasury, and when requested, the national treasury, and any national organs of state as may be prescribed;
 - 4.2.5. Provide on request information to the National Treasury and other organs of state and other municipalities affected by the budget.
 - 4.3. Pursuant to Section 52 of the MFMA the mayor must:
 - 4.3.1 provide general political guidance over the fiscal and financial affairs of the municipality;
 - 4.3.2 in providing such general political guidance. may monitor and. to the extent provided in the MFMA, oversee the exercise of responsibilities assigned in terms of the MFMA to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;
 - 4.3.3 must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;
 - 4.3.4 must within 30 days of the end of each quarter. submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and
 - 4.3.5 must exercise the other powers and perform the other duties assigned to the mayor in terms of the MFMA or delegated by the council to the mayor.
- 4.4 As Required by Section 53 of the MFMA, the mayor must:

- 4.4.1 provide general political guidance over the budget process and the priorities that must guide the preparation of a budget;
- 4.4.2 co-ordinate the annual revision of the IDP in terms of section 34 of the Municipal Systems Act and the preparation of the annual budget, and determine how the integrated development plan is to be taken into account or revised for the purposes of the budget; and
- 4.4.3 take all reasonable steps to ensure that
 - 4.4.3.1 the municipality approves its annual budget before the start of the budget year;
 - 4.4.3.2 the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget; and
 - 4.4.3.3 the annual performance agreements as required in terms of section 57(1)(6) of the Municipal Systems Act, for the municipal manager and all senior managers comply with the MFMA and in particular, the provisions of Section 53(1)(c)(iii) of the MFMA;
- 4.4.4 promptly report to the municipal council and the MEC for finance in the province any delay in the tabling of an annual budget, the approval of the service delivery and budget implementation plan or the signing of the annual performance agreements referred to above; and
- 4.4.5 ensure-
 - 4.4.5.1 that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan; and

4.4.5.2 that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the council and the MEC for local government in the province.

4.5 As contemplated in Section 68 of the Act the Municipal Manager, the Chief Financial Officer and all other managers who are directly accountable to the Municipal Manager shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as the consultative process and the furnishing of information as contemplated above.

5. Budget –Related Policies

5.1. **Insofar as it is practical to do so, and subject, where relevant, to the availability of suitable precedent documents, The Municipal Manager must ensure that budget-related policies of the Municipality, or any necessary amendments to such policies, are prepared for tabling in the council by the applicable deadline specified in terms of Section 21(1) (b) of the MFMA.**

5.2. **The Municipality may consult with professional bodies and advisors for purposes of preparing such policies**

6. CFO Responsible for Preparation of Budget

- 6.1. Without derogating in any way from the legal responsibilities of the municipal manager as accounting officer, the chief financial officer shall be responsible for preparing the draft budget of the municipality.**
- 6.2. The Municipal Manager shall delegate to the Chief Financial Officer all such powers as may be necessary for the Chief Financial Officer to perform the abovementioned function.**
- 6.3. The Municipal Manager shall ensure that all heads of departments provide the inputs required by the Chief Financial Officer for the purpose of preparing the budget, and to that end, each head of department shall prepare and submit to the Chief Financial officer by 31 January a draft budget for his or her department; provided that nothing contained in this section shall derogate from the responsibility of the Chief Financial Officer of preparing the municipal budget as provided for in subsection 6.1.**
- 6.4. The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the mayor on the revision of the IDP and the budget-related policies where these are indicated.**

7. Budget Time Schedule

- 7.1. The Chief Financial Officer shall draft the budget time schedule as required by Section 21 (1) (b) for the ensuing financial year for the Council's approval.**
- 7.2. Such time schedule shall indicate the target dates for the draft revision of the IDP and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, for the submission of all the budget-related documentation to the mayor, finance committee, executive committee and council.**
- 7.3. Such time schedule shall provide for the deadlines set out in Appendix A, unless the Mayor, after consultation with the Chief Financial Officer, determines otherwise: provided that the requirements of the MFMA shall at all times be adhered to.**
- 7.4. The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.**

8. Budget to be Balanced

The annual or adjustments budget shall be approved by the council only if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed expenses.

9. Funding of Expenditure

9.1. In accordance with the provisions of Section 18(1) of the MFMA, an annual budget may be funded only from:

- 9.1.1. Realistically anticipated revenues to be collected;**
- 9.1.2. Cash-backed accumulated funds from previous years' surpluses not committed for other purposes;**
- 9.1.3. Borrowed funds, but only for capital projects.**

9.2. Realistically anticipated revenues to be received from national or provincial government, national or public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds, as provided by Regulation 10 (2) of the Regulations.

9.3. All expenses, excluding depreciation expenses, shall be cash-funded.

10. Zero -Based Budgeting

Except in so far as capital projects represent a contractual commitment of the Municipality extending over more than one financial year, the annual budget shall be prepared from a zero base.

11. Contents of Budget

- 11.1. The budget must comply with the provisions of Section 17(1) of the MFMA, and in particular:
 - 11.1.1. The budget must be in the format prescribed by the regulations;
 - 11.1.2. The budget must reflect the realistically expected revenues by major source for the budget year concerned;
 - 11.1.3. The expenses reflected in the budget must be divided into the votes of the various departments of the municipality;
 - 11.1.4. The budget must also contain:
 - 11.1.4.1. the foregoing information for the two years immediately succeeding the financial year to which the budget relates;
 - 11.1.4.2. the actual revenues and expenses for the previous financial year , and
 - 11.1.4.3. the estimated revenues and expenses for the current year.
- 11.2. The budget must be accompanied by all of the documents referred to in Section 17(3) of the MFMA.
- 11.3. For the purposes of Section 17(3)(k) of the MFMA, the salary, allowances and benefits of each person referred to therein must be stated individually.

12. Capital and Operating Components

- 12.1. The annual budget and adjustments budget shall, as required by Section 17(2) of the MFMA consist of:
 - 12.1.1. the capital component, and
 - 12.1.2. the operating component.

- 12.2. The operating component shall duly reflect the impact of the capital component on:
- 12.2.1. depreciation charges;
 - 12.2.2. repairs and maintenance expenses;
 - 12.2.3. interest payable on external borrowings; and
 - 12.2.4. other operating expenses.
- 12.3. Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact of the capital component on the present and future operating budgets of the municipality in relation to the items referred to in 12.2.1 to 12.2.4.
- 12.4. Each department head shall, prior to providing for any expenditure in respect of any capital item in the budget of his or her department's budget, and in any event no later than 31 January prepare and submit to the Chief Financial Officer a business plan relating to such capital item, which business plan shall contain the following information regarding such item:
- 12.4.1. A full description;
 - 12.4.2. Its purpose;
 - 12.4.3. The expected beneficiaries ;
 - 12.4.4. Alternative means of providing the same benefits;
 - 12.4.5. An acquisition, construction and implementation plan (as applicable);
 - 12.4.6. The expected useful life;
 - 12.4.7. The principal cost;
 - 12.4.8. The sources of funding;
 - 12.4.9. A schedule of financing costs;
 - 12.4.10. A maintenance plan;
 - 12.4.11. A schedule of maintenance costs;
 - 12.4.12. A depreciation schedule;
 - 12.4.13. Insurance costs;

13. Capital Replacement Reserve

- 13.1. The council shall establish a capital replacement reserve for the purpose of financing capital projects and the acquisition of capital assets.
- 13.2. Such reserve shall be established from the following sources of revenue:
 - 13.2.1. unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
 - 13.2.2. interest on the investments of the asset financing reserve, appropriated in terms of the banking and investments policy;
 - 13.2.3. further amounts appropriated as contributions in each annual or adjustments budget; and
 - 13.2.4. net gains on the sale of fixed assets.

14. Financing of Capital Budget

- 14.1. The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.
- 14.2. The provisions of Regulation 11 of the Regulations must be complied with in relation to the funding of capital expenditure.

15. Determination of Votes

- 15.1. In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used, provided that in so doing the chief financial officer shall properly and adequately reflect the organisational structure of the municipality, and further in so doing shall comply with the budget format prescribed by the Regulations.
- 15.2. Each department head shall be responsible for determining the line items to be shown under each vote, subject to the approval of the Chief Financial Officer.

16. Provisions for Leave and employee benefits, Bad Debts and Obsolescence

- 16.1. The municipality shall establish and maintain a provision for accrued leave entitlements of officials as at 30 June of each financial year, and shall budget appropriately for contributions to such provision in each annual and adjustments budget, as well as for staff benefits, including post-retirement benefits.
- 16.2. The municipality shall establish and maintain a provision for bad debts in respect of its approved rates and tariffs policies, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- 16.3. The municipality shall establish and maintain a provision for the obsolescence and deterioration of stock, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

17. Provision for Maintenance

- 17.1. The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. 15% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.
- 17.2. Notwithstanding anything contained to the contrary in any other policy of the Municipality, no funds budgeted for maintenance may be used or transferred for any other purpose without the express consent of the CFO.

18. Salaries and Allowances

The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 35% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councillors shall not be included in this limit.

19. Depreciation and Finance Charges

- 19.1. Depreciation and finance charges together shall not exceed 5% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.
- 19.2. Finance charges payable by the municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed assets in the municipality. However, where it is the council's policy to raise

external loans only for the financing of fixed assets in specified council services, finance charges shall be charged to or apportioned only between the departments or votes relating to such services.

- 19.3. The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, and the apportionment of interest payable to each vote.

20. Indigent Relief

The cost of indigent relief must be separately reflected in the appropriate votes.

21. Allocations from Other Organs of State

- 21.1. Allocations from other organs of state shall be properly reflected in the annual and adjustments budget, and the estimated expenses against such allocations (other than the equitable share) must be appropriately recorded.

- 21.2. The provisions of Regulation 10(2) of the Regulations must be complied with in regard to anticipated revenues to be received from national or provincial government, national or public entities, other municipalities, municipal entities, donors

22. Rates as a Source of Income

In preparing its revenue budget, the Municipality shall strive to maintain realistic revenues from property rates in terms of its property rates policy.

23. Impact of Rates and Tariffs

When considering the draft annual budget, the council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households in the municipal area.

24. Determination of Growth Factors

The Chief Financial Officer shall, with the approval of the mayor and the municipal manager, and considering the municipality's current financial performance, determine the recommended aggregate growth factor(s) using the National Treasury Guidelines.

25. Tabling of Annual Budget

The Annual budget must, as required by Section 16 of the MFMA, be tabled at a council meeting at least 90 days before the start of a budget year, and when tabled must, as required by Regulation 14(1) of the Regulations:

- 25.1. be in the format in which it will eventually be approved by council; and
- 25.2. be credible and realistic such that it is capable of being approved and implemented as tabled.

26. Publication of Annual Budget

26.1. In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in the Council:

26.1.1. The budget is made public in accordance with the provisions of the Local Government: Municipal Systems Act;

26.1.2. The local community is invited to make submissions in regard to the budget;

26.1.3. The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;

26.1.4. The budget is submitted to any prescribed organs of state and to other municipalities affected by it.

26.2. In addition, the Municipal Manager must comply with the provisions of Regulation 15 of the Regulations.

27. Consultations on Tabled Budgets

27.1. The Municipality shall, after the annual budget is tabled, consider the views of the local community, the National and Provincial Treasuries, organs of state and municipalities which made submissions on the budget, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section.

27.2. The Mayor must for purposes of the abovementioned Section 23 submit to the council the report and comments referred to in Regulation 16 of the Regulations.

28. Approval of Annual Budget

28.1. The Council shall approve the budget in accordance the provisions of Section 24 of the MFMA.

28.2. Before approving the budget, the council shall consider the full implications of the budget, as required by Regulation 17 of the Regulations.

29. Adjustment Budgets

If an adjustment budget is required as contemplated in Section 69(2) of the MFMA, such adjustment budgets and the process of adopting it shall comply with the provisions of Regulations 21 to 27 of the Regulations.

30. SDBIP and Performance Agreements

As required by section 69(3) of the MFMA, the accounting officer must by no later than 14 days after the approval of the annual budget submit to the mayor:

30.1. A draft Service Delivery and Budget Implementation Plan for the year in question;

30.2. Drafts of the annual performance agreements as required by Section 57 of the Municipal Systems Act for the managers referred to in that section.

31. Budget Statements, Quarterly Reports and Mid-year budget and performance assessments

31.1. The Chief Financial Officer shall compile the monthly budget statements as required by Section 71 of the MFMA.

- 31.2. Such Statements shall:
- 31.2.1. be in the format prescribed by Regulation 28 of the Regulations;
 - 31.2.2. if they are submitted by the mayor to the council in terms of Section 71(1) of the MFMA, be accompanied by a mayor's report in the format prescribed in Regulation 29 of the Regulations;
 - 31.2.3. be placed on the Municipality's website.
- 31.3. 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 MFMA must comply with the requirements of Regulation 31 of the Regulations and be published in accordance with Section 75(1) (k) of the MFMA and Regulation 32 of the Regulations.
- 31.4. Mid-year budget and performance assessments of the Municipality as required by Section 72 of the MFMA must be in the format, be published, and be submitted as required by Regulations 32, 33 and 34 respectively of the Regulations.

32. Related Policies

This policy must be read in conjunction with the following budget –related policies of the Municipality:

- 32.1. The Credit Control and Debt Collection Policy;
- 32.2. The Indigent Management Policy;
- 32.3. Tariffs Policy;
- 32.4. Property Rates Policy;
- 32.5. Borrowing Policy;
- 32.6. Virement Policy;

- 32.7. Asset Management Policy;
- 32.8. Cash Management and Investment Policy;
- 32.9. Personnel Policies;

33. Review of Policy

This policy is to be reviewed annually by the Budget Steering Committee prior to the budget process commencing.

34. Delegations and Responsibility for Implementation

- 34.1. All such powers as may be necessary for the accounting officer and the chief financial officer to carry out their respective responsibilities under this policy shall be delegated or subdelegated, as the case may require, to them in accordance with the relevant provisions of the MFMA and the Municipal Systems Act and recorded in the appropriate register of delegations.
- 34.2. The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer as may be required under paragraph 6.2 of this policy.

35. Commencement

This policy will be effective on the date of adoption by Council.

ANNEXURE 4

THABAZIMBI MUNICIPALITY



TARIFF BOOK 2010/11

ANNEXURE 3: CHARGES FOR THE SUPPLY OF WATER, REFUSE REMOVAL, SEWERAGE AND SUNDRY SERVICES

* All tariffs excluding VAT.

TARIFFS 2009 / 2010	TARIFFS 2010 / 2011
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PART 1: ASSESSMENT RATES

Notice is hereby given that, in terms of section 75A of the Local Government : Municipal Systems Act, 2000 (Act 32 of 2000) the following property rates will be levied by resolution of the Council in respect of the above mentioned financial year on rateable property recorded in the valuation roll:

		Rate/rand	Rate/rand
(1)	Assessment rates :		
	(a) Residential Property / Sectional Titles	0.00516	R
	Agricultural	0.00129	R
	(b) Business	0.00439	R
	(c) Mining	0.00594	R
	(d)		0.006475
(2)	<u>Rebates (in terms of Property Rates Policy) :</u>		
	(a) <u>Residential 1 Properties :</u>		
	Developed stands	20%	20%
	Undeveloped stands	No Rebate	No Rebate
	Leeupoort	Additional 20 %	0
	Old Age Homes	100%	100%
	(b) <u>State owned Properties :</u>		
	Residential	20%	20%
	Other	30%	30%
	Hospitals	50%	50%
	Transnet : Right of way	100%	100%
	(c) Schools :	50%	50%
	(d) Council's Properties	100%	100%

(e) Agriculture phase 2, in terms of the MPRA for 2009/10	50%	25%
(f) Pensioners & Applicants who are medical unfit and or disabled due to medical reasons : Property owners over 60 years of age, permanent occupants and the sole owner of the property concerned, whose aggregated income is proved to the satisfaction of the Municipal Manager, not to exceed :	R 5,500	R 5,500
Value of property :		
not more than R100 000.00	100%	100%
between R100 001.00 and R150 000.00	75%	75%
more than R150 001	40%	40%
(g) Indigents :		
The owner must be the registered owner and occupant of the applicable property, whose aggregated income is proved to the satisfaction of the Municipal Manager, not to exceed :	R 2,860	R 2,860
Value of property :		
not more than R100 000.00	100%	100%
between R100 001.00 and R150 000.00	75%	75%

PART 2: WATER SUPPLY

TARIFFS 2009 / 2010	TARIFFS 2010 / 2011
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1. BASIC CHARGE:

(1) Where an erf, stand, lot or other area excluding municipal property is, or in the opinion of Council, can be connected to the main supply a basic charge per month or part thereof shall be payable by the owner or occupant, provided that where any erf; stand, lot or other area zoned as residential 1 or 2 in terms of the Thabazimbi Town Planning Scheme I occupied by more than one (1) consumer to whom water is supplied by the Council, the said basic charge shall be payable in respect of every such consumer or occupant or owner :		
(a) Domestic, undeveloped	R 12.91	R 16.77
(b) Domestic, developed and occupied	R 12.91	R 16.77
(c) Bulk, Trade and Industry	R 87.48	R 108.75

2. CHARGES FOR WATER SUPPLY, PER MONTH:

(1)	Purified water to all domestic consumers :		
	(a) 0 - 6 kl to all indigent households :	Free	Free
	(b) Per connection per kl :		
	1 - 10 kl	R 6.00	R 6.96
	10 - 30 kl	R 7.35	R 8.52
	30 - 51 kl	R 8.65	R 10.03
	51- 80 kl	R 9.80	R 11.36
	80 kl and above	R 12.30	R 14.44
	(c) Leeupoort, per connection, per kl :	R 7.40	R 7.56
(2)	Purified water to Trade and Industry :	R 6.80	
	(a) 1 - 30 kl		R 7.88
	31 - 60 kl		R 9.65
	61 - 80 kl		R 11.39
	81- 120 kl		R 12.87
	121 kl and above		R 16.34
(3)	Mining, per kl : (untreated)	R 5.90	R 6.84

3. CONNECTIONS

(1)	For the supply of aconnecting pipe with a meter from the nearest main to the connection point :	Cost + 20%	Cost + 20%
(2)	For the re-connection of the supply to any premises after disconnected due to non payment of an account or non compliance with a applicable provision of the Council's By-Laws :		
	(a) Office hours :	R 131.94	R 155.00
	(b) After hours	(a) + R 62.90	(a) + R 62.90
	(c) Indigents	Free	Free

4. METERS

(1)	For the testing of a meter applied by Council in case where it is found that the meter does not show an error of more than 5% either way:	R 283.40	R 320.00
(2)	For a special reading of a meter:	R 56.68	R 61.78
(3)	Damaging:	Cost + 20%	Cost + 20%
(4)	For the connection of the supply as a result of a change of consumer:		
	(a) Office hours:	R 71.42	R 80.00
	(b) After hours:	(a) + R62.90	(a) + R 62.90

5. SUNDRY CHARGES

(1)	Administration charge for the extension of credit - payable prior to application: :	R 283.40	R 283.40
(2)	Reminder notice delivered at consumers' premises when accounts were outstanding on final date of payment, per notice delivered : (a) Indigents (b) All other	Free R 25.81	Free R 28.13
(3)	Reminder Notice by SMS, per sms sent :	R 3.27	R 3.56

PART 4: SEWERAGE

TARIFFS 2009 / 2010	TARIFFS 2010 / 2011
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1. BASIC CHARGES

(1)	A basic charge per month or part thereof shall be payable in respect of each erf, land, lot or other area within the municipality which have not been connected to Council's sewerage system but which can in the opinion of the Council be connected thereto:		
	(a) Thabazimbi	R 89.94	R 89.94
	(b) Rooiberg & Northam	R 60.11	R 65.52

2. CHARGES PAYABLE BY ALL PREMISES CONNECTED TO THE SEWER SYSTEMS:

(1)	Private Dwellings		
	(a) Thabazimbi & Regorogile and Sport Clubs	R 98.03	R 106.85
	(b) Rooiberg & Northam	R 60.11	R 65.52
	(c) Squatters	R 40.11	R 43.72
	(d) Septic Tanks: per suction – Northam	R 74.43	R 81.13
(2)	For each of the first three water closet or pans, subject thereto that :	R 87.30	R 95.16
	(a) the charges payable for each closet or pan after the first three (3) closets or pans of any business, undertaking, institution or flats excluding separate dwelling houses if such closets or pans are situated on the same premises and solely needed by the employees of such business, undertaking or institution:	R 67.75	R 73.85
	(b) In the case of a hotel or boarding house where a water closet has been installed in the bathroom of a bedroom for the sole use by the occupant installed in the bathroom of a bedroom for the sole use by the occupant of such room, per closet or pan :	R 28.39	R 30.95
(3)	For each urinal:	R 32.05	R 34.93
(4)	For each urinal in respect of churches and hospitals:	R 17.67	R 19.26
(5)	For each grease trap installed at a business:	R 54.36	R 59.25
(6)	Departmental consumption:		

	(a) (a)Water closet per closet:	R 79.18	R 86.31
	(b) (b) Urinal:	R 28.39	R 30.95
(7)	Opening of blocked drains :	Cost + 20%	Cost + 20%
(8)	Each consumer, excluding Council, must pay to Council a deposit :	equal to two months consumption charged	equal to two months consumption charged
(9)	Schools under the control of the Department of Education as well as prescribed in Section 29 of the Constitution of the Republic of South Africa, 1996 :		
	(a) (a) Urinals per urinal:	R 9.43	R 10.28
	(b) (b) Water closets per closet:	R 41.57	R 45.31
	(c) (c) Grease traps:	R 27.15	R 29.59
(10)	Temporary services to builders and other, per month or part thereof:	R 179.49	R 195.64

3. SPECIAL SERVICES:

(1)	CONNECTIONS for all business erven and other erven that come into existence through subdivision, consolidation or a land application process, since 1 July 2004 :	Cost +20%	Cost +20%
(2)	Council may be entitled in case of any special service being required from the Head of Public Services or his assistant to levy or in regard thereto and this shall include the attendance and supervision necessary for any work which are carried out by Council:	Cost +20%	Cost +20%

PART 4: REFUSE REMOVAL

TARIFFS 2009 / 2010	TARIFFS 2010 / 2011
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1. REMOVAL OF REFUSE:

(1)	Domestic		
	-		
(a)	Removal of domestic refuse, once per week per dwelling or availability levy :	R 57.21	R 62.36
(b)	Removal of domestic refuse or availability levy - Rooiberg, Northam	R 41.69	R 45.44
(c)	Removal of domestic refuse liable from water connection date for depositing of refuse on a pre-arranged point :	R 22.00	R 23.98
(d)	Removal of domestic refuse once per week per dwelling at squatters:	R 21.87	R 23.84
(e)	Sport clubs once per month or part thereof:	R 57.21	R 62.36
(f)	Private users (i.e. Guest Farms etc) per dumping per m ² :	R 36.47	R 39.75
(2)	Commercial and Other		
	-		
	Removal of refuse from business, public hospitals, schools, hostels and any other premises not mentioned in Item 1, two (2) times per week per any other premises not mentioned in Item 1, two (2) times per week per bin per month or part of a month:	R 133.41	R 145.42

2. SPECIAL REMOVALS

(1)	Bulk removals, from business premises, per load or part thereof:	R 198.02	R 215.84
(2)	For selling of plastic bags for the removal of garden refuse :	Cost + 20%	Cost + 20%

3. SUNDRY

(1)	Supply of refuse bins or containers :	Cost + 20%	Cost + 20%
(2)	Removal of carcasses :		
(a)	Horses, cattle, donkeys and mules, per carcass :	R 190.10	R 207.21
(b)	Foals, calves, sheep, goats and pigs per carcass :	R 154.45	R 168.35
(c)	Dogs and cats per carcass :	R	R

		100.99	110.08
(3)	Rejection of Foodstuffs : The owner shall be responsible for the removal and destruction :	Cost + 20%	Cost + 20%
(4)	Departmental uses :		
	(a) For the removal of refuse per container per week :	R 42.22	R 46.02
	(b) Mass containers per removal :	R 152.08	R 165.77
(5)	Deposits Payable : Each consumer, excluding Council, must pay to Council a deposit :	equal to two months consumption charged	equal to two months consumption charged

PART 5: CEMETRY

		TARIFFS 2009 / 2010	TARIFFS 2010 / 2011
(1)	Opening of Graves :		
	(a) Deceased residing within the municipal area: Booked two (2) working days prior to funeral :		
	<u>Adults:</u>		
	Thabazimbi :	1.729.87	R 2,500.00
	Regorogile; Northam; Leeupoort and Rooiberg :	R 534.65	R 582.77
	<u>Children under twelve (12) years :</u>		
	Thabazimbi :	R 914.84	R 997.18
	Regorogile; Northam; Leeupoort and Rooiberg :	R 191.28	R 208.50
	(b) Deceased residing outside the municipal area:		
	<u>Adults:</u>		
	Thabazimbi :	1.829.67	R 3,000.00

Regorogile; Northam; Leeupoort and Rooiberg :	R 567.91	R 619.02
<u>Children under twelve (12) years :</u>		
Thabazimbi :	R 914.84	R 997.18
Regorogile; Northam; Leeupoort and Rooiberg :	R 191.28	R 208.50
(c) Opening for second burial :		
Thabazimbi :	R 374.25	R 407.93
Regorogile; Northam; Leeupoort and Rooiberg :	R 374.25	R 407.93
-		

PART 6: FIRE FIGHTING SERVICES (Fire Brigade Act, 99 of 1987)

	TARIFFS 2008 / 2009	TARIFFS 2009 / 2010
(1) Charges payable in terms of section 10(1):		
(a) For each fire officer, per hour or part thereof	R 54.50	R 59.41
(b) For each fireman, per hour or part thereof	R 32.70	R 35.64
(2) Charges payable in terms of section 10(1)		
(a) Removal of liquid or other substance	R 109.00	R 118.81
(b) Pumping of water in or out of swimming pools plus the measured kilolitres at the water tariff as determined by the Council at the water tariff as Special Resolution in terms of the Water Supply By-laws	R 109.00	R 118.81
(3) Charges payable in terms of section 10(1)		
(a) Call out fees per hour or part thereof	R 54.50	R 59.41
(4) Call out fees		
(a) Hydraulic platform	R 109.00	R 118.81
(b) Heavy duty pump unit	R 81.75	R 89.11
(c) Medium duty pump unit	R 65.40	R 71.29
(d) Light duty pump	R 54.50	R 59.41

(5)	(e) Rescue unit	R 65.40	R 71.29
	(f) Water tanker	R 76.30	R 83.17
	(g) Mobile control unit	R 98.10	R 106.93
	(h) Portable equipment	R 21.80	R 23.76
	Service fees per hour or part thereof		
	(a) Hydraulic platform	R 109.00	R 118.81
	(b) Heavy duty pump unit	R 81.75	R 89.11
	(c) Medium duty pump unit	R 65.40	R 71.29
	(d) Light duty pump	R 54.50	R 59.41
	(e) Rescue unit	R 65.40	R 71.29
	(f) Water tanker	R 76.30	R 83.17
	(g) Service vehicle	R 32.70	R 35.64
	(h) Mobile control unit	R 98.10	R 106.93
	(i) Portable equipment	R 21.80	R 23.76
	(j) Use of chemicals and other means	Cost plus 20%	Cost plus 20%
	(k) Use of water: Water tariffs as determined by Council from time to time by Special Resolution in terms of the Water Supply By-laws		
	(l) Special services per hour or part thereof, per vehicle: in terms of section 3(a) to 3(d)		
	(m) Refill of oxygen and diving cylinders: per cylinder	R 81.75	R 81.75

PART 7: ELECTRICITY SUPPLY

TARIFFS 2009 / 2010	TARIFFS 2010 / 2011
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1. BASIC CHARGES

A basic charge per month or part thereof, shall be payable in respect of any erf, stand, lot or other area within the municipality which has not been connected to the main supply or which in the opinion of Council, can be connected thereto, excluding municipal property:		
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2. DOMESTIC CHARGES:

(1)	The tariff shall be applicable to the following consumers:		
	(a) Private dwellings		
	(b) Flats		
	(c) Provincial aided institutions and hospitals as defined in the Hospital Ordinance of 1958		
	(d) Institutions conducted by charitable organizations		
	(e) Churches and church halls used exclusively for public worship		
	(f) Pumping installations where the water is pumped exclusively used for domestic and farming purposes.		
	(g) A building or separate part of a building exclusively used for residential purposes		
	(h) Household Consumers except Pre Paid Consumers		
(2)	Tariffs :		
	(a) Basic charges and connectable vacant stands:	R 18.86	R 21.75
	(b) Indigent Consumers Units 0 -- 50 kWh:	Free	Free
	(c) Unit charges per kWhH consumed:	R 0.61	0.7
	(d) Prepaid	R 0.61	R 0.70
	(e) Consumers without Load Management System on request of the consumer, additional, per month per installation :	R 165.33	R 190.68

3. COMMERCIAL CHARGES :

(1)	This tariff shall be applicable to the following consumers:		
	(a) Shops		
	(b) Commercial shops		
	(c) Offices and office buildings		
	(d) Boarding Houses		
	(e) Educational institutions and school hostels		
	(f) Hotels and Bars		
	(g) Cafes, tearooms and restaurants		

	<ul style="list-style-type: none"> (h) Public Halls (i) Industrial undertakings (j) Service lights for flat buildings (j) Buildings or part of buildings containing a number of the classification under (1) and (10) inclusive and where the consumption in terms of this tariff metered separately by Council. (k) Sport Clubs (l) Show Grounds (m) Agricultural Holdings and Farms (n) Temporary Consumers (o) All other consumers, excluding consumers being classified under other items provided that if the demand is too large to be charged under this item such consumer be charged under item 4. 		
(2)	Tariff:		
	(a) Basic Charges:	R 143.88	R 165.93
	(b) Unit tariff KWH consumed:	R 0.53	R 0.61

4. BULK SUPPLY:

(1)	<p>This tariff shall be applicable to the following consumers:</p> <ul style="list-style-type: none"> (a) Any consumer classified under Item (2) or (3) whose demand is above the following: <ul style="list-style-type: none"> Single phase (80 Amp and higher) Three phase (40/kvC/ 60 Amp and higher) (b) Any consumer supplied by means of medium or high voltage, 1Kv to 11 Kv, Council shall take the medium or high voltage supply to the consumers substation or boundary only and such consumer shall supply his own transformer/mini sub station and switch gear for the connection, All medium or high voltage gear shall be metered at the low voltage side of the transformer/mini sub station and the kWh consumed per month shall be increased by a surcharge of 2%. 		
(2)	Tariffs :		
	(a) Basic charge per month:	R 287.76	R 331.87

(b) Unit tariff per kWh:	R 0.29	R 0.33
(c) Maximum demand per KVA:	R 71.89	R 82.91

5. MUNICIPAL:

The tariff regarding kWh consumption and watts demand as charged by Escom from time		
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6. NEIGHBOURING TOWNS

The tariff regarding kWh consumption demand as charged by Escom from time to time plus 10% surcharge		
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7. SUPPLY FROM STREET LIGHTING MAINS:

This tariff shall be applicable to Telkom telephone booths and other lighting purposes supplied from municipal street lighting mains with a maximum limit of one ampere per connection per month.	R 78.20	R 90.19
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8. SUNDRY CHARGES:

(1) Special reading of meters :	R 74.82	R 86.29
(2) For the re-connection of the supply to any premises after disconnection owing to the non payment of an account or of non compliance with an applicable provision of the Council's By-Laws:		
(a) Office hours :	R 174.16	R 200.86
(b) After hours :	(a) + R62.90	(a) + R62.90
(c) Indigents :	Free	Free
(3) For the connection of the supply as a result of a change of a consumer:		
(a) Office hours :	R 94.27	R 108.72
(b) After hours :	(a) + R62.90	(a) + R62.90

(4)	For attendance to a complaint by a consumer in connection with the supply of electricity to his premises, where such failure is found to be due to any cause other than a fault in the Council's supply mains or equipment :	Cost + 20%	Cost + 20%
(5)	For the testing of an installation at the consumers request :	R 283.40	R 308.91
(6)	For the testing of new wiring or related installation: for a second or subsequent test in case it was found during the first test that all the installation was defect, for each test, the first test exclusive:	R 308.91	R 336.71
(7)	For the testing of a meter at a consumers request:	R 308.91	R 336.71
(8)	Three charges payable for the connection of a consumers premises for the supply of electricity:	Cost + 20%	Cost + 20%
(9)	Replacement of circuit breakers:	Cost + 20%	Cost + 20%
(10)	In the event of a dispute regarding the tariff which a consumer is to be classified, the Council's decision is final.		
(11)	If Eskom raises its tariff during the financial year, such raises be born by the consumers.		
(12)	Tariff payable by manufacturing industries:		
	(a) Basic charge per month:	R 517.97	R 597.37
	(b) Maximum demand at Eskom tariff - Maximum demand per kWh :	R 75.78	R 87.40
	(c) Energy consumption :	R 0.28	R 0.32
(13)	In the event of illegal disconnection or bypassing of the installed Eric II Load Management Switch :	R 363.46	R 396.17
(14)	In the event of the replacement of the Eric II Load Management Switch due to the deliberate damage thereof:	1.056.38	1,218.32
(15)	Administration Charge extension of credit - Payable prior to application	R 81.75	R 122.63

(16)	Pre Paid Cards – Replacement costs	R 37.43	R 40.80
(17)	Reminder notice delivered at consumer's premises when accounts were outstanding on final date of payment:	R 28.13	R 30.66
(18)	Special reading of meter	R 61.78	R 67.34

PART 8: BUILDING CHARGES

TARIFFS 2008 / 2009	TARIFFS 2009 / 2010
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1. FIRE HOSES:

Test of fire hoses per hose:	R 30.25	R 32.97
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2. STREET PROJECTIONS:

(1)	The annual sum payable in respect of each street projection shall be paid to Council annually in advance at the beginning of each calendar year and shall be calculated as follows:		
(a)	Veranda post at street level; each:	R 181.49	R 197.82
(b)	Ground floor veranda's per m2 or part thereof:	R 6.92	R 7.54
(c)	First floor balconies per m2 or part thereof:	R 18.15	R 19.78
(d)	Second and each higher floor balconies per m2 or part thereof :	R 18.15	R 19.78
(e)	Bay windows per m2 or part thereof, of plan area of projection:	R 181.49	R 197.82
(f)	Pavement lights per m2 or part thereof:	R 8.50	R 9.27
(g)	Showcases per m2 or part thereof.	R 8.50	R 9.27
(h)	All other projections below, at or above pavement level including foundation footings, per m2 or part thereof of plan area:	R 6.92	R 7.54

3. PLANTING OF LAWN:

The charge payable for the grading and planting with grass, of any footway or sidewalk	Cost + 20%	Cost + 20%
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4. PUBLIC BUILDING CERTIFICATES

Annual charge payable in respect of each building certificate issued shall be paid at the beginning of each year	R 9.10	R 9.92
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5. SIGNS AND HOARDINGS

Charges payable in respect of each application shall be paid in advance:	R 218.00	R 237.62
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6. APPROVAL OF BUILDING PLANS:

(1)	Tariffs :		
	(a) Administration fee, PLUS the following :	R 132.98	R 144.95
	(b) New buildings and structures (all over), per m ²	R 5.34	R 5.82
	(c) New additions (losses or attached), per m ²	R 10.68	R 11.64
	(d) Second dwelling, per m ²	R 5.34	R 5.82
	(e) Internal alterations, for each R 1000,00 estimated cost :	R 4.00	R 4.36
	(f) Amending building plans, of paid plan fee :		30%
	(g) Flats, per m ²	R 5.34	R 5.82
	(h) Swimming pool, Lapa and Car Port	R 146.50	R 159.69
	(i) Concrete slabs (re - inforced), per m ²	R 1.36	R 1.48
	(j) Re - roofing	R 186.50	R 203.29
	(k) Re - inspection Fee	R 132.98	R 144.95
	(l) Petrol pumps, Antennas, Gas installations	R 1,596.85	R 1,740.57
	(m) Industrial Buildings, per m ²	R 5.34	R 5.82

(n) Building line and height restrictions:	Street boundary	R 532.47	R 580.39
	Side Space	R 399.49	R 435.44
	Inter Space	R 399.49	R 435.44
	Rear Space	R 532.47	R 580.39
	Height Restriction	R 532.47	R 580.39
(o) Wall fees:	0-1.0 meter high, per meter	R 6.65	R 7.25
	0-2.1 meter high, per meter	R 9.32	R 10.16
	2.1 meter (+) higher, per meter	R 10.63	R 11.59
(p) Drainage (Building plan fees and inspections) :	New Connection	R 532.47	R 580.39
	Single houses and additions, per 50 m ²	R 23.98	R 26.14
	Amended sewerage plan	R 199.47	R 217.42
	Plan renewal, per m ²	R 5.34	R 5.82
	Re-design, per m ²	R 5.34	R 5.82
	Provisional drawings, per m ²	R 4.90	R 5.34

7. HIRING OF COUNCIL'S PROPERTY TO BUILDING CONTRACTORS:

(1)	<u>Pavements and parking areas:</u>		
	(a) A refundable deposit	R 632.20	R 689.10
	(b) Hire amount per m ² or part thereof:	R 8.83	R 9.62
(2)	<u>Any other land:</u>		
	(a) A refundable deposit	R 880.72	R 959.98
	(b) Hire amount per m ² or part thereof:	R 8.83	R 9.62
(3)	Hostel per person:		

(a) Single :	R 185.30	R 201.98
(b) Double:	R 283.40	R 308.91
(4) Lease of dwellings : Regorogile Extension 2: The tariff of lease will be determined by the Rates Tariff.		
(5) Rental of houses / flats 1846, 1868, 1862	R 185.30	R 201.98

PART 9 : TOWN PLANNING FEES:

	TARIFFS 2008 / 2009	TARIFFS 2009 / 2010
(1) Application for consent:	R 453.71	R 494.54
(2) Application for amendment of Interim Scheme:	R 1,057.30	R 1,152.46
(3) Application for amendment of Town Planning Scheme:	R 1,966.36	R 2,143.33
(4) Incorporation of new township into Town Planning Scheme in terms of Section 125:	R 2,419.80	R 2,637.58
(5) Preparation of Town Planning Scheme:	R1 380.00 plus R6.50 per erf for each erf in the township'	R1 380.00 plus R6.50 per erf for each erf in the township'
(6) Change of Township applications prior to approval:	R 604.95	R 659.40
(7) Division of Township (Per Phase):	R 1,451.88	R 1,582.55
(8) Application for establishment of a Township or land development area (DFA):	R 1,966.36	R 2,143.33

(9)	Application for extension of boundaries of an approved Township:	R1 525.00 plus R55.00 per 100 erven (rounded of the nearest 100)	R1 525.00 plus R55.00 per 100 erven (rounded of the nearest 100)
(10)	<u>Application for:</u>		
	(a) Subdivision for property in 5 or less portions (Section 92(1)(a), Ordinance 20 of 1986 : Regulation 293 & 188: Ordinance 20 of 1986 :	R 423.47 R 277.41	R 461.58 R 302.38
	(b) Subdivision for property, in more than 5 portions (Section 91(1)(a), Ordinance 20 of 1986 (above tariffs + per portion) Regulation 293 & 188: Ordinance 20 of 1986 :	R 10.90 R 10.90	R 11.88 R 11.88
	(c) Consolidation :	R 70.20	R 76.52
(11)	Preparation for Council's reasons:	Cost + R 220.00	Cost + R 220.00
(12)	Comments of Council regarding applications in terms of Act 21 / 1940, Act 70/ 1970, permit rights:	R 302.48	R 329.70
(13)	Alteration/Cancellation of a General Plan:	R 1,090.00	R 1,188.10
(14)	Apart from the fees prescribed in the section above, the following fees shall be payable to the local Authority		
	(a) Notice of application in provincial Gazette and Newspaper:	Actual Cost	Actual Cost
	(b) Publication of Conditions of Establishment regarding proclamation of a Township:	Actual Cost plus 10%	Actual Cost plus 10%
	(c) Re-advertisement of application:	Actual Cost plus 10%	Actual Cost plus 10%

(16)	Bulk service contributions - per future stand:		
(a)	Water:	R 3,618.80	R 3,944.49
(b)	Electricity:	R 2,725.00	R 2,970.25
(c)	Sewerage:	R 2,517.90	R 2,744.51

PART 10 : TAXI RANKS AND BUS STOPS:

	TARIFFS 2008 / 2009	TARIFFS 2009 / 2010
<u>The following charges are payable before 1 January of each year:</u>		
(1) Taxis, per annum:	R 566.80	R 617.81
(2) Busses, per annum:	R 1,133.60	R 1,235.62

PART 11: POSTERS AND SCATTERING OF HANDBILL / MINUTES:

(1)	The minimum deposit payable for posters and banners notwithstanding the amount of posters :	R 283.40	R 308.91
(2)	An additional deposit payable for each poster more than 50:	R 4.91	R 5.35
(3)	If a poster or part thereof has not been removed within the time specified, the deposits mentioned in 1 and 2 above will be forfeited to Council.		

PART 12: LIBRARY:

(1)	A joining fee per family:	R 81.75	R 89.11
(2)	For the late submission of library books, per week or part thereof per book:	R 1.47	R 1.60
(3)	Search fees per occasion where library books are not returned to the library and such books are to be collected:	R 39.24	R 42.77

PART 13: MISCELLANEOUS TARIFFS:

		TARIFFS 2008 / 2009	TARIFFS 2009 / 2010
(1)	Issuing of Certificates :		
	(a) Except where otherwise determined, each applicant for the issuing of any certificate in terms of Ordinance no 17 of 1939 or any other Ordinance which is applicable to the Council, for each such certificate issued:	R 5.67	R 6.18
	(b) Issuing of clearance certificate:	R 4.03	R 4.39
	(c) Information supplied:	R 24.42	R 26.62
	(d) Tender deposit (not refundable):	R 163.50	R 178.22
(2)	Duplication of Documents :		
	(a) Reference material (Library):		
	(b) For copies of, or extracts from any confirmed minutes, records or proceedings of Council,		
	(c) Copies made by copy machines,		
	(d) Copies ,made from library material by means of a copying machine in the Library,		
	(e) Copies of Voter's Roll:		
	(f) Copies of monthly building statistics and schedules of approved plans,		
	(g) Copies of the Town Planning Scheme,		
	(h) For the supply of copies of Council's By-Laws and Amendments thereof, per set, excluding State Departments,		
	Per AO	R 32.70	R 35.64
	Per A1	R 21.80	R 23.76
	Per A2	R 16.46	R 17.94
	Per A3	R 2.94	R 3.20
	Per A4	R 1.91	R 2.08
(3)	Issuing copies of agendas of Council's Meetings to a member of Parliament ,SABC or the Press with the approval of the Chief Executive	Free	Free

(4)	Copies of plans, maps or drawings per copy:	Cost + 20%	Cost + 20%
(5)	Levy on post-dated/dishonoured cheques & debit orders:	R 125.00	R 136.25
(6)	Hiring of any mechanical equipment of Council, including an operator :	Tariff as indicated in "SA Hire" Magazine.	Tariff as indicated in "SA Hire" Magazine.
(7)	Hiring of two-way radios :		
	(a) Deposit.	R 457.80	R 499.00
	(b) Hire tariff per day or part thereof:	R 45.78	R 49.90
	(c) Installation costs:	Cost + 20%	Cost + 20%
(8)	Hiring of public address system or part thereof:		
	(a) Deposit.	R 457.80	R 499.00
	(b) Hire tariff per day or part thereof:	R 79.57	R 86.73
	(c) Installation costs:	Cost + 20%	Cost + 20%
(9)	Hiring of coloured lights per day or part thereof		
	(a) Deposit.	R 457.80	R 499.00
	(b) Hire tariff per day or part thereof:	R 79.57	R 86.73
	(c) Installation costs:	Cost + 20%	Cost + 20%
(10)	Hiring of chairs per (7) seven days or part thereof:		
	(a) Tables per table:	R 70.85	R 77.23
	(b) Chairs per chair	R 7.63	R 8.32
	(c) Deposit:	R 599.50	R 653.46
(11)	Hiring of Refuse Bins:		
	(a) Hire tariff for seven(7) days or part thereof:	R 17.44	R 19.01
	(b) Deposit for five (5) bins or part thereof:	R 599.50	R 653.46

(12)	Furnishing of Information :		
(a)	1) For the furnishing of information in accordance with the records of Council of any information relating to properties situated within the municipality including the search of the name or address or both of the owner in terms of a written request regarding each separate property:	R 24.42	R 26.62
(b)	For the inspection of any deed, document or diagram or any such like particulars :	R 2.40	R 2.62
(c)	For endorsements on declaration by purchaser forms, each:	R 9.27	R 10.10
(d)	Issuing of valuation certificates:	R 12.54	R 13.67
(e)	Endorsement on valuation certificates:	R 11.99	R 13.07
(f)	For the search of information:	Cost + 20% with a minimum of R22.40 per search	Cost + 20% with a minimum of R22.40 per search
(g)	Voter's Roll per copy or part thereof:	R 65.40	R 71.29
(h)	Valuation Roll and Address list per copy or part thereof:	R 119.90	R 130.69
(i)	Info per e-mail per A4:	R 3.92	R 4.27
(j)	Info per CD :	R 70.85	R 77.23
(k)	Fax per A4 :	R 6.27	R 6.83
(13)	Private Sales Fire wood/ bundle	Cost + 20% R 8.72	Cost + 20% R 9.50
(14)	Hiring of Hawkers Stands :		
(a)	Thabazimbi - For the use of a stand for a hawker on Erven 1076 and 1077, per month :	R 34.34	R 37.43

	(b) Thabazimbi - Extension 6 per day:	Free	Free
	(c) Northam: Adjacent to Taxi Ranks	Free	Free
(15)	Admission Fee - Leeupoort Game Farm :		
	7.1 Visitors/day	R 21.80	R 23.76
	7.2 Residents/day	R 21.80	R 23.76
	7.3 Residents/annum	R 261.60	R 285.14

PART 14 : INTEREST ON ARREAR CHARGES:

	TARIFFS 2008 / 2009	TARIFFS 2009 / 2010
<u>Sundry Debtors and Consumer's accounts.</u>		
Interest at the maximum rate of Prime + 1% shall be levied on all arrear charges if accounts are not settled on or before the prescribed date. Alterations to interest to be amended annually on 1 July.		
Consumers Debtors registered as Indigent - 0%		

PART 15: ISSUING OF QUOTATIONS:

Notwithstanding the above tariffs, Council may supply quotations for the rendering of goods, services and jobs with the exception of additional levies.		
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PART 16 : RENTAL OF MUNICIPAL BUILDINGS:

<u>NB:</u> Rentals to be registered in an official register:		
(1)	<u>Library Hall, Laps & all other Community Halls except Regorogile</u>	
	(a) Rental per day, or part thereof :	R 250.70
	Deposit:	R 250.70
	(b)	R 273.26
	(c) Rental for religious and educational purposes:	R 152.60
		R 166.33
(2)	<u>Community Hall: Regorogile-Extension 1 & 2</u>	

	(a) Rental per day, or part thereof :	R 654.00	R 712.86
	Deposit:	R 654.00	R 712.86
	(b)		
	(c) Rental and deposit for religious and educational purposes:	R 152.60	R 166.33
(3)	<u>Sportgrounds :</u>		
	(a) <u>Thaba Park</u>		
	Rental:	R 327.00	R 356.43
	Deposit:	R 327.00	R 356.43
	(b) <u>Northam</u>		
	Rental:	R 152.60	R 166.33
	Deposit:	R 152.60	R 166.33
(4)	<u>General Notice Boards</u>		
	(a) Leeupoort:		
	Per annum :	R 457.80	R 499.00
	Per month :	R 45.78	R 49.90
	(b) Other, per annum :	R 457.80	R 499.00
(5)	Official Use (community meetings,etc.) : (Approval required from Municipal Manager)	Free	Free
(6)	Community meetings (all halls-chairs & tables excluded) (Approval required from Municipal Manager)	Free	Free
(7)	Leeupoort Office for Medical Services only : (to be approved annually by Council)	R 16.35	R 17.82

THABAZIMBI LOCAL MUNICIPALITY



RATES POLICY

Rates Policy

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1. INTRODUCTION

Section 3(1) of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) ("MPRA"), and section 62(1) (f) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) ("MFMA"), provide that a municipality should adopt and implement a policy on the levying of rates on rateable property.

This document sets out the policy of the Thabazimbi Municipality on the levying of rates on rateable property. In applying its rates policy, the Municipality will meet all the requirements of the MPRA and MFMA, including any regulations made under these Acts.

The Municipality will, as part of each annual operating budget process, impose a rate in the rand on the market value of all rateable properties as recorded in the Municipality's valuation roll or supplementary valuation roll(s). Rateable property includes any rights registered against the property, with the exception of a mortgage bond. Generally, all land within a municipal area is rateable unless it is specifically exempted in terms of section 15 of the MPRA. Such exemptions for example apply to cemeteries, amateur sports grounds and properties owned by welfare organisations. A municipality must, in accordance with section 3 of the MPRA, adopt a rates policy that sets out the broad policy framework within which the municipality rates its area and must, in accordance with section 5 of the MPRA, review and if necessary amend its rates policy annually.

2. DEFINITIONS

In this policy, unless the context indicates otherwise –

PED Manager is the Manager responsible for Planning and Economical Development in the Municipality.

CFO is the Chief Financial Officer in the Municipality

“Bona fide farmer”, is a person farming with the intention of making a living from the development, cultivation and utilisation of agricultural land and includes a subsistence farmer;

"business", in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on a property and includes any office or other accommodation on the same property, the use of which is incidental to such activity, **but does not** include the business of agriculture, farming, eco-tourism or any other business consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock or game/hunting or the propagation and harvesting of fish or other aquatic organisms;

"Disaster" within the meaning of the Disaster Management Act

(Act no.57, 2002)

"Farming community" owners of agricultural land and their dependants

"government", in relation to property, means owned and exclusively used by an organ of state, but does not refer to any non-urban land owned by an organ of state and used for residential or agricultural purposes or not in use;

"Illegal use" the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property, whether in terms of the deed of the property or in terms of the applicable town –planning scheme.

"Improvement" means any building or structure on **or under** a property, but excludes –

- (a) A structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
- (b) Any building, structure or equipment or machinery referred to in section 46(3) of the MPRA;

"Indigent debtor" means a debtor who is a poor private household as defined by the Municipality's policy on indigent debtors;

"industrial", in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, including any office or other accommodation on the erf, the use of which is incidental to the use of the factory, commercial properties and agricultural packing stores;

"Lodge" means accommodation in a non-urban area provided for visiting guests with a focus on aspects of nature and/or places of interest, and could include a restaurant and conference facilities.

"Municipal", in relation to property, means owned and exclusively used by the Municipality;

"Municipality" means the municipality of Thabazimbi

"multiple purposes", in relation to property, means the use of a property for more than one purposes and the property thus not being assigned to a single category of properties and, where one use represents on average 90% or more of the property's value, the property is rated as though it were used for that use only;

"residential", in relation to property, means a property's having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple number of such units, but does not refer to a hotel, commune, boarding or lodging undertaking, hostel or place of instruction;

"Exemptions", in relations to the payment of a rate, means an exception granted to certain categories of properties from levying of full rates on the market value of the properties;

"Financial year", means the period starting from 1 July in a year to 30 June the next year;

“MPRA”, refers to the Municipal Property Rates Act, No 6 of 2004;

“MFMA”, refers to the Municipal Finance Management Act, No 56 of 2003

“Rates Policy” a document compiled by the Thabazimbi Municipality in terms of **“MPRA”** in a transparent and participative manner.

“Rateable property”, refers to a property on which a municipality may in terms of the MPRA levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of MPRA;

Other Definitions not stated – the definitions as described in the **“MPRA”** will apply.

3. STRATEGIC FOCUS

In determining the rates, exemptions, rebates and reductions, the Municipality has considered the following:

- The impact of the rates on the community;
- the impact of the rates on businesses;
- the integrated development plan (IDP) of the Municipality;
- the local economic development strategy (LED) of the Municipality; and
- the impact of the new rating system to private poor households, agricultural communities and owners of communal land;
- The prevention of major shocks to ratepayers when moving from a site rating system to a system based on a rating on the market value (land and buildings) of a property to encourage private investments and private town developments.

4. ANNUAL ADOPTION OF THE POLICY

The rates policy will be reviewed annually in compliance with section 5(1) of the MPRA and according to the time schedule tabled by the Executive Committee in accordance with section 21(1) (b) of the MFMA. Community participation will take place in accordance with Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

Public participation will be ensured by means of an advertisement in the news papers normally distributed within Thabazimbi municipal area, Bele Bela and Brits, inviting the public to comment on the Rates Policy

The following annual rates policy will be approved with the annual budget in compliance with section 24 of the MFMA.

The rates policy will be available for perusal, free of charge, at:

- 3.1 Thabazimbi municipal offices
- 3.2 Regorogile municipal offices
- 3.3 Northam municipal offices
- 3.4 Leeupoort municipal offices
- 3.5 Rooiberg municipal offices
- 3.6 Community service centres
- 3.7 The Municipality's web site at:

5. KEY PRINCIPLES

5.1 Equity

Liable rate payers will be treated equal according to the level of service they received. The fundamental principle is that ratepayers in similar circumstances will pay similar amounts of tax.

However, the circumstances of an individual ratepayer are only taken into account when exemptions, reductions or rebates are to be granted. Rates are

levied on an *ad valorem* (by value) basis that is pro rata to the value of the property. This is generally considered sufficient to meet the equity principle because two ratepayers with the same property values will pay the same amount of tax (excluding any exemptions, rebates and reductions). A ratepayer with a property that has a high value will pay proportionately more than a ratepayer with a property that has a lower value.

In the local government context, the application of the equity principle would suggest that the tax (the rate in the rand) would be the same for all ratepayers in a municipal area, unless some compelling application of other taxation principles changes the incidence of the tax. The main reasons one ratepayer may pay a different rate than another ratepayer are:

- different rates levied on different categories;
- exemptions;
- rebates
- reductions

To retain the historical level of contribution of the various categories of properties and including and encouraging new rate payers to the income from assessment rates and therefore minimise the impact on ratepayers.

5.2 Affordability

- The ability of ratepayers to pay for their total municipal services will be taken into account by the Municipality. In dealing with the poor and indigent ratepayers, the Municipality will provide relief measures through exemptions, reductions or rebates.
- The Municipality will endeavour to limit the annual increase in revenue from the property rates to the increase in the consumer price index (CPI), and the budget growth guidelines provided by National Treasury, except when the integrated development plan (IDP) of the Municipality provides for a greater increase.

5.3 Poverty alleviation

The effect of rates on the poor should be link to the Municipality's Indigent and credit control policy. All residential properties with a value below an amount to be determined during the budget process, are exempted from assessment rates witch amount should not be less than R30 000.

5.4 Limitation of rates increases

The transformation from a land and improvement rating system to a system where the total market value (land and buildings) is rated will cause major shifts in the rates burden on owners of certain properties.

Guidelines from Central Government are that the implementation of the MPRA should not lead to an increase in income from assessment rates and it should also not result in major shocks to ratepayers. To give effect to these guidelines it is necessary to set limits on the increase in rates for the financial years in which the first valuation roll prepared in terms of the MPRA is implemented.

Public participation in compliance with section 4 of MPRA.

6. AMOUNT DUE FOR RATES

The Thabazimbi Municipality will, as part of each annual operating budget process, determine a rate in the rand for every category of properties; during which process, public participation will take place.

The municipality may however grant different categories of properties relieve in a form of exemptions, reductions and rebates to be determined by the council.

7. LIABILITY FOR RATES

- Rates levied by the Municipality on a property must be paid by the owner of the property. Rates will be levied monthly.
- If an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount from the tenant or occupier of the property. The amount due for rates may be recovered from the agent of the owner.

- Where the rates levied on a property are based on a supplementary valuation made in terms of section 78(1) of the MPRA, the rates are payable from one of the dates contemplated in section 78(4) of the MPRA.
- The recovery of rates by the Municipality will be in accordance with the Municipality's debt collection policy (credit and debt control policy).
- The municipality shall furnish ratepayers with rates accounts on a monthly basis for the payment of rates specifying:
The amount due for rates payable

The date on or before which the amount is payable

How the amount was calculated

The market value of the property

The exemptions, reductions, rebates and special rating

The ratepayer is liable for payment of rates whether or not that person has received an account, if a person has not received an account, that person must make the necessary inquiries from the municipality.

The municipality may furnish a consolidated account to the ratepayers in terms of the municipality's Credit Control and Debt Collection By-Law.

8. VALUATION OF RATEABLE PROPERTIES

- The Municipality will undertake a general valuation of all rateable properties as defined in the MPRA and prepare a valuation roll every four years.
- Supplementary valuations will be undertaken on an ongoing basis and supplementary valuation rolls will be prepared once a year.
- Amendments to the valuation roll to reflect changes to the owner, address, category, extent, description or other prescribed particulars will be made annually in accordance with section 79 of the MPRA, and only the electronic copy of the valuation roll will be updated.

9. LEVYING OF RATES

9.1 Impermissible Rates/ Property Not Rated

In terms of section 229(2) (a) of the constitution, a municipality may not exercise its powers to levy rates on property in a way that would materially and unreasonably prejudice:

National economic policies.

Economic activities across its borders.

The national mobility of goods, services, capital or labour.

Transportation corridors and public service infrastructure.

Other impermissible rates shall be in terms of section 17 of MPRA.

9.2 Categories

The category of property is determined by the zoning and actual use of the property. The municipal valuer is responsible for categorising properties and maintaining the categories, as any change in the use of a property may result in a change in category.

The Municipality has determined the following categories in terms of section 8(1) of the MPRA:

- (a) Residential properties 1, 2 and 3
- (b) Business and commercial properties
- (c) Industrial properties
- (d) Institutional/education/training properties
- (e) Municipal properties
- (f) Government properties

- (g) Privately owned towns serviced by owner
- (h) Service infrastructure (roads, railway lines and communication systems)
- (i) Agricultural (bona fide farming, game farming/hunting, business on farm land, eco-tourism, residential on farm land).
- (j) Developed communal land
- (k) Multiple purposes (special/permits/ parking/private open space and private roads.
- (l) Mine properties
- (m) Pensioner properties
- (n) Indigent properties

9.3 Relief Mechanisms (rebates, reductions and exemptions)

In compliance with MPRA certain categories of properties shall be exempt and rebated from levying of full rates, the relief mechanisms shall be determine in accordance with a budget-related policy on an annual basis;

9.3.1 Rebates

When a specific category of owners of properties or the owners of a specific category of properties qualify for more than one rebate at a given time, the rebate is calculated on the previous rates amount payable. The order in which the rebates are calculated is as follows:

(a) Rebate for Debtors – Property owners

- (a.1) the rebate is as determined by the Municipality's Indigent and Credit Control Policies.
- (a.2) Unemployment 100% - application to be renewed every six (6) months, onus on applicant to apply.
- (a.3) Pensioners and receivers of social grants:

(a.3.1) *has reached the age of 55 years or more during the financial year; or

*Is physically or mentally disabled and can prove that he/she receives a social pension; or

*Is certified by a district medical officer or district medical officers, as the case may be, as being physically or mentally handicapped.

Subject to:

(a.3.2) the joint income of that person and his/her spouse, if any, for the year ended 30 June may not an amount determined in the Municipality's budget.

(a.3.3) The rateable property in question may be occupied only by that person and his/her spouse, if any and by dependants of that person who have no income, or by other people due to circumstances that, in the opinion of the Municipality's Chief Financial Officer, are specific to that person;

(a.3.4) there may not be more than one dwelling unit on the rateable property in question;

(a.3.5) The application for exemption from rates for the financial year must be received prior to 30 September of that financial year, on a form made available for this purpose by the Municipality's Chief Financial Officer and the information provided in the application must be substantiated by an affidavit by the applicant;

(a.3.6) The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, also proof that he/she receives a social pension or, if he/she does not receive a social pension, proof of certification by a district medical officer;

(a.3.7) the value of the rateable property in question, as reflected in the valuation roll or a supplementary valuation roll, may not exceed R250 000.00 on the person's first application and to be reviewed annually;

(a.3.8) that the person's current services account must be paid in full; and

(a.3.9) the rateable property in question must be categorised as **residential**.

The rebates in **a.3.1** to **a.3.7** will be granted after an application with all required documentation has been considered and approved by the Municipal Manager or delegated official.

(a.4) in time of a disaster the Municipality will issue steps to assist those affected within 30 days.

(b) Rebates to Limit the Increase in Rates

Note:

This is not related to the provisions of Section 21 of the MPRA regarding the compulsory phasing in of rates.

The rebate to limit the increase in rates for a rate payer when moving from the site rating system to the system of rating the total value of the property in the event of such increase being 40% (forty percent) or more will be calculated by phasing in the amount in excess of 40% (forty percent) at 25% (twenty five percent) per year over 4 (four) years commencing 1 July 2008.

This rebate does not apply to an increase in rates owing to a supplementary valuation made in terms of section 78(1) of the MPRA

9.3.2 Rebates Applicable To Agricultural Land

The rebates applicable:

As defined in the MPRA and applicable regulations from time to time.

9.3.3 Rebate Applicable To Private Owned Towns

Differential rates due to geographical area.

9.3.4 Rebate Applicable To Communal Land

As defined in the MPRA.

9.3.5 Exemptions

The Municipality grants an exemption from the payment of rates in respect of the following:

- (a) Any rateable property registered in the name of a welfare organisation registered in terms of the National Welfare Act, 1978 (Act 100 of 1978);
- (b) Any hospital, health clinic or institution for mentally ill or handicapped persons that is operated not with the intention to make profit and is registered for tax exemptions in terms of the Income Tax Act because of those activities;
- (c) Any rateable property registered in the name of a public benefit organisation that carries out specified public benefit activities;
- (d) Any cemetery or crematorium that is registered in the name of a private person and that is used exclusively for burials or cremations, as the case may be;
- (e) Any museum, art gallery, library or botanical garden including ancillary business activity that is registered in the name of a private person and that is open to the public, whether admission is charged or not;
- (f) Any national monument, including any ancillary business activity conducted at a national monument;
- (g) Any rateable property registered in the name of a trustee or trustees or any organisation that is being maintained for the welfare of war veterans;
- (h) Any sports grounds used for the purposes of amateur sport or any social activity connected with such sport;

- (i) Any rateable property registered in the name of youth organisation or any organisation that promotes the welfare of the youth or any rateable property let by the Municipality to any such organisation;
- (j) Any rateable property registered in the name of a declared institution as defined in section 1 of the Cultural Institutions Act, 1969 (Act 29 of 1969), or the Cultural Institutions Act (House of Assembly), 1989 (Act 66 of 1989);
- (k) Any residential property that is occupied by the owner of the property and has a value below an amount to be determined during the budget process which amount should not be less than R30 000.
- (l) Any property on or under which public service infrastructure is erected;
- (m) Property zoned for private road purposes and incidental thereto
- (n) Any person who as defined in the indigent policy of the council.–**
- (o) Any public school; and
- (p) Any independent school
- (q) Any property or portion thereof, used as a pre-primary school or day Care centre.

The exemption in (m) to (q) will be granted after an application has been considered by the municipal valuer and approved by the PED Manager and the CFO.

Should the use or ownership or circumstances used to approve exemption from payment of assessment rates change, such exemptions will immediately lapse from date of change.

10. PHASING IN OF RATES

The rates to be levied on newly rateable property and property of specified public benefit organisations shall be phased in as provided for in section 21 of the MPRA.

11. DISCLAIMER

Rates cannot be challenged on the basis of non-compliance with this rates policy and must be paid in accordance with the payment requirements.

Where a ratepayer believes that the Municipality has failed to properly apply this rates policy, he or she should raise the matter in writing with the Municipal Manager.

APPENDIX: SUMMARY OF THE LEGAL POSITION RELATING TO THE SETTING AND COLLECTION OF RATES

LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, 2004 (ACT 6 OF 2004) ("MPRA")

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 53 OF 2003) ("MFMA")

This is a summary of the legal position and is not intended to cover the full content of either the MPRA or the MFMA. The summary focuses on those requirements that are immediately relevant to a municipality's rates policy.

A municipality may levy rates in its municipal area. It must exercise its power to levy rates subject to section 229 and any other applicable provisions of the Constitution, the provisions of the MPRA, and its rates policy.

In terms of section 46 of the MPRA, the basis of valuation is market value. Property must be valued by a valuer engaged or employed by the municipality in terms of section 33 of the MPRA. Anyone may lodge an objection to an entry in the valuation roll that is prepared by the municipal valuer.

Rates are based on the market value of a property, multiplied by a rate in the rand set each year by the municipality in question in terms of section 7 of the MPRA. The owner of the land (unless the municipality is advised otherwise) is the principal ratepayer, and rates may be recovered as a debt against the principal ratepayer. In certain cases the occupier of the land may be classed as the principal ratepayer in terms of sections 24 and 25 of the MPRA.

Section 26 of the MPRA provides that rates may be paid either monthly or annually, but section 64 of the MFMA currently requires that accounts for municipal tax be prepared on a monthly basis or less often as may be prescribed. A municipality may also make payment arrangements with ratepayers if an instalment of rates is not paid by the due date. A municipality's credit control and debt collection by-laws must prescribe the process for recovering rates in the case of non-payment.

In terms of section 3 of the MPRA, the council of a municipality must adopt a policy consistent with the MPRA on the levying of rates on rateable property in the municipality. The rates policy must take effect on the effective date of the first valuation roll prepared by the municipality in terms of the MPRA, and the policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the MFMA.

The rates policy must treat persons liable for rates equitably and determine the criteria for levying different rates for different categories of property and granting exemptions, rebates or reductions. The effect of rates on poor residents and organisations conducting specified public benefit activities must also be considered.

Any exemptions, rebates or reductions granted under and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with local government.

No municipality may grant relief in respect of the payment of rates to the owners of properties on an individual basis.

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). The draft policy must be displayed for a period of at least 30 days at the municipality's head office, satellite offices and libraries and on the official website of the municipality. An advertisement informing the community of this must be placed in the media.

The rates policy must be reviewed annually and by-laws must be adopted to give effect to the policy.

The MPRA provides for the exclusion of certain properties from the payment of rates. The first R15 000 of the value of residential properties is excluded and land belonging to land reform beneficiaries is excluded for the first ten years of ownership.

A municipality may not levy different rates on residential properties.

The Minister of Provincial and Local Government may set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased.

Rates levied on newly rateable property and on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

A register in respect of all properties situated within a municipality must be maintained. Part A of the register is the current valuation roll and supplementary valuation rolls and Part B contains those properties that are exempted, receive a rebate or reduction, are subject to phasing or are excluded from rates.

Written accounts must be issued by the municipality and a ratepayer is obliged to make enquiries if an account is not received.

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant, occupier or agent of the owner, despite any contractual obligation to the contrary. The amount recovered is limited to the amount of the rent or other money due.

THABAZIMBI LOCAL MUNICIPALITY



TARIFF POLICY

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PART 1: GENERAL INTRODUCTION AND OBJECTIVE

A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 (see part 9 of this policy).

In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

PART 2: GENERAL PRINCIPLES

Service tariffs imposed by the local municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).

The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

Tariffs for the four major services rendered by the municipality, namely:

- * electricity
- * water
- * sewerage (waste water)
- * refuse removal (solid waste),

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year of 10% or such lesser percentage as the council of the municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

The municipality shall develop, approve and at least annually review an indigency support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.

In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question.

The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.

The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.

In addition, the municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.

In considering the costing of its water, electricity and sewerage services, the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

It is therefore accepted that part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall therefore install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

PART 3: CALCULATION OF TARIFFS FOR MAJOR SERVICES

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

- * Cost of bulk purchases in the case of water and electricity.
- * Distribution costs.
- * Distribution losses in the case of electricity and water.
- * Depreciation expenses.
- * Maintenance of infrastructure and other fixed assets.
- * Administration and service costs, including:
 - service charges levied by other departments such as finance, human resources and legal services;
 - reasonable general overheads, such as the costs associated with the office of the municipal manager;
 - adequate contributions to the provisions for bad debts and obsolescence of stock;
 - all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).

- * The intended surplus to be generated for the financial year, such surplus to be applied:
- as an appropriation to capital reserves; and/or
 - generally in relief of rates and general services.

Because water is a scarce national resource, and this municipality is committed to the prudent conservation of such resources, the tariff levied for domestic consumption of water shall escalate according to the volume of water consumed. The tariff for domestic consumption shall be based on monthly consumption of up to 6 kl, more than 6 kl but not more than 50 kl, more than 50 kl but not more than 80 kl. Tariffs for non-domestic consumption shall be based on a single charge per kl consumed, irrespective of the volume of consumption concerned.

Tariffs for pre-paid meters shall be based on a single charge levied on all the categories of consumers concerned, but no availability charge shall be levied on properties where pre-paid meters have been installed. This distinction is made in recognition of the financial advantages which pre-paid metering entails for the services in question.

PART 4: ELECTRICITY

- (a) Electricity tariffs be approved by Council three months prior to implementation, for the National Electricity Regulator to finally approve implementation thereof.
- (b) **The various categories of electricity consumers, as set out in sub-section (d) below, shall be charged at the applicable tariffs, as approved by the Council in each annual budget.**
- (c) Tariff adjustments be effective as from the date on which the water meters be read during a specific month as resolved by Council:

(d) Categories of consumption and charges shall be as follows:

1. With the exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
2. All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive the first 50kWh (fifty) of electricity consumed per month free.
3. All commercial, industrial and other non-domestic properties shall additionally be billed a monthly basic charge per meter installed and, where applicable, a demand charge appropriate to their respective levels of consumption.

PART 5: WATER

(a) **The categories of water consumers as set out in sub-section (c) below shall be charged at the applicable tariffs, as approved by the Council in each annual budget.**

(b) Tariff adjustments shall be effective as from the date on which the water meters be read during a specific month as resolved by Council:

(c) Categories of consumption and charges shall be:

1. All those registered with the municipality as indigents shall receive the first 6 (six) kl of water consumed per month free. Thereafter a stepped tariff per kl

as determined by the Council from time to time shall be applicable on metered water consumption.

2. All other domestic consumers shall be charged for actual water consumption at a stepped tariff per kl as determined by the Council from time to time.
3. All other consumers, including businesses, industries and institutional consumers shall pay the same fixed tariff per kl, irrespective of the volume of water consumed.
4. A basic charge per water meter, as determined by the Council from time to time, shall be charged on all businesses, industries and institutional consumers. .

PART 6: REFUSE REMOVAL

- (a) The categories of refuse removal users as set out in sub-section (c) below shall be charged at the applicable tariffs, as approved by the Council each annual budget.
- (b) Tariff adjustments shall be effective from 1 July each year.
- (c) **A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:**
 - a) Domestic and other users
 - b) Business and other users
- (d) Registered indigents may receive such discount on this charge as the Council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed as a refuse removal charge.

PART 7: SEWERAGE

- (a) The categories of sewerage users as set out in sub-section (c) below shall be charged per month at the applicable tariff as approved by the Council in each annual budget.**
- (b) Tariff adjustments will be effective from 1 July each year.**
- (c) Categories of usage and charges shall be:**
 - 1. A basic (availability) charge per month shall be charged for undeveloped erven, irrespective of their permitted or intended use.
 - 2. Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget, but on the understanding that such discount shall not be less than 50% of the monthly amount billed for this service.
 - 3. A fixed monthly charge based on the costs of the service shall be charged for domestic users.
 - 4. A fixed monthly charge based on the costs of the service per sewer point/toilet shall be charged to all businesses, industries and institutional users.
 - 5. An effluent fee shall further be payable by factories and other industrial users where the wastewater emanating from such users requires special purification measures by the municipality. Such fees shall be based on the toxic content of the wastewater concerned and the costs of the purification.

PART 8: SUNDRY TARIFFS

All sundry tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

All sundry tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

The following services shall be considered as subsidised services, and the tariffs levied shall cover 50% or as near as possible to 50% of the annual operating expenses budgeted for the service concerned:

- burials and cemeteries
- rentals for the use of municipal sports facilities

The following services shall be considered as community services, and no tariffs shall be levied for their use:

- municipal lending library (except for fines set out below)

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

- housing rentals
- town planning and building plan approvals
- fire brigade services
- rental of vehicles and equipment
- rentals for the use of municipal halls and other premises (subject to the provisions as set out below)

- sales of refuse bins
- cleaning of stands
- electricity, water, sewerage: new connexion fees
- photo-copies and fees
- clearance certificates.

The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- fines for lost or overdue library books
- advertising sign fees
- pound fees
- electricity, water: disconnection and reconnexion fees
- penalty and other charges imposed in terms of the approved policy on credit control and debt collection
- penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

Market-related rentals shall be levied for the lease of municipal properties.

The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality's sustaining damages as a result of the use of the facilities concerned.

THABAZIMBI LOCAL MUNICIPALITY



CREDIT CONTROL & DEBT COLLECTION POLICY

CREDIT CONTROL AND DEBT COLLECTION POLICY

1. Objectives

The objectives of the policy are to:

- Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
- Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interest of community, residents and ratepayers and in a financially sustainable manner¹;
- Set realistic targets for debt collection;
- Outline credit control and debt collection policy procedures and mechanisms; and
- Provide a framework to link the municipal budget to
 - Indigent support; and
 - Tariff policies.

2. Principles

- The administrative integrity of the municipality must be maintained all costs. The democratically elected officials (councilors) are responsible for policy-making, while it is the responsible of the municipal manager to execute these policies.
 - All customers must complete an official application form formally requesting the municipality to connect them to the service supply lines.
 - A copy of the application form, conditions of the services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer on request and will be available in ten working days.
 - Billing is to be accurate, timeous and understandable.
 - The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
-

¹Section 96(a) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides that a municipality must collect all money that is due and payable to it subject to this Act and any other applicable legislation.

- The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- Incentives and disincentives may be used in collection procedures.
- The collection process will be cost-effective.
- Collection 'Best Practices' will be pursued.
- Results will be regularly and efficiently reported.
- Application forms will be used to categorize customers and to determine whether the customer qualifies for indigent support, pre-payment or credit meters.
- Although customer care and debt collection are inter-related issues, they should be performed by two separate divisions.
- There must be legal cause between the municipality and its customer and customer debt must arise out of a legal framework and must be legally collectable.
- Indigent households will be identified and supported. Welfare is to be separated from tariff and credit control issues and will be supported by appropriate and affordable policies and practices. Indigent support will be introduced within council's financial ability.
- Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

3. Duties and Functions of Council

- To approve a budget consistent with the needs of communities, ratepayers and residents.
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- To provide sufficient funds to give access to basic services for the poor.¹
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.²
- To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Municipal Manager.³
- To approve a reporting framework for credit control and debt collection.
- To consider and approve by-laws to give effect the Council's policy.
- To monitor the performance of the Executive Committee and Municipal Manager regarding credit control and debt collection.

¹ Preferably, the total equitable share should be set aside for this purpose. If this amount is not enough, an additional sustainable provision must be made, according to the municipality's financial ability.

² The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for can only be reduced by the amount provided for working capital.

³ A realistic target would be to improve on the previous year's result by 5% - 10%. The target should be reviewed every year until the turnover rate of debtors is between 45-56 days.

- To revise the budget should Council's target for credit control and debt collection not be met.
- To take disciplinary action against councilors, officials and agents who do not execute council policies and by-laws.
- To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- To delegate the required authorities to monitor and execute the credit
- Control and debt collection policy to the Executive Committee and Municipal Manager respectively.
- To provide sufficient capacity in the Treasury department for credit debt collection.
- To appoint debt collection agents to assist the Municipal Manager in the execution of his duties, if required.
- Response time to customers queries within 10 working days.

3.1 Duties and functions of Executive Committee

- To ensure that Council's budget, cash flow and targets for the debt collection are met and executed in terms of the policy and relevant by-laws¹.
- To monitor the performance of the Municipal Manager in implementing the policy and by-laws².
- To review and evaluate the policy and by-laws in order to collection procedures, mechanisms and processes³.
- To report to Council.

3.2 Duties and functions of the Municipal Manager

- To implement good customer care management.
- To implement council's credit control and debt collection policy.
- To install and maintain an appropriate accounting system.
- To bill customers.
- To demand payment on due dates.
- To raise penalties for defaults.
- Issue a reminder of account was not settle on due date.

Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the executive committee must-

(a) Oversee and monitor-

¹ (i) The implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98; and

² (ii) The performance of the municipal manager in implementing the policy and any by-laws.

³ (b) When necessary, evaluate or review the policy and by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of it's credit control and debt collection mechanisms, processes and procedures; and

4(c) At such intervals as may be determined by the Council report to a meeting of the Council, except when the Council itself performs the duties mentioned in paragraph (a) and (b).

- To appropriate payments received.
- To collect outstanding debt.
- To implement 'Best Practices'.
- To provide different payment methods.
- To determine credit control measures
- To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-of of debts, sundry debtors and legal processes.
- To appoint firm/s of attorneys to complete the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- To set performance targets for staff.
- To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- To delegate certain functions to heads of the departments.
- To report to the Executive Committee.

3.3 Duties and functions of Communities, ratepayers and residents

- To fulfill certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials reasonable access to their property to execute municipal functions.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.
- A debtor who has an overdue debt may not specify the payment to a specific portion of account

3.4 Duties and functions of Ward Councilors and Political parties

- To hold regular ward meetings.
- To adhere to and convey council policies to residents and ratepayers and report in council meetings
- To adhere to council's code of conduct for councilors.

POLICY PRINCIPLES

4. Customer Care and Management Policy¹

4.1 Communication and feedback

4.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget which will include:

- a) A first budget meeting annually wherein EXCO will consider budget priorities, principles and a budget framework.
- b) A first round of public meetings will then be called, to invite at least the following: political parties; ratepayers and civic organizations; chambers of business and organized labour; the general public and other interested parties, at which the budget priorities, principles and framework will be outlined and debated.
- c) Need identification workshops will be conducted in all wards, the objects of which will be:
 - i. To identify all the needs of the wards those are legitimately in the area of responsibility of the council.
 - ii. To involve the community in prioritizing these needs.

- iii. To involve the community in Council's planning, and to provide the community with much basic information as to what Council does and what other levels of government do.
- iv. To inform the community of the levels of payment and non-payment in that ward, and to devise strategies in that regard.

- d) A council workshop, which will marry the results of the first budget meeting, the public meetings, and the need identification workshops with Council's Integrated Development Plan.
- e) Thereafter Council's draft Capital and Operating budgets, informed by the above processes, will go through Council's executive committee for the creation of a draft budget.
- f) This draft budget, with tariff and rate implications, will then be presented to a second round of public meetings.
- g) Thereafter a final draft of the budget appears before Council for approval.

4.1.2 Council's Customer Care and Management, and Debt Collection Policy, will be available in Tswana and English, and will be made available by general publication and on specific request, and will also be available at Council's cash collection points.

4.1.3 Council will endeavor to distribute a regular newsletter, which will give prominence to customer care and debt issues.

4.1.4 Ward councilors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.

4.1.5 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed

¹ Section 95(a) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity, establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payments and the municipality.

- 4.1.6 Ward councilors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.
- 4.1.7 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.
- 4.1.8 Council aims to establish:
 - a. A central complaints/feedback office;
 - b. A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
 - c. Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - d. A communication mechanism to give council feedback on service, debt and other issues of concern.

4.2 Service application and agreements

- 4.2.1 All customers of services will be required to sign an agreement governing the supply of and cost of, municipal services and proof of ID to be submitted. Owners may allow a tenant to sign a separate agreement with the municipality, which the municipality may accept. On default by a tenant, the owner is the debtor of last resorts.
- 4.2.2 Prior to signing these agreements, owners and or tenants will be entitled to receive the policy document of the Council on request.
- 4.2.3 On the signing of the agreement, owners and or tenants will receive a copy thereof.
- 4.2.4 Within a specified period (in the agreement) of change of ownership, meters will be read and an account posted.
- 4.2.5 In the agreement, customers will acknowledge liability for costs of collection, and interest and penalties, in the event of delayed payment.

4.3 Deposits

- 4.3.1 Security deposits either in cash or bank guarantee to the municipality will be taken, and may vary according to the risk payment history. A minimum deposit of the equivalent of two months average consumption will be taken plus sewerage and refuse charges minimum deposits of R300.00 per service water and electricity each for house owners.(Other consumers

R500.00 per services or an average of two months consumption of a similar user)

- 4.3.2 Deposits can be increased by the municipality at any time at the sole discretion of the municipality to a maximum of two and a half months consumption, subject to 30 days notice being given.
- 4.3.3 Deposits can vary according to the credit-worthiness or legal category of the applicant subject to paragraph 4.3.
- 4.3.4 The municipality will not pay any interest on deposits.
- 4.3.5 On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refunded to the consumer.

4.4 Accounts and billing¹

- 4.4.1 Customers will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.
- 4.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates are linked to the statement date.
- 4.4.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorized agent.
- 4.4.4 It is the client's responsibility to ensure timeous payment in the event of accounts not received.
- 4.4.5 Settlement or due date is the last day of each month in respect of services accounts rate accounts with an extension noted on each account.
- 4.4.6 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in final settlement of such an account.
- 4.4.7 Where any payment made to the municipality or its authorized agent by negotiable instrument is later dishonored by the bank, the municipality or its authorize
 - a) May recover the average bank charges incurred relating to dishonored negotiable instrument against the account of the customer.
 - b) Shall regard such an event as default on payment.
- 4.4.8 The municipality or its authorized agent must, if administratively possible, issue a duplicate account to a customer on request.
- 4.4.9 Sundry levies such as final notice – reconnection fees will be levied monthly even though the services were not recommended.

4.5 Metering¹

- 4.5.1 The municipality will endeavor, within practical and financial limits, to provide meter to every paying client for all meter able services.
- 4.5.2 All meters will be read monthly, if at all possible. If the meter is not read monthly the council will average the consumption for the preceding three months.

4.6 Metering²

- 4.6.1 The municipality will endeavor, within practical and financial limits, to provide meter to every paying client for all meter able services.
- 4.6.2 All meters will be read monthly, if at all possible. If the meter is not read monthly the council will average the consumption for the preceding three months.
- 4.6.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.

¹ Section 95 (d) of the Local Government: Municipal System Act, 2000 provides that a municipality must, within it's financial and administrative capacity take reasonable steps to ensure that the consumption of services has to be measured through accurate and verifiable metering systems

² Section 95 (e) provides that a municipality must ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amount due.

- 4.6.4 Customers will be informed of the meter replacement.
- 4.6.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorized agent, and the customer is charged for an average consumption the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debt adjustments.
- 4.6.6 If a customer deny council access to meter by what ever means the customer can phone his/her meter detail to the relevant office from the 10-14TH of each month. Failing to do so 4.5.2 will come into effect.

4.7 Right of access to premises

- 4.7.1 The owner and or occupier of premises give an authorized representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service¹.
- 4.7.2 The owner accepts the cot of relocating a meter if satisfactory access is not possible.
- 4.7.3 If a person contravenes 4.6.1 the municipality or its authorized agent may:

- a) By written notice require such person to restore access at his/her own expense within a specified period.
- b) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

4.8 Payment facilities and methods and stop orders and debit orders

- 4.8.1 The municipality will operate and maintain suitable banking and cash facilities which facilities will be accessible to all users.
- 4.8.2 The municipality will, at its discretion allocate a payment between service debts – a debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
- 4.8.3 The municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 4.8.4 The customer will acknowledge, in the customer agreements, that the use of customer agent in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment.

¹Section 101 provides that the occupier of premises in a municipality must give an authorized representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect stop or restrict the provision of any service.

4.9 Enquiries, appeals and service complaints

- 4.9.1 If a customer is convinced that his or her account is inaccurate, he or she can loge an appeal with the municipality for recalculation of this account¹.
- 4.9.2 In the interim the debtor must pay the average of the last three months account where history of the account is available. Where no such history is to pay an estimate provided by the municipality before payment due date until the matter is resolved.
- 4.9.3 The relevant department will investigate and inform the debtor within one month.

- 4.9.4 Failure to make such agreed interim payment or payments will make the customer liable for disconnection.
- 4.9.5 A customer may appeal against of the municipality or its authorized agent in terms of 4.8.2.
- 4.9.6 An appeal and request in terms o 4.8.5 must be made and lodged with the municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in 4.8.2 and must:
 - a) Set out the reasons for the appeal.
 - b) Be accompanied by any security determined for the testing of a measuring device if applicable.

4.10 Business who tender to the Municipality

4.10.1 The Procurement Policy and Tender Conditions include the following:

- i. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
- ii. A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated account or overdue in terms of the contract or any other due date that has passed.
- iii. Tender conditions contain a condition allowing the municipality to deduct money owing to the municipality from contract payments in terms of a reasonable arrangement with the debtor.

¹ Section 95 (f) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must provide accessible mechanisms for those persons to query or verify accounts and metered

4.10.2 Incentives for prompt payment

- i. The municipality may, to encourage payment, and to reward good payers consider from time to time incentives for the payment of accounts.
- ii. Such incentive schemes, if introduced, will be reflected in annual budget as additional expenditure.

4.11 Customer assistance programmes

4.11.1 Water leakages

If the leakage is on the side of the customer the customer is responsible for the payment of the full account.

4.11.2 The customer has the responsibility to control and monitor his/her consumption.

4.11.3 Rate rebates

1. Properties used exclusively for residential purposes may qualify for a rebated rate determined annually by Council.

A rate rebate may be granted to social pensioners or the receiver of a State disability grant as determined by Council from time to time. To qualify for the concession the following criteria will apply: Application must be made each year and reach the Chief Financial Officer on or before 30 June. The applicant must be the registered owner of the property and should not sub-let any portion of the dwelling or take in boarders and used solely for residential purposes. The applicant should not own any other property. The property must be readily accessible to municipal staff for the purposes of carrying out of inspections.

2. Arrangements for settlements

If a customer cannot pay his/her account with the municipality then the municipality may enter into an extended term of payment with the customer. He/she must:

- i. Sign an acknowledgement of debt;
- ii. Sign a consent to judgment;
- iii. Provide a garnishee order/emolument order/stop order (if he or she is in employment);
- iv. Acknowledge that interest will be charged at the prescribed rate;
- v. Pay the current portion of the account in cash; and
- vi. Sign an acknowledgement that, if the arrangements are being negotiated later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will immediately follow, as will legal proceeding.

4.11.4 Customers with electricity arrears must agree to the conversion to
a prepayment meter, if and when

4.11.5 implemented the cost of which, and the arrears total, will be paid
off either by :

- i. Adding it to the arrears bill and repaying it over the agreed period;
or
- ii. Adding it as a surcharge to the prepaid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated.

4.11.6 Council reserves the right to raise the deposit/security requirement in accordance with paragraph 4.3 of debtors who seek arrangements.

4.11.7 Rates by installments

- i. Customers will pay the property rates account monthly, over 12 months at no interest cost.

4.11.8 Indigent subsidy¹

4.11.8.1 Qualifying households.

- i. A household, which has a total income of all occupants over 18 years of age, of less than R1500.00 per month, or qualifies as an indigent household in terms of this subsidy.(at an amount set by council from time to time)
- ii. Funding of subsidy. The source of funding of the Indigent subsidy is that portion of the equitable share contribution to the municipality made from the national government's fiscus and as provided for in the budget. In exceptional circumstances this can be supplemented from other revenues
- iii. The subsidy amount is to be calculated by adding the applicable basic services as well as assessment rate and fee units of water and electricity which council approves from time to time.

4.11.8.2 Subsidized services are to be sewerage, refuse removal and assessment rates. A policy guideline is to attempt to get the subsidy to cover 6 kl of water, and all sewerage, refuse removal charges and assessment rate with respect to Indigent Support.

¹ Section 97 © of the Local Government: Municipal System Act, 2000 provides that a municipality must make provision for indigent debtors that is consistent with it's rates and tariff policies and any national policy on indigents.

4.11.8.3 Electricity will be subsidized 50KWH and households for indigent support may be required to convert to prepayment electricity meters when implemented, the cost of which can be met either by:

- i. The equitable share fund, if sufficient;
- ii. A surcharge on the electricity coupon cost; or
- iii. Cash payment by the household.

4.11.8.4 Households which exceed 6kl of water usage.

4.11.8.5 A consumer who consumes more water and electricity than the fee unit is liable for that expenditure failing to do so will result of the services be suspended¹.

4.11.8.6 Household eligibility. Households become eligible by application on a specific council application form, after which screening and ongoing auditing are possible. This form will require data on the inhabitants of the household, their occupations, income and property ownership, and business ownership.

4.11.8.7 Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form, and to record any changes in circumstances, and make recommendations on the continuation or discontinuation of the subsidy. An audit report be submitted to Council on a regular basis.

4.11.8.8 Indigent households must reapply for indigent support every twelve months, subject to regular monitoring of individual cases.

4.11.8.9 Existing arrears will be written off subject to the necessary bad debt provision.

4.11.8.10 Households will be excluded from the scheme if:

- i. The household head owns a second property.
 - ii. The application was filled in dishonestly.
 - iii. Audits suggest improvements in the financial circumstances of the household.
- 4.11.8.11 If a consumer's consumption or use of a municipal service is less than the subsidized service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 4.11.8.12 If a customer's consumption or use of a municipal service is in excess of the subsidized service, the customer will be obliged to pay for such excess consumption at the applicable rate.

¹ Section 97 (g) of the Local Government: Municipality Systems Act, 2000 provides that a credit control and debt collection policy must provide for termination of services or the restriction of the provision of services when payments are in arrears.

- 4.11.8.13 An indigent customer must immediately request de-registration by the municipality or its authorized agent if his/her circumstances have changed to the extent that he/she no longer meet the qualification set out in 4.11.5.1
- 4.11.8.14 An indigent customer may at any time request de-registration.
- 4.11.8.15 An indigent customer is exempted from interest – final notice and disconnection levies, but their services will be disconnected if they fail to pay their account.

4.12 DEVELOPERS

- 4.12.1 Developers will install services, including meters to each stand – according to council's standards.
- 4.12.2 The Developer / owner pay the assessment rates on the Original property till it is registered in the Deeds office as a new property in a new owner's name. The original property will be reduced pro rata (value per m2 of original value times the size of the departing property)
- 4.12.3 Developer will supply the Council with the meter information of each stand within 7 days after it is occupied.

5. Debt Collection Policy

5.1 Enforcement Mechanisms

5.1.1 Interruption of service¹

5.1.1.1 Customers who are in arrears with their municipal account and who have not made arrangements with the council will have their supply of electricity and water, and other municipal services, suspended or disconnected.

5.1.1.2 The customers will receive a notice to inform him/her that his/her an account is overdue. This notice could either be a written notification delivered at the site of the consumption or by sms via a cell phone number, supplied by the consumers on the application for service form. (consumer to keep council updated with change of numbers)

5.1.1.3 The disconnection of electricity service may occur when the account is 1(one) day overdue after the notification mention in 5.1.12 was served (electricity supplied by existing meter or pre-paid system). Council is not responsible to prove that any of the notice were served on the premises where the consumption to place or whether the sms was received by the consumer.

5.1.1.4 Failing to pay after the notices mentioned in 5.1.1.2 and 5.1.1.3 were served. The water supply will be disconnected.

5.1.1.5 The cost to have water supply reinstated will be an amount set by council payable in advance.

5.1.1.6 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.

5.1.1.7 Upon the liquidation of arrears, or the conclusion of arrangements, the service will be reconnected as soon as conveniently possible as but not later than 10 working days.

5.1.1.8 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the customer.

5.1.1.9 Interest and penalties¹

Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation

Personal account

Telephonic contact

Agents calling on clients

Council will endeavor, within the constraints of affordability, to make personal or telephonic contact with all arrears debtors to encourage their payment, and to inform them of their arrears state and their right (if any) to conclude arrangements or to indigent subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

5.1.1.10 The municipality shall maintain a schedule of debtors with large amounts outstanding (the cut-off amount will be agreed by Council) and will maintain intensive contact with these debtors as in 4.11.3.1.

5.1.1.11 Such contact is a right for debtors that debtors enjoy
– disconnection of services and other collection proceeding will continue in the absence of such contact for whatever reason.

5.1.2 Legal Process/Use of attorneys/Use of credit bureaus

- 5.1.2.1 Council may, when a debtor is 45 days in arrears, commence legal process against with that debtor, which process could involve final demands, summonses, court trails, judgements, garnishee orders and/or sales in execution of property.
- 5.1.2.2 Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.
- 5.1.2.3 Council will establish procedures and codes of conduct with these outside parties.
- 5.1.2.4 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- 5.1.2.5 All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.
- 5.1.2.6 All cost of this process are for the account of the debtor.

¹ Section 97 (e) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for interest on arrears, where appropriate.

- 5.1.2.7 Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus. This release will be in writing and this situation will be included in Council's agreement with its customers.
- 5.1.2.8 Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.
- 5.1.2.9 Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council.
- 5.1.2.10 Customers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.
- 5.1.2.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

5.2 Theft and fraud

- 5.2.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorized service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time¹.
- 5.2.2 Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 5.2.3 The total bill owing, including penalties, assessment of unauthorized consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 5.2.4 Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.
- 5.2.5 Council may distinguish in its penalties between cases of vandalism and cases of theft.
- 5.2.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 5.2.7 Council reserves the right to lay charges and to take any other legal action against both vandals and thieves.
- 5.2.8 Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

¹ Section 97 (h) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for matters relating to unauthorized consumption of services theft and damages.

5.3 Cost of collection

- 5.3.1 All cost of legal process, including interest, penalties, service discontinuation cost and legal costs associated with credit control are for the account of the debtor and should reflect at least the cost of the particular action.

5.4 Abandonment

- 5.4.1 The Municipal Manager must ensure that all avenues are utilized to collect the town's debt.
- 5.4.2 There are some circumstances that allow for the valid termination of debt collection procedures:
- i. The insolvency of the debtor, whose estate has insufficient fund.
 - ii. A balance being too small to recover, for economic reasons considering the costs of recovery.
- 5.4.3 The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the debt.

5.5 Rates clearance

- 5.5.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges are paid by withholding a rates clearance certificate¹.

6. Performance Evaluation

6.1 Income Collection Targets

Council to create targets that include:

- i. Reduction in present monthly increase in debtors in line with performance agreements determined by council.

6.2 Customer Service Targets

Council to create targets that would include:

- i. Response time to customer queries.
- ii. Date of first account delivery to new customers.
- iii. Reconnection time lapse.
- iv. Meter reading cycle.

¹ Section 118 of the Local Government: Municipal Systems Act, 2000 provides that a registrar of deeds or other registration officer of immovable property, may not register the transfer of property, except on production of a certificate by the municipality that all amounts due to the municipality during the two years preceding have been fully paid.

6.3 Administrative Performance

Council to create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Enforcement mechanism ratios.

6.4 Council will create a mechanism wherein these targets are assessed; Council's performance is evaluated and remedial steps taken.

7. Reporting to Council

7.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council. This report shall report on:

- i. Cash flow information for the capital and operating accounts, and combined situation, showing Council's actual performance against its cash flow budgets.
- ii. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into wards, business (commerce and industry) domestic, state, institutional and other such divisions.
- iii. Performance of all areas against targets agreed to in items 6 of this policy document.
- iv. Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.

7.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable.

8. Structures of Treasury

8.1. Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of treasury which requirements take into account Council's agreed targets

of customer care and management, and debt collection, and, after considering this report, Council will within reason vote such resources as are necessary to ensure that treasury has the staffing and structures to meet Council's targets in this regard or to outsource the service

Annexure" A"

MUNICIPALITY

APPLICATION FOR MUNICIPAL SERVICES

TOWNSHIP.....

STAND NO.....

A. PLEASE RENDER/*DISCONTINUE THE FOLLOWING SERVICES ON..... (DATE)

(XXX WORKING DAYS' NOTICE IS REQUIRED)

DEPOSIT PAYABLE:.....RECEIPT NO:.....

EXISTING ACCOUNT NO:.....NEW ACCOUNT NO:.....

WATER PROVISION			SEWERAGE (TOILET)		ELECTRICITY		REFUSE
Communal Standpipe	Yard Tap		Bucket	Water Connection	Prepaid	Credit meter	Removal

TYPE OF SUPPLY:

Domestic	Commercial	Industrial	Educational	State	Agricultural	
State whether any type of business activities to be conducted from residential address					YES	NO

At street address:

TYPE OF BUILDING

House		House		Flat		Complex		Sectional Title		Other	
-------	--	-------	--	------	--	---------	--	--------------------	--	-------	--

B. PERSONAL INFORMATION OF APPLICANT/CUSTOMER

Trust/Close Corporation/Company name	:.....		
Trust/Close Corporation/Company registration no ¹ .	:.....		
Surname ²	:.....	ID Number	:.....
First names	:.....	Pension Number	:.....
Previous Address	:.....		
Postal Address	:.....		
Employer	:.....		
Work Address	:.....		
Employee number	:.....		
Postal Code	:.....	Number of years at current site:	.....
Tel. Work	:.....	Tel. Home:	.....
Occupation	:.....	Cell No:	.....
Marital Status	:.....	Bank Details:	.....
Spouse Details	:	Branch	.....
ID number	:.....	Account no.	.....

Cell No. :	Do you wish to make use of:
Name of Employer :	Debit order: YES/NO
Work Address :	Stop order : YES/NO
Work Tel. No. :	Vehicle Registration No:
(In/out community of property/Marital Status Contract/Divorced)	
List of other accounts held: 1.....Account No.	
2.....Account No.	
3.....Account No.	
Previous municipal account.....Account No.	
Occupiers of stand other than family (rent, backyard lodgers, spaza shops, taxis, etc):	
Number of people residing on Under 18	<div style="border: 1px solid black; width: 100px; height: 30px; display: inline-block;"></div> <div style="border: 1px solid black; width: 60px; height: 30px; display: inline-block; margin: 0 20px;"></div> <div style="border: 1px solid black; width: 60px; height: 30px; display: inline-block;"></div>
	property Over 18

¹ No application form will be considered unless copies of the relevant registration forms are attached.

² Surname of account form will be considered unless copies of the relevant registration forms are attached,

Income of household if applying for	
Indigent support: on the site)	(Include all sources of revenue of all the persons residing
Method of account delivery: Fax..... Post..... E-mail..... E-mail address.....	
Name and address of a family member and /or friend not residing at the same address:	

<p>.....Tel. No.....</p> <p>If not the owner, to whom do you pay rent:</p> <p>.....</p>

C. TO BE COMPLETED BY OWNER/AGENT/CARETAKER FOR LEASED PROPERTIES

Surname	:	.....	First Name	:	.....
Home Address	:	.....	ID NUMBER	:	.....
Name of Employer:.....					
Date	:	.....	Signature	:	.....
<hr/>					

D. DECLARATION BY APPLICANT

<p>I hereby declare that I/we agree to the conditions of supply of the mentioned services as laid down in the by-laws of the Municipality and other laws that are applicable.</p> <p>I/We hereby certify the information furnished to be correct.</p>
--

I/We hereby accept the street address/stand number specified above as my own domicilium citandi et executandi address where I will accept any notices to be served.

I/We received a duplicate of this application form and am/are aware of the applicable further conditions of supply set out in the Annexure at the back of this form.

CUSTOMER/APPLICANT

ON BEHALF OF MUNICIPALITY

DATE: _____

ANNEXURE "B"

_____ **MUNICIPALITY**

ACCOUNT NO: _____

APPLICATION FOR HOUSEHOLD INDIGENT SUBSIDY

1. In an effort to assist the needy population in the payment of the municipal services, as detailed in the enclosed pamphlet, the Council has agreed to a subsidy scheme whereby households earning less than R1 000.00 per month would have certain services fully or partly subsidized.

2. Please read the back of this form to see if you qualify and what documents or forms you are required to submit with this application. If you feel that you do qualify, you must complete the details of all occupants over the age of 18 years as at (Date) or from the date this application, together with their respective gross monthly incomes, in the space below.

**PERSONAL PARTICULARS OF ALL OCCUPANTS OVER 18 YEARS
CONSTITUTING THE HOUSEHOLD**

	IDENTITY NUMBER	INITIALS	SURNAME	EMPLOYED (YES/NO)	EMPLOYED NAME	GROSS MONTHLY INCOME	SOURCE OF INCOME
1							
2							
3							
4							
5							

6							
7							

DECLARATION BY APPLICANT

I, the undersigned, resident at the address indicated above, hereby apply for the Household Indigent Subsidy determined in relation to the income indicated above, and solemnly declare that-

1. All particulars furnished on 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;
2. If the particulars furnished in this form should change for any reason, I will immediately notify Council;
3. I am aware that the information supplied in this form by me will be made available by Council to the Credit Bureau;
4. I or any other occupant do not own any other property in the Republics of South Africa apart from the property indicated on the account for which this application is made;
5. I agree that Council officials may conduct an on-site audit to verify the information supplied on this declaration;
6. I am aware that any false declaration on this form is punishable by law and will result in disqualification of the subsidy;
7. I do hereby acknowledge that the debts in respect of the arrears amounting otherwise to (Rand) as at (Date) (together with interest accrued at the standard interest rate) on the account number indicated above remain payable by me unless Council resolves otherwise.

Date

Signature / Thumb print of applicant

FOR OFFICE USE ONLY

The consequences of the above declaration made by the applicant were explained to him/her and he/she indicated that-

- i. the contents of the declaration were understood, and
- ii. if found to be untrue, he/she would automatically be disqualified from receiving any subsidy. He/she will be liable for the immediate repayment of any subsidy received and may have criminal proceedings instituted against him/her as Council may deem fit.

Municipal Attesting Officer

Date

Signature

7 Information / Conditions Of Subsidy

This application form together with the documents indicated below must be brought by the account holder (i.e. the person in whose name the account is rendered) to one of the council's offices indicated in the enclosed pamphlet. Prospective applicants must apply at the venues designated in their respective areas and not at any other places.

1. Who qualifies?

A household in which the combined gross income of all occupants/residents over the age of 18 years old is less than R1500.00 per month.

2. Who does not qualify?

- A household in which the combined gross income of all occupants/residents exceeds R1500.00 per month.
- Occupants/residents who own more than one property.

3. Documentary proof of income (e.g. letter from an employer, salary advice, pension card, UIF card etc.) must be presented in order to qualify for a subsidy.

4. In addition, applicants will be required to sign and submit a sworn affidavit to the effect that all information supplied is true and that all income from formal and/or informal sources has been declared. Special note should be taken that any person who supplies false information will be disqualified from further participation in the subsidy scheme.

He/she will also be liable for the immediate repayment of all subsidies received and the institution of criminal proceedings, as Council may deem fit.

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

6. The account holder must apply in person and must present the following documents upon application:

- 2.1 The latest municipal account in his/her possession.
- 2.2 The account holder's identity document.
- 2.3 An application form indicating the names and identity numbers of all occupants over the age of 18 years who are resident at the property.

7. If the application is approved, the assistance will only be valid until (Date) with no guarantee of renewal, as it is funded by a grant from National Government through the province to the town. The onus is on account holders to re-apply for relief each year, failing which the assistance will cease automatically.

8. The following services will be subsidized:

- 8.1 Water (up to 6 kilolitres per month). Consumption exceeding 6 kilolitres will be payable by the customer. The non-payment of charges will result in the installation of a flow-control washer or any other measure Council deems fit. Where the supply is not metered, the subsidy will only apply where the owner/occupant agrees in writing that the supply may be restricted by a flow-control meter;
- 8.2 Sewerage;
- 8.3 Refuse removal.

ANNEXURE 'D'

MUNICIPALITY : _____

HOUSEHOLD INDIGENT SUBSIDY SCHEME

VERIFICATION OF INFORMATION SUPPLIED: ACCOUNT NUMBER/S

1. _____

2. _____

In terms of the indigent Subsidy Scheme, the applicant has agreed that municipal employees may conduct an on-site audit to verify the information supplied on the application form.

SECTION A: PARTICULARS OF ACCOUNT HOLDER

1. Surname:

2. First names:

3. Date of birth:

4. Residential Address:

5. Postal address:

6. ID number:

7. Telephone no. on site:

8. Person/s interviewed:

9. Number of people living on

The property (over 18)

10. Number of people living on the property (under 18)

SECTION B: INCOME OF HOUSEHOLD

I.D. Number	Initials and Surname	Gross Monthly Income	Source of Income	Employed Yes/No	Proof of Income

TOTAL

--

THABAZIMBI LOCAL MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

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THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

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THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

PART 1

OBJECTIVE

To provide a policy framework to maintain a supply chain management system which is transparent, efficient, equitable, competitive, ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development, in terms of section 62 (1) (f) (iv) of the Municipal Finance Management Act, Act 56 of 2003.

By adopting this policy the council are delegating supply chain management powers and duties to the accounting officer in order to enable the accounting officer to :

- maximize administrative and operational efficiency in the implementation of the supply chain management policy;
- enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management policy; and
- comply with his/her responsibilities in terms of section 115 and other applicable provisions of the Act.

Further pledges itself and the municipal administration to the observance of all applicable national legislation, including specifically the:

- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act;
- Municipal Finance Management Act No. 56 of 2003; including the regulations relating to the prescribed framework for supply chain management.

The municipality shall not act otherwise than in accordance to this policy when :

- Procuring goods or services;
- Disposing of goods no longer needed

PART 2

PROCUREMENT MANAGEMENT

All requests for the procurement of goods and services shall be submitted by the heads of departments concerned, to the Procurement Unit within the Finance department, in which office, the responsibility of the procurement procedures shall be centralized.

All requests shall be in writing, according to the official order-book system of the municipality, of which it shall clearly specify the nature and, where applicable, quantity or duration, as the case may be, of the goods and services required.

It shall avoid the use of brand names and further avoid the preparation of specifications aimed at procuring goods or services provided by only specific suppliers, shall bear the

certification by the official responsible for financial management in the department concerned that there is sufficient provision in the current annual budget of the department for the envisaged expenditure or – in the case of procurement requirements extending over more than one financial year – that provision has also been included in the draft annual budgets for the ensuing financial year(s). It shall also be signed by the head of department concerned or by a senior official in the department designated by the head of department for this purpose. Refer also to annexure “A” for procedures to follow when committing an expense.

The Municipality shall at all times apply the principles of its Risk Management Policy in all its procurement. For complex and high value purchases a contract management plan must be approved and maintained throughout the life of the contract.

Notwithstanding any of the requirements set out below, the municipality shall not be obliged to accept any quotation or tender received.

The accounting officer shall report to the :

- a. Council on the implementation of the Supply Chain Management Policy within 30 days after the end of the financial year;
- b. Mayor on the implementation of the Supply Chain Management Policy within 10 days after the end of each quarter;
- c. Council on any serious or material problems in the implementation of this policy.

2.1 Quotations

The Chief Financial Officer shall manage procurement requisitions for amounts estimated not to exceed R120 000,00 (one hundred and twenty thousand rand) excluding VAT by calling for quotations.

The following principles shall be followed to commit an expense :

--	--

LIMITS	AUTHORIZATION	
Up to R 10 000,00 (One written quotation)	Recommended by :	Departmental Manager or delegated Divisional head;
	Checked by :	Divisional Head Expenditure
	Approved by :	Chief Financial Officer
Between R 10 000,01 and R 30 000,00 (Two written quotations)	Recommended by :	Departmental Manager or delegated Divisional head;
	Checked by :	Divisional Head Expenditure
	Approved by :	Chief Financial Officer
Between R 30 000,01 and R 119 999,99 (Three written quotations)	Recommended by :	Departmental Manager or delegated Divisional head;
	Checked by :	Div Head Expenditure
	Approved by :	Chief Financial Officer and Municipal Manager

c. **For a quotation to be considered, it must :**

- i. be in writing,
- ii. be signed by a person with the necessary authority to act on behalf of the prospective supplier,
- iii. if the quantity of quotations cannot be obtained as required above, a written motivation from the head of the department must accompany the order,
- iv the quotations must be from the list of accredited prospective suppliers,
- v. quotations may be obtained from suppliers that are not listed, only when no suitable provider for the required commodity or type of service are available from the list.

- vi. the departmental manager must certify that the supplier possesses the skills and resources to execute the bid properly.

d. **Specifications of orders** : Orders has to be completed in full detail of which the following are important:

Name and address of supplier;

The date on which the order was placed;

The expected date of delivery;

The expenditure vote number;

A certificate of the Departmental Manager to indicate that sufficient

provision has been made within the budget;

The signature of the person requested the order ;

the person authorized to sign the order on behalf of the Departmental

Manager and the authorization signature of the officials as indicated

above;

The date on which the order was authorized;

Motivation for items to be purchased;

The quotations shall be attached to the blue copy of the order.

In the case of expenditure lower than R 30 000,00 (thirty thousand rand), the lowest quotation substantially to specification shall be accepted, taking into account the municipality's preferential procurement requirements, provided the Chief Financial Officer is satisfied that it offers acceptable value for money for the municipality.

In the case of expenditure higher than R30 000,00 (thirty thousand rand), each quotation received shall be evaluated in terms of specifications and the preference point scoring system in terms of this policy.

2.2 Tenders

The Chief Financial Officer shall manage procurement requisitions for amounts estimated to be in excess of R120 000,00 (one hundred and twenty thousand rand) excluding VAT by calling for tenders. The request for such tenders shall be prepared by the Expenditure Division, shall prominently be displayed on all of the municipality's notice boards, and shall additionally be advertised in the local newspapers, or at least in one national newspaper of repute. Notices calling for tenders shall indicate the closing date and time for the submission of tenders, and such closing date shall be at least 14 (thirty) calendar days after the date on which the call for tenders is first displayed or advertised, whichever date is the later. These notices shall be approved by the accounting officer before the publication thereof.

For a tender to be considered it must comply with all the requirements indicated for quotations under part 2.1 above, except that a tender must be placed in the tender box(es) provided for this purpose, the location of which shall be clearly specified in the relevant notice calling for tenders.

The Chief Financial Officer shall ensure that such tender boxes are sealed until the date and time of their official opening, and that they are properly secured at all times.

Where the relevant notice specifies that prospective bidder must complete certain documentation which must be obtained from the municipality, failure to complete such documentation shall render the tender invalid.

A deposit, as determined from time to time by the council, is payable for all tenders with an expected value equal or more than R 300 000,00 (three hundred thousand rand) in order to obtain such documentation. In the case of deposits, the amount concerned shall be refundable to the bidder within 7 (seven) working days after the tenders have been opened.

From time to time, invitations for forthcoming tenders or quotations may specify initial attendance by prospective suppliers at briefing meetings or site inspections or may require only an initial expression of interest from prospective suppliers indicating their expertise and/or other credentials in respect of the provision of the required goods or services. In such instances, the municipality reserves the right to limit subsequent invitations for the actual tenders or quotations to suppliers who have attended such meetings or inspections or who have provided reasonable evidence of the expertise or credentials required.

Each tender received shall be evaluated in terms of the tender specifications and the preference point scoring system in terms of this policy. Each bidder's track record has to be verified and if it has the ability / capacity to render the service or product as well as to be able to render an after-sale-service. The tender documents for each bidder have to be checked, whether –

- * a valid VAT clearance certificate issued by SARS has been submitted (if applicable);
- * it is completed and signed;
- * it is accompanied by a declaration from the supplier that there are no conflict of interest in the specific transaction and that he / she are committed to the conditions as stipulated in the Supply Chain Management Policy of this council;
- * an acknowledgement that disputes be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law, is attached.

Tenders must be submitted to the municipality in a sealed envelope, clearly indicating the purpose of the tender as well as an allocated tender number. Refer also to annexure “F” and “G” for procedures to follow regarding the handling of tenders and public auctions.

The Accounting Officer can negotiate the final terms of a contract with bidders identified through a tender process as a preferred bidder, provided that such negotiation-

- * does not allow any preferred bidder a second or unfair opportunity;
- * is not to the detriment of any other bidder, and
- * be minuted and kept on record.

Consultants/Contractors who are commissioned to prepare a scope of work for a particular contract or at any means involved at the municipality that will give them an unfair advantage in allocating the specific tender, shall be precluded from submitting tender offers for that particular procurement.

Appointment of consultants/contractors shall be done by means of a competitive bidding process (refer to Part 4 below regarding the Committee System for tenders). The method of selecting consultants shall be determined by the scope and complexity of the assignment, the quality of the service to be rendered and whether the assignment is non-standard or of routine nature. Service providers shall at all times disclose in the specific tender any other services rendered to the Municipality at the time.

Should the contractor/consultant wish to sub-contract some or part of the work, the contractor must declare all relevant information of such sub-contractor in the tender document. When sub-contracting to a non-HDI company, subcontracting will be restricted to not more than 25% of the value of the contract. Sub-contractors cannot apply further subcontracting, without prior approval of the accounting officer.

2.3 Use of Database of Suppliers

The Expenditure Division shall at least annually, by notice and advertisement as for quotations and tenders under parts 2.1 and 2.2, request prospective suppliers, either generally or for specified ranges of goods and services, to submit their names, profile of the business and other relevant details to the Expenditure Division for inclusion in a database of suppliers. Such details shall include an indication of the goods and services normally provided.

The Expenditure Division shall then, in addition to the communication processes specified under part 2.1 and 2.2, forward – either electronically or by facsimile – copies of any notices of quotations and tenders to the relevant suppliers. However, failure by the procurement section to forward such notices or the non-receipt of such notices by any supplier shall not invalidate the procurement process. The onus remains on the prospective suppliers to apprise themselves of the municipality's requirements as indicated in the prescribed communication processes set out under parts 2.1 and 2.2, and the additional notification by virtue of the supplier's being included in the database of suppliers shall be viewed simply as a courtesy on the part of the municipality.

The inclusion of any supplier in the database of suppliers by no means obviates the need for such supplier to respond in the prescribed manner to notices of the municipality's procurement requirements. Refer also to annexure "B" for procedures to compile a database for suppliers.

2.4 Assistance to Prospective Suppliers.

To ensure the equitable treatment of prospective suppliers who do not have the educational skills to complete the required documentation in response to notices calling for tenders, the Chief Financial Officer shall designate an official to provide assistance during normal office hours to such suppliers. The availability of such assistance shall be indicated in the relevant notices.

2.5 Guarantees and retentions

In the case of tenders for the undertaking of works on behalf of the municipality and with a value equal to or exceeding R300 000,00 (three hundred thousand rand), the successful bidder must lodge with the Chief Financial Officer a guarantee, issued by one of the recognized banking institutions in South Africa, for a sum equal to :

Amount	Percentage
R 300 001 – R 700 000	5,5%

R 700 001 – R 1 000 000	7,5%
R 1 000 001 – R 2 000 000	10%
R 2 000 001 – R5 000 000	12,5%
R 5 000 001 and above	14%

Such guarantee shall be lodged within one calendar month from the date on which the tender is awarded, and shall thereafter be managed in terms of the contract entered into between the municipality and the successful bidder.

In the case of tenders where a performance guarantee as envisaged above is not required, the Chief Financial Officer shall withhold payment of an amount equal to 10% (ten per cent) of the value of the actual goods or service supplied by the appointed contractor until the Chief Financial Officer is satisfied that the contract has been satisfactorily executed.

2.6 **Approving payments**

Payment advises must in all instances be approved for payment by the Chief Financial Officer, or the delegated employee during times when the Chief Financial Officer is not present.

Cheques will be issued after the payment advises were approved for payment by the Chief Financial Officer or the delegated employee as mentioned above.

Cheques must in all instances be authorised by two employees with cheque signing powers. Cheques to be signed by the following parties:

- **Level one**

The Accounting Officer shall always have signing powers on this level. The Chief Financial Officer however, shall have delegated powers, and in the absence of the Chief Financial Officer, any other official, delegated in writing by the Accounting Officer, to be the employees responsible for the authorisation of all cheques.

- **Level two**

The Divisional Heads (in sequence of priority): Income and Expenditure should be the only second signatory on the cheques.

Payments will only be done on originals of external substantiating documentation. Substantiating documentation should, as far possible, consist of the following:

- Authorised payment advise,
- Supplier monthly statement,

- Certified original invoice,
- Goods received note in respect of. store purchases,
- Second copy of the order issued,
- Original approved purchase requisition,
- Original quotations according to the Municipality's Supply Chain Management policy.

Invoices must in all instances be certified for payment and as proof that goods or services were received by the relevant heads of department or the delegated employees that requested the goods or service.

All purchases and other expenses must be recorded in the Council's financial system on a timeous basis. Refer also to annexure "C" for procedures to prepare payments for creditors.

Transactions are recorded accurately and only valid transactions are recorded.

Amounts recorded in the Council's financial system agree to original substantiating documentation.

Expenses and liabilities are recorded in the Council's financial system within the correct financial periods.

Trade creditors and expenses are disclosed according to accepted financial standards and any other regulations governing the Local Government.

PART 3

MANAGEMENT FOR THE SALE OF GOODS AND ASSETS

In seeking to lease or sell fixed assets, the Accounting Officer shall adhere to the requirements of the municipality's policy on the management of and accounting for fixed assets, including the legal prescription annexed to that policy.

When the municipality seeking to dispose of redundant store- items or other items other than fixed assets, the Chief Financial Officer shall determine in each instance having regard to the nature and estimated resale value of the assets whether it is more advantageous for the municipality to dispose of the assets in question by means of the invitation of tenders or by public auction. Notification of such intended sales shall follow the communication process prescribed for tenders in part 2.2 above, with the various notices and advertisements stating the date and time on which tenders will close for acceptance or the date, time and venue of the auction, as the case may be, as well as the date(s) and venue(s) where prospective bidders may view the assets.

All tenders for sale of fixed assets shall be adjudicated and approved by the tender adjudication committee under chairpersonship of the Accounting Officer. The highest tender substantially to specification shall be accepted, except if the adjudicating authority believes that no tender is satisfactory in terms of value for money offered.

PART 4

COMMITTEE SYSTEM FOR TENDERS

4.1 **Tender Specification Committee :**

Responsibilities : Must compile the specifications as well as the layout of the advertisement for the procurement of goods or services and to be approved prior to publication by the Accounting Officer;

Must compile a financial report on the availability of funds;

Members : Head of relevant department (Chairperson)

Official from the Procurement unit (Secretariat)

Divisional Head of relevant division

Divisional Head Expenditure

An external specialist (when/if appropriate; in an advisory capacity)

4.2 **Tender Evaluation Committee :**

Responsibilities : Must evaluate bids according to the specifications and the preference point system in terms of this policy;

Must verify each bidder's track record, including checking the National Treasury's database if the supplier or any of its directors are prohibited from doing business with the public sector;

Check in respect of each bidder, whether –

- * a valid VAT clearance certificate issued by SARS has been submitted (if applicable);

- * it has the ability / capacity to render the service or product as well as to be able to render an after-sale-service;

- * all the tender documentation are completed and signed;
- * municipal rates and taxes due to any municipality are in arrears;
- * it has failed during the last five years to complete a project to the satisfaction of any organ of state;
- * a corrupt or fraudulent act was not committed to obtain such a bid;

Submit a report to the Adjudication Committee with the findings regarding the tenders received.

Members : Divisional Head Expenditure (Chairperson);
 Official from the Procurement unit (Secretariat);
 Head of relevant department;
 Divisional and Sectional Head of relevant division;
 An external specialist (when/if appropriate; in an advisory capacity).

4.3 **Tender Adjudication Committee :**

Responsibilities : Must consider the report on the findings of the Tender Evaluation Committee;
 Make a final recommendation to the accounting officer regarding the awarding of the tender;
 Report to Council for information on the awarding and implementation of the tender.

Members : Chief Financial Officer (Chairperson)
 Official from the Procurement unit (Secretariat)

Head of relevant department;
Manager Corporate Services;
At least one head of another department
An external specialist (when appropriate- and in an capacity);

advisory

- 4.4 The Official from the Procurement unit as well as the external specialist does not have voting powers in the above committees.
- 4.5 The accounting officer has to delegate in writing to another official if one of the committee members, mentioned above, are not able to attend one of the pre-scheduled committee meetings.
- 4.6 A member of a committee must at least two days in advance inform the Accounting Officer if he / she cannot attend one of the committee meetings.

PART 5

POINT SCORING SYSTEM

5.1 Preference point system for the procurement of goods and services

Only the tender with the highest number of points scored shall be selected, under the following conditions :

- 5.1.1 For all tenders and quotations with an estimated or averaged value between
R 30 000,00 (thirty thousand rand) and R 500 000,00 (five hundred thousand rand) excluding VAT, reference points will be allocated as follows:

	POINTS
Points scored for price	80
Equity ownership status	<u>20</u>
Total	100

The points for price scoring will be determined as follows:

$$Ps = 80 (1 - ((Pt - P \text{ min}) / P \text{ min}))$$

Where :

Ps = Points scored for price of tender under consideration

Pt = Rand value of tender under consideration

Pmin = Rand value of lowest acceptable tender

Maximum points are awarded in terms of equity ownership as follows :

PDI's :	6
Women :	5
Youth :	3
Disabled :	3
Locally based company :	<u>3</u>
Total	20

The status of equity ownership, for each of the above, shall be calculated in terms of the following formula :

$$NEP = NOP \times EP$$

Where :

NEP = Points awarded for equity ownership

NOP = Maximum number of points awarded for equity ownership

EP = Percentage of equity ownership within the enterprise or business.

- 5.1.2 For all tenders with an estimated or averaged value above R500 000,00 (five hundred thousand rand) excluding VAT, preference points will be allocated as follows:

	POINTS
Points scored for price	90
Equity ownership status	<u>10</u>
Total	100

The points for price scoring will be determined as follows:

$$Ps = 90 (1 - ((Pt - P \text{ min}) / P \text{ min}))$$

Where :

Ps = Points scored for price of tender under consideration

Pt = Rand value of tender under consideration

Pmin = Rand value of lowest acceptable tender

Maximum points are awarded in terms of equity ownership as follows :

PDI's :	4
Women :	3
Youth :	1
Disabled :	1
Locally based company :	<u>1</u>
Total	10

The status of equity ownership, for each of the above, shall be calculated in terms of the following formula :

$$NEP = NOP \times EP$$

Where :

NEP = Points awarded for equity ownership

NOP = Maximum number of points awarded for equity ownership

EP = Percentage of equity ownership within the enterprise or business.

5.2 Preference point system for the sale and letting of assets and services

5.2.1 For all tenders and quotations with an estimated or averaged value between

R 30 000,00 (thirty thousand rand) and R 500 000,00 (five hundred thousand rand) excluding VAT, preference points will be allocated as follows:

	POINTS
Points scored for price	80
Equity ownership status	<u>20</u>
Total	100

The points for price scoring will be determined as follows:

$$Ps = 80 (1 + (Pt - Ph) / Ph)$$

Where :

Ps = Points scored for price of tender under consideration

Pt = Rand value of tender under consideration

Ph = Rand value of highest acceptable tender

Maximum points are awarded in terms of equity ownership as follows :

PDI's : 6

Women : 5

Youth : 3

Disabled : 3

Locally based company : 3

Total

20

The status of equity ownership, for each of the above, shall be calculated in terms of the following formula :

$$NEP = NOP \times EP$$

Where :

NEP = Points awarded for equity ownership

NOP = Maximum number of points awarded for equity ownership

EP = Percentage of equity ownership within the enterprise or business.

5.2.2 For all tenders with an estimated value above R500 000,00 (five hundred thousand rand) excluding VAT, preference points will be allocated as follows:

	POINTS
Points scored for price	90
Equity ownership status	<u>10</u>
Total	100

The points for price scoring will be determined as follows:

$$Ps = 90 (1 + (Pt - Ph) / Ph)$$

Where :

Ps = Points scored for price of tender under consideration

Pt = Rand value of tender under consideration

Ph = Rand value of highest acceptable tender

Maximum points are awarded in terms of equity ownership as follows :

PDI's :	4
Women :	3
Youth :	1
Disabled :	1
Locally based company :	<u>1</u>
Total	10

The status of equity ownership, for each of the above, shall be calculated in terms of the following formula :

$$NEP = NOP \times EP$$

Where :

NEP = Points awarded for equity ownership

NOP = Maximum number of points awarded for equity ownership

EP = Percentage of equity ownership within the enterprise or business.

PART 6

UNSOLICITED BIDS AND DISPENSING WITH THE OFFICIAL PROCUREMENT PROCESSES

The Accounting Officer shall not consider unsolicited bids. The Accounting Officer is however allowed to dispense with the official procurement processes established by this policy, only in the following circumstances :

- a. in an emergency;
- b. acquisition of animals for the game reserve;
- c. if such goods or services are produced or available from a single supplier;
- or
- d. for any other reason that it's motivation is properly recorded and reported to council before such procurement process is started..

An emergency shall be considered as an unforeseeable and sudden event, with materially harmful or potentially materially harmful consequences for the municipality, and which requires urgent action to address. Including the potential of :

- a. human death or injury;
- b. human suffering or deprivation of human rights;
- c. serious damage to property or financial loss;
- d. livestock or animal injury, suffering or death;
- e. serious environmental damage or degradation;
- f. interruption of essential services;

In cases where the accounting officer determines that an emergency has arisen, he may also direct that the periods for advertising tenders, as stipulated in part 2.2 above, be curtailed to the extent that he / she deems appropriate. At least three prospective suppliers (except in the case of the availability of only a single supplier) must be approached for quotations and the quotation that represents the best value for money will be accepted.

The accounting officer may also procure goods and services under a contract secured by another organ of state, but only if :

- a. The contract have been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;
- b. There is no reason to believe that such contract was not validly procured;
- c. There are demonstrable benefits to do so;
- d. That the applicable organ of state and the provider have consented to such procurement in writing; and
- e. Such shall be reported to the Mayor and Council

PART 7

PROHIBITED ACTIONS

No head of department in placing a requisition for goods or services to be procured by quotation or tender shall knowingly understate the requirements or the estimated value of the requirements with the intention of avoiding the more stringent process prescribed for requirements of a higher value.

No person involved in the Municipality shall receive any gifts; rewards or favours from a prospective bidder with a value of more than R 500,00 or promise a prospective bidder any gifts; reward or favours as guarantee to any amount, for awarding the tender in their favour.

The accounting officer shall initialize and maintain a register for the declaration of gifts and rewards irrespective of the amount. Sponsorships received or receivable by the Municipality, from a prospective bidder must be declared promptly to National/Provincial Treasury.

The Accounting Officer shall promptly institute disciplinary action against any head of department suspected of infringing this requirement.

No councillor or official shall engage in any contract with a prospective supplier in respect of any quotation or tender which such supplier intends to submit with the purpose of influencing any aspect of such quotation or tender.

No award to any tender is valid if such a person or persons of an entity are employed by any organ of state or in service as a consultant or advisor to the state. No bidder must be awarded any other tender of the municipality if the bidder has not completed a previous contract of the municipality.

The Accounting Officer must investigate any allegations of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the Supply Chain Management Policy and to take the appropriate steps, including reporting the misconduct to the South African Police.

In order to eliminate fraud and corruption each bidder is required to complete a declaration/avadavat officially stamped by the SAPS stating that : “No information was received prior to the submission of the tender that could ensure an advantage above any other bidder to the allocation of the tender in my/our favour or that I/we are having interests relating to this tender in the following : ..(list all the interests)”.

PART 8

APPEALS

Suppliers who are dissatisfied with the decision of the municipality in regard to any quotation or tender may appeal in writing to the Accounting Officer, provided such appeal is lodged with him / her as follows:

- for quotations, within 7 (seven) calendar days of the date on which the quotation was approved.
- for tenders, within 14 (fourteen) calendar days of the date on which the tender was approved.

The Accounting Officer shall provide written acknowledgement of the receipt of such appeals to the appellant concerned and shall refer it to the Adjudication Committee for consideration. This appeal shall be dealt within 7 (seven) calendar days of their receipt. Where this is not possible, the Accounting Officer shall promptly advise the appellant in writing of the reasons for the delay.

If the appeal is based on a technically complex matter, the accounting officer may investigate the matter to provide an opinion on the appeal, provided that sufficient budget provision exists for the expenditure to be incurred, and provided further that the Accounting Officer shall not be bound by any such opinion provided.

The Accounting Officer shall immediately after a ruling on an appeal has been made, advise the appellant in writing of such ruling.

If the appellant is dissatisfied with the Accounting Officer's ruling on an appeal in regard to a tender, the Accounting Officer may advise the appellant to refer such appeal for further legal action. Such request must be lodged in writing with the Accounting Officer within 14 (fourteen) calendar days of the date on which the ruling was made.

The Accounting Officer shall decide whether the lodging of an appeal constitutes sufficient grounds for the municipality to delay, where possible, the procurement of the relevant goods or services in terms of the approved quotation or tender against which the appeal is lodged. If such delay is decided upon, the Accounting Officer shall immediately advise the approved supplier, in writing, of such delay.

PART 9

PAYMENT AND INVOICING

All invoices for goods and services received by the municipality or works executed on behalf of the municipality shall be paid on a 30 (thirty) day term, effective from date of invoice or date of delivery, whichever is the latest.

The Accounting Officer, acting in consultation with the Chief Financial Officer, may, however, if satisfied that financial hardship may otherwise be suffered by a supplier, direct that such supplier's invoice be paid by means of a special earlier payment.

All invoices pertaining to contracts managed by departments shall be certified as in order for payment by the head of department concerned before being submitted to the expenditure division for processing.

PART 10

STORES (MATERIALS) MANAGEMENT

All goods procured by the municipality shall be delivered to and receipted by the stores section. The procedures and charges for requisitioning goods from stores shall be done in terms of the budget control measures determined by council.

Stock levels shall be determined by the Chief Financial Officer, and where applicable in consultation with the head of department concerned. Refer also to annexure D for procedures to request items from the stores.

PART 11

PETTY CASH

The objective approving expenditure through a petty cash system, is to fund small emergency expenses without going through the whole process of obtaining cheques. This does not at all allow a deviation from the processes as set out in Part 2 of this policy.

- a. Payments from the petty cash is limited to R 150,00 per payment.

- b. The balance of the petty cash on hand is limited to R 500,00.
- c. Payments from the petty cash should be substantiated by original external documentation.

All expenses should be certified by the relevant head of departments and be approved by the Divisional Head Expenditure.

All payments should be captured into a petty cash register on a bi - weekly basis. This register should be reconciled with the cash on hand and the information should be captured to the financial system on a bi - weekly basis, or as soon as cash funds are exhausted

The petty cash register should be verified for correctness by the Divisional Head Expenditure on a weekly basis. The register will be signed as proof of the verifying function performed.

Substantiating documentation to payments from the petty cash should be marked as processed the moment that cash is paid out or when an invoice is submitted.

The petty cash box should at all times be kept in a fire proof lockable safe when not under control of the employee responsible for the petty cash.

The Divisional Head Expenditure or the delegated employee should conduct regular surprise cash counts whereby cash on hand is reconciled to substantiating documentation and the petty cash register. Surpluses as well as shortages should be paid in by the person responsible for the petty cash. The person conducting the cash count should sign the register as proof of the functions performed.

The Divisional Head Expenditure or the delegated employee should ensure that the balance of the petty cash register reconciles to the petty cash general ledger account at the end of each financial year. Refer also to annexure E for procedures to follow to control petty cash payments.

PART 12

DEVIATION

No deviation from this policy will be allowed except with the prior written approval of the accounting officer of the Municipality and, subsequent report to the Council.

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT PROCEDURES

PROCEDURES TO COMMIT AN EXPENCE

1. Expenditure under R 30 000,00 for which quotations are needed

Heads of Department

- a. Identify the need for procuring goods or services
- b. Determine the specifications of the items/ services needed.
- c. Ensure that the correct line-item number be used for the specific commitment and shall ensure that sufficient funds are available in terms of an approved operating budget, for such a commitment.
- d. Obtain quotations, according to the Municipalities Supply Chain Management policy, for goods / services required from the authorised suppliers list. Should purchases take place from any other supplier than the listed ones, should a detailed narrative explanation be given why another supplier is used.

Procurement Office

- a. Prepare a detailed pre-numbered order in triplicate. Attach all acquired quotations to the completed order.
- b. Certify the order and obtain all other necessary signatories for the order to be approved according to the Supply Chain Management Policy and sent the original order (white) to the supplier.
- c. Submit to the Creditors Clerk the second (blue) and third (green) copy of the approved order. The third copy (pink) stays in the book.
- d. Certify the supplier's invoice for payment once items / services required was received as ordered and ensure that the invoice be delivered to the Divisional Head Expenditure.

Divisional Head Expenditure

- a. Is responsible to check the commitment in terms of all the requirements of the Supply Chain Management Policy as well as in terms of the approved cash-flow budget.
- b. Ensure that items requested via an order are not currently on hand at the Municipal stores.
- c. Ensure that creditor payments must be done on a monthly basis and only after proper reconciliations were performed by the creditors clerk. The only deviation from this procedure will be where the Municipality will gain a discount on the expense value, should the payment be received by the creditor before a certain date.
- d. Ensure that the creditors control account is reconciled to the creditor's ledger on a monthly basis.
- e. Cancel outstanding orders older than 30 days.

2. Expenditure above R 30 000,00 for which quotations are needed

- a. The same procedures have to be followed as in “1” above. In addition, the Procurement Office has to apply the point scoring system for quotations received.
- b. The report on the points scored, must accompany the order to obtain all other necessary signatories for approval.

3. Expenditure above R 120 000,00 for which tenders are needed

Heads of Department

- a. Identify the need for procuring goods or services;
- b. Prepare a requisition for acquiring the goods or service and submit it to the Procurement Office.

Procurement Office

- a. Call for a tender specification; evaluation and adjudication committee meeting to execute it's duties as mentioned in the supply chain management policy;
- b. Ensure that the advertisement as determined by the specification committee are placed, and also handled in terms of the procedures stipulated in annexure “F” regarding the “Handling of Tenders”;
- c. After a tender had been awarded, the same procedure as mentioned in “1” above regarding the completion of an order will be applicable.

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT PROCEDURES

PROCEDURES TO COMPILE A DATABASE FOR SUPPLIERS

1. The Divisional Head, in consultation with the Communication Officer, shall annually, before 30 April of each year place an advertisement in the local, as well as two recognized national newspapers an invitation for all suppliers to submit information in order to update the database for suppliers.
2. This advertisement must run for at least two consecutive weeks, (one advertisement per week) in the newspapers, with a closing date not exceeding 14 days.
3. The Divisional Head Expenditure in co-operation with the Creditors Clerk and the various Heads of Departments should compile a list of those suppliers reacted on the advertisement. The Chief Financial Officer should approve, and also verify the following information on this list:

- Supplier's name, contact numbers and address,

- Contact person at the supplier,
 - Nature and extent of the products that can be supplied by the supplier,
 - Profile of the business with specific reference to owner equity.
4. Factors that the Divisional Head Expenditure, Creditors Clerk and Heads of Departments should consider during the compiling of the suppliers list are the following:
- The availability of alternative suppliers or products,
 - Capacity to meet demands,
 - Term of sale / purchases,
 - Competitiveness of prices,
 - Delivery period,
 - After sales service,
 - Technical capability to meet standards.
- 5 The Procurement Office should calculate in terms of the Preference Point Scoring System, the points scored for Equity Ownership for each of the suppliers on the approved list.
- 6 The points calculated shall be checked by the Divisional Head Expenditure and shall be kept as an official document to be used to procure goods and services above R 30 000,00 from suppliers.

ANNEXURE C

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT PROCEDURES

PROCEDURES TO PREPARE PAYMENTS TO CREDITORS

Cheque payments

Creditors Clerk

- a. Receive the second (blue) and third (green) copy of the approved order as well as the certified supplier's invoice and goods receive voucher from the Procurement office;
- b. Capture the order and invoice information onto the financial system and prepare a payment advice to be certified by the Divisional Head Expenditure. Attach the invoice and goods receive voucher and the quotations or minutes from the tender adjudication committee to the documentation as mentioned;
- c. Prepare a cheque once the Divisional Head Expenditure or the delegated employee approves the payment advice;
- d. Arrange for the cheque to be signed by the relevant parties and post cheque with the original payment advice to the supplier;

- e. File the second (blue) copy of the payment advise with the quotations and other substantiating documentation in cheque sequence number in a fireproof safe;
- f. Perform a monthly creditors reconciliation between the information as captured onto the financial system and the supplier's monthly statement or invoices;
- g. Reconcile the creditor system balance on a monthly basis with the creditors general ledger account balance.
- h. Prepare a detailed printout of the creditors system once the balances are reconciled. Submit the list to the Divisional Head Expenditure for authorisation and file on a monthly basis for future references.

Divisional Head Expenditure

- a. Verify the payment advice that was prepared by the Creditors Clerk and reconcile to substantiating documentation for accuracy and completeness. Sign the payment advice as proof of the review function performed.
- b. Verify on a monthly basis that the balance of the list of creditors prepared from the creditors system reconciles with the creditors general ledger account. Sign the creditors list for the review function performed.
- c. On a monthly basis, follow up on all outstanding orders.

2. Direct payments

- a. The same procedure has to be followed as in "1" above;
- b. In addition, when an official debit order received from the supplier or banking institution, it has to be signed as approval by the two officials authorised to sign cheques;

- b. The amount debited on the bank statement has to be verified by the Divisional Head with the amount stated on the debit order;
- c. A journal must be written by the Creditors Clerk and certified by the Divisional Head Expenditure to transfer the expenditure to the correct line item through the bank account;
- d. A copy of the bank statement which indicates the specific expenditure has to be filed with the original journal.

ANNEXURE D

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT PROCEDURES

PROCEDURES TO REQUEST ITEMS FROM THE STORES

- (1) A requisition has to be completed in full by an official responsible for the expenditure;

- (2) The departmental head or it's fully delegate must complete the Departmental Head's certificate and sign in the relevant space provided;
- (3) The requisition must be taken to the expenditure clerk for processing it on the computer, after it was verified and confirmed by means of a signature that sufficient funds are available, in which a printout of proof thereof shall be attached on the requisition;
- (4) The official requesting the store - item has to take the requisition, together with the printout to the stores in order for the store-keeper to issue the item/s;
- (5) No item shall be issued without the necessary documentation as described in 4 above;

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT PROCEDURES

PROCEDURES TO CONTROL PETTY CASH PAYMENTS

1. PAYMENTS FROM THE PETTY CASH FUNDS

a. Employee requesting petty cash funds.

Complete a pre – numbered petty cash requisition for payment document in duplicate. This document should be approved by the Divisional Head Expenditure and should indicate the following information:

- Name of supplier;
- Date;
- Amount requested;
- Department;
- Description of expense; for example repairs, wages etc.
- Vote number

Obtain cash funds from the Petty Cash Officer. Purchase or pay for items / services needed and obtain an original invoice from the supplier.

Submit the original invoice to the Petty Cash Officer who should certify the invoice as correct and that the costs are for the account of the relevant department.

Submit the certified invoice to the Petty Cash Officer. Pay the difference in cash back should the actual expense be less than the amount received or obtain the difference in instances where expenses were self funded.

b. Petty Cash Officer

Receive the petty cash requisition from the applicant.

Hand the requisition to the Divisional Head Expenditure who will approve or disapprove the expense.

Hand the cash requested to the applicant in respect of approved applications. The applicant should sign the requisition as proof that cash was received by him / her.

Receive the original invoice from the applicant. Clearly cancel the invoice and attach the invoice to the petty cash requisition. Refund the applicant should the funds obtained be less than the actual expenses or collect surplus cash.

Capture the information from the invoice and petty cash requisition into the petty cash register in numerical order. File the petty cash requisitions in numerical order.

c. Divisional Head Expenditure

Approve or disapprove all petty cash requisitions. Perform budgetary control on each received requisition.

ANNEXURE F

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT PROCEDURES

PROCEDURES REGARDING THE HANDLING OF TENDERS

1. INTRODUCTION

This procedure is strictly confined to the administrative procedures and actual process to which a tender has to be subject to. It is therefore hereby categorically stated that this procedure has nothing to do with the working of a tender committee and / or the actual selection of tenders.

2. PURPOSE

The purpose of this manual is to inform Managers / Divisional Heads and other line-officials about the steps and procedures to be taken during the actual placement and further handling of tenders

3. INSTRUCTION

Management of the municipality has to instruct that a tender for a specific purchase has to be obtained. The Manager / Divisional Head in question has to compile the tender in terms of the instruction or the resolution (if applicable).

4. TENDER NUMBER

The tender number be obtained from the Records Office. This tender number has to be used throughout to refer to the tender in question.

5. CONTENTS OF THE TENDER

The tender which is to be published must contain the following :

- 5.1 The statement that tenders are being called for by the Municipality and the tender number be supplied;
- 5.2 A complete description of the goods / services that are the subject of the tender
and as described by the instruction / resolution in question;
- 5.3 Closing date of the tender, namely the date, day of the week and time (12:00 to be taken as the closing time for all tenders on the due date, preferably on a Friday);
- 5.4 A statement that clearly identify the place where the tender box will be placed;

- 5.5 The instruction that the tenders be contained in a sealed envelope
marked
the “ Tender” with a description of the tender of (paragraph 5.2) above and
tender number (paragraph 4) above;
- 5.6 A statement that delivering of tenders per fax, e-mail or any other
procedure
tenders contrary to (paragraph 5.5) above not be acceptable and that such
will not be considered by the Tender Committee;
- 5.7 An explicit condition that no tenders be accepted after 12:00 on the due
date,
by the notwithstanding the personal circumstances or time – or other constraints
the bidder and a clear indication that such tenders will not be considered by
Tender Committee.
- 5.8 An explicit indication that the tender box will not be opened before 12:00
on the
it. date, either to remove anything from the tender box or to put anything into
- 5.9 The explicit statement that the Council is not obliged to accept the lowest
tender or any tender as submitted.
- 5.10 An indication of the time and date of a site inspection / inspection in loco,
if
the circumstances of the tender call for that.

6. PROCEDURE TO PLACE TENDER

- 6.1 As soon as the tender has been properly compiled and proof-read said
tender
has to be approved by the Departmental Head in question, where after it
has to be handed over to the Communications Officer for publication.
- 6.2 The Communications Officer will then place the tender in one (1) local

newspaper and one (1) or more National Newspapers as the circumstance may require.

6.3 As soon as the tender in question has appeared in the newspaper as placed, the

Communications Officer will then make a cutting of the tender advertisement from the newspaper, paste it onto a clean sheet of paper and hand it in at the Records Office for filing.

7. PROCEDURE TO OPEN TENDER

7.1 The locked tender box must be placed in the foyer of the Municipal Building on the Monday preceding the Friday on which the tender will close.

7.2 The tender box must be placed in such a way that it is visible and accessible to persons who intend to deposit a tender in the box.

7.3 The words “ tender box” must be printed in bold letters on the box and the box must be displayed in such a way that the words can easily be spotted and read by any person who enters the foyer.

7.4 The keys to the tender box must be kept by the official designated to open the tender box.

7.5 At 12:00 on the closing date as advertised, the designated official and one other official will seal the tender box with tape in public and remove the tender box from its position in the foyer and take it to the Council Chamber. No tenders can be accepted or put into the tender box after it has been sealed at exactly 12:00 on the tender closing date.

7.6 It is the responsibility of the bidder to see to it that the tender that he wants to deposit into the tender box shall not be so bulky that it would not fit into the slot provided in the box through which the tenders are deposited. The tender box shall under no circumstances be opened to put a tender inside.

7.7 After the tender box has been removed to the Committee Room, the box

shall be

placed on the table in full view of everybody present and will then be unlocked. All tenders must be removed and the empty box must be displayed to all present where after it shall be removed from the table.

7.8 The designated officer and his assistant will then proceed to open the tenders in the following manner:

7.8.1 On removing the tender from the envelope, the Official will call out the name of the bidder, the town / city from which the bidder operates and the tender amount if the latter is indicated / applicable.

7.8.2 After the tender has been called out as denoted above, the Official will proceed to write the tender into the tender book, stating the name of the bidder, the town / city / locality from which the bidder operates and the tender amount if applicable.

7.8.3 Each and every tender opened shall be stamped with the official date stamp of the Municipality and its corresponding entry in the tender book shall also be stamped likewise next to it and also signed by both the designated official and his assistant.

7.8.4 When all tenders have been opened and processed as indicated above, the tenders will be handed in at the Records Office for sake keeping, from where said documents will be made available to the Tender Committee when applicable.

7.8.5 In the event where tenders have to be evaluated and reported on by service providers appointed for this purpose, said service providers will

then take the tenders into their custody for further action that has
to be
undertaken by themselves in terms of the mandate given to them
by this
Municipality.

7.8.6 If a service provider takes the tenders in terms of paragraph 7.8.5
above, said service provider will have to sign a statement to this
effect in the tender book.

7.8.7 All tenders must be returned to the designated officer by the
service
provider when he lodges his report to the Municipality and the
designated officer will check the returned tenders against the
tender
book and then hand the tenders in to the Records Office for safe-
keeping.

8. TENDER DOCUMENTS

8.1 Tender documents have to be prepared and drawn up by the
particular
Manager / Divisional Head in which department on whose behalf
the
tender was placed and handed in at the Records Office before
placement.

8.2 Copies of the tender documents will be made available to
tenderers on
application and at a cost as determined by tariff (If a tariff is not
available, the tariff with regard to photo copied pages will apply).

8.3 The bidder will apply for tender documents at the Records Office
who
will hand a copy of said documents to the applicant on providing a
Municipal receipt as proof of payment of the tariff in question.

9. SITE INSPECTION / INSPECTION IN LOCO

9.1 If a site inspection or inspection in loco is applicable, the tender as
published must indicate the time, date and venue of the
inspection, as

well as the name of the person who will conduct the inspection.

- 9.2 The person who will be designated to conduct the inspection, will be either an official designated by the Manager whose department is responsible for the tender or a service provider with whom it has been arranged to conduct the matter on behalf of the Municipality.

10. GENERAL

The following measures are essential and have to be observed at all times when dealing with tenders.

- 10.1 All the relevant information should be placed in the tender advertisement, if anything has been left out, no person can be held liable or responsible to observe or adhere to any such thing that had not been stated in the advertisement and if it is found that the process has been flawed through such omission, the whole tender process has to be terminated and has to start again from scratch.

- 10.2 Under no circumstances must any tender be allowed which has not been accepted according to the procedure as advertised and as set out in this manual.

- 10.3 Care must be taken to provide records office with a copy of the tender and the tender documents to enable records office to assist bidders.

- 10.4 If 10.3 above has not been observed all applications and enquiries by bidders will be referred to the relevant manager.

- 10.5 No person / persons other than the officials / service providers tasked to deal with the tender in question will be allowed to have copies or

to

tender

examine any tenders until after it had been dealt with by the
committee.

THABAZIMBI LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT PROCEDURES

PROCEDURES FOR PUBLIC AUCTIONS OF MOVABLE GOODS

INTRODUCTION

The guidelines set out below are for Municipal auctions with regard to “**Movable Goods**” declared redundant.

1. RESOLUTION

- 1.1 Before any Municipal property can be sold, the necessary permission has to be obtained for the sale of the property in question.
- 1.2 The Resolution has to be clear and precise, namely identifying the actual items that have to be sold as well as laying down a reserve price if applicable.
- 1.3 The resolution has to contain special conditions of sale, if applicable.

2. NOTIFICATION

- that
- 2.1 Public Notice of the auction has to be given in at least one (1) newspaper circulates in the municipal area, fourteen (14) days before the auction.
- 2.2 Notices to the same effect must be put up on all Municipal Notice Boards.
- the
- 2.3 Notices of the auction must contain the starting time, date and venue of notice as well as the following additional information: -
- 2.3.1 Conditions of sale will be read before the auction starts ;
- office of applicable;
- 2.3.2 The inventory of the items for sale will be for inspection at the the Divisional Head: Expenditure for fourteen (14) days, if
- public
- 2.3.3 Copies of the inventory will be made available to members of the on application and after payment of the applicable Municipal Tariff pertaining two (2) copies per page
- particular item
- 2.3.4 Reserve prices, if applicable will be announced before the is auctioned.

3. INVENTORY

- 3.1 Inventory of all items that have to be sold by auction, must be compiled by the Budget & Treasury Office.
- 3.2 After completion of the inventory, it must be submitted to the Municipal Manager at least ten (10) working days before the publication date of the auction so that the Municipal Manager can peruse and certify the inventory.
- 3.3 After certification of the inventory, which must take place before the publication date of the auction, the Divisional Head: Expenditure must keep the inventory in his office for perusal by the public.

4. THE AUCTION

- 4.1 The auction must take place on Municipal grounds so as to enable the Municipality to have access control to the auction site if the auction is

handled by own staff.

4.2 The auction can be conducted by Municipal staff or can be sourced out to a professional auctioneer.

4.3 In the event of outsourcing, the professional auctioneer might use his own staff and venue. In this instance, the auctioneer will have to sign an inventory with the declaration that he has accepted the goods and at the end of the auction, the Divisional Head: Expenditure and the auctioneer must reconcile the inventory.

4.4 If the auction is to be conducted by own staff, the following staff component will be needed:

4.4.1 The auctioneer: that is the person who does the actual auctioning. This can be a staff member or somebody from outside whose remuneration has to be negotiated. The auctioneer and the Divisional Head: Expenditure must jointly manage the auction. The auctioneer will perform the actual auctioning of the items on the day of the auction.

4.4.2 Further duties of the auctioneer will be:

On the date of the auction:

- the
- a. Read the notice of the auction and the conditions of sale to public
- and
- b. Explain arrangements with regard to bidding, recording payment to the public
- Head:
- c. Before the starting time of the auction, assist the Divisional Expenditure in checking the inventory and giving final instructions to supporting staff
- d. After the auction assist the Divisional Head: Expenditure in verifying the records

4.4.3 The Divisional Head: Expenditure shall appoint the supporting staff for the day of the auction and see to it that every person understands his / her duties and is in possession of the correct documentation on the day of the auction. The Divisional Head: Expenditure shall also be responsible for the following :

- 4.4.3.1 The compilation of the auction roll
- 4.4.3.2 The compilation of a numbered buyers list
- 4.4.3.3 The compilation of the record of the auction
- 4.4.3.4 Preparation of invoices for the auction
- 4.4.3.5 Training of staff responsible for documentation and duties during the auction

5 . AUCTION STAFF

5.1 Keeper of the Auction Roll

The auction roll contains the inventory of the auction with lot numbers and a space to fill in the buyer's allotted number

5.2 Keeper of the buyers list and allocating buyer's numbers

- The buyers list must be filled in at the beginning of the auction.
- Names and addresses of prospective buyers have to be written down and numbers allocated to individual buyer
- Tickets / discs with their numbers will be handed out to all recorded buyers

5.3 Record Clerk of the auction

- The record clerk writes up the names of the buyers and the items that they have purchased in the record
- The record must be reconciled with the Auction Roll, the buyers

list and

the invoices issued

5.4 Invoice Clerk (can be the same as the records clerk)

- Writes invoices and give to purchasers of items so that they can pay for the items at the Municipal cashiers

5.5 Cashiers

- It is advisable that cashiers should not receive money at the site of the auction because of the risk involved
- Buyers should pay at the Municipal pay points presenting their invoices and receipts will then be issued for the amounts paid

5.6 Check-out Clerk

- Check-out clerk will check out all goods against duplicate invoices and receipts before allowing such to be removed from the premises by the purchaser

6. CONSOLIDATION

After reconciling all documentation and verifying that everything that has been sold has been paid for and removed by the buyers. The Divisional Head: Expenditure will write the Financial report of the auction to the Municipal Manager .

When the Municipal Manager has satisfied himself that the report in question is correct and in order he will report on the auction to the Executive Committee.

THABAZIMBI LOCAL MUNICIPALITY



BANKING AND INVESTMENT POLICY

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OF MUNICIPAL FINANCE MANAGEMENT
ACT NO. 56 OF 2003

PART 13: ANNEXURE II: CODE OF PRACTICE

PART 1. LEGAL COMPLIANCE

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003.

A paraphrase of the provisions of this Act is attached as Annexure I to this policy.

PART 2. OBJECTIVE OF INVESTMENT POLICY

The Thabazimbi Municipal Council is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

PART 3. EFFECTIVE CASH MANAGEMENT

3.1 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 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 unremitant support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

3.2 Payments to Creditors

The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the chief financial officer before any payment is made.

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the chief financial officer before any payment is made.

Notwithstanding the foregoing policy directives, the chief financial officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the chief financial officer determines that there are financial incentives for the municipality to do so.

The chief financial officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques.

Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

3.3 Management of Inventory

Each head of department shall ensure that such department's inventory levels do not exceed normal operational requirements in the case of items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

Each head of department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the chief financial officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

3.4 Cash Management Programme

The chief financial officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a weekly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated.

The chief financial officer shall report to the executive committee, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the chief financial officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

PART 4. INVESTMENT ETHICS

The chief financial officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the executive committee, and in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.

In making such investments the chief financial officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the decisions taken by the executive committee, shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.

Neither the chief financial officer nor the mayor or any other official or councilor, may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

PART 5. INVESTMENT PRINCIPLES

5.1 Limiting Exposure

Where large sums of money are available for investment the chief financial officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality. The chief financial officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

5.2 Risk and Return

Although the objective of the chief financial officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see 5.4 below).

5.3 Payment of Commission

Every financial institution with which the municipality makes an investment must issue a certificate to the chief financial officer in regard to such investment, stating that such financial institution has not paid and will not pay any

commission and has not and will not grant any other benefit to any party for obtaining such investment.

5.4 Call Deposits and Fixed Deposits

Before making any call or fixed deposits, the chief financial officer, shall obtain quotations from at least three financial institutions.

Given the volatility of the money market, the chief financial officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 7 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the chief financial officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

5.5 Restriction on Tenure of Investments

No investment with a tenure exceeding twelve months shall be made without the prior approval of the executive committee.

PART 6. CONTROL OVER INVESTMENTS

The chief financial officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

The chief financial officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

The chief financial officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

PART 7. OTHER EXTERNAL INVESTMENTS

From time to time it may be in the best interests of the municipality to make longer-term investments in secure stock issued by the national government, Eskom or any other reputable parastatal or institution, or by another reputable municipality. In such cases the chief financial officer, must be guided by the best rates of interest pertaining to the specific type of investment, which the municipality requires, and to the best and most secure instrument available at the time.

No investment with a tenure exceeding twelve months shall be made without the prior approval of the executive committee, and without guidance having been sought from the municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

PART 8. BANKING ARRANGEMENTS

The municipal manager is responsible for the management of the municipality's bank accounts, but may delegate this function to the chief financial officer. The municipal manager and chief financial officer are authorised at all times to sign cheques and any other documentation associated with the management of such accounts. The municipal manager, in consultation with the chief financial officer, is authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the executive committee on a monthly basis, as part of the report dealing with the municipality's investments.

In compliance with the requirements of good governance, the municipal manager shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following: the administration of the external finance fund and of the asset financing reserve (if these accounts are legally permissible). One or more separate accounts shall also be maintained for the following: capital receipts in the form of grants, donations or contributions from whatever source; and trust funds; (if legally permissible). In determining the number of additional accounts to be maintained, the municipal manager, in consultation with the chief financial officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

The municipal manager shall invite tenders for the placing of the municipality's bank accounts within six months after the election of each new council, such new banking

arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the municipal manager, in consultation with the chief financial officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the executive committee agrees to the invitation of such tenders.

PART 9. RAISING OF DEBT

The municipal manager is responsible for the raising of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.

Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the chief financial officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.

PART 10. INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES

In managing the municipality's investments, the chief financial officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an amount is invested at least annually equal to the principal sum divided by the period of the loan. Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date. The making of such investment shall be approved by the council at the time that the loan itself is approved.

If the loan raised is not a fixed term loan, but an annuity loan, the chief financial officer shall ensure that sufficient resources are available in the account maintained for the external finance fund to repay the principal amounts due in respect of such loan on the respective due dates.

PART 11. INTEREST ON INVESTMENTS

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

In the case of the external finance fund, the chief financial officer may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued.

If the accrual of interest to the external finance fund, unutilised capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the chief financial officer to the appropriation account and reappropriated to the asset financing reserve.

**PART 12. ANNEXURE I: PARAPHRASE OF REQUIREMENTS OF
MUNICIPAL FINANCE MANAGEMENT ACT NO 56 OF 2003**

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the executive mayor, executive committee or chief financial officer. The foregoing policy is based on, that such authority has been delegated to the chief financial officer.

SECTION 7: OPENING OF BANK ACCOUNTS

The Bela Bela Municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

The municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

SECTION 8: PRIMARY BANK ACCOUNT

The Bela Bela Municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;

- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS

The accounting officer of the municipality must administer all the municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorised in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13;
- defray increased expenditure in terms of Section 31; or
- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorisation to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account which is separate from its other bank accounts.

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

SECTION 13: CASH MANAGEMENT AND INVESTMENTS

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS

The following documents must accompany each tabled draft annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- particulars of the municipality's investments.

SECTION 22: PUBLICATION OF ANNUAL BUDGETS

The accounting officer must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connexion with such budget (and documents).

SECTION 36: NATIONAL AND PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

In order to provide predictability and certainty about the sources and levels of intergovernmental funding for municipalities, the accounting officer of a national or provincial department and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed allocations to a municipality, must by no later than 20 January of each year notify the national treasury or the relevant provincial treasury as may be appropriate, of all proposed allocations and the projected amounts of those allocations to be transferred to each municipality during each of the next 3 financial years.

The Minister or the MEC responsible for finance in the province must, when tabling the national annual budget in the national assembly or the provincial annual budget in the provincial

legislature, make public particulars of any allocations due to each municipality in terms of that budget, including the amount to be transferred to the municipality during each of the next 3 financial years.

SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

SECTION 45: SHORT-TERM DEBT

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit facility limited to emergency use, the accounting officer must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

SECTION 46: LONG-TERM DEBT

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

SECTION 64: REVENUE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the revenue of the municipality.

The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)

The accounting officer of the municipality is responsible for the management of the expenditure of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

PART 13: ANNEXURE II: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

1. STORES ADMINISTRATION

The chief financial officer shall be responsible for the proper administration of all stores. No sub-stores are allowed at any other department.

2. CONTRACTS: MANAGEMENT OF

Within such general buying and related procedures as the chief financial officer shall from time to time determine, and further within the confines of any relevant legislation and of such rules and procedures as may be determined by the executive committee :

- all buying contracts shall be administered by the chief financial officer, and all payments relating to such contracts shall be authorised by the chief financial officer and certified by the head of department concerned; and
- all other contracts, including building, engineering and other civil contracts shall be administered by the head of department concerned, and all payments relating to such contracts shall be certified by such head of department in accordance with the provisions of Section 3 below. The head of department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects - before being submitted to the chief financial officer for payment.

3. PAYMENTS

- 3.1 All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 3.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 3.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 3.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 3.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.

4. REVENUE AND CASH COLLECTION

- 4.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 4.2 The chief financial officer shall ensure that all revenues are properly accounted for.
- 4.3 The collection of all arrear revenues and the control of arrear accounts shall be co-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 executive committee.
- 4.4 The chief financial officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

5. BANKING OF RECEIPTS

- 5.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.
- 5.2 Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the chief financial officer.

THABAZIMBI LOCAL MUNICIPALITY



FIXED ASSETS POLICY

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PART 1 DEFINITION OF A FIXED ASSET

A fixed asset is defined in GAMAP 17 as a tangible item of property, plant or equipment held by a municipality for use in the productions or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

A fixed asset is thus an asset, either movable or immovable, owned by or under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

To be recognised as a fixed asset, an asset must also meet the criteria referred to in parts 13, 14 and 15 below.

An asset held under a finance lease, shall be recognised as a fixed asset, as the municipality has control over such an asset even though it does not own the asset.

PART 2 ROLE OF MUNICIPAL MANAGER

As accounting officer of the municipality, the municipal manager shall be the principal custodian of all the municipality's fixed assets, and shall be responsible for ensuring that the fixed asset management policy is scrupulously applied and adhered to.

PART 3 ROLE OF CHIEF FINANCIAL OFFICER

The chief financial officer shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.

No amendments, deletions or additions to the fixed asset register shall be made other than by the chief financial officer or by an official acting under the written instruction of the chief financial officer.

PART 4 FORMAT OF FIXED ASSET REGISTER

The fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and generally accepted municipal accounting practice (GAMAP) and any other accounting requirements which may be prescribed.

The fixed asset register shall reflect the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- the department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of fixed property
- the stand number, in the case of fixed property
- where applicable, the identification number, as determined in compliance with part 11 below
- the original cost, or the revalued amount determined in compliance with part 26 below, or the fair value if no costs are available
- the (last) revaluation date of the fixed assets subject to revaluation
- the revalued value of such fixed assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation
- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- the source of financing
- the current insurance arrangements
- whether the asset is required to perform basic municipal services

- 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 fixed asset falls shall promptly provide the chief financial officer in writing with any information required to compile the fixed asset register, and shall promptly advise the chief financial officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets 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, whereafter it shall be appropriately capitalised as a fixed asset.

A fixed asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

PART 5 CLASSIFICATION OF FIXED ASSETS

In compliance with the requirements of the National Treasury, the chief financial officer shall ensure that all fixed 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:

PROPERTY, PLANT AND EQUIPMENT

- land (not held as investment assets)
- infrastructure assets (assets which are part of a network of similar assets)
- community assets (resources contributing to the general well-being of the community)
- heritage assets (culturally significant resources)
- other assets (ordinary operational resources)

INVENTORY

- housing (rental stock or housing stock not held for capital gain)

INVESTMENT PROPERTY

- investment assets (resources held for capital or operational gain)

The chief financial officer shall adhere to the classifications indicated in the annexure on fixed asset lives (see part 33 below), and in the case of a fixed asset not appearing in the annexure shall use the classification applicable to the asset most closely comparable to the asset in question.

PART 6 INVESTMENT PROPERTY

Investment assets shall be accounted for in terms of IAS 40 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's statement of position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

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

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the statement of position at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

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

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – whereafter it shall be reclassified as an investment asset.

PART 7 FIXED ASSETS TREATED AS INVENTORY

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

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

PART 8 RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSET REGISTER

If no original costs or fair values are available in the case of one or more or all heritage assets, the chief financial officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For purposes of compiling the statement of position, the existence of such heritage assets shall be disclosed by means of an appropriate note.

PART 9 RECOGNITION OF DONATED ASSETS

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the chief financial officer.

PART 10 SAFEKEEPING OF ASSETS

Every head of department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

In exercising this responsibility, every head of department shall adhere to any written directives issued by the chief financial officer to the department in question, or generally to all departments, in regard to the control of or safekeeping of the municipality's fixed assets.

PART 11 IDENTIFICATION OF FIXED ASSETS

The chief financial officer shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerised fixed asset register.

The identification system shall be determined by the chief financial officer, acting in consultation with the municipal manager and other heads of departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the municipality's audit report(s), and shall be decided upon within the context of the municipality's budgetary and human resources.

Every head of department 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.

PART 12 PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS

Every head of department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question

is promptly reported in writing to the chief financial officer, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.

PART 13 CAPITALISATION CRITERIA: MATERIAL VALUE

No item with an initial cost or fair value of less than R5 000 (five thousand rand) – or such other amount as the council of the municipality may from time to time determine on the recommendation of the municipal manager – shall be recognised as a fixed asset. If the item has a cost or fair value lower than this capitalisation benchmark, it shall be treated as an ordinary operating expense.

Every head of department shall, however, ensure that any item with a value in excess of R1 000 (one thousand rand), and with an estimated useful life of more than one year, shall be recorded on a stocksheet. Every head of department shall moreover ensure that the existence of items recorded on such stocksheets is verified from time to time, and at least once in every financial year, and any amendments which are made to such stocksheets pursuant to such stock verifications shall be retained for audit purposes.

PART 14 CAPITALISATION CRITERIA: INTANGIBLE ITEMS

No intangible item shall be recognised as a fixed asset, except that the chief financial officer, acting in strict compliance with the criteria set out in IAS 38 (dealing with research and development expenses) may recommend to the council that specific development costs be recognised as fixed assets.

PART 15 CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

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

PART 16 MAINTENANCE PLANS

Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the council of the municipality for approval.

If so directed by the municipal manager, the maintenance plan shall be submitted to the council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned.

PART 17 DEFERRED MAINTENANCE

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset (see part 16 above), the chief financial officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements. Such note shall also indicate any plans which the council of the municipality has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the chief financial officer shall redetermine the useful operating life of the fixed asset in question, if necessary in consultation with the head of department controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

PART 18 GENERAL MAINTENANCE OF FIXED ASSETS

Every head of department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 16 and part 17 above) are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

PART 19 DEPRECIATION OF FIXED ASSETS

All fixed assets, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which a fixed asset is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which a fixed asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the fixed asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.

Each head of department, acting in consultation with the chief financial officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

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

PART 20 RATE OF DEPRECIATION

The chief financial officer shall assign a useful operating life to each depreciable asset recorded on the municipality's fixed asset register. In determining such a useful life the chief financial officer shall adhere to the useful lives set out in the annexure to this policy (see part 33 below).

In the case of a fixed asset which is not listed in this annexure, 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 fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

PART 21 METHOD OF DEPRECIATION

Except in those cases specifically identified in part 23 below, the chief financial officer shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

PART 22 AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS

Only the chief financial officer may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs the chief financial officer shall inform the council of the municipality of such amendment.

The chief financial officer shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

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

Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the fixed asset register.

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

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

PART 23 ALTERNATIVE METHODS OF DEPRECIATION IN SPECIFIC INSTANCES

The chief financial officer may employ the sum-of-units method of depreciation in the case of fixed assets which are physically wasted in providing economic benefits or delivering services.

The chief financial officer shall only employ this method of depreciation if the head of department controlling or using the fixed asset in question gives a written undertaking to the municipal manager to provide:

- estimates of statistical information required by the chief financial officer to prepare estimates of depreciation expenses for each financial year; and
- actual statistical information, for each financial year.

The head of department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the chief financial officer.

Where the chief financial officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the chief financial officer shall inform the council of the municipality of the decision in question.

PART 24 CREATION OF NON-DISTRIBUTABLE RESERVES FOR FUTURE DEPRECIATION

NOTE: Part 24 has been prepared on the assumption that these reserves are allowed.

The chief financial officer shall ensure that in respect of all fixed assets financed from the municipality's asset financing reserve, or from grants or subsidies or contributions received from other spheres of government or from the public at large, as well as in respect of fixed assets donated to the municipality, a non-distributable reserve for future depreciation is created equal in value to the capitalised value of each fixed asset in question.

The chief financial officer shall thereafter ensure that in the case of depreciable fixed assets an amount equal to the monthly depreciation expenses of the fixed asset concerned is transferred each month from such non-distributable reserve to the municipality's appropriation account. Where there is a difference between the budgeted monthly depreciation expenses and the actual

total depreciation expenses for each financial year, the chief financial officer shall appropriately adjust the aggregate transfer from the non-distributable reserve for the year concerned.

PART 25 CARRYING VALUES OF FIXED ASSETS

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

The only exceptions to this rule shall be revalued assets (see part 26 below) and heritage assets in respect of which no value is recorded in the fixed asset register (see part 8 above).

PART 26 REVALUATION OF FIXED ASSETS

All land and buildings recorded in the municipality's fixed asset register shall be revalued with the adoption by the municipality of each new valuation roll (or, if the land and buildings concerned fall within the boundary of another municipality, with the adoption by such municipality of each new valuation roll).

The chief financial officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the fixed asset as recorded in the valuation roll, provided the chief financial officer is satisfied that such value reflects the fair value of the fixed asset concerned.

The chief financial officer shall also, where applicable, create a revaluation reserve for each such fixed asset equal to the difference between the value as recorded in the valuation roll and the carrying value of the fixed asset before the adjustment in question.

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

The chief financial officer shall ensure that an amount equal to the difference between the new (enhanced) monthly depreciation expense and the depreciation expenses determined in respect of such fixed asset before the revaluation in question is transferred each month from the revaluation reserve to the municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary (see part 24 above).

If the amount recorded on the valuation roll is less than the carrying value of the fixed asset recorded in the fixed asset register, the chief financial officer shall adjust the carrying value of such asset by increasing the accumulated depreciation of the fixed asset in question by an amount sufficient to adjust the carrying value to the value as recorded in the valuation roll. Such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such asset, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the asset in question.

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

PART 27 VERIFICATION OF FIXED ASSETS

Every head of department shall at least once during every financial year, and in compliance with the relevant written directives issued by the chief financial officer, undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.

The directives issued by the chief financial officer shall stipulate the date(s) when such verification shall be undertaken and completed, and such date(s) shall be as close as possible to the end of each financial year.

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 relevant results of such fixed asset verification, and the resultant report shall be submitted to the chief financial officer not later than 30 June of the year in question.

PART 28 ALIENATION OF FIXED ASSETS

NOTE: The reference to the asset financing reserve below is based on the assumption that the reserve is allowed.

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy.

Every head of department shall report in writing to the chief financial officer on 31 October and 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate. The chief financial officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the municipal manager, indicating the process of alienation to be adopted in accordance with Section 20 of the municipality's supply chain management policy.

The chief financial officer shall ensure that the alienation of any fixed 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 (see part 34 below).

Once the fixed assets are alienated, the chief financial officer shall delete the relevant records from the fixed asset register.

If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the statement of performance of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the statement of performance of the department or vote concerned.

All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's asset financing reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty in accordance with Section 20 of the municipality's supply chain management policy.

The chief financial officer shall in July of every year report to the council of the municipality details of all fixed assets disposed of during the immediately preceding financial year.

PART 29 OTHER WRITE-OFFS OF FIXED ASSETS

A fixed asset other than when disposed of in accordance with part 28 above, and even though fully depreciated, shall be written off by the chief financial officer only on the recommendation of the head of department controlling or using the asset concerned, and with the approval of the municipal manager.

Every head of department shall report to the chief financial officer on 31 October and 30 April of each financial year on any fixed assets 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 submit a recommendation to the council of the municipality on the fixed assets to be written off.

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

In every instance where a not fully depreciated fixed asset 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 asset concerned (see also part 22).

PART 30 REPLACEMENT NORMS

The municipal manager, in consultation with the chief financial officer and other heads of departments, shall formulate norms and standards for the replacement of all normal operational fixed assets. Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the council of the municipality for approval. This policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of fixed assets which are required for service delivery but which have become uneconomical to maintain.

PART 31 INSURANCE OF FIXED ASSETS

The chief financial officer shall ensure that all movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve (assuming such reserve to be allowed), the chief financial officer shall annually determine the premiums payable by departments.

The chief financial officer shall determine the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The chief financial officer shall annually submit a report to the council of the municipality for approval on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

PART 32 BIOLOGICAL ASSETS

Accounting for biological assets shall take place in accordance with the requirements of IAS 41.

The chief financial officer, in consultation with the head(s) of department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sales costs. Such valuation shall be undertaken by a recognised valuer in the line of the biological assets concerned. Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the department or vote concerned as an operating revenue.

If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the head of department concerned in exactly the same manner as though the asset were an ordinary fixed asset.

Records of the details of biological assets shall be kept in a separate section of the fixed assets register or in a separate accounting record altogether, and such details shall reflect the information which the chief financial officer, in consultation with the head of department concerned and the internal auditor, deems necessary for accounting and control purposes.

The chief financial officer shall annually insure the municipality's biological assets, in consultation with the head(s) of department concerned, provided the council of the municipality considers such insurance desirable and affordable.

PART 33 ANNEXURE: FIXED ASSET LIVES

INFRASTRUCTURE ASSETS

The following is the list of infrastructure assets, with the estimated useful life in years indicated in brackets in each case.

* Electricity

	Power stations	(30)
	Cooling towers	(30)
	Transformer kiosks	(30)
	Meters	(20)
	Load control equipment	(20)
	Switchgear	(20)
	Supply and reticulation networks	(20)
	Mains	(20)
*	Roads	
	Motorways	(15)
	Other roads	(10)
	Traffic islands	(10)
	Traffic lights	(20)
	Street lights	(25)
	Overhead bridges	(30)
	Stormwater drains	(20)
	Bridges, subways and culverts	(30)
	Car parks	(20)
	Bus terminals	(20)
*	Water	
	Mains	(20)
	Supply and reticulation networks	(20)
	Reservoirs and storage tanks	(20)
	Meters	(15)
	Rights (that is, the right to draw water from a particular source belonging to another party)	(20)
*	Gas	
	Supply and reticulation networks	(20)
	Storage tanks	(20)

	Mains	(20)
	Meters	(20)
*	Sewerage	
	Sewer mains	(20)
	Outfall sewers	(20)
	Sewage purification works	(20)
	Sewerage pumps	(15)
	Sludge machines	(15)
*	Pedestrian malls	
	Footways	(20)
	Kerbing	(20)
	Paving	(20)
*	Airports	
	Runways	(20)
	Aprons	(20)
	Taxiways	(20)
	Airport and radio beacons	(20)
*	Security measures	
	Access control systems	(5)
	Security systems	(5)
	Security fencing	(3)

COMMUNITY ASSETS

The following is a list of community assets, showing again the assigned or estimated useful lives in years in brackets:

* Buildings and other assets	
Ambulance stations	(30)
Aquariums	(30)
Beach developments	(30)
Care centres	(30)
Cemeteries	(30) #
Civic theatres	(30)
Clinics and hospitals	(30)
Community centres	(30)
Fire stations	(30)
Game reserves and rest camps	(30)
Indoor sports	(30)
Libraries	(30)
Museums and art galleries	(30)
Parks	(30)
Public conveniences and bath houses	(30)
Recreation centres	(30)
Sports and related stadiums	(30)
Zoos	(30)

* Recreation facilities	
Bowling greens	(20)
Tennis courts	(20)

Swimming pools	(20)
Golf courses	(20)
Jukskei pitches	(20)
Outdoor sports facilities	(20)
Organs (that is, pipe organs that are fixtures in a municipal hall or other centre)	(20)
Lakes and dams	(20)
Fountains	(20)
Flood lighting	(20)

Sum-of-units method of depreciation may be preferred.

HERITAGE ASSETS

The following is a list of at least some typical heritage assets encountered in the municipal environment (no asset lives are given, of course, as no ordinary depreciation will be charged against such assets):

- Museum exhibits
- Works of art (which will include paintings and sculptures)
- Public statues
- Historical buildings or other historical structures (such as war memorials)
- Historical sites (for example, an Iron Age kiln, historical battle site or site of a historical settlement)

INVESTMENT ASSETS

It is not possible to provide an exhaustive list of investment assets, as the actual list will depend very much on the local circumstances of each municipality. However, the following will be among the most frequently encountered:

- Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties)
- Shopping centres (again developed along similar lines)

OTHER ASSETS

The following is a list of other assets, again showing the estimated useful life in years in brackets:

*	Buildings	
	Abattoirs	(30)
	Asphalt plant	(30)
	Cable stations	(30)
	Caravan parks	(30)

Compacting stations	(30)
Hostels used to accommodate the public or tourists	(30)
Hostels for municipal employees	(30)
Housing schemes	(30)
Kilns	(30)
Laboratories	(30)
Fresh produce and other markets	(30)
Nurseries	(30)
Office buildings	(30)
Old age homes	(30)
Quarries	(30) #
Tip sites	(30) #
Training centres	(30)
Transport facilities	(30)
Workshops and depots	(30)

* Office equipment	
Computer hardware	(5)
Computer software	(3-5)
Office machines	(3-5)

	Air conditioners	(5-7)
*	Furniture and fittings	
	Chairs	(7-10)
	Tables and desks	(7-10)
	Cabinets and cupboards	(7-10)
*	Bins and containers	
	Household refuse bins	(5)
	Bulk refuse containers	(10)
*	Emergency equipment	
	Fire hoses	(5)
	Other fire-fighting equipment	(15)
	Emergency lights	(5)
*	Motor vehicles	
	Ambulances	(5-10)
	Fire engines	(20)
	Buses	(15)
	Trucks and light delivery vehicles	(5-7)
	Ordinary motor vehicles	(5-7)

	Motor cycles	(3)
*	Plant and equipment	
	Graders	(10-15)
	Tractors	(10-15)
	Mechanical horses	(10-15)
	Farm equipment	(5)
	Lawn mowers	(2)
	Compressors	(5)
	Laboratory equipment	(5)
	Radio equipment	(5)
	Firearms	(5)
	Telecommunication equipment	(5)
	Cable cars	(15)
	Irrigation systems	(15)
	Cremators	(15)
	Lathes	(15)
	Filling equipment	(15)
	Conveyors	(15)
	Feeders	(15)
	Tippers	(15)
	Pulverising mills	(15)

*	Other	
	Aircraft	(15)
	Watercraft	(15)

Sum-of-units may be preferred.

PART 34 ANNEXURE: PARAPHRASE OF SECTION 14 OF THE MUNICIPAL FINANCE MANAGEMENT ACT
2003

A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

A municipality may alienate any other capital asset, but provided

- the council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
- the council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

THABAZIMBI LOCAL MUNICIPALITY



VIREMENT POLICY

1. Background and Purpose

- 1.1 Virement is the process of transferring funds from one line item of a budget to another. The term is derived from a French word meaning a commercial transfer.
- 1.2 Each year, the Municipality produces an annual budget which must be approved by Council. In practice, as the year progresses, circumstances may change so that certain estimates are under-budgeted and others over-budgeted due to unforeseen expenditure (for example, due to the occurrence of disasters) or savings. As a result, it becomes necessary to transfer funds between votes and line items. It is not practical to refer all transfers between line items within a specific vote to the Council, and as the Local Government: Municipal Finance Management Act (“MFMA”) is largely silent as to such transfers, it is necessary to establish a policy which governs the administrative transfer between line items.
- 1.3 The purpose of this policy is therefore to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials.

2. Application of Policy

- 2.1 This policy applies only to transfers between line items within votes of the Municipality’s operating budget.
- 2.2 Section 28(2) (d) of the MFMA provides that *“An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote.”* Transfers between votes may therefore be authorised only by the Council of the Municipality.
- 2.3 For ease of reference, the definition of “vote” as contained in Section 1 of the MFMA is set out hereunder:

“vote means –

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

2.4 This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

2.5 Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the council through an adjustments budget.

3. Authorisation of Virements

A transfer of funds from one line item to another under this policy may, subject to the provisions of this policy, be authorised as follows:

3.1 If the amount does not exceed R 1,000.00, the transfer may be authorised by the Chief Financial Officer of the Municipality or the Municipal Manager of the Municipality after consultation with the Chief Financial Officer;

3.2 If the amount exceeds R 1,000.00 but does not exceed R 5,000.00, the transfer may be authorised by the Municipal Manager after consultation with the Chief Financial Officer;

- 3.3 If the amount exceeds R 5,000.00 but does not exceed R 10,000.00, the transfer may be authorised by the Mayor of the Municipality on the recommendation of the Municipal Manager.
- 3.4 Notwithstanding the provisions of 3.1, a transfer of funds between cost or functional centres within a particular vote may not be authorised by the Chief Financial Officer but may only be authorised by:
- 3.4.1 the Municipal Manager, if the amount does not exceed the amount of R 5,000.00;
- 3.4.2 the Mayor, if the cost exceeds the amount of R 5,000.00 but does not exceed R 10,000.00.

4. Limitations on amount of Virement

- 4.1 Notwithstanding the provisions of section 3:
- 4.1.1 The total amount transferred from and to line items within a particular vote in any financial year may not exceed 10% of the amount allocated to that vote;
- 4.1.2 The total amount transferred from and to line items in the entire budget in any financial year may not exceed 10 % of the total operating budget for that year;
- 4.1.3 The amount of any one transfer of funds between line items may not exceed the sum of R 25,000.00.

- 4.2 A transfer which exceeds, or which would result in the exceeding of, any of the limits referred to in 4.1 above may, however, be performed if the Council by resolution approves thereof.

5. Virement Permitted only if Savings are Projected

A transfer of funds from one line item to another may take place only if savings within the first-mentioned line item are projected, and such transfer may, subject in any event to the provisions of this policy, not exceed the amount of such projected savings.

6. Further Restrictions on Virement

- 6.1 A transfer of funds between line items shall not be permitted under this policy if the effect thereof would be to:

6.1.1 contravene any policy of the Municipality; or

6.1.2 alter the approved outcomes or outputs of an Integrated Development Plan; or

6.1.3 result in any adjustment to the Service Delivery and Budget Implementation Plan.

- 6.2 No transfer of funds shall be permitted if same were to result in any change to the staff establishment of the Municipality, except if the Municipal Manager approves of such change.

- 6.3 If any line item has been specifically ring-fenced, no transfer of funds may be made under this policy to or from such line item.

- 6.4 Transfers of funds may not be made under this policy between or from capital items or projects .

- 6.5 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.

- 6.6 By definition, transfers may not be made under this policy from a line item administered by one department to a line item administered by another.
- 6.7 In accordance with Section 30 of the MFMA, no transfer of funds may be made from a line item of a budget for a particular year to a line item of a budget for a subsequent year.
- 6.8 The transfer of funds in any year in accordance with this policy shall not give rise to any expectations of a similar transfer occurring in a subsequent year.
- 6.9 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Municipality, or the avoidance by the Municipality of any obligation imposed upon it by contract or any other cause.
- 6.10 The approval of any transfer shall not *per se* constitute authorisation for expenditure, and all expenditure resulting from approved transfers must, be carried out in accordance with the Municipality's Supply Chain Management Policy.
- 6.11 The transfer of funds must in any event not contravene the provisions of paragraph 4.6 of MFMA Circular 51(Municipal Budget Circular for the 2010/2011 MTREF) issued on 19 February 2010, which provides, inter alia, as follows:
1. *"Virements should not be permitted in relation to the revenue side of the budget;*
 2. *Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);*
 3. *Virements from the capital budget to the operating budget should not be permitted;*

4. *Virements towards personnel expenditure should not be permitted;*
5. *Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;*
6. *Virements should not result in adding 'new' projects to the Capital Budget;*
7. *Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted."*

7 Procedure for Virement

- 7.1 Proposals for transfers may be made by the Head of Department concerned.
- 7.2 The Municipal Manager shall prescribe a form on which all proposals for transfers of funds under this policy shall be made, which form shall include, but not be limited to, provisions for the following:
 - 7.2.1 the name of the department concerned;
 - 7.2.2 descriptions of the line items from and to which the transfer is to be made;
 - 7.2.3 the amount of the proposed transfer;
 - 7.2.4 the cause of the saving in the line item from which the transfer is to be made;
 - 7.2.5 the justification for the transfer;
 - 7.2.6 a description of any consequences that such transfer may have for the Integrated Development Plan or the Service Delivery and Budget Implementation Plan.
- 7.3 Each proposal for a transfer shall be submitted by the Head of Department concerned to the Chief Financial Officer and if :

- 7.3.1 the amount of the transfer does not exceed the amount referred to in section 3.1 and the transfer is not between cost or functional centres, the Chief Financial Officer shall:
 - 7.3.1.1 approve the proposal, or
 - 7.3.1.2 reject the proposal; or
 - 7.3.1.3 refer the proposal to the Municipal Manager for approval or rejection;
- 7.3.2 the amount of the transfer does not exceed the amount referred to in section 3.1 but the transfer is between cost or functional centres, or if it falls within the range of amounts referred to in section 3.2, the Chief Financial Officer shall refer the proposal to the Municipal Manager who, after consultation with the Chief Financial Officer, shall approve or reject the proposal;
- 7.3.3 the amount of the transfer falls within the range of the amounts referred to in section 3.3, the Chief Financial Officer shall refer the matter to the Municipal Manager who in turn shall refer the matter to the Mayor, together with his recommendations, and the Mayor shall either approve or reject the proposal.

- 7.4 Upon a proposal for transfer being approved, such transfer shall be implemented subject to compliance with the Municipality's Supply Chain Management Policy.

8. Reporting

The Municipal Manager shall submit a report on all transfers made under this Policy to the Mayor every quarter (September; December; March; June).

9. General

- 9.1 The Municipal Manager shall be responsible for the implementation and administration of this Policy.
- 9.2 This policy will be effective on the date of adoption by Council.

ANNEXURE 12

The Mayoral Budget Speech 2010/11